

'17

**ANNUAL
FINANCIAL
REPORT**



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 10 april 2018. Such approval does not include an evaluation of the Company situation.

This annual financial report is also available in Dutch.

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

Alternative Performance Measures and the term 'EPRA earnings'

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

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 the website www.epra.com.

Table of Contents

1	RISK MANAGEMENT	11
1.1	Market risks	13
1.1.1	Risks associated with the economic situation and political climate	13
1.1.2	Risks associated with the property market as a whole	13
1.1.3	Risks related to student populations, available study programmes and support measures	14
1.2	Property-related risks	14
1.2.1	Risks associated with the execution of works, maintenance and repairs	14
1.2.2	Construction, development and reconversion risks	15
1.2.3	Risks related to permits and other authorisations and the requirements the property needs to meet	15
1.2.4	Risks associated with environmental regulations	16
1.2.5	Risks associated with the evolution of the property portfolio's Fair Value	16
1.2.6	Risks associated with property appraisal	17
1.2.7	Risks associated with retail property, hostel activities and office real estate	17
1.2.8	Risks associated with expropriation	18
1.2.9	Risks associated with co-ownership	18
1.3	Operational risks	19
1.3.1	Risks associated with rental agreements, rental voids and loss of rent	19
1.3.2	Risks associated with rental income	19
1.3.3	Risk of defaulting tenants	20
1.3.4	Risks associated with damage claims and insurance cover	20
1.3.5	Risks associated with nuisance caused by tenants	21
1.3.6	Risks associated with historical sales	21
1.3.7	Risks associated with mergers, de-mergers or takeovers	21
1.3.8	Risks associated with diversification and the concentration of property	22
1.3.9	Risks associated with executive management, staff and external service providers	22
1.3.10	Risks associated with legal proceedings	23
1.3.11	Risks associated with being unable to pay dividends	23
1.4	Financial risks	23
1.4.1	Risks associated with rising interest rates and fluctuating Fair Values of hedging instruments	23
1.4.2	Counterparty risk	24
1.4.3	Risks associated with financing – exceeding the debt ratio	24
1.4.4	Risks associated with financing – liquidity	25
1.4.5	Risks associated with budgeting and financial planning	25
1.4.6	Risks associated with inflation and the disconnection of the indexed rents and market rents	25

1.5	Regulatory and other risks	26
1.5.1	Risks associated with the status of a public RREC	26
1.5.2	Risks associated with regulations and taxation.....	26
2	MESSAGE TO THE SHAREHOLDERS	29
3	KEY FIGURES AS AT 31 DECEMBER 2017	33
4	STRATEGY AND OPERATING ACTIVITIES	37
4.1	Commercial activities and strategy	38
4.1.1	Identity and activities of the Company: first BE-REIT in student property	38
4.1.2	Business strategy of the Company	38
4.1.3	Operational organisation.....	41
5	MANAGEMENT REPORT	45
5.1	Public RREC status	46
5.2	Comments on the consolidated financial statements for the financial year of 2017 ..	46
5.2.1	Consolidated balance sheet	46
5.2.2	Consolidated P&L	48
5.2.3	Result allocation.....	50
5.2.4	Research and development.....	50
5.2.5	Branches.....	50
5.3	Management and use of financial resources	51
5.3.1	Financing agreements.....	51
5.3.2	Interest rate risk hedging.....	52
5.3.3	Capitalisation.....	52
5.4	Transactions and achievements	53
5.5	Post balance sheet events	56
5.5.1	Acquisition of 271 units in Enschede via contribution in kind.....	56
5.5.2	Acquisition of development project in Brussels	56
5.6	Prospects for 2018	57
5.6.1	Growth prospects for the 2018 financial year	57
5.6.2	Acquisitions	57
5.7	Data according to the EPRA reference system	58
5.7.1	EPRA Key Performance Indicators.....	58
5.8	Required elements of the annual report	62

6	CORPORATE GOVERNANCE	65
6.1	Corporate Governance Statement.....	66
6.1.1	Code of Reference and Corporate Governance Charter.....	66
6.1.2	Internal control and risk management systems.....	67
6.1.3	Share ownership.....	70
6.1.4	Board of Directors of the Company.....	71
6.1.5	Composition.....	72
6.1.6	Brief description of the directors' professional careers.....	72
6.1.7	Board of Directors chairmanship.....	73
6.1.8	Reliability, expertise and experience.....	74
6.1.9	Functioning and duties of the Board of Directors.....	74
6.1.10	Summary regarding the Board of Directors' operation in 2017.....	76
6.1.11	Managing Director and effective management.....	76
6.1.12	Executive management.....	76
6.1.13	Committees of the Board of Directors.....	79
6.1.14	Conflicts of interest.....	79
6.1.15	Specific conflicts of interest.....	80
6.1.16	Statements.....	82
6.1.17	Remuneration report.....	82
6.2	Information pursuant to Article 34 of the Royal Decree of 14 November 2007	86
6.2.1	Capital structure.....	86
6.2.2	Decision-making bodies.....	86
6.2.3	Issued capital.....	86
6.2.4	Purchase of shares.....	87
6.2.5	Contractual provisions.....	87
7	THE XIOR SHARE	89
7.1	The share on Euronext Brussels	90
7.1.1	The share on Euronext Brussels.....	90
7.1.2	Shareholdership.....	92
7.1.3	Coupon information.....	92
7.1.4	2018 financial calendar.....	93
7.1.5	Dividend policy.....	93
7.1.6	Outlook - profit forecast.....	94
8	PROPERTY REPORT	99
8.1	Property market	100
8.2	Property portfolio	108
8.2.1	Valuation of the property portfolio as at 31 December 2017.....	108
8.2.2	Description and diversification of the property portfolio.....	116
8.2.3	Description of the buildings of the property portfolio.....	122
8.2.4	Appraisal of the property portfolio by Valuation Experts.....	146

9	CORPORATE SOCIAL RESPONSIBILITY	149
10	FINANCIAL REPORT	155
10.1	Consolidated income statement	156
10.2	Consolidated comprehensive income statement	158
10.3	Consolidated balance sheet	159
10.4	Consolidated statement of changes in equity	162
10.5	Consolidated cash flow statement	166
10.6	Notes to the consolidated annual financial statements	167
10.6.1	General corporate information	167
10.6.2	Important financial reporting principles	168
10.6.3	Accounting principles	169
10.6.4	Significant accounting estimates and key uncertainties	170
10.6.5	Principle for consolidation	170
10.6.6	Business combinations and goodwill	171
10.6.7	Investment property	171
10.6.8	Property developments	172
10.6.9	Expenses for works to investment property	173
10.6.10	Disposal of an investment property	174
10.6.11	Other tangible fixed assets	174
10.6.12	Joint Ventures	174
10.6.13	Trade receivables and other fixed assets	175
10.6.14	Fixed assets or groups of assets held for sale	175
10.6.15	Financial instruments	176
10.6.16	Current assets	176
10.6.17	Equity	176
10.6.18	Provisions	176
10.6.19	Liabilities	177
10.6.20	Property result	177
10.6.21	Property charges	178
10.6.22	General expenses of the Company and other operating result and costs	178
10.6.23	Financial result	178
10.6.24	Profit tax	178
10.6.25	Exit tax	179
10.6.26	Financial risk management	180
10.7	Segment information	181
10.8	Alternative Performance Measures (APMs)	184
10.9	Other notes	190
10.9.1	Property result	190
10.9.2	Property charges	192

10.9.3	General expenses.....	193
10.9.4	Other operating result and costs	193
10.9.5	Result on the portfolio	194
10.9.6	Financial result	195
10.9.7	Corporate tax	196
10.9.8	Investment property.....	197
10.9.9	Tangible fixed assets.....	201
10.9.10	Financial fixed assets	202
10.9.11	Trade receivables and other fixed assets.....	202
10.9.12	Participating interests in joint venture – equity method	202
10.9.13	Trade receivables.....	203
10.9.14	Tax receivables and other current assets.....	204
10.9.15	Cash and cash equivalents	205
10.9.16	Accruals and deferred payments – Assets.....	205
10.9.17	Capital	206
10.9.18	Shareholder structure.....	209
10.9.19	Earnings per share	210
10.9.20	Other non-current financial liabilities	210
10.9.21	Deferred taxes	211
10.9.22	Financial debts.....	211
10.9.23	Trade debts.....	214
10.9.24	Other current liabilities	215
10.9.25	Accrued liabilities and deferred income	215
10.9.26	Financial assets and liabilities	216
10.9.27	Transactions with related parties	217
10.9.28	Statutory Auditor's fee	218
10.9.29	Acquired real estate companies and investment property	218
10.9.30	Average headcount and breakdown of staffing costs	224
10.9.31	Events after the balance sheet date	225
10.9.32	Scope of consolidation.....	225
10.9.33	Debt ratio	226
10.9.34	Off-balance sheet rights and obligations.....	227
10.9.35	Legal and arbitration proceedings	228
10.9.36	Statutory auditor's report on the consolidated annual financial statements.....	229
10.10	Condensed version of Xior Student Housing NV's statutory annual financial statements.....	234
10.10.1	Statutory income statement	234
10.10.2	Comprehensive income statement.....	237
10.10.3	Statutory balance sheet	237
10.10.4	Statement of changes in equity.....	240
10.10.5	Detail of the reserves	242
10.10.6	Appropriation of income under the Articles of Association	246
10.10.7	Payment obligation in accordance with the Royal Decree of 13 July 2014 concerning RRECs Article 13 §1 first section	247
10.10.8	Non-distributable equity in accordance with Article 617 of the Belgian Companies Code.....	248

11	STATEMENTS	251
11.1	Forward-looking statements.....	252
11.2	Party responsible for the content of the registration document	253
11.3	Information provided by third parties.....	253
12	PERMANENT DOCUMENT: GENERAL INFORMATION ABOUT THE COMPANY AND THE COORDINATED ARTICLES OF ASSOCIATION	255
12.1	Company details	256
12.1.1	Name, legal form, status, duration and registration data.....	256
12.1.2	Registered office and further contact details	256
12.1.3	Incorporation.....	256
12.1.4	History of the Company	257
12.2	Group structure.....	260
12.2.1	External group structure.....	260
12.2.2	Internal organisational structure	261
12.2.3	Subsidiaries	261
12.2.4	Promoter	261
12.3	Availability of company documents and other information	262
12.4	Service providers of the Company	263
12.4.1	Valuation experts	263
12.4.2	Statutory Auditor	264
12.4.3	Financial service.....	264
12.4.4	Liquidity Provider.....	264
12.5	Coordinated Articles of Association of the Company as per 22 June 2017	265
13	GLOSSARY	281
14	IDENTITY CARD	289



Eisenhowerlaan
DEN HAAG



01

Risk management

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

1.1

MARKET RISKS

1.1.1 RISKS ASSOCIATED WITH THE ECONOMIC SITUATION AND POLITICAL CLIMATE

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

Control:

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

The Company's results can be affected by any decline in student populations, which could be due to the available study programmes and/or the (continued) presence and quality of educational institutions, or by the increase in online courses, such as *Massive Open Online Courses* (MOOCs), for which 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

In addition to acquiring existing properties, the Company may invest in development and reconversion projects in order to expand its property portfolio. Development and reconversion projects involve various risks, including the risk that the necessary permits to erect or convert a building are not granted or are contested, the project is delayed or cannot be implemented (resulting in reduced, delayed or lost rental income), or the budget is exceeded due to unforeseen costs. 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

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 (e.g. 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 advisors.
- Interaction and dialogue with the authorities involved.
- Verification of the permit status for the acquisition of existing properties with the support of external specialised advisors.

1.2.4 RISKS ASSOCIATED WITH ENVIRONMENTAL REGULATIONS

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

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

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 advisors.
- 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

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 vacancies, unpaid rent, falling rents when entering into new tenancy agreements or extending existing tenancy 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, etc.).

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

Control:

- The investment 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%, which is clearly below the legal maximum of 65%.

1.2.6 RISKS ASSOCIATED WITH PROPERTY APPRAISAL

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

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 several risk factors, including specific risks inherent to this type of retail property (such as the erratic evolution of consumer confidence and/or unemployment per region or town, a fall in consumer spending, tenants leaving on interim maturity dates, the reconstruction of roads, competition from e-commerce), these hostel activities (including a higher vacancy risk of short-term stays inherent to this type of activity, competition from other industries such as the hotel business, enhanced operational follow-up, specific regulations) or office real estate.

Control:

- The relative importance of this property type remains limited in the portfolio, and it is included in disinvestments of non-strategic properties where possible (cf. example of sold retail property in Hasselt in December 2016 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

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 advisors. 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

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 ten co-owned properties (which represents a total of approx. 14% of the fair value) as at 31 December 2017. 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

Due to its activities, the Company is exposed to the risk of loss of rent associated with the departure of tenants before or on the expiry of current tenancy agreements, including the additional risk of non-rental or re-rental. The short-term nature of the tenancy agreements that are concluded with students is generally inherent to the student housing sector. When tenants leave, new rental contracts may result in a lower rental income than the current rental income and it may not be possible to reduce the rental expenses in proportion to the lower rental income. Under Belgian law, the municipalities involved may charge vacancy levies for buildings that have been vacant for a long time. 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 can also be terminated with a one-month notice period for the tenant. In the Netherlands, the government also applies the National point system for property valuation (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 competitive nature of the tenancy agreement. There is a particular risk of the Company being faced with an oversupply in the student housing market in which it operates. Educational institutions are also trying to influence the supply of and rent charged for student rooms.

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

Control:

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

1.3.3 RISK OF DEFAULTING TENANTS

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

Control:

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

1.3.4 RISKS ASSOCIATED WITH DAMAGE CLAIMS AND INSURANCE COVER

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

Control:

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

1.3.5 RISKS ASSOCIATED WITH NUISANCE CAUSED BY TENANTS

Because the Company's activity is letting property directly or indirectly to mostly students, there is an increased risk that it may be faced with complaints due to nuisance or disturbance of neighbours, or that administrative or other measures may be imposed in relation to the buildings in its property portfolio. Tenants could 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 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 acted as professional vendors as referred to in the Breynne Law in the past. 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 Breynne 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, fire safety inspection reports, etc.). The stipulated warranties are moreover limited in time and sellers normally place a cap on their liability under them. Lastly, the Company continues to be faced with the risk of insolvency of its counterparty.

Control:

- Economic, strategic and property analysis prior to any acquisition.

- Implementation of legal, tax, financial and technical due diligence by the Company and/or by the external reputable parties.
- Obtaining the necessary market-based declarations and guarantees that take into account the transaction's own characteristics.
- 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, in accordance with the Legislation on Regulated Real Estate Companies that applies to regulated real estate companies, must diversify its property, in terms of geography, types of properties and tenant categories. Article 30 of the Law on Regulated Real Estate Companies stipulates that no transaction performed by the public RREC 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) this percentage increasing further if it already exceeds 20%, regardless of what caused the original percentage to be exceeded in this latter case. This restriction applies at the time of the transaction concerned. If the Company exceeds the 20% diversification rule, it may not perform any investment, disinvestment or other acts that would cause this percentage to increase further. In other words, it limits the Company's options with regard to additional investments or disinvestments.

Control:

- Calculation of the '20% 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

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

Control:

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

1.3.10 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 tenancy agreement, demand a rent reduction, or institute another claim against the Company. Such proceedings may be lengthy and expensive.

Control:

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

1.3.11 RISKS ASSOCIATED WITH BEING UNABLE TO PAY DIVIDENDS

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

Control:

- Conservative, cautious financing strategy with balanced spreading 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 results 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 is 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 advisors where necessary (see also the amendment to the Law on Regulated Real Estate Companies in 2017).
- 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 changes of a national (e.g. Belgium compared to the Netherlands), regional (depending on region to region), and local (depending on municipality to municipality) nature. Moreover, this legislation is not always locally available in a coherent and structured manner, which complicates the analysis of the applicable provisions.

Amendments to other (European, federal, regional or local) regulations may be implemented or new obligations may arise with respect to tax, accounting (IFRS), the environment, urban planning, tenancy law and new provisions on letting property and extending the permits with which the Company or users of the Company's property must comply. The regionalisation of lease legislation in Belgium as part of the sixth state reform also means that rent legislation for (student) accommodation will be different in each of the three regions in addition to the local regulations at municipal level, unlike the current comprehensive federal legislation. There are already initiatives pending or completed for this process in the three regions (with regard to issues such as the (maximum) duration of leases, guarantee schemes and (interim/early) termination options. A modified implementation and/or interpretation of such regulations by the administration (including the tax administration) or the courts may significantly reduce the Fair Value of the Company's real estate. 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 advisors where necessary.
- Representation of the Regulated Real Estate Company in the BE-REIT Association, where the legislative and fiscal changes are discussed with other Regulated Real Estate Company at regular intervals.
- Legislative evolutions in 'real estate' are also followed up at sector level with the help of the BVS, of which the company is also a member. It is also our aim to enter into a constructive dialogue with the government bodies that are shaping the relevant policy.



Frederik Lintsstraat
LEUVEN



02

Message to the shareholders

In 2017, Xior looked back to a successful completion of its first year on the stock exchange as the first and only listed student housing provider in continental Europe in 2017. The company came through with flying colours. This is clearly the start of Xior's continued success story. The company was able to sustain its growth in 2017 with conviction. Xior went from the new kid on the block to a fully-fledged player in the world of RREC. This achievement was only possible thanks to the unremitting efforts of all of Xior's employees, management and partners.

Xior's growth ambitions again resulted in the substantial expansion of the portfolio in 2017 in a market still focusing on increased professionalisation and consolidation and the need for additional quality student housing. When the previous financial year came to a close, we looked forward to a portfolio of more than 3,000 student rooms. One year later, this portfolio and the committed projects in the pipeline have far exceeded the threshold of 5,000 units and have also passed the milestone of a portfolio value of more than EUR 500 million. This growth was achieved through the acquisition of existing buildings and the successful completion of various new construction projects. Xior also has many projects in the pipeline for its own developments in various university cities in Belgium and the Netherlands. These 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.

A successful capital increase of EUR 84 million was carried out in 2017 to finance the pipeline as part of the strategy to finance acquisitions with the balanced growth of both equity and loan capital and a combination of various sources of financing. The funds raised were all invested immediately with retention of the proposed dividend.

The predefined dividend target was achieved again with a gross dividend of EUR 1.20 per share. A stable dividend of at least EUR 1.20 per share is expected for 2018. Xior is expecting to match last year's results at least, while its number of shares have increased by 54% following the successful capital increase in June 2017.

The Xior share also performed well in 2017 with a market cap that pushed through the EUR 300 million limit. Xior was honoured to have its shares included in the EPRA Index. Xior is the first fully dedicated student housing REIT in continental Europe to be included in the index. Xior shares were also promoted from the BEL Small to the BEL Mid index of Euronext Brussels. This gives the shares more visibility and liquidity among investors, who are persuaded by Xior's pure player strategy.

In 2017 and 2018, the increasing Xior portfolio will also result in a stronger and bigger Xior family with motivated employees helping to achieve Xior's ambitions. The occupancy rate of 97.94% for 2017 has again shown that the Xior team does not just offer its domestic and international students a bed. It also gives them a home where they can concentrate fully on their studies and enjoy the student life.

The company passed with flying colours, which will motivate the entire team to continue to lead the way in 2018 as a pioneer in the fast moving, dynamic market of student housing with a clear continued focus on value creation for the shareholders and, by extension, all stakeholders.

On behalf of the Xior Student Housing Board of Directors

Leen Van den Neste
Chairperson









03

Key figures

as at 31 december 2017

Consolidated P&L (in thousand EUR.)	31/12/17	31/12/16
Net rental result	18,194	10,912
Property result	18,533	11,349
Operating result before result on the portfolio	13,245	7,580
Financial result (excl. changes in the fair value of financial assets and liabilities)	-2,692	-1,597
EPRA earnings 	9,772	5,774
Result on the portfolio (IAS 40) 	1,722	1,108
Revaluation of financial instruments (ineffective interest rate hedges)	942	-1,866
Net result (IFRS)	10,954	5,016





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

Bruto yields¹	2017	2016
Belgium	5.15%	5.17%
The Netherlands	6.19%	6.54%
Entire portfolio	5.68%	5.58%

Consolidated balance sheet
 (in thousand EUR.)

	31/12/17	31/12/16
Equity	223,291	131,630
Fair Value of the real estate property ²	488,762	265,873
Debt ratio (Law on Regulated Real Estate Companies) ³	53.62%	50.69%

Key figures per share
 (in thousand EUR.)

	31/12/17	31/12/16
Number of shares	8,128,249	5,270,501
Weighted average number of shares ⁴	6,851,483	4,926,405
EPRA earnings per share (based on the weighted average number of shares) 	1.43	1.17
Result on the portfolio (IAS 40, based on the weighted average number of shares) 	0.25	0.22
Revaluation of financial assets and liabilities (based on the weighted average number of shares)	0.14	-0.38
Net result per share (IFRS) (based on the weighted average number of shares) 	1.60	1.02
Closing price of the share	38.99	35.67
Net asset value per share (IFRS) (based on the number of outstanding shares) 	27.47	24.97
Dividend payout ratio (versus EPRA earnings) ⁵	84%	98.3%
Proposed gross dividend per share	1.20	1.15

² The Fair Value of the investment property is the investment value as determined by an independent valuation expert minus the transaction fees (cf. BE-REIT Association press release dated 10 November 2016). The Fair Value corresponds to the carrying amount under IFRS.

³ Calculated in accordance with the Royal Decree of 13 July 2014 pursuant to the Law of 12 May 2014 on Regulated Real Estate Companies.

⁴ Shares are counted from the time of issue.

⁵ 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.



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

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

Within this property sector, Xior offers a variety of properties, ranging from rooms with shared facilities to en-suite rooms and fully equipped studios. Xior's student houses offer a comfortable environment, fully geared to the requirements of today's students. They are centrally located in triple-A locations, near the educational establishment and no more than 10 minutes' walk from the city centre. Quality and safety are key factors for the Company, which is why all student houses are renovated regularly and equipped with fire safety equipment. These quality standards are complemented by other basic needs, such as bicycle stands and a good Internet connection. Xior also offers additional facilities (sometimes differing from building to building), including access to certain buildings via a badge system (which Xior 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-grads and PhD students.

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

4.1.2 BUSINESS STRATEGY OF THE COMPANY

4.1.2.1 Commercial strategy

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

- *All you need to do is study**
- *The right people 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 (e.g. retail property) are always subordinate and are often acquired to be redeveloped into student accommodation (e.g. office buildings).

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

Xior's property portfolio will be expanded in Belgium and the Netherlands at first. This does not preclude looking at any

future investment opportunities in student housing located in other countries.

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

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

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

4.1.2.3 Financial and financing strategy

The lasting growth of the Company assumes adequate financing of that growth in a sector that, by its nature, is capital intensive. The Company must also take account of the regulatory framework created in this regard by the Legislation on Regulated Real Estate Companies, including rules on the maximum debt ratio (legally capped at 65%), interest cover ratio (at least 125%) and payout ratio (at least 80% of the profit in simple terms). Consequently, the Company, like any other

public RREC, is limited in its self-financing options. The Company will therefore 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 with sufficient spread of the maturities.
- The debt ratio must leave room for adequate growth, while taking the intended return for shareholders into consideration.
- The Company's bank financing will use an appropriate interest rate hedging structure (see also *Chapter 5.3.2 of this Annual Report*).
- Subject to the availability of distributable reserves and the approval of the general meeting, the Company intends to keep the dividend year on year at least stable or to increase it (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

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 have also been expanded so that technical malfunctions can be reported at the push of a button. The website was also updated to make it easier to search for the perfect student accommodation.





XIOR
STUDENT HOUSING

TECHNISCHE STORING MELDEN

TYPE STORING

Elektricitetsspanne

OPMERKING

UPLOAD FOTO

VERZENDEN

HOME

MESSAGES

STUDENT



CAMPUS VERBEEKSTRAAT

Verbeekstraat
DELFT

19-21

B-10

B-11

BIJZONDERE VERBODEN TOEGANG



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 2017

5.2.1 CONSOLIDATED BALANCE SHEET

On 31 December 2017, the portfolio consisted of 3,678 lettable student units. This resulted in a valuation of the property portfolio of KEUR 488,762 as at 31 December 2017, which meant an 84% increase since 31 December 2016 (KEUR 265,873). This increase is mainly the result of the acquisition of the student property located at Barbarasteeg in Delft, the student property located in Brussels (KVS I & KVS II), the acquisition of office buildings to be converted in Amstelveen, The Hague (Burgwal project), Rotterdam (project Bokelweg) and Delft (Phoenixstraat), the acquisition of student properties in Utrecht (The Hive), Venlo (The Safe & The Bank), Delft (Antonia Veerstraat), The Hague (Waldorpstraat), Rotterdam (Campus Woudestein), Breda (Tramsingel 21) and Leiden (Campus Verbeekstraat) and the acquisition of a building under construction in Groningen (Oosterhamrikkade).

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

- Campus Verbeekstraat in Leiden with a Fair Value of KEUR 14,586 (134 self-contained student units);
- Tramsingel 21 in Breda with a Fair Value of KEUR 4,782 (60 student units that are not self-contained);
- Oosterhamrikkade in Groningen, a project under construction with a Fair Value of KEUR 22,017 upon completion (180 self-contained student units).

If all committed acquisitions and projects are implemented, this increase will go up to approx. EUR 540 million, with more than 5,200 lettable student units.

The current assets of KEUR 13,562 have risen by KEUR 6,331 since 31 December 2016. They primarily include:

- Amount to be recovered (KEUR 1,683): this primarily includes rent to be received;

Other receivables: this mainly concerns receivables from Aloxe NV (KEUR 1,781 – which is paid at the market interest rate), receivables from Promiris Student NV, the joint venture company with which the project in Etterbeek is developed (KEUR 7,973) and receivables related to rental guarantees yet to be settled with the sellers for a number of 2017 acquisitions. The equity stands at KEUR 223,291. On 31 December 2017, the issued capital was KEUR 146,308, which is KEUR 51,439 more than on 31 December 2016. The share premiums were KEUR 69,877 on 31 December 2017, which is KEUR 37,616 more than on 31 December 2016. This increase in share capital and issue premiums is the result of a contribution in kind in January 2017 and a public capital increase in June 2017.

The reserves are positive and are KEUR 1,728. 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 10,954.

During the financial year of 2017, 2,857,748 new shares were created.

The long-term obligations have increased by KEUR 124,992 since 31 December 2016. This increase is mainly due to the increased credit that was drawn down at financial institutions. KEUR 263,738 had been drawn down in credit on 31 December 2017, compared to KEUR 131,315 on 31 December 2016. Some of the funds drawn down were categorised as short-term. This increase is a result of the further implementation of Xior's growth strategy in 2017, which was partially financed using loans. Additional Interest Rate Swap contracts were also taken out in the course of 2017. They had a negative market value of KEUR 924 on 31 December 2017. The average maturity of the loans is 3.48 years.

On 31 December 2017, the debt ratio was 53.62% compared with 50.69% on 31 December 2016. The debt ratio has slightly risen further in 2017, mainly due to acquisitions financed partly with loan capital. The acquisition of the KVS project on 17 January 2017 was financed with a capital increase through a contribution in kind of the shares, with new shares also issued, which resulted in an increase in equity. This method of acquisition (contribution in kind) allows the portfolio to be expanded with a healthy combination of different financing sources, while keeping the debt ratio under control. A public capital increase was also successfully achieved in June 2017.

The current liabilities are KEUR 21,039. They increased by KEUR 12,602 since 31 December 2016. The rise is primarily due to a loan that will mature at the end of 2018 and is classed as a current liability. More deposits were also received because 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 2,151): these primarily include certain supplier positions relating to projects completed in 2017;
- Other (KEUR 919): these primarily concern provisions for Dutch taxes for the permanent structure and for the absorbed subsidiaries (KEUR 627), payable VAT (KEUR 135) and social debts (KEUR 106);
- Guarantees received on rented properties (KEUR 3,044).

The accruals and deferred payments are mainly rental income to be transferred (KEUR 1,435), accrued real estate costs (KEUR 587), accrued interests (KEUR 237) and accrued general expenses (KEUR 264).

5.2.2 CONSOLIDATED INCOME STATEMENT

In 2017, Xior achieved a net rental result of KEUR 18,194: KEUR 3,509 in Q1, KEUR 3,878 in Q2, KEUR 4,787 in Q3 and KEUR 6,020 in Q4. This net rental result will continue to increase in 2018, as certain buildings were finalised or acquired in the course of 2017 and therefore did not have the opportunity to contribute to the net rental income for a full year. A number of properties were also under construction or being refurbished. These only started to contribute to the rental income from October 2017.

This mainly relates to the following properties:

- The Amstelveen project: generates rental income from April 2017 as a result of the rental of existing office space. Additional rental income will be generated by this property after redevelopment;
- Burgwal Project (The Hague) and Bokelweg Project (Rotterdam): rental income since June 2017. These properties will generate additional rental income after redevelopment;
- The Safe and The Bank, Venlo: rental income since July 2017;
- The Hive, Utrecht: rental income since July 2017;
- Antonia Veerstraat, Delft and Waldorpstraat, The Hague: rental income since September 2017;
- KVS I & KVS II, Ladderstraat Brussels: rental income since September 2017;
- Woudestein campus, Rotterdam: rental income since September 2017;
- Bondgenotenlaan, Leuven: rental income since October 2017 (fully rented after complete transformation from 4 to 18 units);
- Arendstraat, Leuven: rental income since October 2017 (fully rented after renovation);
- Tramsingel 21, Breda: rental income since mid-October 2017;
- Verbeekstraat campus, Leiden: rental income since December 2017.

The average occupancy rate for the property portfolio was 97.94% in 2017.

The Company aims to increase the income (like-for-like) by offering additional paying services to the students.

The property result is KEUR 18,533 and the property operating result is KEUR 15,238. The property charges (KEUR 3,295) mainly include costs related to maintenance and repair, insurance, property management, valuation expert expenses and other property charges, i.e. property tax that cannot be passed on to the tenants. The Company's overheads for 2017 are KEUR 2,068 and the fee received for management of investment property owned by third parties is KEUR 75.

The portfolio result is KEUR 1,722. New properties were obtained in 2017 through property acquisitions (sale-purchase) and share acquisitions.

The property was partly acquired at the Fair Value and partly acquired at the fiduciary value (the purchase price agreed between the parties), which approximate the Fair Value but is not necessarily equal to the Fair Value.

- The difference between the Fair Value of properties acquired through property acquisitions (sale-purchase) and the fiduciary value of such property is processed as '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 2017 and 31 December 2017 was booked under negative or positive investment property changes. There was a positive net investment property change (KEUR 3,803).

The sale of a non-strategic property in November 2017 achieved KEUR 31 in capital gains compared with the Fair Value.

The financial result stood at KEUR 1,750. This result mainly contained interests on loans (KEUR 1,810), IRS costs (KEUR 770), bank charges and other commissions (KEUR 74). The IRS contracts concluded by the Company totalled KEUR 193,000. The market value of these hedging instruments was recognised directly in the income statement (+KEUR 942).

The result before taxes was KEUR 13,410. The taxes were KEUR 2,456. These were mainly taxes on the result of the permanent establishment in the Netherlands (KEUR 783) and deferred taxes on the Dutch property (KEUR 1,674).

The net result was KEUR 10,954 and the EPRA earnings⁶ were KEUR 9,772. The EPRA earnings per share were EUR 1.43.

⁶ 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.

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.

	31/12/17
A Net result	10,958
B Addition to/withdrawal from reserves (-/=)	
1 Addition to/withdrawal from the reserve for the (positive or negative) balance of changes in the property's Fair Value (-/+)	
- Financial year	12,667
2 Addition to/withdrawal from the reserve of the estimated transaction fees and costs resulting from the hypothetical disposal of investment properties (-/+)	
- Financial year	-12,422
5 Addition to the reserve for the balance of the changes in the Fair Value of permitted hedging instruments that are not subject to hedging accounting as defined in the IFRS (+)	
- Financial year	942
10 Addition to/withdrawal from other reserves (-/+)	1,550
11 Addition to/withdrawal from retained earnings from previous financial years (-/+)	
C Return on capital pursuant to Article 13, section 1, first paragraph	7,817
D Return on capital other than C	405

At the general meeting of shareholders to be held on 17 May 2018, the Board of Directors of Xior Student Housing NV will propose to distribute a gross dividend of EUR 1.20 (or EUR 0.84 net dividend⁷ per share for the 2017 financial year after the deduction of the 30% withholding tax) per share that is part of the result of the 2017 financial year.

5.2.4 RESEARCH AND DEVELOPMENT

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

5.2.5 BRANCHES

The Company does not have any branches.

5.3

MANAGEMENT AND USE OF FINANCIAL RESOURCES

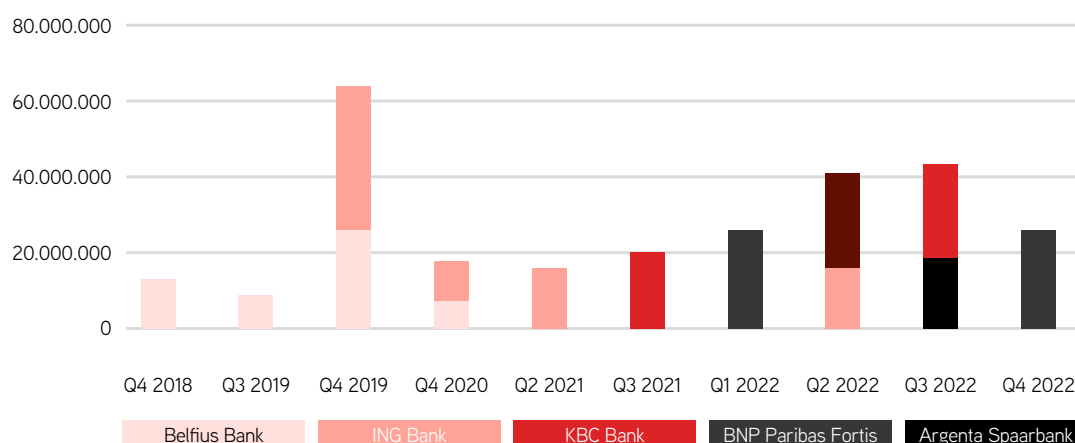
5.3.1 FINANCING AGREEMENTS

At the end of 2015, the Company concluded two financing agreements with ING Belgium NV and Belfius Bank NV with the aim of raising the necessary funds (totalling a maximum of EUR 110 million) to acquire property from the property portfolio during the IPO and to finance the Company's growth. In the course of 2016, additional financing agreements were concluded with ING Belgium NV, Belfius Bank NV and KBC Bank NV. ING Belgium NV provided a total of EUR 78 million, Belfius Bank NV EUR 52 million and KBC Bank NV EUR 20 million. In the course of 2017, additional financing agreements were concluded with BNP Paribas Fortis NV, Argenta Spaarbank NV and Belfius Bank NV. The Company has concluded financing agreements totalling a maximum of EUR 268 million on 31 December 2017. A total of EUR 264 million of this financing was drawn down on 31 December 2017. 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 53.62% on 31 December 2017. The debt ratio is calculated as follows: liabilities (excluding provisions, accruals and deferred payments, interest rate hedging instruments and deferred taxes) divided by total assets (excluding interest rate hedging instruments). The debt ratio is higher than the debt ratio at the end of 2016. This resulted from the implementation of the growth strategy, which financed new acquisitions partly with loans (see also *Chapter 10.9.33 of this Annual Report*).

On 31 December 2017, the average maturity of the outstanding loans was 3.48 years. The Company has always concluded financing contracts with a minimum maturity of three years. For a breakdown of debts according to maturity, please refer to *Chapter 10.9.22 of this Annual Report*.

Debt maturities



5.3.2 INTEREST RATE RISK HEDGING

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

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

We hereby refer to *Chapter 10.9.22 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.

	31/12/17	31/12/16
Capital	144,187	94,869
Issued capital	146,308	94,869
Capital increase costs	-2,121	
Issue premiums⁸	69,877	32,261
Reserves	-1,728	-515
Other	-1,728	-515
Net result for the financial year	10,954	5,016
Total equity	223,291	131,630

5.4

TRANSACTIONS AND ACHIEVEMENTS

Following the implementation of the growth strategy in 2017, the property portfolio went up from 54 properties at the end of 2016 to 71 properties at the end of 2017. One non-strategic property was also sold in the autumn of 2017.

In June 2017, Xior successfully had a public capital increase that increased the capital and share premiums by EUR 84 million without any profit dilution for the existing shareholders.

Besides what is mentioned in *Chapter 5.5 of this Annual Report*, no significant changes have occurred in the Company's financial or trading position after 31 December 2017.

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

- **Optimisation of the internal group structure**

In December 2017, the Company further optimised its internal group structure through intra-group mergers of eleven subsidiaries. These mergers have led to operational and administrative simplifications and will help to achieve synergies within Xior. As the activities of the subsidiaries in question fell within the sphere of Xior's activities, and given that these companies did not have their own staff, retaining these separate legal entities did not generate any economic advantages.

- **Promiris Student joint venture agreement**

In the first half of 2017, Xior entered into a joint venture (in cooperation with a private developer) for a development project in Etterbeek, Belgium to create 118 units for approximately EUR 6.3 million. The total investment value (after reconversion) will be approximately EUR 11.7 million (assuming that 100% ownership of the real estate company is obtained) and the project has an expected initial return of approximately 6%. The existing property on Oudergemlaan in Etterbeek will be converted into a complex of 118 independent studios and six parking spaces based on a design by architectural firm Jaspers-Eyers. This student property is expected to be operational in the academic year starting in September 2018. The Company was granted a one-year rental guarantee for 50% of the rental income. In the autumn of 2017, the building permit for the reconversion of this property was obtained and Xior became a shareholder in the project company, in which it holds 50% of the shares.

- **Acquisition of 134 independent student units in Leiden (Campus Verbeekstraat)**

On 30 November 2017, Xior acquired student complex Verbeekstraat Campus consisting of 134 self-contained furnished units on Verbeekstraat and Plesmanlaan in Leiden. The land has been allocated under a perpetual ground lease acquired until 2057. The site was renovated and converted into student facilities in 2016 and is fully leased. 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. The overall investment value of the building in question is approximately EUR 12.7 million, with an expected initial yield of approximately 6.3%. The transferor provides a rental guarantee for the student units for a period of one year.

- **Sale of a retail property in Leuven**

On 30 November 2017, the retail property located at Diestsestraat 143, Leuven was sold. The agreed sale price of this property was EUR 1.35 million and the capital gains achieved on this sale were KEUR 31. The divestment of this non-strategic retail property is fully in line with the pure player strategy of Xior, which is focused on student housing in its geographic core markets.

- **Acquisition of 60 student units that are not self-contained in Breda**

On 27 October 2017, Xior acquired a student complex at Tramsingel 21, Breda. The complex consists of 60 student units that are not self-contained and also has communal areas. This transaction has an expected initial yield of approximately 7.2% and a total investment value of approximately EUR 3.8 million. This student property is located in between Xior's other properties in Breda and within walking

distance of the centre, which ensures further property management optimisation in Breda. The units are not self-contained and therefore complement the existing self-contained units perfectly.

- **Acquisition of a new build project in Groningen**

On 13 October 2017, Xior acquired a brand new student complex under construction on Oosterhamrikkade in Groningen. The complex consists of 180 independent student units with an average surface area of 31.8 m² and communal areas such as indoor bicycle parking facilities and a common outdoor space. The project was acquired through the purchase of 100% of the shares in the real estate company involved. This transaction has an expected initial yield of approximately 6.5% and a total investment value after completion of approximately EUR 20 million. The building is expected to enter into operation as of April 2018. Pending the planned completion, Xior will be provided a return guarantee by the seller valued at EUR 650,000, whereby this project will already generate income from the moment of acquisition.

- **Acquisition of a student complex in Rotterdam (Campus Woudestein)**

On 5 September 2017, Xior acquired a student complex in Rotterdam (Woudestein Campus near Erasmus University) with an investment value of approximately EUR 30 million and an initial return of approximately 5.8%. The building consists of 280 independent student units between 20 m² and 39 m² on eight floors as well as common areas such as a bicycle area and roof terrace. The property is in a prime location near Erasmus University Rotterdam in this bustling city. Xior acquired the property by buying 100% of the shares in the relevant real estate companies. The building was fully let in a record time of less than 48 hours before it was even completed to students of more than 50 nationalities in close cooperation with Erasmus University Rotterdam and the Rotterdam School of Management.

- **Acquisition of 190 student rooms in Delft and The Hague**

On 31 August 2017, Xior acquired the shares in the real estate companies owning a total of 190 student units in The Hague (72 units) and Delft (118 units) in the Netherlands with a total investment value of approximately EUR 25.9 million and an initial return of approximately 5.9%. The property in The Hague is on Waldorpstraat and has 72 independent studios. The property in Delft was built on Antonia Veerstraat and consists of 118 units. It is part new construction and part redevelopment. The Company was granted a one-year rental guarantee for 100% of the rental income⁹.

- **Acquisition of an office property to be redeveloped in Delft (Phoenix) – approximately 100 units**

On 19 July 2017, Xior acquired an office property for redevelopment from the local council of Delft located at Phoenixstraat 16, Delft in order to develop around 100 units with a total investment value (after conversion) of approximately EUR 8.6 million. 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 Company expects an initial return of 6.5% once irrevocable planning permission has been obtained and the planned redevelopment has been completed. The Company expects this building to be operational from September 2019.

- **The acquisition of three properties in Utrecht and Venlo – 300 units**

On 7 July 2017, Xior acquired the shares in three real estate companies (Utrecht Willem Dreeslaan B.V., De Keulse Poort B.V. and The Safe B.V.), which own one recently renovated property in Utrecht and two properties in Venlo respectively. The total conventional value of the underlying real estate is approximately EUR 27.5 million and the total average initial return is approximately 6.8%. The transferor provides a rental guarantee for a period of two years.

The property near various educational institutions in Utrecht is called 'The Hive'. It has 134 units that are not self-contained and therefore complements the Company's self-contained units in the portfolio mix.

The acquisition in Utrecht also involves a student property called 'The Bank' of 110 independent units in the centre of Venlo near the station. The ground floor is rented out to a financial institution. Xior used the momentum of this purchase to optimise this transaction immediately by acquiring a second rented property in the centre of Venlo called 'The Safe', which allows Xior to achieve a sufficient presence in this city. This property consists of 56 independent units and a commercial ground floor, also partly rented out to a financial institution.

- **Acquisition of office complexes to be converted in Rotterdam and The Hague**

On 31 May 2017, Xior acquired two office complexes to be converted on Heer Bokelweg in Rotterdam and on Lutherse Burgwal in The Hague. This transaction has an expected initial return of approximately 7% after reconversion and will result in about 500 extra units with a total investment value of approximately EUR [67.4] million after reconversion once the permit has been obtained and the planned redevelopment has been completed. Both buildings are expected to be operational from September 2019. Part of the buildings in Rotterdam and The Hague will continue to be rented for some time to come, which already generates a total income of around EUR 2.11 million on an annual basis from the acquisition date. Xior acquired the property in question on the site by first buying 55% of the shares in the relevant real estate companies (Bokelweg B.V and Burgwal B.V.) and then by purchasing the other 45% of the shares in both real estate companies by exercising the call option it had been granted on 30 June 2017.

The property in Rotterdam is located on Heer Bokelweg, 200 m from the 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 Campus Woudestein student complex (Erasmus University). Completion is planned in September 2019.

The property in The Hague is located on Lutherse Burgwal, which is the road connecting the Company's existing properties on Eisenhowerlaan and Waldorpstraat. Xior plans to develop 182 units on this property, which will increase the total number of units in this student city to 450.

- **Acquisition of an office complex in Amstelveen that is to be converted**

On 6 April 2017, Xior acquired an office complex development project¹⁰, which the Company intends to convert after it has obtained the required permits. Xior acquired these properties by buying 100% of the shares in the relevant real estate company Amstelveen Keesomlaan 6-10 B.V. After the proposed redevelopment, the property will provide approximately 300 student units with a total investment value of approximately EUR 30 million. Part of the office complex will continue to be rented for some time to come, which has generated approximately KEUR 350 in income since the acquisition date. 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.

- **Acquisition of 69 student units in Brussels via contribution in kind**

Xior acquired a student complex¹¹ consisting of two buildings opposite each other on Ladderstraat in Brussels (KVS project). The land and structures already erected at the time were entered by means of a contribution in kind to Xior's capital on 17 January 2017. The value of the contribution was based on the value of the land and the structures already completed (at the time) and resulted in a capital increase of EUR 5,064,067 (including issue premium). This acquisition has a total investment value of approximately EUR 8.1 million (once the works have been completed). A number of units were taken into use in September 2017.

- **Acquisition of 108 independent student units in Delft**

On 5 January 2017, Xior acquired a student property¹² consisting of 108 brand-new, independent, furnished student units in one of the fastest-growing student cities in the Netherlands. This acquisition has a total investment value of approximately EUR 13.5 million. The property is situated in a premium location in the centre of Delft, near the station and close to Delft University of Technology.

¹⁰ See Press Release dated 7 April 2017.

¹¹ See Press Releases dated 9 June 2016 and 17 January 2017.

¹² See Press Releases dated 5 August 2016 and 5 January 2017.

5.5

POST BALANCE SHEET EVENTS

5.5.1 ACQUISITION OF 271 UNITS IN ENSCHEDE VIA CONTRIBUTION IN KIND

Xior acquired a student property (under construction) in Enschede on 28 March 2018. The land and already renovated buildings were acquired via a contribution in kind to Xior's capital. The value of the contribution in kind was determined based on the value of the land and the structures (already completed) and has resulted in a capital increase of EUR 18,117,000 (incl. share premium). The acquisition has a total investment value of approximately EUR 28 million and an expected initial yield of approximately 6.3%. The issue price of the new shares was EUR 35 per share (rounded). The further completion and commissioning of the other unfinished parts of the complex will occur in stages and is planned for 2018. The developer has provided a one-year rental guarantee for the unrented parts of the self-contained units and a three-year rental guarantee for the second education facility.

5.5.2 ACQUISITION OF DEVELOPMENT PROJECT IN BRUSSELS

On 13 March 2018, Xior entered into an agreement with regard to the redevelopment of a student property in Brussels, referred to as Woodskot. This complex will have, after redevelopment, 91 student units. The transaction, subject to certain conditions, has an investment value of approximately EUR 10 million and an expected initial yield of 6%. Completion and commissioning are planned for September 2019.

There have been no significant events since the closing of the financial year that have affected the annual financial statements.

5.6

PROSPECTS FOR 2018

5.6.1 GROWTH PROSPECTS FOR THE 2018 FINANCIAL YEAR

Xior is very driven to continue to pursue its growth strategy in 2018 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 whereby the EPRA earnings per share and the dividend per share are at least stable as compared to 2017 (Reference is made to *Chapter 7.6.3*).

5.6.2 ACQUISITIONS

Joint venture agreement for the Brussels Region (Zaventem) Project

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).

The redevelopment will be based on a joint venture with a private developer Xior already collaborated with previously. This will allow Xior to strengthen its position in the Brussels region, where new quality student housing is still in high demand.

The total investment value (after reconversion) will be approximately EUR 36 million and the project has an expected average initial return of approximately 6.3%. Xior's participation in the joint venture is subject to certain conditions, one of which is that a permit is obtained. The office building will then be converted into a complex of 300 (studios/student flat hotel) 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 on the ground floor. A third-party investor will redevelop these together with the underground car park.




This student property is expected to be operational in 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 hotel and also received a partial one-year rental guarantee for the student units.

5.7

DATA ACCORDING TO THE EPRA REFERENCE SYSTEM¹³

5.7.1 EPRA KEY PERFORMANCE INDICATORS

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

		31/12/2017		31/12/2016	
		in thousand EUR	EUR per share	in thousand EUR	EUR per share
EPRA earnings 	Underlying result derived from the strategic operating activities. This indicates the extent to which dividend payments are supported by the earnings.	9,772	1.43	5,774	1.17
EPRA NAV 	Net asset value (NAV) adjusted to take into account the Fair Value of the real estate property and excluding certain elements that are not part of a financial model of long-term property investments.	224,215	27.58	133,496	25.33
EPRA NNAV 	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.	223,291	27.47	131,630	24.97

			%		%
EPRA Net Initial Yield (NIY)	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.		5.2%		
EPRA Adjusted Net Initial Yield (Adjusted NIY)	This measure integrates an adjustment of the EPRA NIY for the end of rent-free periods or other non-expired rental incentives.		5.2%		
EPRA rental vacancy	Estimated rental value of vacant units divided by the estimated rental value of the total portfolio.		2%		
EPRA cost ratio (incl. vacancy costs)	EPRA costs (including vacancy costs) divided by the gross rental income.		29.8%		35.5%
EPRA cost ratio (excl. vacancy costs)	EPRA costs (excluding vacancy costs) divided by the gross rental income.		29.0%		35.5%

	31/12/2017	31/12/2016
EPRA earnings		
Net result	10,954	5,016
Changes in the Fair Value of the real estate property	-3,803	-1,112
Other portfolio result	2,112	110
Result from the sale of investment property	-31	-106
Changes in the fair value of financial assets and liabilities	-942	1,866
Share in the result of joint ventures	-194	
Deferred taxes with regard to IAS 40 adjustments	1,674	
EPRA earnings	9,772	5,774

	31/12/2017	31/12/2016
EPRA NAV		
Net asset value according to the financial statements	223,291	131,630
To be excluded: Fair value of financial assets and liabilities	924	1,866
EPRA NAV	224,215	133,496
EPRA NAV (EUR/share)	27.58	25.33

	31/12/2017	31/12/2016
EPRA triple net asset value (NNNAV)		
EPRA NAV	224,215	133,496
To be added Fair value of financial assets and liabilities	-924	-1,866
EPRA triple net asset value (NNNAV)	223,291	131,630
EPRA triple net asset value (NNNAV) (EUR/share)	27.47	24.97

	31/12/2017
EPRA Net Initial Yield	
Investment property – full property Fair Value	492,573
Investment property – share in joint ventures	6,235
Minus property developments	-59,166
Completed property portfolio	433,407
Transaction fees	10,835
Investment value of the property available for rent	444,242
Annualised gross rental income	23,492
Property charges	-2,473

Annualised net rental income	21,019
Notional amount at the end of the rent-free period	-
Adjusted annualised net rental income	21,019
EPRA Net Initial Yield	5.2%
EPRA Adjusted Net Initial Yield	5.2%

	31/12/2017
EPRA Rental Vacancy	
Estimated rental value of the vacant units	534
Estimated rental value of the entire portfolio	22,519
EPRA Rental Vacancy	2%

	31/12/2017	31/12/2016
EPRA cost ratio		
General expenses	2,068	1,859
Impairments of trade receivables	91	57
Property charges	3,295	1,981
EPRA costs (incl. vacancy costs)	5,454	3,897
Vacancy costs	148	0
EPRA costs (excl. vacancy costs)	5,306	3,897
Gross rental income	18,285	10,969
EPRA cost ratio (incl. vacancy costs)	29.8%	35.5%
EPRA cost ratio (excl. vacancy costs)	29.0%	35.5%

5.8

REQUIRED ELEMENTS OF THE ANNUAL REPORT

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

1. Risk Management, 5.2. Management Report – Comments on the consolidated financial statements for the financial year of 2017, 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 2018, 6 Corporate Governance, 9 Corporate Social Responsibility and 10 Financial Report.



Phoenixstraat
DELFT

Gemeente Delft



06

Corporate governance

6.1

CORPORATE GOVERNANCE STATEMENT

6.1.1 CODE OF REFERENCE AND CORPORATE GOVERNANCE CHARTER

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

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

The Company's Corporate Governance Charter (including the Trading Regulations) was approved on 25 November 2015 and was last reviewed on 31 March 2017 (Trading Regulations) and 17 August 2017 (Corporate Governance Charter). This can be consulted on the Company's website ([www.http://www.xior.be/nl/investor/corporate-governance](http://www.xior.be/nl/investor/corporate-governance)), and obtained free of charge from the Company's registered office.

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

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

- Provision 2.9 of the 2009 Governance Code – Secretary: In view of the limited number of directors and the absence of separate committees, no official secretary has been appointed. Each director may directly approach the CEO or CIO (who also fulfils the role of Compliance Officer) of the Company.
- Principle 5 of the 2009 Governance Code – Special committees: The Company has not established any special committees (audit committee, remuneration committee, and appointment committee) to date, firstly because it is not obliged to do so under the applicable statutory thresholds and, secondly, because this is not currently deemed necessary in view of the complexity, nature and size of the Company and its activities. The Board of Directors will appoint an audit committee and remuneration committee, respectively, from among its ranks as soon as the Company no longer complies with the criteria included in Article 526bis, Section 3 or Article 526quater, Section 4 of the Belgian Companies Code. The following is also specified in this regard:
 - The Corporate Governance Code recommends that the audit committee should consist of non-executive directors only (also see Article 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

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 abridged financial statements intended for publication. Prior to every half-yearly meeting of the Board of Directors, a half-yearly report is drawn up and submitted by the Statutory Auditor to the Board of Directors, also acting as an audit committee.

6.1.2.3 Risk analysis and audit procedures

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

6.1.2.4 Financial information and communication

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

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

6.1.2.5 Persons involved in evaluating internal control

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

- Statutory auditor: firstly as part of the audit of the annual figures and the limited audit of the half-yearly figures and, secondly, as part of the annual assessment of the underlying processes and procedures. The processes are adjusted, where necessary, based on the Statutory Auditor's recommendations.
- Board of Directors: in its capacity as an audit committee (see also above).
- Internal audit.
- 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 advisors where necessary, the optimal application of the four-eyes principle, the analysis of new investment cases, due diligence procedures, the definition of the strategy and objectives and the embedding of strict decision-making procedures. Risk management is therefore the responsibility of the entire team across all layers of the organisation, each at their own level with different responsibilities.

6.1.2.6.2 Appropriate independent internal audit function

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

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

6.1.2.6.3 Appropriate independent compliance function and appropriate integrity policy

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

The person responsible for the compliance function (Arne Hermans, CIO) prepares and tests recommendations. The compliance officer has been appointed for an indefinite period. The compliance function's work domain specifically includes, but is not limited to the monitoring of compliance with the applicable rules on (i) conflicts of interest, (ii) market abuse

(insider dealing and market manipulation) and (iii) the incompatibility of mandates (e.g. with respect to the assessment of directors' independence), possibly laid down in the Company's code of ethics. These rules have been developed further in the Company's Corporate Governance Code, including the Trading Regulations.

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

6.1.3 SHARE OWNERSHIP

6.1.3.1 Company founders

The Company's historic founders are:

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

6.1.3.2 Shareholder structure

On 31 December 2017, the issued capital of Xior Student Housing NV was EUR 146,308,482, represented by 8,128,249 fully paid-up shares.

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

Shareholders	Number of shares (31/12/2017)	% shares (rounded) (31/12/2017)	Number of shares (at the time of the Annual Report)	% shares (rounded) (at the time of the Annual Report)
Aloxe NV – Christian Teunissen & Frederik Snauwaert ¹	1,882,997	23.17%	1,757,997	21.63% ³
AXA Investment Managers S.A.	273,348	5.19% ²	273,348	5.19% ²
Public (<i>free float</i>)	5,971,904	73.47%	6,096,904	75.01%
Total (denominator)	8,128,249	-	8,128,249	-

¹ Transparency notification of 17 October 2016.

² Based on the transparency notice of 21 December 2016 and the denominator on 21 December 2016 (5,270,501). This explains why the total share percentage does not add up to 100%.

³ Participating interest based on publicly known information about share transactions performed by Aloxe after the most recent transparency declaration.

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.

Member of the Board of Directors or the executive management	Number of shares on 31 december 2017	Number of shares at the time of the Annual Report
Aloxe NV - Christian Teunissen & Frederik Snauwaert (cf. transparency notification/public information)	1.882.997	1,757,997
Dhr. Christian Teunissen ¹	0	0
Aloxe NV	1,876,327	1,751,327
Dhr. Frederik Snauwaert	6,670	6,670
Dhr. Joost Uwents	600	600
Dhr. Arne Hermans	1,500	1,500

¹ Aloxe NV has a direct stake of 1,751,327 shares in Xior Student Housing NV (1,876,327 on 31 December 2017). Aloxe NV is controlled by Christian Teunissen (directly and via Nevi BVBA, a company which is likewise controlled by Christian Teunissen).

6.1.4 BOARD OF DIRECTORS OF THE COMPANY

6.1.4.1 General

The Board of Directors consists of six directors. It includes four non-executive independent directors (including the Chairperson) and two executive directors, one of which is the 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 (i.e. from 1 January 2021). After the end of a directorship, the Company will make a selection based on clear, gender-neutral and unambiguous criteria, taking into account the realisation that preference needs to be given, where applicable, to the under-represented sex. The Board of Directors currently has one member of the opposite sex to the other five members.

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

6.1.5 COMPOSITION

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

- i. Two executive directors, Christian Teunissen and Frederik Snauwaert, as nominated by the promoter (see *Chapter 6.1.3.2 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. **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. **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 2 billion] in Belgium and the Netherlands.

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

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

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



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

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

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

6.1.8 RELIABILITY, EXPERTISE AND EXPERIENCE

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

In the context of these obligations, the Company's directors and senior managers have stated that they have not been convicted for any fraudulent crimes in the past five years. All 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

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 eight¹⁴ times in 2017. It also acted as the Audit Committee at five of those meetings and it also acted as the Remuneration Committee at two of those meetings.

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

¹⁴ 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 17 January 2017. If we include this board meeting, there have been nine board meetings in 2017.

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

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

6.1.10 SUMMARY REGARDING THE BOARD OF DIRECTORS' OPERATION IN 2017

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: 8/8 Audit committee: 5/5 Remuneration committee: 2/2
Joost Uwents	Non-executive, independent director	First mandate	November 2015	May 2019	Board of Directors: 8/8 Audit committee: 5/5 Remuneration committee: 2/2
Wilfried Neven	Non-executive, independent director	First mandate	November 2015	May 2019	Board of Directors: 7/8 Audit committee: 4/5 Remuneration committee: 1/2
Wouter De Maeseneire	Non-executive, independent director	First mandate	November 2015	May 2019	Board of Directors: 8/8 Audit committee: 5/5 Remuneration committee: 2/2
Christian Teunissen	Executive director	First mandate	November 2015	May 2019	Board of Directors: 8/8 Audit committee: 5/5 Remuneration committee: 2/2
Frederik Snauwaert	Executive director	First mandate	November 2015	May 2019	Board of Directors: 8/8 Audit committee: 5/5 Remuneration committee: 2/2

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 its executive management over time.

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

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

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

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

i. Christian Teunissen (*1973)

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



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

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

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

ii. Frederik Snauwaert (*1980)

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



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

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

Zurenborg BVBA, Jugho BVBA, Studium Invest GCV, Ramberghof BVBA, Leuven Building BVBA, Lovania Properties BVBA, Den Hill Diar BVBA, PDH Invest BVBA, Immo DDL NV, Nevire BV, Tyche Investments BVBA, Silex BVBA, Krijgimmo BVBA, Boerenkrijg Construct BVBA, Modesti SARL, Vere Investments SARL, Here Investments SARL and Promiris Student NV.

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

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

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



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

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

Current mandates: Vinostelli BVBA.

Summary of the Board of Directors and executive management

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

6.1.13 COMMITTEES OF THE BOARD OF DIRECTORS

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

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

The Company had not established any of the above committees on 31 December 2017, 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 6.1.1 of this Annual Report*). In the course of 2018, the Company will set up an Investment Committee consisting of Joost Uwents (independent, non-executive director) and 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.

6.1.14 CONFLICTS OF INTEREST

6.1.14.1 General

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

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

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

The provisions of Article 37 and 38 of the Law on Regulated Real Estate Companies also apply to the Company. Article 37 of the Law on Regulated Real Estate Companies contains an arrangement on functional conflicts of interest which entails that a public RREC must contact the FSMA whenever certain persons affiliated with the public RREC (listed in the same article, including the directors, the persons who control, are affiliated with or hold a participating interest in the RREC, the promoter and other shareholders of all subsidiaries of the public RREC) act directly or indirectly as a counterparty in,

or derive any pecuniary gain from, a transaction with the public RREC or one of its subsidiaries. Transactions involving a functional conflict of interest must be notified to the FSMA and must be disclosed immediately (without prejudice to the rules on inside information). They are explained in the annual financial report and the Statutory Auditor's report. These transactions must be completed in line with the market and must follow the normal course set by the Company's business strategy. If such a transaction involves property, the appraisal by the property expert is binding as a minimum price (if the RREC is the seller) or as a maximum price (if the RREC is the purchaser). Article 38 of the Law on Regulated Real Estate Companies provides a number of exceptions where the provisions of Article 37 of the Law on Regulated Real Estate Companies do not apply.

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

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

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

6.1.15 SPECIFIC CONFLICTS OF INTEREST

Please find below the specific conflicts of interest that occurred in 2017 and need to be explained in the Annual Report in accordance with the Belgian Company Code and/or the legislation on Regulated Real Estate Companies.

6.1.15.1 Approval of the executive management's remuneration

On 3 May 2017, 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 as the Remuneration Committee (hereinafter referred to as the 'Remuneration Committee'), intends to discuss and approve an increase in the executive management's remuneration in the absence of Christian Teunissen and Frederik Snauwaert. 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).

Christian Teunissen and Frederik 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 under the 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.

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 of EUR 672,000 and a total maximum variable remuneration of EUR 170,000 on an annual basis for the three members of the executive management. The Remuneration Committee also lays down the criteria for awarding variable pay, as included in Appendix. The achievement of the financial criteria is checked based on the Company's accounting and financial data. The remuneration committee bases the possible variable remuneration on the extent to which the objectives have been achieved. This calculation of numbers serves as a guideline for the Board of Directors (which also acts as the remuneration committee) to make a final decision on the variable fee.

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).'

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

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

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

Christian Teunissen is currently working on a student housing project at Tiensestraat 274/Windmolenveldstraat 2, 3000

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

6.1.16 STATEMENTS

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

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

6.1.17 REMUNERATION REPORT

6.1.17.1 General

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

The report was drawn up and approved by Xior's Board of Directors, also acting as the remuneration committee, on 7 February 2018.

6.1.17.2 Remuneration of the members of the Board of Directors

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

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

The Company's remuneration policy distinguishes between two types of directors: the executive director and the non-executive director (independent or otherwise). The directors are not awarded a variable fee (in their capacity as directors), nor any fee for specific operations or transactions of the public RREC or its subsidiaries. For the executive directors' variable fee in their capacity as executive management members, see *Chapter 6.1.17*. This fee is therefore in accordance with Article 35 of the Law on Regulated Real Estate Companies.

6.1.17.3 Executive directors

The Company's directors who are also members of the executive management receive a fixed fee of EUR 7,500 per year. They do not receive any attendance fee. As a member of the executive management, they also receive a management fee (see *Chapter 6.1.17 of this Annual Report* below).

6.1.17.4 Non-executive directors

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

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

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

6.1.17.5 Proposal regarding the future remuneration of directors

The Company has experienced strong growth since the IPO. This also requires substantial efforts and responsibilities on the part of the Board of Directors. The Board of Directors (also acting as a remuneration committee) therefore decided to propose an increase in the remuneration of the (independent) directors at the General Meeting on 7 February 2018. The (proposed) remuneration increase brings the directors' remuneration in line with the market in accordance with the Company's size and growth and the associated duties and responsibilities. The proposed increase is an additional fixed remuneration of EUR 10,000 per (independent) director on an annual basis. The amount of the attendance fees would remain unchanged.

An additional fixed annual fee of EUR 10,000 for Joost Uwents will be submitted for approval with regard to his membership of the Investment Committee to be established in 2018 (see *Chapter 6.1.13 of this Annual Report*). An attendance fee of EUR 750 per Investment Committee meeting is also proposed.

These proposed resolutions will be presented to the shareholders at the annual meeting of 17 May 2018.

6.1.17.6 Remuneration of the members of the executive management

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

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

The members of the executive management each entered into a management agreement with the Company on 23 November 2015. These management agreements were amended on 18 May 2017 to implement the increased remuneration of the executive management, as decided by the Board of Directors, also acting as the Remuneration Committee, on 3 May 2017 (see Chapter 6.1.15.1 of this Annual Report). These amended management agreements also contain the criteria for variable pay.

The fixed annual fee of the CEO is EUR 276,000 (subject to annual indexation) and the variable annual remuneration is capped at EUR 68,000 (subject to annual indexation).

The fixed annual fee granted to the other two executive management members is EUR 396,000 in total per year (subject to annual indexation) and the variable annual remuneration is capped at EUR 102,000 (subject to annual indexation).

The variable fee depends on criteria that are particularly related to the occupancy rate, 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 one month for each commenced year, subject to a maximum of 12 months.

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

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

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

6.1.17.7 The executive management's future remuneration

The Company's strong growth since the IPO required more effort and responsibilities on the part of the executive management as well as the directors. The Company's Board of Directors (also acting as the remuneration committee) therefore intends to review an increase in the remuneration of the executive management members based on various factors such as benchmarking in the course of 2018. This could lead to an increase in the remuneration where appropriate to ensure an adequate, incentivising, market-based remuneration level more in line with the Company's size and growth and the associated tasks and responsibilities.

6.1.17.8 Summary of the remuneration of the members of the Board of Directors and executive management for 2017

Board of Directors	Fixed fee	Attendance fee	Expense allowance	Total
Leen Van den Neste	EUR 7,500	EUR 6,000	EUR 2,500	EUR 16,000
Joost Uwents	EUR 7,500	EUR 6,000	EUR 2,500	EUR 16,000
Wilfried Neven	EUR 7,500	EUR 5,250	EUR 2,500	EUR 15,250
Wouter De Maeseneire	EUR 7,500	EUR 6,000	EUR 2,500	EUR 16,000
Christian Teunissen	EUR 7,500	-	-	EUR 7,500
Frederik Snauwaert	EUR 7,500	-	-	EUR 7,500
Total	EUR 45,000	EUR 23,250	EUR 10,000	EUR 78,250

Executive management	Fixed fee	Variable fee¹	Total
CEO	EUR 276,000	EUR 60,000	EUR 336,000
CFO & CIO	EUR 396,000	EUR 90,000	EUR 486,000
Total	EUR 672,000	EUR 150,000	EUR 822,000

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

6.1.17.9 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

On 31 December 2017, the Company capital was EUR 146,308,482 divided into 8,128,249 non-par-value shares, each representing one 8,128,249th 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. For the purpose of the IPO, the Company's promoter Aloxe NV has entered into lock-up obligations, by which it has undertaken not to sell the shares in the Company it held on the date of completion of the offer for a period of 365 calendar days after that date. Moreover, certain people entered into specific lock-up obligations on 11 December 2015 for the purpose of the Company's IPO, for a period of 365 calendar days after the completion of the offer. A number of normal exceptions were provided in relation to the above lock-up arrangements. The above lock-up exceptions have now ended.

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

6.2.2 DECISION-MAKING BODIES

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

In the extraordinary general meeting of 23 November 2015, the Board of Directors was authorised to increase the issued

capital on one or more occasions by a maximum amount of EUR 83,282,040 (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 2017, the Board Of Directors had already used its mandate to increase the capital three times for an amount of EUR 57,553,668. The available balance of the issued capital is EUR 25,728,372.

6.2.4 PURCHASE OF SHARES

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

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

The Company does not hold any of its own shares.

6.2.5 CONTRACTUAL PROVISIONS

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





Wycker Grachtstraat
MAASTRICHT



07

The Xior share

7.1

THE SHARE ON Euronext BRUSSELS

7.1.1 THE SHARE ON Euronext BRUSSELS



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

The closing price on the last trading day of 2017 (29 December 2017) was EUR 38.99, which represents a premium of 41.9% compared with the net asset value per share on 31 December 2017 (cf. Royal Decree on Regulated Real Estate Companies), which was EUR 27.47¹⁵ per share. Xior's market capitalisation on Euronext Brussels rose to approximately EUR 317 million in 2017.



Price evolution vs. intrinsic value

During Xior's second year as a listed company, its share price rose from EUR 35.67 on 31 December 2016 to EUR 38.99 at the end of 2017. The share price benefited from rising investor confidence in the stock markets prompted by signs of economic recovery and persisting low interest rates as well as confidence in the niche market of student properties. The inclusion in the EPRA index gave Xior shares more visibility and liquidity among investors. The average daily volume was 5,090 shares. The share turnover – the number of shares traded per year divided by the total number of shares available at the end of the year – was 15.97%.

Data per share	31/12/2017	31/12/2016	31/12/2015
Number of issued shares ¹	8,128,249	5,270,501	4,626,780
Weighted average number of shares	6,851,483	4,926,405	4,626,780
Market capitalisation (in EUR)	316,920,429	187,998,771	123,535,026
Free float ²	75.01	71.00%	75.33%
Share price (closing price) for relevant period (in EUR)			
Highest	41.40	37.19	26.81
Lowest	35.13	26.76	25.75
Average	37.49	33.22	26.50
At year-end closing	38.99	35.67	26.70
Volume (in number of shares)			
Number of shares traded	1,297,992	1,246,297	313,862
Average daily volume	5,090	4,849	22,419
Share turnover	15.97%	23.65%	6.78%
NAV (IFRS) (in EUR)	27.47	24.97	23.42
EPRA NAV  (in EUR) ³	27.58	25.33	23.42
Dividend payout ratio	84%	98.3%	N/A
EPRA earnings  per share ³ (in EUR)	1.43	1.17	N/A
Gross dividend per share (in EUR) ⁴	1.20	1.15	N/A
Net dividend ⁵ per share (in EUR) ⁴	0.84	0.805	N/A
Gross dividend yield ⁶	3.18%	3.33%	N/A
Net dividend yield ⁷	2.23%	2.33%	N/A

¹ 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.

² Approximate estimate taking into account the known percentages of shareholders who issued a transparency notice (based on the current total number of shares (denominator)).

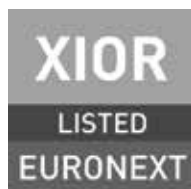
³ Based on total amount of outstanding shares. - For APM definitions, use and reconciliation tables, please refer to Chapter 10.8 of this Annual Report. All APMs are marked with .

⁴ Based on the weighted average number of shares, i.e. 6,851,483 shares.

⁵ Taking into account 30% withholding tax.

⁶ Calculated as gross dividend divided by (closing price - gross dividend).

⁷ Calculated as (gross dividend - 30% withholding tax) divided by (closing price - gross dividend).



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

7.1.2 SHAREHOLDERSHIP

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

7.1.3 COUPON INFORMATION

N°	Type	Dividend period	Gross dividend value ¹	Reason for the detachment	Ex date	Record date	Payment date ¹
1	Dividend	1 January 2016 - 10 September 2016	EUR 0.892	Contribution in kind	12 October 2017	13 October 2017	19 May 2017
2	Dividend	11 September 2016 - 31 December 2016	EUR 0.258	Contribution in kind	18 January 2017	19 January 2017	19 May 2017
3	OTR ¹ (SPO '17)	N/A	N/A	SPO 2017	8 June 2017	9 June 2017	N/A
4	Dividend	1 January 2017 - 21 June 2017	EUR 0.565	SPO 2017	8 June 2017	9 June 2017	22 May 2018 ²
5	Dividend	22 June 2017 - 31 December 2017	EUR 0.635	--	18 May 2018 ²	21 May 2018 ²	22 May 2018 ²

¹ Preferential and irreducible allocation right.

² Expected date, subject to change.

7.1.4 2018 FINANCIAL CALENDAR

Date	Item
3 May 2018	Registration date of Annual Meeting participation
4 May 2018	Announcement of the income statement for the first quarter of 2018
11 May 2018	Deadline for confirming participation in the Annual Meeting (bank certificate/mandate)
17 May 2018	Annual Meeting of shareholders
18 May 2018	Ex date coupon no. 5
21 May 2018	Record date coupon no. 5
22 May 2018	Payment date for dividend 2017 (coupon no. 4 and coupon no. 5)
20 August 2018	Announcement of half-yearly income statement for 2018 and publication of the 2018 Half-Yearly Financial Report
26 October 2018	Announcement of the income statement for the third quarter of 2018

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

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

The Company proposes a gross dividend of EUR 1.20 per share for the financial year of 2017, subject to approval at the Company's general meeting. Pursuant to Articles 171(3) to 269 of the Income Tax Code, the withholding tax on dividends paid by a public RREC like Xior has generally been 30% since 1 January 2017 (cf. Articles 171(3) to 269, Section 1(1) of the Income Tax Code).

Subject to the availability of distributable reserves, the Company intends to keep the EPRA earnings per share and the dividend per share at least stable as compared to 2017 (Reference is made to *Chapter 7.6.3*).

7.1.6 OUTLOOK – PROFIT FORECAST

7.1.6.1 General

The outlook below includes the forecast for the financial year of 2018 with regard to the consolidated EPRA earnings ¹⁶ and consolidated balance sheet of Xior Student Housing NV.

This forecast was based on the information available on 31 December 2017 and takes into account post balance sheet events if these exist¹⁶.

The actual development of the forecast of the consolidated EPRA earnings ¹⁶ 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.

7.1.6.2 Hypotheses

Used accounting methods

The used accounting basis for this forecast is consistent with the accounting methods used by Xior in preparation of its consolidated accounts on 31 December 2017 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 payable interest rates for external financing (including the bank margin) were assumed to remain unchanged at an average interest rate of 1.8% per year.
- The property tax was based on historic figures (if available) or management estimates using similar buildings. The property tax may be affected by changes in the law. Property tax on retail spaces is fully charged to the tenant, unlike property tax on student housing, which cannot be charged to the tenants and is fully charged to the RREC's result.

- The listing expenses (such as the 'subscription tax', the fee for Euronext Brussels NV, FSMA expenses, etc.) are estimated based on the going market rates, which the RREC does not control.
- Although the profit forecast already includes a certain amount covering expected building maintenance and renovation expenses, there is a chance that unexpected maintenance and renovation expenses are required.
- The net rental income may be affected if a significant number of tenants fail to pay their rent or if the planned occupancy level is not achieved.
- Financial hedging instruments (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 [☞], 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 [☞], 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 cannot be charged to students. For 2018, they were estimated based on the current portfolio and the expected investments.

Overheads:

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

Interest charges:

- The estimate of the interest charges is based on the evolution of the financial debt starting from the current situation on 31 December 2017 and an estimate of the additional debt to finance the investment programme implemented in 2018.

Taxes:

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

7.1.6.3 Forecast of the consolidated results and dividend expectations

For the 2018 financial year, the Company is anticipating EPRA earnings per share that will at least remain stable compared with 2017. It is also applying the same minimum target of EUR 1.20 for the gross dividend per share. Xior is expecting to match last year's results at least, while its number of shares have increased by 54% following the successful capital increase in June 2017. This capital increase is 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.

7.1.6.4 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***

Upon your request and in accordance with EC Regulation nr. 809/2004 Annex I, article 13.2 we prepared this report on the prospective financial information for Xior Student Housing NV ("the Company"), included in chapter 7.6, of the 2017 annual financial consolidated report ("the annual financial report") (hereafter "the Registration Document").

Responsibilities of the Board of Directors

In accordance with EC Regulation nr. 809/2004, the Board of Directors is responsible for the preparation of the prospective financial information and the determination of estimates and relevant assumptions on which this prospective financial information is based. Aforementioned prospective financial information as well as hypotheses and assumptions were included in chapter 7.6, paragraph 7.1.5 of the Registration Document (the "criteria").

Responsibilities of the statutory auditor

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

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

For the projection on the financial year ending 31 December, 2018, we investigated the prospective financial information of the Company, as well as estimates and relevant underlying assumptions, as included in the Registration Document, on which this prospective financial information is based.

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

with the appropriate criteria as set out in sections 7.6 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, 20 February 2018

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

Damien Walgrave
Accredited Company Auditor



Minderbroedersstraat
LEUVEN



08

Property report

8.1

PROPERTY MARKET

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

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

STUDENT HOUSING IN BELGIUM & THE NETHERLANDS

The student housing market continues to expand and mature. More developed legislation is helping to bring greater clarity to students and landlords, as a wider range of housing units is attempting to satisfy multiple ends of the market. A more moderate forecast of domestic student growth is somewhat offset by increasing popularity among foreign students.

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

EMEA

Trends

The student housing market is increasingly being appreciated as a stable, attractive investment class. A persistent under-supply and market still in its infancy in many locations means there is also substantial potential for growth. Within this context, we have identified several market-influencing trends.

At the heart of the student housing market is the HEI (higher educational institution). The attractiveness of the HEI can enhance the fundamentals of a market. The Times World University Rankings for 2018 shows the US and UK still dominate the top echelon. The highest ranking continental European institution is ETH Zurich at number 10. Germany leads with ten universities in the top 100, followed by the Netherlands with seven. In Belgium, KULeuven is the only university in the top 100, ranked at 47. Additionally, HEIs are expanding their reach of international students through ETPs (English-taught programs) that make studying abroad more accessible. The Netherlands has been particularly aggressive in their development of English-taught programs and now boast the most programs in continental Europe at more than 2,000 followed by Germany.

Growing diversity of housing types to match the diversity of students. Foreign vs domestic, part time vs full time, living and studying in the same versus different city, and more divisions mean students have varying needs to be met with various housing types. Differences in local culture and customs mean there is no single European-wide solution. In Belgium and

the Netherlands, students still value private space and price in the context of a more complete university experience.

Institutional investors are looking to develop scale for operational optimization, brand awareness, and presence in the market, with the support of governments wanting to offer safe and modern student housing. This is partially being achieved via consolidations and platform sales. Property performance is also continually under review at the micro level. Top line growth is being achieved through additional amenity and service charges such as laundry and leisure, while cost management is occurring via a shift of utility responsibilities to students.

Challenges, however, do exist. Recent elections and political developments such as Brexit have raised questions about the acceptance of open borders and the freedom of movement. Increasing tuition fees also put pressure on students, a group with an already limited budget and sensitive to price.

BELGIUM

Current view

The student housing environment in Belgium remains fragmented, decentralised and lacking in transparency, though this is changing. Greater organization is coming to this market via increased institutionalisation, regional legal clarification of housing contracts, and awareness by city and planning councils. Cities and universities are teaming up to ensure quality control such as the 'kotwijis' kotlabel in Leuven, 'green-label' system in Antwerp, and a new conformity certificate in Ghent. Other cities have implemented restrictions on converting homes to student flats.

Students

Comprehensive, available statistics on students are lacking in Belgium. The latest complete data set dates to academic year 2013-2014 and totals 395,000 higher education students in the country. Given recent trends and available information, the number of students today in Belgium is estimated around 405,000. This represents an increase of 26% since 2007, while the population of Belgium increased just 6%. Given the age distribution of the country, growth in the number of domestic students should be considerably slower than the recent past.

The number of students in the Flemish Community counts 219,732 for the 2016-2017 academic year, a 1.14% increase over last year. Student growth has been robust over the last decade, but has been moderating each year. Those with foreign nationalities represent 7.9% of the Flemish student population, up from 4.3% a decade ago.

The latest French Community student figures date to 2013-2014 and total 183,043, of which 49% are university students.

Numbers per city

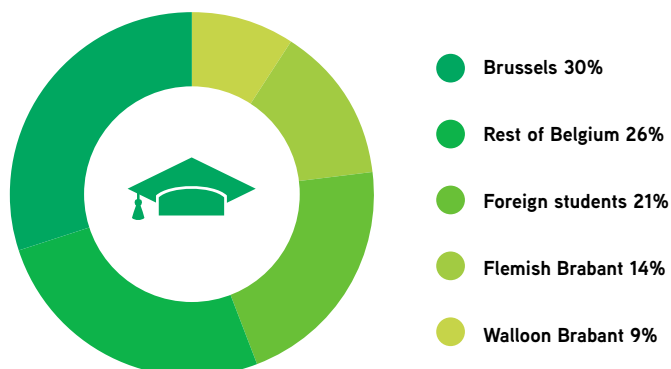
City	Number of students (latest available year)	Number of student rooms
Brussels	100,000	13,500
Ghent	74,000	35,000
Leuven	43,560	42,000
Antwerp	50,000	10,000
Mechelen	7,456	500
Luik	41,598*	8,391
Bergen	14,826*	1,667
Namen	14,828*	2,777
Louvain-la-Neuve	29,025*	7,754

*latest available figures from 2013-2014 academic year

Source: diverse sources, see documentation

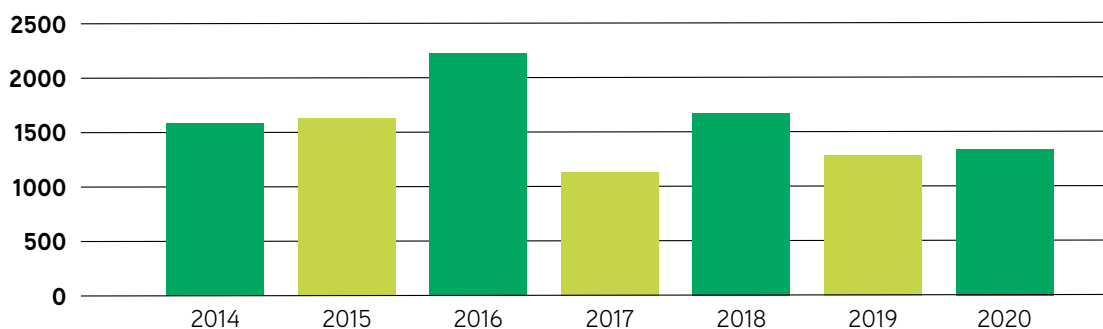
Student numbers have been supported by increased popularity among international students. The number of foreign students in Belgium has more than doubled from the period 2005-2015, from 21,054 to 56,453, or roughly 15% of the student population. This trend is strongest in the French-speaking student body where the proportion of foreign students is more than 20%. At the same time, Belgian students study abroad. Considering this, the net inflow of international students is approximately 43,200. Top cities for receiving these students, in order of popularity, are Leuven, Ghent and Brussels.

Breakdown of students in Brussels



Student rooms & development

The number of student rooms in Belgium is estimated at more than 115,000. A challenge exists to distinguish between the student housing market and students utilizing the traditional housing market including studios, apartments, and family houses. Increasingly, new types of housing are being developed in Brussels, further blurring this distinction. Serviced flats and modular apartments are two examples.



Development pipeline of student housing in Belgium

There has been sustained development in Belgium for the last several years. In Leuven, more than 4,500 units have been developed in the last eight years, leading to recent vacancy of up to 1,500 units. Other markets, such as Brussels and Ghent, are still considered underserved. To clarify these figures, the stock of student homes range in age and quality from old converted homes to new, purpose-built accommodations. The recently adopted 'kotlabels' is a recognition of the substantial offer of older units and need for modern facilities. For example, just one-third of units in Leuven have a private shower and WC.

New student housing completions in 2017 fell after an outstanding 2016. That said, the pipeline through 2020 is stable at around 1,450 new rooms annually. Approximately two-thirds of the projects are being developed in Brussels, primarily around the Delta site, city centre, and Anderlecht.

Survey & preferences

A recent survey from the ADT-ATO of 9,000 university and non-university higher education students in Brussels sought to better understand this market. Approximately 35,500 of students in Brussels live outside of the family home. University students are much more likely to live away from the family home (58% vs 42%) compared to other higher education students (40% vs 60%). Of those living on their own, many do so through the traditional housing market.

Interest in dedicated student housing increases with age and educational level. Just 44% to 57% of bachelor students stay in student rooms, while this proportion increases to 70% to 80% for master's level programs. One factor at play here could be the increasing proportion of foreign students in the higher levels of tertiary education.

In terms of the kinds of housing students have chosen, 32% live in a shared residence, while 21% live in an individual studio/kot and 13% rely on university accommodations. The remaining students are almost equally divided in their living situation of cohabitation, room with a private individual, owner-occupied and private apartment. Non-university students seem to have less access to the student housing market and rent look more often toward private options.

Investment

Investment in the student housing market has evolved over the years. New housing policy and advantages of scale have made it more difficult for individual investors to succeed in this market outside of acquiring units in larger, managed developments. Institutional investors, however, continue to find value investing in student homes.

In the Netherlands, student housing investment totalled roughly 272 million EUR in 2017, a decline from outstanding volumes in 2015 and 2016. Major student housing transactions in Belgium were limited in 2017, totalling 85 million EUR inclusive of development deals.

Conclusion

The student housing sector in Belgium continues to evolve. Policy is being updated at various levels of government, as development continues, expanding the offer and replacing older stock. Recent surveys suggest there is opportunity to create housing meeting student demands and preferences, for example, in the development of more private spaces. The growth in international students should help moderate the effects of slower domestic student growth in the future. New development will need to carefully balance price and offer to find success in a more competitive market.

THE NETHERLANDS

Current view

The Netherlands maintains one of the best developed student housing markets on continental Europe. Its treatment as residential property ensures it is supported by well-defined policy such as rental controls which moderates uncertainty around investment and operation. Strong demand is driving the market which suffers from a structural undersupply, particularly in Amsterdam, Utrecht and Groningen.

Students

The number of full-time higher education students in the Netherlands for the 2016-2017 academic year increased 2.0% from the previous year to 662,000. This represents a dynamic 25% increase over the last eight years. Projections, though, indicate an increase of just 3% over a similar time period. Hbo student count is anticipated to decrease 5%, while university student count is projected to grow by 14% over the coming eight years.

Numbers per city

City	Number of students (2016-2017)	Studenten living in the city (2016-2017)	Total international students (2016-2017)
Amsterdam	105,500	48,300	10,290
Rotterdam	62,700	24,600	6,700
Utrecht	61,500	29,200	3,730
Groningen	54,100	35,100	8,210
Nijmegen	40,000	18,200	3,300
Leiden	32,100	14,200	2,320
Eindhoven	30,800	12,000	3,240
Den Haag	28,900	15,100	4,840
Delft	25,900	14,500	4,790
Tilburg	25,800	12,000	2,510

Source: Landelijke Monitor Studentenhuisvesting 2017

International students also find the Netherlands an attractive place to study. For the 2016-2017 academic year, a record 112,000 international students studied here, of which 81,392 were degree students, 11,500 were credit mobile European (Erasmus) students, and 19,360 were credit mobile non-European students. In addition to the 2016-2017 academic year seeing the greatest level and increase in international degree students, diversity is also on the rise with 164 nationalities represented. Research universities are claiming a disproportionate share of international students (18% vs 7.5%). Maastricht claims the highest percentage of international degree students with 8.952, or 56% of the student body. Overall, this trend is forecast to continue, with projected growth upwards of 40% over the next eight years.

Living situation

The number of students living outside of the family home dipped slightly year-over-year to 357,000. One reason for the decline is believed to be the 2015 loan program. Though the initial fall in enrolments has recovered from the implementation of the loan program, first- and second-year students were less likely to live outside of the family home, while those in master's programs did not seem to be considerably affected. Despite this drop, the number of those living in units with private facilities and independent units increased to 69,000 (4.5%) and 99,000 (4.2%), respectively, highlighting a preference for larger, more private facilities.

The growing number of international students also boosts demand for student housing. These students have different needs compared with domestic students specifically in terms of furnished spaces, contract lengths, and arrival times. Surveys also show that price and proximity to HEIs carry greater weight in housing decision making.

Breakdown of full-time students in the Netherlands (2016-2017)

	Student count living at home	Student count living away from home	Rooms with shared facilities	Rooms with private facilities	Independent housing
Total	304,000	357,000	190,000	69,000	99,000
HBO	229,000	172,000	80,000	34,000	58,000
WO	76,000	185,000	110,000	35,000	41,000
In study city	14%	67%	80%	71%	41%
Housing costs			€370/m	€480/m	€560/m
Disposable income			€850/m	€840/m	€1020/m
Size			18 sqm	25 sqm	69 sqm

Source: Landelijke Monitor Studentenhuisvesting 2017

Conclusion

The Dutch student housing market has been a European leader. A well-defined policy framework, innovative housing solutions, and a highly-ranked and accessible education system has supported the growth in student housing. The 2015 replacement of the grant system with a loan program, which had a temporary effect on enrolments, is likely to have a more lasting effect on those living away from home in a market so sensitive to price. Additionally, the strong growth in domestic students over the last decade is anticipated to be much slower over the medium term. Counter to these trends, international students are forecast to grow at more than 4% per year. Also, students maintain a strong desire for private space, not necessarily met in their current situation. Given an estimated surplus of units with shared facilities of 21,000 and shortfall of more independent living units of 21,000, there appears to be movement potential in this market.

Documentatie

1. Fédération Wallonie Bruxelles, Databank ETNIC (2013)
2. Ministerie van Onderwijs en Vorming, Databank Hoger Onderwijs (2014)
3. Conseil des recteurs des Universités francophones de Belgique (CREF), (2013)
4. Bevolkings- en huishoudensvoorzichten (2016-2061), Algemene Directie Statistiek en Federaal Planbureau
5. BISA.brussels (2017)
6. Landelijke Monitor Studentenhuisvesting 2017
7. Studie-kosten.nl, 2017
8. Nuffic (2017): Incoming student mobility in Dutch higher education 2016-17
9. Brik.be
10. 20170902_ <https://www.tijd.be/netto/vastgoed/Studentenkamers-van-schaarste-tot-overschot/9928329>
11. 20170817_ <https://www.hln.be/nieuws/binnenland/onderwijs/nog-1-600-koten-te-huur-in-leuven-op-totaal-van-42-000-a11c7137/>
12. 20171025_ <https://www.hln.be/regio/leuven/kotlabel-moet-kwaliteit-bewaken-af301564/>
13. 20160701_ <https://www.bruzz.be/samenleving/ontwerp-brusselse-huurwetgeving-goedgekeurd-2016-07-01>
14. Studentkotweb.be
15. UNESCO UIS Stats
16. Eurostat
17. Times Higher Education (2018): World University Rankings
18. Academic Cooperation Association (ACA)

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 VALUATION OF THE PROPERTY PORTFOLIO AS AT 31 DECEMBER 2017

Country	City	Address	Total Rent (i)	Estimated Rental Value (ii)	Contract Rental Income (iii)
BE	Antwerp		2,354,794	2,167,200	2,250,754
		1 Frankrijklei 62 - retail	90,000 €	104,580	
		2 Frankrijklei 70 - retail	37,744 €	29,250	37,744
		3 Italiëlei 80-82	117,510 €	131,135	108,870
		4 Kipdorptest 40-42 - parkings	49,200 €	49,200	49,200
		5 Kipdorptest 49	1,742,520 €	1,525,425	1,737,120
		6 Klapdorp 4-6	122,760 €	126,803	122,760
		7 Viaductdam 104	195,060 €	200,807	195,060
BE	Brussels		116,880	1,203,082	245,700
		8 Kruitmolenstraat 43	57,360 €	60,540	57,360
		9 Ladderstraat 6, 14 en 16 en Lakensestraat 157-159		155,160	86,820
		10 Ladderstraat 15-19 en Ladderstraat 11-13, Sint-Jan Nepomucenusstraat 3		269,700	42,000
		11 Nieuwbrug 16	59,520 €	69,353	59,520
		12 Oudergemaal 269-275	na	648,329	na
BE	Gent		3,600,770	3,450,602	3,000,770
		13 Brusselsepoortstraat 89	398,580 €	380,490	398,580
		14 Hoogstraat 33-37	145,200 €	144,428	145,200
		15 Oude Beestenmarkt 11/Zilverenberg 16	61,440 €	64,983	61,440
		16 Overwale 42-44 (Voskenslaan)	2,161,130 €	2,213,400	2,161,130
		17 Sint-Pietersnieuwstraat 186 / G. Magnelstraat 13a	234,420 €	233,534	234,420
		18 Universiteitsstraat 13	600,000 €	413,767	

Occupancy Rate (iv)	Fair Value	Year of construction or refurbishment	Units - Rooms	Units - other	m ²
	47,509,031		289	43	10,648
na	2,375,634	2013	0	1	437
100%	570,174	2015	0	1	90
93%	2,554,009	2012	20		695
100%	1,051,610	n.a	0	40	1,200
100%	34,928,202	2013	207	1	6,886
100%	2,134,379	2011	22		528
100%	3,895,022	2015	40		812
	23,559,833		221	0	2,089
100%	978,190	2006	16		188
na	3,294,530	2017	30		488
na	5,645,204	2017	39		1,174
100%	1,170,946	2006	18		239
under construction	12,470,964	2018	118		
	65,752,019		658	51	13,302
100%	7,335,943	2016	83		1,369
100%	2,714,381	2015	30		468
100%	1,031,631	2014	17		341
100%	42,458,660	2016	490	1	8,046
100%	4,511,826	2013	38		1,320
na	7,699,578	2013	0	50	1,759

Country	City	Address	Total Rent (i)	Estimated Rental Value (ii)	Contract Rental Income (iii)
BE	Leuven		3.213.770	3.868.582	2.859.535
		19 Arendstraat 11	36.240 €	51.313	36.240
		20 Bogaardenstraat 11	52.020 €	52.299	52.020
		21 Bondgenotenlaan 74 - retail/kamers	95.160 €	289.371	95.160
		22 Brusselsestraat 182-184	196.267 €	196.697	196.267
		23 Brusselsestraat 242	97.740 €	97.515	92.100
		24 Brusselsestraat 244	23.520 €	40.539	23.520
		25 Diestsevest 85	43.740 €	64.200	43.740
		26 Frederik Lintsstraat 148-150	173.040 €	170.917	148.410
		27 Frederik Lintsstraat 9	54.960 €	65.489	54.960
		28 Ierse Predikherenstraat 17-19	72.360 €	70.665	67.260
		29 Janseniussstraat 38	538.945 €	580.440	455.220
		30 Justus Lipsiusstraat 9	51.240 €	51.412	51.240
		31 Kapucijnenvoer 34	43.800 €	45.368	43.800
		32 Mechelsestraat 77	123.300 €	122.255	78.540
		33 Minderbroedersstraat 19	210.060 €	194.403	210.060
		34 Minderbroedersstraat 21	582.240 €	749.340	447.540
		35 Naamsestraat 60 - parkings	na	4.320	na
		36 Parkstraat 137	331.890 €	389.280	302.670
		37 Ravenstraat 40	24.570 €	70.610	24.570
		38 St-Annastraat 13	64.080 €	61.270	64.080
		39 Strijdersstraat 66	63.540 €	64.904	37.080
		40 Tiensestraat 184-186 / Windmolenveldstraat 86-88	203.508 €	205.891	203.508
		41 Tiensestraat 251	55.470 €	65.196	55.470
		42 Vlamingenstraat 91/Parkstraat 11	76.080 €	164.888	76.080
BE	Mechelen		75.780	110.142	75.780
		43 Ontvoeringsplein 6	75.780 €	110.142	75.780
NL	Breda		1.299.670	1.401.580	1.296.248
		44 Tramsingel 21	298.831 €	299.700	298.831
		45 Tramsingel 27	720.136 €	774.840	716.715
		46 Vismarkt - Kraanstraat 1 en 5	280.703 €	327.040	280.703
NL	Tilburg		381.809	420.565	373.082
		47 Enschootsestraat 78-84	103.018 €	107.100	103.018
		48 Kapelhof 31 / Heuvelstraat 126	74.851 €	90.720	66.125
		49 Korenbloemstraat 42-44a	53.263 €	64.136	53.263
		50 Mariastraat 27a/b/c / Nieuwlandstraat 14	64.172 €	66.824	64.172
		51 Nieuwlandstraat 1/1a	86.505 €	91.785	86.505

Occupancy Rate (iv)	Fair Value	Year of construction or refurbishment	Units - Rooms	Units - other	m ²
	70.775.482		722	5	21.480
100%	960.522	2017	11		179
100%	900.584	2014	8		203
100%	6.624.741	2017	18	1	988
100%	3.648.873	2015	24	1	951
94%	1.895.950	2014	17		350
100%	696.772	2014	10		153
100%	1.156.731	2011	14		233
86%	3.129.221	2009	37		516
100%	1.194.422	2009	14		243
93%	1.245.359	2015	15		207
84%	10.920.191	2013-2015	160		3.568
100%	926.996	2014	10		150
100%	795.363	2015	8		179
64%	2.181.597	2015	21		425
100%	3.822.627	2014-2015	33		628
77%	12.335.262	2013	127		8.554
na	137.595	2015	0	3	na
91%	7.103.816	2017	73		1.502
100%	1.206.614	2010	17		242
100%	1.087.383	2014	13		227
58%	1.043.185	2010	14		222
100%	3.982.568	2011	39		689
100%	1.113.218	2012	10		289
100%	2.665.893	2015	29		782
	1.896.027		15	47	390
100%	1.896.027	2013	15	47	390
	22.002.132		226	29	9.713
100%	4.781.760	2015	60	8	2.251
100%	12.460.372	2016	122	20	5.754
100%	4.760.000	2015	44	1	1.708
	5.780.000		72	4	2.139
100%	1.440.000	2005	17		467
88%	1.630.000	2006	21		431
100%	740.000	2004	14	2	395
100%	970.000	2014	9	1	465
100%	1.000.000	2014	11	1	381

Country	City	Address	Total Rent (i)	Estimated Rental Value (ii)	Contract Rental Income (iii)
NL	The Hague		2,549,854	3,127,080	2,489,062
		52 Eisenhowerlaan 146	352,920 €	404,430	352,920
		53 Eisenhowerlaan 148	352,920 €	404,430	352,920
		54 Eisenhowerlaan 150	315,720 €	313,920	254,928
		55 Lutherse Burgwal 10 (1)	1,010,260 €	1,470,300	1,010,260
		56 Waldorpstraat 600-742 (2)	518,034 €	534,000	518,034
NL	Maastricht		2,042,471	2,062,857	2,001,056
		57 Tongerseweg 55-57	1,477,490 €	1,510,970	1,438,518
		58 Vijverdalseweg 2	451,041 €	429,600	451,041
		59 Wycker Grachtstraat 2-2A	113,940 €	122,287	111,497
NL	Eindhoven		656,330	650,160	656,330
		60 Kronehoefstraat 1-11F	656,330 €	650,160	656,330
NL	Amstelveen		450,000	2,739,980	450,000
		61 Prof. W.H. Keesomlaan 8 (3)	450,000 €	2,739,980	450,000
NL	Rotterdam		2,989,816	5,157,100	2,989,816
		62 Burgemeester Oudlaan 466-486 (4)	1,819,411 €	1,811,040	1,819,411
		63 Heer Bokelweg (5)	1,170,405 €	3,346,060	1,170,405
NL	Delft		1,718,633	2,456,075	1,718,633
		64 Antonia Veerstraat 1-15 (6)	944,292 €	944,375	944,292
		65 Barbarasteeg 2	774,341 €	801,140	774,341
		66 Phoenixstraat 16		710,560	
NL	Utrecht		541,894	453,840	541,894
		67 Willem Dreeslaan 113 (7)	541,894	453,840	541,894
NL	Venlo		1,227,070	1,258,430	1,227,070
		68 Peperstraat 8A1-8C14 / Kwietheuvel 51-77 (8)	428,973	466,390	428,973
		69 Spoorstraat 9-229 / Keulse Poort 12 (9)	798,096	792,040	798,096
NL	Leiden		813,551	911,460	813,551
		70 Verbeekstraat 11-29	813,551	911,460	813,551
NL	Groningen			1,305,060	
		71 Oosterhamrikkade 103-107 (10)	na	1,305,060	na
Totals			24,033,091	32,743,795	22,989,281

Occupancy Rate (iv)	Fair Value	Year of construction or refurbishment	Units - Rooms	Units - other	m ²
	42,776,165		450	94	15,336
100%	6,350,000	2014	64	18	1,364
100%	6,350,000	2015	64	18	1,364
81%	5,050,000	2015	68	18	1,384
to revert	15,743,426	2019	182	40	8,521
100%	9,282,739	2017	72	0	2,703
	30,535,478		300	111	6,181
97%	23,309,857	2016	143	80	3,461
100%	5,400,000	2017-2018	134	31	2,214
98%	1,825,621	2016	23		506
	10,477,954		95	8	3,643
100%	10,477,954	2015	95	8	3,643
	21,072,133		300	150	22,743
to revert	21,072,133	2020	300	150	22,743
	60,477,562		630	0	31,874
100%	30,314,406	2017	280		9,308
to revert	30,163,156	2021	350		22,566
	36,811,047		324	62	12,276
100%	16,648,550	2017	118	40	4,689
100%	13,442,653	2016	108	22	4,187
to revert	6,719,843	2019	98		3,400
	9,254,552		134	35	4,976
100%	9,254,552	2015	134	35	4,976
	19,761,346		166	0	9,223
100%	7,297,631	2016	56		3,428
100%	12,463,715	2017	110		5,795
	14,586,034		134	107	9,610
100%	14,586,034	2016	134	107	9,610
	22,016,855		180	0	8,685
under construction	22,016,855	2018	180		8,685
98.3%	505,043,650		4,916	746	184,308

	Total Rent (i)	Estimated Rental Value (ii)	Contract Rental Income (iii)
Belgium	8,761,994	9,737,512	8,432,539
The Netherlands	12,040,432	12,372,227	11,926,077
Under construction – Belgium	na	648,329	-
Under construction – The Netherlands	na	1,305,060	-
To reconvert – The Netherlands	2,630,665	8,266,900	2,630,665
Hostel – Belgium	600,000	413,767	-
Total	24,033,091	32,743,795	22,989,281

(i) Total Rent represents the rent the Company would invoice based on its asking price on 31 December 2017, 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 DTZ.

(iii) Annual contract rent based on the tenancy schedule on 31 December 2017.

(iv) Ratio between Rental Income and Total Rent.

(v) No contract rental income is available for some properties on 31 December 2017. They are (a) Parkstraat 11 (b) Ladderstraat 6-14-16 and Ladderstraat 15-19 and (c) Universiteitstraat (a hostel without advance contract rent). The building at Parkstraat 11 is under renovation and was therefore excluded from rental. Some further adjustments were still to be carried out to the two buildings on Ladderstraat. Only a limited number of rooms were therefore ready to be let and rented on 31 December 2017. The properties at Diestsevest 85, Minderbroederstraat 21, Ravenstraat 40 and Vlamingenstraat 91 are being partially renovated, so the Total Rent only includes the rooms available for rental. These buildings are being gradually renovated. The other rooms that are currently rented out will also be renovated after termination of the current contract.

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

The total Fair Value was KEUR 505,043 on 31 December 2017, as estimated by the valuation expert. The consolidated balance sheet included investment properties for an amount of KEUR 488,762. 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 12,471). b) The building in Groningen is still under construction. The calculation of the amount on the consolidated balance sheet took into account expected construction costs (KEUR 1,880). c) A number of buildings in the portfolio need specific structural work (new lift, 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 1,930).

(1) Until 14 December 2017, this property was held by Burgwal B.V., a full subsidiary of Xior Student Housing NV that merged with the Company on 15 December 2017.

(2) Until 14 December 2017, this property was held by Woonfront - Waldorpstraat B.V., a full subsidiary of Xior Student Housing NV that merged with the Company on 15 December 2017.

(3) Until 14 December 2017, this property was held by Amstelveen Keesomlaan 6-10 B.V., a full subsidiary of Xior Student Housing NV that merged with the Company on 15 December 2017.

(4) Until 14 December 2017, this property was held by Woude B.V., a full subsidiary of Xior Student Housing NV that merged with the Company on 15 December 2017.

(5) Until 14 December 2017, this property was held by Bokelweg B.V., a full subsidiary of Xior Student Housing NV that merged with the Company on 15 December 2017.

(6) Until 14 December 2017, this property was held by Woonfront-Antonia Veerstraat B.V., a full subsidiary of Xior Student Housing NV that merged with the Company on 15 December 2017.

(7) Until 14 December 2017, this property was held by Utrecht Willem Dreeslaan B.V., a full subsidiary of Xior Student Housing NV that merged with the Company on 15 December 2017.

(8) Until 14 December 2017, this property was held by The Safe B.V., a full subsidiary of Xior Student Housing NV that merged with the Company on 15 December 2017.

(9) Until 14 December 2017, this property was held by De Keulse Poort B.V., a full subsidiary of Xior Student Housing NV that merged with the Company on 15 December 2017.

(10) Until 14 December 2017, this property was held by OHK Vastgoed B.V., a full subsidiary of Xior Student Housing NV that merged with the Company on 15 December 2017.

Fair Value	Occupancy Rate (iv)	Units - Rooms	Units - other
189,321,850	95.8%	1,787	96
199,835,844	99.2%	1,901	410
12,470,964	n.a.	118	-
22,016,855	n.a.	180	-
73,698,558	n.a.	930	190
7,699,578	n.a.	-	50
505,043,650	n.a.	4,916	746

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. They are Diestsevest 85, Minderbroederstraat 21, Ravenstraat 40 and Vlamingenstraat 91 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, one building on Oudergemlaan in Brussels is under construction. In the Netherlands, one property is also under construction on Oosterhamrikkade in Groningen. Four office buildings will also be converted into student accommodation. They are the property on Phoenixstraat in Delft, the property on Bokelweg in Rotterdam, the property on Lutherse Burgwal in The Hague and the property on Keesomlaan in Amstelveen. The latter three 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 2017, the Company's real estate portfolio consists of 71 properties. Forty-two of these properties are located in Belgium and 29 in the Netherlands. These properties offer a total of 3,678 student rooms (resp. 4,916 student rooms after execution of the pipeline) and there are retail activities on the ground floor of 13 of these buildings. The property portfolio also includes two properties used only for retail activities, a hostel in Ghent with 50 units and a car park in Antwerp. 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 98.3% on 31 December 2017.

The total Fair Value of the property portfolio on 31 December 2017 was EUR 488,762,433. 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 purchase value, Fair Value, Rental Income and insured value.

The Rental Income is the annual rent based on the tenancy schedule on 31 December 2017.

		Fair Value	Contract Rental Income per 31/12/2017	Insured Value	Acquisition Value
Belgium	Antwerp	€ 47,509,031	€ 2,250,754	€ 22,029,791	€ 45,845,500
	Brussels	€ 23,559,833	€ 245,700	€ 5,621,659	€ 10,190,000
	Ghent	€ 65,752,019	€ 3,000,770	€ 38,739,456	€ 54,094,700
	Leuven	€ 70,775,482	€ 2,859,535	€ 30,931,158	€ 67,309,801
	Mechelen	€ 1,896,027	€ 75,780	-	€ 1,894,000
The Netherlands	Amstelveen	€ 21,072,133	€ 450,000	€ 27,000,000	€ 21,000,000
	Breda	€ 22,002,132	€ 1,296,248	€ 14,273,101	€ 21,155,579
	Delft	€ 36,811,047	€ 1,718,633	€ 17,867,660	€ 35,874,771
	The Hague	€ 42,776,165	€ 2,489,062	€ 30,668,328	€ 38,765,325
	Eindhoven	€ 10,477,954	€ 656,330	€ 5,351,633	€ 10,400,000
	Groningen	€ 22,016,855	na	na	€ 17,981,200
	Leiden	€ 14,586,034	€ 813,551	€ 12,086,505	€ 1,274,753
	Maastricht	€ 30,535,478	€ 2,001,056	€ 21,125,681	€ 28,296,957

Rotterdam	€ 60,477,562	€ 2,989,816	€ 53,738,240	€ 58,266,500
Tilburg	€ 5,780,000	€ 373,082	€ 4,036,458	€ 5,441,826
Utrecht	€ 9,254,552	€ 541,894	€ 4,058,381	€ 8,700,000
Venlo	€ 19,761,346	€ 1,227,070	€ 12,165,000	18,825,000
Total	€ 505,043,650	€ 22,989,281	€ 299,693,051	€ 445,315,912

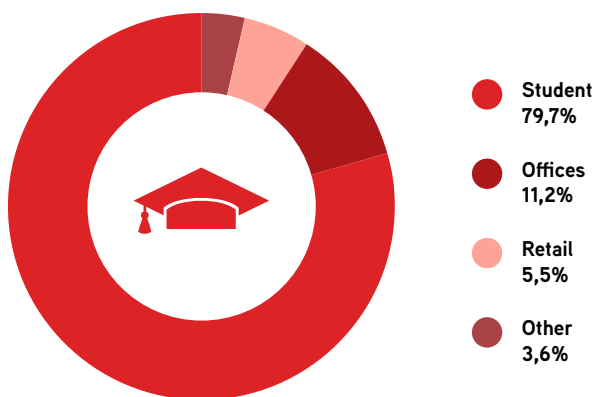
Xior Student Housing's property portfolio is insured for a total reconstruction value of EUR 300 million, which does not include the land on which the property was built, compared with a Fair Value of EUR 489 million (including the land) on 31 December 2017, i.e. 61.35% of the Fair Value. KEUR 108 in insurance premiums were paid in 2017.

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 79.7% of Rental Income. There is also temporary rental income from offices pending their conversion. These represent 11.2% of the Rental Income. The portfolio also includes a limited amount of retail space (5.5% of the Total Rent), which is mostly situated on the ground floor of properties primarily serving as student accommodation. Three properties are used exclusively for a retail purpose. As the properties typically have an excellent central location in the city, the retail spaces tend to be city shops, pubs and restaurants in a central, concentrated shopping district. The 'Other' segment (3.6% of the portfolio) includes the Total Rent resulting from other activities, such as the hostel in Ghent and the car park in Antwerp.

8.2.2.4 Description of student room types

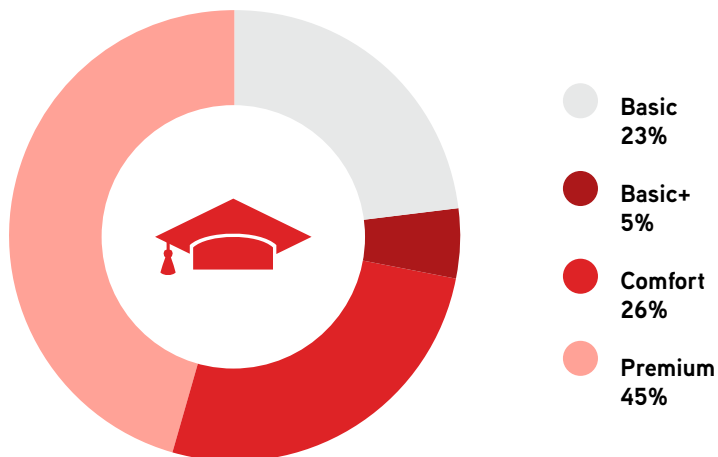
The Company provides various types of student rooms in the student housing segment. The majority of the building complexes has various types of rooms in order to attract a wide range of tenant types. The number of rooms per property can vary greatly, and often depends on the property's location. The smallest property (not used for retail) in the property portfolio contains eight student units (Bogaardenstraat 11, Leuven) and the largest complex contains 490 units (Overwale 42-44). 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 is the biggest share (45%). The high amount of Premium rooms, Basic+ rooms (5%) and Comfort rooms (26%) illustrates the high demand for privacy and individual comfort. Basic rooms account for 23%.

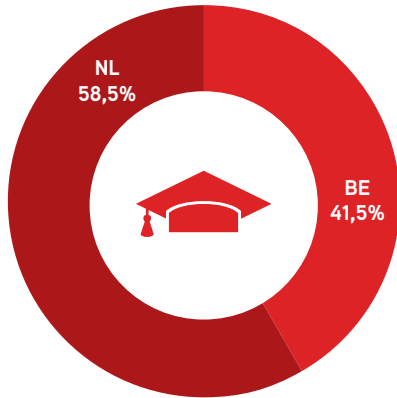
Number of rooms – Diversification by room type



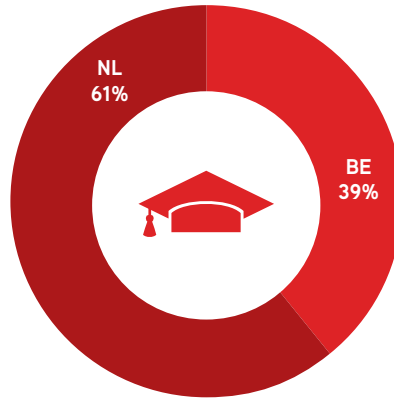
8.2.2.5 Geographical diversification of the property portfolio

The following graphs show the diversification of the property portfolio by country based on the Fair Value. The highest concentration is in the Netherlands, with 29 properties representing a total Fair Value of EUR 295.6 million or 58.5% of the property portfolio. The other 41.5% is located in Belgium, with a total 42 properties and a Fair Value of EUR 209.5 million. Based on Total Rent, Belgium represents 39% of the property portfolio with EUR 9.3 million. The Netherlands represents EUR 14.7 million, which corresponds to 61% of the Total Rent.

Fair Value - Diversification by country

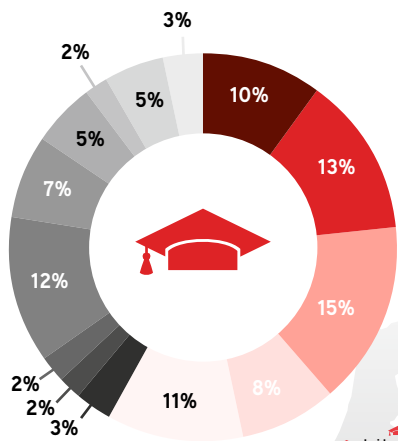


Total Rent - Diversification by country

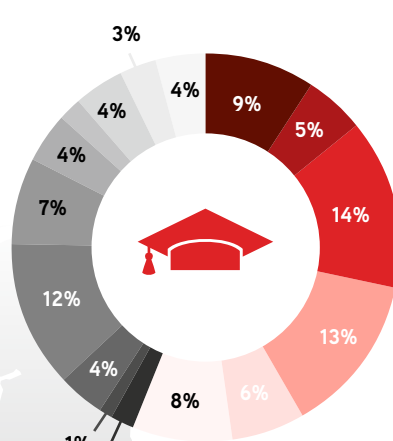


The RREC's property portfolio includes 71 properties spread across 5 cities in Belgium and 12 cities in the Netherlands. The properties are located in the main student cities in Flanders, such as Leuven, Ghent, Antwerp and Brussels, and the main student cities in the Netherlands, such as Breda, The Hague, Tilburg, Maastricht, Eindhoven, Delft, Rotterdam, Utrecht, Venlo, Leiden and Groningen. The locations of the various properties in Belgium and the Netherlands and their representation in the property portfolio in terms of Fair Value and Total Rent are provided below:

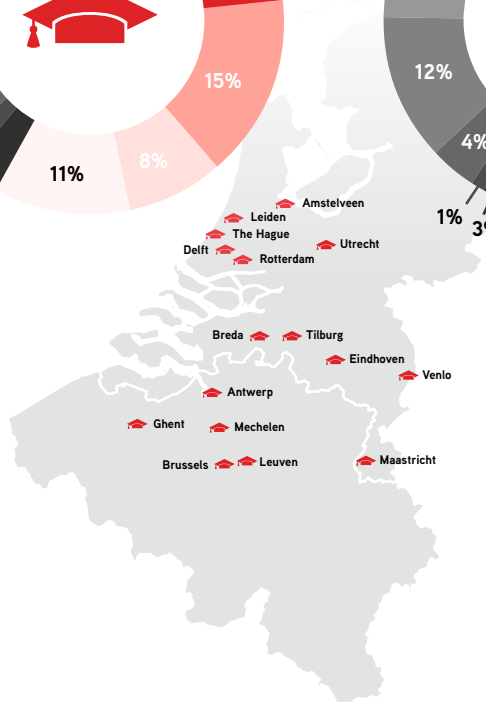
Fair Value - Diversification by city



Total Rent - Diversification by city



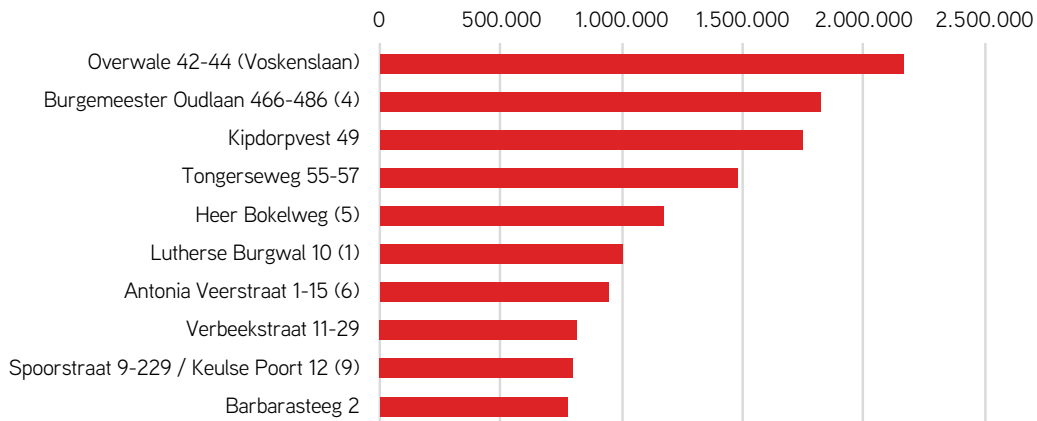
- Antwerpen
- Brussel
- Leuven
- Gent
- Maastricht
- Den Haag
- Mechelen
- Eindhoven
- Tilburg
- Amstelveen
- Rotterdam
- Delft
- Breda
- Utrecht
- Venlo
- Leiden
- Groningen



8.2.2.6 Diversification in terms of Rental Income and Fair Value

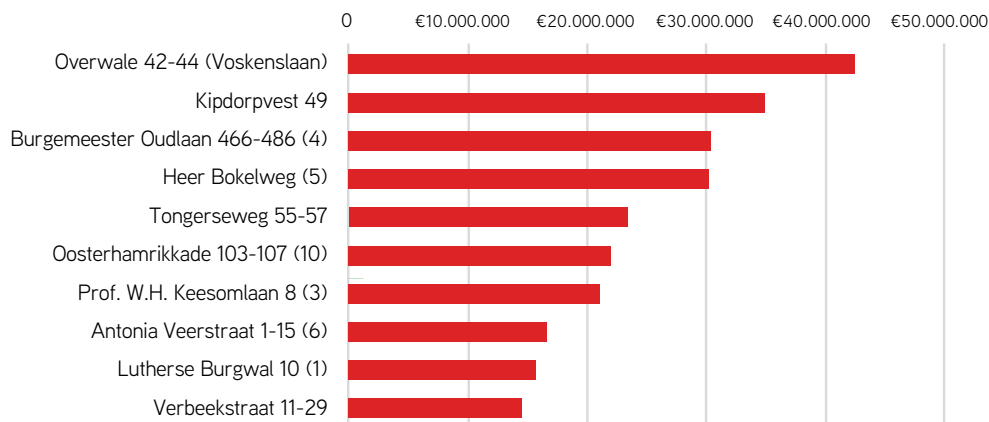
The following tables show the property portfolio top 10 in terms of Total Rent and Fair Value.

Table: Top 10 Total Rent



The property at Overwale 42-44 (Voskenslaan, Ghent) shows a total amount of EUR 2,161,130 (of which EUR 72,500 is related to office space) and is therefore the property representing the biggest Total Rent share (8.99%) of the entire property portfolio. The top three biggest portfolio properties in terms of Total Rent also include Burgemeester Oudlaan 466-486 in Rotterdam and Kipdorpvest 49 in Antwerp. They represent 7.57% and 7.25% of the property portfolio's Total Rent, respectively. However, please note that the EUR 1,742,520 in Total Rent from the property in Kipdorpvest includes EUR 666,420 resulting from the retail property. The other 68 properties cover 76.19% of the property portfolio's Total Rent.

Table: Top 10 Fair Value



Overwale 42-44 has the highest Fair Value in the property portfolio: EUR 42,458,660. It accounts for 8.41% of the property portfolio's total Fair Value. This property has 490 units and office space. The top three biggest portfolio properties in terms of Fair Value also include Kipdorpvest 49 and Burgemeester Oudlaan 466-486. They represent 6.92% and 6% of the property portfolio's total Fair Value, respectively.

8.2.2.7 Diversification of average contract maturity

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

Term of the leases ¹⁷	Rental Income (iii)
1 year	18,696,976.91
Between 1 and 5 years	2,883,864.59
More than 5 years	2,452,249.41

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, etc.), the surface area and level of comfort. Although all buildings meet the minimum quality standards, each building may still show differences in relative age, quality, finish, facilities in common areas, etc., which may be reflected in the price of a particular room.

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

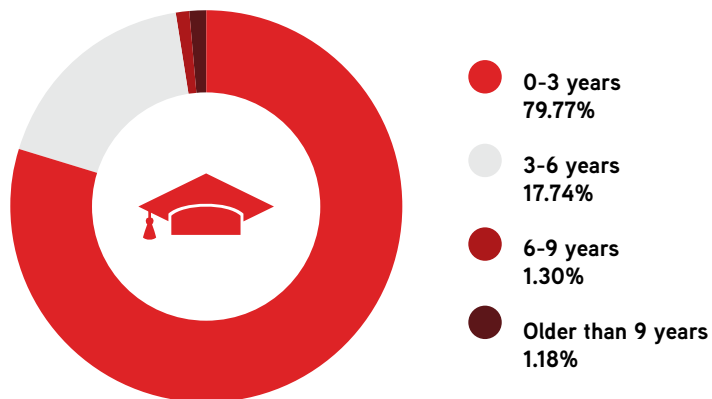
¹⁷ This table is different from the table contained in Chapter 10.9.1. The table in 10.9.1 is based on the rent realised in the 2017 financial year, whereas this table is based on the tenancy schedule on 31 December 2017 (i.e. the Total Rent).

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 m²

Year of construction or refurbishment Renovated in 2013

Specific details This building is a retail building adjacent to the building located at Kipdorptest 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 m²

Year of construction or refurbishment Renovated in 2015

Specific details This building is a retail building adjacent to the building located at Kipdorptest 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
UNITS

ITALIËLEI 80-82

ANTWERP

Year of construction or refurbishment Renovated in 2012

Ownership structure Full ownership

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



40
PARKING BAYS

KIPDORPVEST 40-42

ANTWERP

Year of construction or refurbishment Renovated in 2013

Ownership structure Co-ownership

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

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



KIPDORPVEST 49

ANTWERP



207
UNITS



1

RETAIL SPACE

Lettable retail area	1.932 m ²
Year of construction or refurbishment	Renovated in 2013
Ownership structure	Eigendom – erfpacht

Subsoil is held by Stubis BVBA.

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

KLAPDORP 4-6

ANTWERP



22
UNITS

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
UNITS

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
UNITS

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
UNITS

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 bathrooms 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 (e.g. 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
UNITS

SINT-JAN NEPOMUCENUS- STRAAT 32-34, LADDERSTRAAT 15-19 AND 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 (e.g. 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.



 18
UNITS

NIEUWBRUG 16 BRUSSELS

Year of construction or refurbishment Renovated in 2006

Ownership structure Full ownership

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



 118
UNITS

OUDERGEMLAAN 269-275 BRUSSELS

Year of construction or refurbishment 2018

Ownership structure Full ownership (joint venture development)

This is a development project for the construction of 118 units in Etterbeek. The existing property on Oudergemlaan in Etterbeek will be converted into a complex of 118 independent studios and six parking spaces based on a design by architectural firm Jaspers-Eyers. This student property is expected to be operational in the academic year starting in September 2018.

HOOGSTRAAT 33/37

GHENT



30
UNITS

Year of construction
or refurbishment

Renovated in 2015

Ownership structure

Full ownership

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



17
UNITS

OUDE BEESTENMARKT 11/ ZILVERENBERG 16

GHENT

Year of construction or
refurbishment

Renovated in 2014

Ownership structure

Full ownership

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

CAMPUS BXL BRUSSELEPOORTSTR. 89 GHENT



**Year of construction
or refurbishment**

2016

Ownership structure

Full ownership

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



**CAMPUS SCHOONMEERSCHE -
VOSKENSLAAN 58
OVERWALE 42-44
GHENT**



490
UNITS

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. 'Campus Schoonmeersche' was completed in September 2016 and comprises 490 units consisting of five connected buildings with all the modern facilities that students need nowadays.

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





 **38**
UNITS

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**
UNITS

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

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

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



 **11**
UNITS

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.



 **8**
UNITS

BOGAARDENSTRAAT 11

LEUVEN

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

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



 18
UNITS

 1
RETAIL SPACE

BONDGENOTENLAAN 74 LEUVEN

Lettable retail area 566 m²

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 566 m² 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.



 24
UNITS

 1
RETAIL SPACE

BRUSSELSESTRAAT 182/184 LEUVEN

Lettable retail area 470 m²

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



 17
UNITS

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. 'Residentie 'T Kolenhuis' was fully renovated in 2012 and is perfectly situated for students who need to go to Gasthuisberg University Hospital every day.



 10
UNITS

BRUSSELSESTRAAT 244 LEUVEN

Year of construction or refurbishment Renovated in 2014

Ownership structure Full ownership

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



 14
UNITS

DIESTSEVEST 85 LEUVEN

Year of construction or refurbishment Renovated in 2011

Ownership structure Full ownership

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



 37
UNITS

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
UNITS

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
UNITS

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



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.



JUSTUS LIPSIUSSTRAAT 9

LEUVEN

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

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



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**
UNITS

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**
UNITS

MECHELSESTRAAT 77 LEUVEN

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

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



 **127**
UNITS

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

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
UNITS

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
UNITS

1
APPARTEMENT

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
UNITS

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**
UNITS

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.



 **39**
UNITS

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**
UNITS

TIENSESTRAAT 251 LEUVEN

Year of construction or refurbishment Renovated in 2012

Ownership structure Full ownership

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



 **29**
UNITS

VLAMINGENSTRAAT 91 PARKSTRAAT 11 LEUVEN

Year of construction or refurbishment Renovated in 2015 – renovation ongoing

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**
UNITS

 **47**
PARKING BAYS

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.



 **60**
UNITS

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.

TRAMSINGEL 27 BREDA

 **122**
UNITS

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.





VISMARKT KRAANSTRAAT 1 EN 5 BREDA

 44
UNITS

 1
CATERING FACILITY

Lettable retail area 628 m² 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.



 17
UNITS

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
UNITS

KAPELHOF 31 HEULVELSTRAAT 126 TILBURG

Year of construction or refurbishment Renovated in 2006

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

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



 14
UNITS

 2
KANTOOR-
RUIMTES

KORENBLOEMSTRAAT 42– 44A TILBURG

Lettable retail area 140 m²

Year of construction or refurbishment Renovated in 2004

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

Ownership structure Full ownership

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



 9
UNITS

 1
RETAIL SPACE

MARIASTRAAT 27A/B/C NIEUWLANDSTRAAT 14 TILBURG

Lettable retail area 140 m²

Year of construction or refurbishment Renovated in 2014

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

Ownership structure Full ownership

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



 11
UNITS

 1
CATERING
FACILITY

NIEUWLANDSTRAAT 1/1A TILBURG

Lettable retail area 146 m² catering facility

Year of construction or refurbishment Renovated in 2014

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

Ownership structure Full ownership

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



 64
UNITS

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



EISENHOWERLAAN 146 THE HAGUE

 64
UNITS

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

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



 68
UNITS

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



 182
UNITS
(anticipated)

PROJECT BURGVAL – LUTHERSE BURGVAL 10 THE HAGUE

Completion expected	2019
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

Bouw- of verbouwingsjaar 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.



143
UNITS

2
WINKELS

CARRÉ - TONGERSEWEG 55-57 MAASTRICHT

Year of construction or refurbishment 2016

Ownership structure Co-ownership, with 80% owned by Xior.

Ownership structure Full ownership

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
UNITS

VIJVERDALSEWEG 2 MAASTRICHT

Year of construction or refurbishment Renovated in 2017-2018

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
UNITS

WYCKER GRACHTSTRAAT 2 - 2A MAASTRICHT

Year of construction or refurbishment 2016

Ownership structure Full ownership

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



THE SPOT - KRONEHOEFSTRAAT 1-11F EINDHOVEN

 **95**
UNITS

Year of construction or refurbishment	2016
Ownership structure	Full ownership

This student complex is known as 'The Spot' and has 95 independent 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, etc. The students are free to use the common areas, such as a bike shed, shared indoor spaces and a laundry room. The property is close to Eindhoven University of Technology and the train stations in Eindhoven.



 **300**
UNITS
(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.



 **280**
UNITS

BURGEMEESTER OUDLAAN ROTTERDAM

Year of construction or refurbishment	2017
Ownership structure	Full ownership

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



350
UNITS
(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.



118
UNITS

ANTONIA VEERSTRAAT 1-15 DELFT

Year of construction or refurbishment	2017
Ownership structure	Full ownership

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



108
UNITS

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
UNITS
(anticipated)

PHOENIXSTRAAT 16 DELFT

Completion expected	2019
Ownership structure	Full ownership

Xior acquired this office property at Phoenixstraat 16, Delft from the local council of Delft in 2017 to redevelop about 100 units. 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 SAFE, PEPERSTRAAT 8A1-8C14 / KWIETHEUVEL 51-77

VENLO

 56
UNITS

Year of construction or refurbishment

2016

Ownership structure

Full ownership

This property consists of 56 independent units and a commercial ground floor, which is partly rented out to a financial institution.



 134
UNITS

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 units that are not self-contained and therefore complements the Company's self-contained units in the portfolio mix.



 110
UNITS

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.



 **134**
UNITS

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.



 **180**
UNITS
(anticipated)

OOSTERHAMRIKKADE 103-107

LEIDEN

Completion expected 2018

Ownership structure Full ownership


This project concerns the construction of a brand new student complex on Oosterhamrikkade in Groningen. The complex will have 180 independent student units with an average surface area of 31.8 m² and communal areas such as indoor bicycle parking facilities and a common outdoor space.

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*).



 **256**
STUDENTEN-
UNITS

 **72**
UNITS
(STUDENT
FLAT HOTEL)
(anticipated)

PROJECT REGIO BRUSSEL – ZAVENTEM

BRUSSEL

Completion expected 2019

Redevelopment of an office building into a complex of 256 self-contained studios and a student flat hotel with 72 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 on the ground floor. A third-party investor will redevelop these together with the underground car park.

8.2.4 APPRAISAL OF THE PROPERTY PORTFOLIO BY VALUATION EXPERTS

8.2.4.1 General

The valuation of the property portfolio was drawn up by Stadim (Belgium and some of the Netherlands) and DTZ (Netherlands). The reference date of this appraisal is 31 December 2017.

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 DTZ on 31 December 2017

'Dear ,

We are pleased to present our appraisal of the value of the property portfolio of Xior Student Housing NV (Stadim: 42 properties in Belgium and 19 properties in the Netherlands, DTZ: 10 buildings in the Netherlands) on 31 December 2017. 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 (42 properties in Belgium and 19 in the Netherlands) on 31 December 2017 is EUR 471,353,650 (four hundred and seventy-one million, three hundred and fifty-three thousand and six hundred and fifty euros).

Based on the comments above, we can confirm that the rounded Fair Value of the part of Xior's property portfolio appraised by DTZ (10 buildings in the Netherlands) on 31 December 2017 is EUR 33,690,000 (thirty-three million, six hundred and ninety thousand euros).

Yours faithfully,

Stadim
DTZ Zadelhoff v.o.f.



Nieuwlandstraat
TILBURG



09

Corporate social responsibility

9.1

CORPORATE SOCIAL RESPONSIBILITY

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

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

Xior seeks to achieve these objectives by promoting a socially responsible 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.

THE ENVIRONMENT, LOCAL COMMUNITY AND SAFETY

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

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

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



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

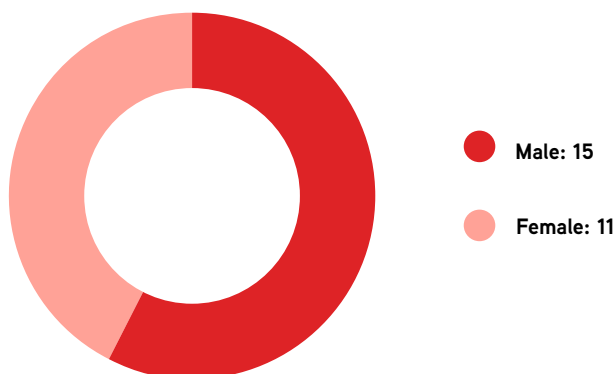
Xior also experienced strong growth in 2017 with project developments for which it literally and figuratively designed the development plans. This has an impact on the buildings themselves, but obviously also on the wider environment. Xior pays special attention to good relationships with the neighbours 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. In 2017, all the neighbours of the Phoenixstraat project were invited to get acquainted with the Xior team and gain information about the plans whilst enjoying some refreshments. 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.

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

SOCIAL FACTORS

Xior very much guarantees a social mix, both in terms of its employees and in terms of its tenants, who come from all the corners of the world and all levels in society and show a high level of gender diversity.

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 50 nationalities, all studying and living together under one roof.

Overview tenant diversity Belgium			
Belgium			1,285
Andere			263
Australia	1	Lebanon	1
Brazil	1	Morocco	1
Bulgaria	1	Mexico	1
Canada	1	Moldavia	1
China	9	The Netherlands	87
Colombia	1	Nigeria	1
Corsica	2	Austria	1
Cyprus	3	Poland	3
Germany	17	Russia	1
Ecuador	1	Slovenia	1
Egypt	2	Slovakia	2
France	15	Spain	51
Georgia	1	Taiwan	1
Greece	7	Turkey	3
Hong Kong	2	Uganda	1
Ireland	2	United Kingdom	3
India	2	United States	4
Iran	2	Vietnam	2
Italy	16	South Korea	2
Japan	5	Sweden	1
Kuwait	1	Switzerland	2
Croatia	1		

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

Xior is also committed to the welfare of its students. The operational teams are available to assist the students 24/7 with any technical problems they may have. Their presence 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 (e.g. a pool table). In this context, Xior also offers refreshments, sponsors student events and associations, etc. Xior also supports initiatives that encourage the students' creativity and entrepreneurial spirit.

Xior also aims to reduce any inconvenience caused to the other residents of the buildings and the local area to an absolute minimum by making students more aware of this issue and by having student coaches permanently present in larger complexes and regularly present in smaller complexes to actively and closely monitor what is happening in and around the student properties. Social control is exercised by having section and/or building managers present where appropriate.



Xior also pays attention to facilities for disabled people. Most buildings in Ghent and Antwerp have the appropriate facilities, such as wider doors for wheelchair users and more spacious rooms and bathrooms for disabled people. The building at Brusselsepoortstraat 89 in Ghent, for example, has a lower sink installed in the kitchen for wheelchair users.

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

ETHICS

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



Klapdorp
ANTWERPEN



10

Financial report

10.1

CONSOLIDATED INCOME STATEMENT

Figures in thousands of EUR.

	Note	31/12/2017	31/12/2016
I. (+) Rental income		18,285	10,969
(+) Rental income		17,544	9,949
(+) Rental guarantees		807	1,035
(+/-) Rent reductions		-66	-15
III. (+/-) Rent-related expenses		-91	-57
Impairments of trade receivables		-91	-57
Net rental income	10.9.1	18,194	10,912
V (+) Recovery of rental charges and taxes normally payable by the tenants for let properties		2,693	1,460
Transmission of rental charges borne by the owner		2,594	1,334
Charges for withholding tax and taxes on let properties		99	126
VII (-) Rental charges and taxes normally payable by the tenants for let properties		-3,047	-1,457
Rental charges borne by the proprietor		-2,956	-1,326
Advance levies and taxes on let properties		-92	-131
VIII (+/-) Other rent-related income and expenditure		693	434
Property result	10.9.1	18,533	11,349
IX (-) Technical costs		-987	-688
Recurring technical costs		-985	-687
(-) Maintenance		-878	-608
(-) Insurance premiums		-107	-79
Non-recurring technical costs		-2	-1
(-) Damages		-2	-1
X (-) Commercial costs		-210	-216
(-) Publicity		-200	-216
(-) Lawyers' fees and legal costs		-10	
XI (-) Costs and taxes for non-let properties		-148	
XII (-) Property management costs		-1,194	-607
(-) Management costs (external)		-674	-235
(-) Management costs (internal)		-520	-373
XIII (-) Other property charges		-756	-470
(-) Architects' fees		-1	
(-) Valuation expert fees		-154	-112
(-) Other		-600	-358
Property charges	10.9.2	-3,295	-1,981

Property operating result			15,238	9,368
XIV	(-) General company expenses	10.9.3	-2,068	-1,859
XV	(+/-) Other operating result and costs	10.9.4	75	71
Operating result before result on the portfolio			13,245	7,580
XVI	(+/-) Result from the sale of investment property	10.9.5	31	106
	(+) Net property sales (sales price - transaction fees)		1,349	2,870
	(-) Book value of the sold property	10.9.5	-1,318	-2,763
XVIII	(+/-) Changes in the fair value of investment property	10.9.5	3,803	1,112
	(+) Positive changes in the fair value of investment property		5,333	3,319
	(-) Negative changes in the fair value of investment property		-1,531	-2,207
XIX	(+/-) Other portfolio result	10.9.5	-2,112	-110
Operating result			14,967	8,688
XX	(+) Financial income		48	23
	(+) Interest and dividends collected		48	23
XXI	(-) Net interest costs		-2,666	-1,389
	(-) Nominal interest paid on loans		-1,810	-957
	(-) Reconstitution of the nominal amount of financial debt		-86	-58
	(-) Costs of permitted hedging instruments		-770	-373
	Permitted hedging instruments that are not subject to hedging accounting as defined by the IFRS		-770	-373
XXII	(-) Other financial costs		-74	-232
	(-) Bank costs and other commissions		-47	-212
	(-) Other		-27	-20
XXIII	(+/-) Changes in the fair value of financial assets and liabilities		942	-1,866
	Permitted hedging instruments that are not subject to hedging accounting as defined by the IFRS		942	-1,866
	Other			
Financial result		10.9.6	-1,750	-3,464
	(-) Share in the result of associated companies and joint ventures		194	
Result before taxes			13,410	5,225
XXV	(+/-) Corporate tax		-2,457	-220
XXVI	(+/-) Exit tax		1	11
Taxes		10.9.7	-2,456	-209
Net result			10,954	5,016

Figures in thousands of EUR.

Earnings per share	31/12/2017	31/12/2016
Earnings per share – share group	1.60	1.02
Diluted earnings per share	1.60	1.02
Number of shares at the start of the financial year	5,270,501	4,626,780
Number of shares at the end of the financial year	8,128,249	5,270,501
Weighted average number of shares	6,851,483	4,926,405

The earnings per share were based on the weighted average number of shares in circulation during the financial year of 2017.

10.2 CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Figures in thousands of EUR.

	31/12/2017	31/12/2016
Net result	10,954	5,016
Other components of the comprehensive income		
(+/-) Impact on the fair value of the estimated transaction fees 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
Comprehensive result	10,954	5,016
Attributable to:		
Minority interests	0	0
Group shareholders	10,954	5,016

10.3

CONSOLIDATED BALANCE SHEET

Figures in thousands of EUR.

Assets	Note	31/12/2017	31/12/2016
Fixed assets		490,425	266,276
A Goodwill			
B Intangible fixed assets		16	
C Investment property	10.9.8	488,762	265,873
Property available to let		461,905	265,873
Property developments		26,857	
D Other tangible fixed assets	10.9.9	347	248
Tangible fixed assets for own use		347	248
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		2	
I Participating interests in associated companies and joint ventures with equity movements	10.9.12	1,143	
Current assets		13,562	7,231
A Assets held for sale			
Investment property			
Real estate certificates			
Other assets			
D Trade receivables	10.9.13	1,683	542
E Tax receivables and other current assets	10.9.14	10,869	2,051
Taxes		778	172
Wages and social security contributions			
Other		10,091	1,879
F Cash and cash equivalents	10.9.15	815	4,098
G Accruals and deferred payments	10.9.16	195	540
Prepaid property charges		94	430
Accrued rental income not due		35	
Other		66	110
Total assets		503,987	273,507

Liabilities		Note	31/12/2017	31/12/2016
Equity		10.4	223,291	131,630
I Equity attributable to parent company shareholders			223,291	131,630
A Capital	10.9.17		144,187	94,869
Issued capital			146,308	94,869
Capital increase costs			-2,121	
B Issue premiums	10.9.17		69,877	32,261
C Reserves			-1,728	-515
Statutory reserves				
Reserve for the balance of the changes in the fair value of property			6,668	4,044
Reserve for the impact on the fair value of the estimated transaction fees and costs resulting from the hypothetical disposal of investment property			-6,642	-4,565
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			-1,866	
Non-distributable reserve: reserve for expected losses				
Other reserves			113	
Retained earnings over from previous financial years				6
D Net result for the financial year			10,954	5,016
II Minority interests			0	0
Liabilities			280,696	141,877
I Non-current liabilities			259,657	133,465
A Provisions				
Pensions				
Other				
B Non-current financial debts	10.9.22		251,744	131,315
a Credit institutions			251,744	131,315
b Financial leasing				
C Other non-current financial liabilities	10.9.20		924	1,866
Permitted hedging instruments			924	1,866
Other				
F Deferred taxes – liabilities	10.9.21		6,988	284
a Exit tax				
b Other			6,988	284

I	Current liabilities		21,039	8,412
B	Current financial liabilities			
a	Credit institutions		11,994	
D	Trade debts and other current liabilities	10.9.23	3,457	5,729
	Exit tax			3,469
	Other		3,457	2,260
	Suppliers		2,151	1,244
	Tenants		387	
	Taxes, wages and social security contributions		919	1,016
E	Other current liabilities	10.9.24	3,044	1,583
	Other		3,044	1,583
F	Accruals and deferred payments	10.9.25	2,544	1,100
	Property income received in advance		1,436	512
	Accrued interest not due and other costs		237	
	Other		871	588
	Total equity and liabilities		503,987	273,507

10.4

**CONSOLIDATED STATEMENT OF CHANGES
IN EQUITY**

Figures in thousands of EUR.

Balance on 31 December 2015
Net appropriation of income 2015
Transfer of result on the portfolio to reserves
Transfer of operating result to reserves
Result for the period
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
Use of the available reserve to cover future losses
Partial allocation of capital to issue premiums
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

The IPO process included the set-up of an unavailable reserve of KEUR 6,961 to cover any foreseeable losses. This reserve would be used to pay for the costs associated with the capital increase in the IPO process. This reserve was therefore used to settle these costs immediately after the end of the 2015 financial year and the general meeting's approval of the appropriation of income. This resulted in a capital increase for 2016.

	Capital	Issue premiums	Reserves	Net result of the financial year	Equity
	76,321	25,615	6,961	-515	108,382
			-515	515	0
					0
					0
				5,016	5,016
	18,233				18,233
					0
					0
	6,961		-6,961		0
	-6,646	6,646			0
	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

Figures in thousands of EUR.

Detail of reserves

Balance on 31 December 2015

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

Dividends

Other

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

10.5

CONSOLIDATED CASH FLOW STATEMENT

Figures in thousands of EUR.

Cash and cash equivalents at the start of the period	31/12/2017	31/12/2016
Kas en kasequivalenten begin boekjaar	4,098	4,384
1 Cash flow from operating activities	2,771	-15,251
Cash flow from operations	11,709	7,091
Operating result	14,966	8,688
Interest paid	-3,055	-1,620
Interest received	48	22
Other		
Corporate taxes paid	-250	
Non-cash elements added to/subtracted from the result	2,250	-1,036
Amortisations and impairments	41	44
Amortisations/impairments (or writebacks) on tangible and intangible assets	41	44
Other non-cash elements	2,209	-1,080
Changes in the fair value of the real estate property	-1,690	-890
Other non-cash elements	3,899	-190
Change in working capital requirements	-10,625	-21,306
Movement of assets	-8,911	2,408
Trade receivables and other receivables	-746	336
Tax receivables and other current assets	-8,231	2,432
Accruals and deferred payments	65	-360
Movement of liabilities	-1,714	-23,714
Trade debts and other current liabilities	-3,421	-18,361
Other current liabilities	1,245	-5,035
Accruals and deferred payments	462	-318
2 Cash flow from investment activities	-212,351	-42,736
Acquisition of investment property and property developments	-152,853	-40,340
Sale of investment property	1,318	2,870
Purchase of shares in real estate companies	-60,367 ⁽¹⁾	-5,398 ⁽²⁾
Sale of shares in real estate companies		

⁽¹⁾ This concerns the price paid for shares in the various real estate companies acquired in 2017. This price does not correspond to the price of the property as the companies were partially financed with loans.

⁽²⁾ This relates to the price paid for shares in De Kroon BV. This price does not correspond to the price of the property (EUR 10.4 million) as the Company was partially financed with loans.

Acquisition of other tangible assets	-156	-51
Acquisition of non-current financial fixed assets	-290	-2
Receivables on trade and other non-current assets	-2	0
Assets held for sale	0	185
3 Cash flow from financing activities	205,712	56,913
Change in financial liabilities and financial debts		
Increase in financial debts	202,975	57,037
Decrease in financial debts	-70,000	
Repayment of shareholder loans		
Change in other liabilities		
Increase (+)/decrease (-) in other liabilities		-18
Increase (+)/decrease (-) in other debts	-3,469	-106
Increase in minority interests		
Change in equity		
Increase (+)/decrease (-) in capital/issue premiums	83,992	
Other		
Costs for the issue of shares	-2,121	
Dividend		
Dividend for the previous financial year (-)	-5,665	
Increase in cash following merger/acquisitions	585	788
Cash and cash equivalents at the end of the financial year	815	4,098

10.6

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

10.6.1 GENERAL CORPORATE INFORMATION

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

The Company's consolidated annual financial statements for the financial year closing on 31 December 2017 include Xior Student Housing NV and its subsidiaries (the 'Group'). The Board of Directors approved the annual financial statements for publication. They will be presented to the annual general meeting on 17 May 2018.

10.6.2 IMPORTANT FINANCIAL REPORTING PRINCIPLES

Statement of conformity

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

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

New or amended standards and interpretations effective in 2017

- Annual improvements to the IFRS 2014-2016 cycle: Changes to the IFRS 12 (applicable to financial years from 1 January 2017, but not yet approved within the European Union)
- Adjustment of IAS 7 The cash flow statement – Initiative for the provision of information (applicable for financial years from 1 January 2017)
- Adjustment of IAS 12 Income taxes – Inclusion of deferred tax receivables for unrealised losses (applicable to financial years from 1 January 2017)

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

A number of new standards, amendments to standards and interpretations are not yet in force in 2017, but are allowed to be applied earlier. Unless stated otherwise, the Company has not made any use of these. Insofar as these new standards, amendments to standards and interpretations are relevant to the Company, their potential impact on the consolidated annual financial statements for 2017 and subsequent years is set out below:

- Annual improvements to the IFRS 2014-2016 cycle: Changes to IFRS 1 and IAS 28 (applicable to financial years from 1 January 2018, but not yet approved within the European Union)
- IFRS 9 Assets and liabilities and subsequent amendments (applicable to financial years from 1 January 2018)
- IFRS 16 Lease agreements (applicable to financial years 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)
- Amendment to IAS 28 Long-term investments in associates holdings and joint ventures (applicable to financial years from 1 January 2019, but not yet approved within the European Union)
- Amendment to IAS 40 Transfers of investment property (applicable to financial years from 1 January 2018, but not yet approved within in the European Union)

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

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 9 – Financial instruments (applicable to financial years from 1 January 2018)

IFRS 9 was published by the IASB in July 2014 and was adopted by the EU in November 2016. IFRS 9 includes provisions on the classification and measurement of financial assets and financial liabilities, special impairments of financial assets and general provisions for hedge accounting. IFRS 9 largely replaces IAS 39 – Financial Instruments: Inclusion and Valuation.

Based on an analysis of Xior's situation as at 31 December 2017, IFRS 9 is not expected to have a material impact on the consolidated financial statements. With regard to the special impairments of financial assets valued at amortised cost

including trade receivables, the initial application of the expected credit loss model under IFRS 9 will result in an early recognition of credit losses in comparison with the current applied loss model under IAS 39. Taking into account the relatively limited amount of outstanding trade receivables in combination with a low associated credit risk, Xior considers the impact on the consolidated financial statements as limited.

IFRS 15 – Revenue from contracts with customers (applicable to financial years from 1 January 2018)

IFRS 15 provides a unique, all-embracing model of principles to be applied by an entity for the accounting treatment of proceeds arising from a contract with a customer. On entry into force, this new standard will replace both IAS 18 on the proceeds from the sale of goods and rendering of services and IAS 11 on projects in progress on behalf of third parties and the associated interpretations.

IFRS 15 is not expected to have a material impact on Xior's consolidated financial statements. This is because rental agreements, which represent Xior's main source of income, are outside the scope of IFRS 15. However, the principles of IFRS 15 do apply to the non-rental components possibly contained in a lease agreement or in separate agreements, such as maintenance-related services charged to the tenant. The amounts of such non-rental components are relatively limited and non-rental components tend to concern services that are recognised over time both under IAS 18 and under IFRS 15. Xior therefore does not expect any material impact there either.

IFRS 16 – Lease agreements (applicable to financial years from 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 entry into force, this standard replaces IAS 17 – Lease agreements and the associated interpretations. IFRS 16 has not yet been approved within the European Union.

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 material impact on the consolidated financial statements.

10.6.3 ACCOUNTING PRINCIPLES

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

10.6.4 SIGNIFICANT ACCOUNTING ESTIMATES AND KEY UNCERTAINTIES

Significant estimates in drawing up of the financial statements

- When control is taken over an entity holding investment property, it is determined whether such an acquisition is considered a business combination. In all cases the respective transactions were processed as direct purchases of assets (also when shares in real estate companies are acquired) and IFRS 3 Business Combinations was not applied (see *note 10.6.6*).
- It is determined whether derivative 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 (i.e. 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

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 million¹⁸. 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.

¹⁸ 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.

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.

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

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

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

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

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 Promiris Student (of which Xior holds 50%) are processed according to the equity method.

10.6.13 TRADE RECEIVABLES AND OTHER FIXED ASSETS

i. **Non-current loans and receivables**

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

The effective interest method is a method for calculating the amortised cost of a debt instrument and for allocating interest income to the relevant period. The effective interest rate is the interest rate that exactly discounts estimated future cash receipts (including paid or received commissions and payments that form an integral part of the effective interest rate, as well as transaction 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

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

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

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

Cash and cash equivalents include cash, demand deposits and other 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

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

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

10.6.18 PROVISIONS

A provision is made if:

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

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

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

10.6.19 LIABILITIES

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

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

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

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

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

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

Deferred taxes for subsidiaries are recorded as the difference between the carrying amount of the investment property after depreciation in the annual financial statements of these subsidiaries, under the Articles of Association, and the Fair Value. These deferred taxes are recorded at a rate of 16.995% if the Board of Directors of the Company and the subsidiary respectively intend to merge the subsidiary with the Company.

i. General

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

ii. Exit tax rate

The exit tax rate is 16.5%. The additional crisis tax of 0.495% (i.e. 3% on the applied rate of 16.5%) must be added to this rate. The exit tax payable is thus calculated at 16.995%. From the 2019 tax year (financial year starting from 1 January 2018), the exit tax rate will be reduced to 12.75%. It will then increase to 15% again from 2020 onwards.

iii. Principle for calculating the exit tax

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

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

If the Company is recognised as an RREC, the exit tax is applied to its latent capital gains and exempt reserves at the time it is granted the RREC licence (insofar as this exists at that time). If the Company participates as an RREC in a merger, division or a transaction equated with a merger or division, the exit tax is calculated on the latent capital gains and exempt reserves of the real estate company that makes the contribution by merger, division or an equated transaction. The latent capital gains are calculated as the positive difference between the actual value for tax purposes of the separated assets of the real estate company concerned, on the one hand, and the acquisition value of those corporate assets less the depreciation and impairments accepted for tax purposes on the other hand.

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

iv. **Payment of exit tax**

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

v. **Purpose of the exit tax**

As an RREC, the Company benefits from a special tax regime. Although it is subject to corporation tax, its taxable base is limited to (i) the extraordinary or gratuitous advantages that it receives and (ii) the expenses and costs that cannot be deducted as business costs (other than impairments and capital losses on shares (Article 185bis of the Belgian Income Tax Code 1992)). After becoming licensed as an RREC, the Company is thus not taxed on its accounting 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, division or a transaction equated with a merger or division in which the Company participates as an RREC.

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

vi. **Accounting treatment**

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

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 73% of loans drawn down to a fixed interest rate. The average interest rate of the public RREC is 1.68%. 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 73% 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.

31/12/2017

Figures in thousands of EUR.

	Belgium		The Netherlands		Non-allocated amounts	Total
	Students	Other	Students	Other		
Net rental income	7,151	1,574	7,051	2,417		18,194
Property result					339	18,533
Property charges					-3,295	-3,295
Property operating result						15,238
General expenses					-2,068	-2,068
Other operating income and costs					75	75
Operating result before result on the portfolio						13,245
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 result			-3,304	1,292	-100	-2,112
Operating result						14,967
Financial result					-1,750	-1,750
Share in the result of associated companies and joint ventures	194					194
Result before taxes						13,410
Taxes					-2,456	-2,456
Net result						10,954
EPRA earnings						9,772
Result on the portfolio	86	-89	17	1,807	-100	1,722
Total assets	171,069	25,740	215,705	76,249	15,224	503,987
Investment property	171,069	25,740	215,705	76,249		488,762
Other assets					15,224	15,224
Total liabilities and equity					503,987	503,987
Equity					223,291	223,291
Liabilities					280,696	280,696

31/12/2016

Figures in thousands of EUR.

	Belgium		The Netherlands		Non-allocated amounts	Total
	Students	Other	Students	Other		
Net rental income	6,365	1,648	2,469	430		10,912
Property result						11,349
Property charges					-1,981	-1,981
Property operating result						9,368
General expenses					-1,859	-1,859
Other operating income and costs					71	71
Operating result before result on the portfolio						7,580
Result from the sale of investment property				106		106
Changes in the Fair Value of investment property	-177	-3	1,524	-232		1,112
Other portfolio result	354		-464			-110
Operating result						8,688
Financial result					-3,464	-3,464
Result before taxes						5,224
Taxes					-209	-209
Net result						5,015
EPRA earnings						5,774
Result on the portfolio	177	103	1.060	-232	0	1.108
Total assets	159,624	27,003	76,611	2,635	7,634	273,507
Investment property	159,624	27,003	76,611	2,635		265,873
Other assets					7,634	7,634
Total liabilities and equity					273,507	273,507
Equity					131,630	131,630
Liabilities					141,877	141,877

10.8

ALTERNATIVE PERFORMANCE MEASURES (APMS)

APM terms	Definition	Use
EPRA earnings	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.
Result on the portfolio	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
Average interest rate	Interest charges including IRS interest expense divided by the average outstanding debt during the period	Measuring the average debt interest costs to allow a comparison with peers and analysis of the evolution over time
Average interest rate excl. IRS interest charges	Interest charges excluding IRS interest expense divided by the average outstanding debt during the period	Measuring the average debt interest costs to allow a comparison with peers and analysis of the evolution over time
Average financing costs	Interest costs including IRS interest expense + arrangement fees and commitment fees, divided by the average outstanding debt during the period	Measuring the average debt financing cost to allow a comparison with peers and analysis of the evolution over time
Average financing cost excl. IRS interest charges	Interest charges including IRS interest charges + arrangement fees and commitment fees, divided by the average outstanding debt during the period	Measuring the average debt financing cost to allow a comparison with peers and analysis of the evolution over time
EPRA earnings per share	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
EPRA NAV	This is the net asset value (NAV) that has been adjusted to also include property and other investments at their Fair Value, which exclude certain elements that are not expected to actually take shape in a business model with long-term investment property.	Comparability with other RRECs and international property players
EPRA triple net asset value (NNNAV)	EPRA net asset value (NAV) adjusted to take into account (i) the Fair Value of the assets and liabilities, (ii) the Fair Value of debts and (iii) the deferred tax.	Comparability with other RRECs and international property players
EPRA Net Initial Yield (NIY)	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
EPRA Adjusted Net Initial Yield (Adjusted NIY)	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
EPRA rental vacancy	Estimated rental value of vacant units divided by the estimated rental value of the total portfolio.	Comparability with other RRECs and international property players
EPRA cost ratio (incl. vacancy costs)	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
EPRA cost ratio (excl. vacancy costs)	EPRA costs (excluding vacancy costs) divided by the gross rental income, less the rent still to be paid on rented land.	Comparability with other RRECs and international property players

EPRA earnings: The definition and calculation of the EPRA earnings APM were changed from 30 June 2017. From now on, the calculation also takes into account the impact of deferred taxes with regard to the IAS 40 adjustments. These are deferred taxes on Dutch property. As the deferred taxes concern an ancillary sum for the movements in the Fair Value, which is a non-cash item like the Fair Value movements themselves, it seems better to include them in the calculation of the EPRA earnings as well. This modified definition/calculation is also more in line with the calculation of the EPRA earnings under the EPRA frame of reference¹⁹.

The changed definition/calculation had a positive impact of EUR 0.07 on the EPRA earnings per share on 31 December 2017. There was no impact on the EPRA earnings per share when the EPRA earnings per share was recalculated on 31 December 2016.

Alternative Performance Measures (APMs): reconciliation tables

EPRA earnings	31/12/2017	31/12/2016
Net result	10,954	5,016
Changes in the fair value of the real estate property	-3,803	-1,112
Other portfolio result	2,112	110
Result from the sale of investment property	-31	-106
Changes in the fair value of financial assets and liabilities	-942	1,866
Share in the result of joint ventures	-194	
Deferred taxes with regard to IAS 40 adjustments	1,674	
EPRA earnings	9,772	5,774

Result on the portfolio	31/12/2017	31/12/2016
Result from the sale of investment property	31	106
Changes in the fair value of the real estate property	3,803	1,112
Other portfolio result	-2,112	-110
Result on the portfolio	1,722	1,108

EPRA earnings per share	31/12/2017	31/12/2016
Net result	10,954	5,016
Changes in the Fair Value of the real estate property	-3,803	-1,112
Other portfolio result	2,112	110
Result from the sale of investment property	-31	-106
Changes in the fair value of financial assets and liabilities	-942	1,866
Share in the result of joint ventures	-194	
Deferred taxes with regard to IAS 40 adjustments	1,674	
Weighted average number of shares	6,851,483	4,926,401
EPRA earnings per share	1.43	1.17

Average interest rate	31/12/2017	31/12/2016
Nominal interest paid on loans	1,810	957
Costs of permitted hedging instruments	770	373
Capitalised interest	504	389
Average outstanding debt for the period	183,947	96,798
Average interest rate	1.68%	1.78%
Average interest rate excl. costs of permitted hedging instruments	1.26%	1.39%

Average financing costs	31/12/2017	31/12/2016
Nominal interest paid on loans	1,810	957
Costs of permitted hedging instruments	770	373
Capitalised interest	504	389
Reconstitution of the nominal amount of financial debt	86	58
Bank costs and other commissions	74	212
Average outstanding debt for the period	183,947	96,798
Average financing costs	1.76%	2.05%
Average financing costs excl. costs of permitted hedging instruments	1.34%	1.67%

EPRA NAV	31/12/2017	31/12/2016
Net asset value according to the financial statement	223,291	131,630
To be excluded:		
Fair value of financial assets and liabilities	924	1,866
EPRA NAW	224,215	133,496
EPRA NAW (EUR/aandeel)	27.58	25.33

EPRA triple net asset value (NNNAV)	31/12/2017	31/12/2016
EPRA NAV	224,215	133,496
To be added		
Fair value of financial assets and liabilities	-924	-1,866
EPRA triple net asset value (NNNAV)	223,291	131,630
EPRA triple net asset value (NNNAV) (EUR per share)	27.47	24.97

EPRA Net Initial Yield	31/12/2017
Investment property – full property Fair Value	492,573
Investment property – share in joint ventures	6,235
Minus property developments	-59,166
Completed property portfolio	433,407
Transaction fees	10,835
Investment value of the property available for rent	444,242
Annualised gross rental income	23,492
Property charges	-2,473
Annualised net rental income	21,019
Notional amount at the end of the rent-free period	-
Adjusted annualised net rental income	21,019
EPRA Netto Initieel Rendement	5.2%
EPRA Adjusted Net Initial Yield	5.2%

EPRA Rental Vacancy	31/12/2017
Estimated rental value of the vacant units	534
Estimated rental value of the entire portfolio	22,519
EPRA Rental Vacancy	2%

EPRA cost ratio	31/12/2017	31/12/2016
Algemene kosten	2,068	1,859
Waardeverminderingen op handelsvorderingen	91	57
Vastgoedkosten	3,295	1,981
EPRA kosten (incl. leegstandskosten)	5,454	3,897
Leegstandskosten	148	0
EPRA kosten (excl. leegstandskosten)	5,306	3,897
Bruto huurinkomsten	18,285	10,969
EPRA cost ratio (incl. vacancy costs)	29.8%	35.5%
EPRA cost ratio (excl. vacancy costs)	29.0%	35.5%

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

	31/12/2017	31/12/2016
(+) Rental income	18,285	10,969
Rent	17,544	9,949
Rental guarantees	807	1,035
Rent reductions	-66	-15
(+) Writeback of rental carried over and discounted		
(+/-) Rent-related expenses	-91	-57
Netto huurresultaat	18,194	10,912
(+) Recovery of property charges	0	0
(+) Recovery of rental charges and taxes normally payable by the tenants for let properties	2,694	1,460
(-) Costs payable by tenants and borne by the landlord for rental damage and refurbishment at the end of the tenancy	0	0
(-) Rental charges and taxes normally payable by the tenants for let properties	-3,047	-1,457
(+/-) Other rent-related income and expenditure	693	434
Property result	18,533	11,349

Rent-related expenses contain impairments on rent receivables.

The rental guarantees on 31 December 2017 includes the rental guarantees given by the Sellers upon acquisition. Those rental guarantees have a term of one to two years and cover the vacant units.

Rental guarantee as at 31 December 2016: The initial property portfolio formed at the IPO included some properties under construction with anticipated vacancy. Aloxe gave a rental or return guarantee for these properties. This guarantee is based on the rent that would be generated by these properties until the start of the academic year (14 September 2016). After this, these properties generated third-party rental income.

Figures in thousands of EUR

	31/12/2017	31/12/2016
(+/-) Summary of rental income that could cease to exist in future		
Within one year	13,894	9,370
Between one and five years	1,927	350
More than five years	2,464	1,249
Total	18,285	10,969

The above table shows how much of the rental income that was earned between 1 January 2017 and 31 December 2017 could theoretically cease to exist in future if the current tenants give notice of termination on the next contractually permitted date and no new tenant is found.

Most of Xior Student Housing NV's tenancy agreements are short-term contracts for letting student units. These contracts are typically concluded for a one-year period, after which they can be extended. Xior also tries to conclude long-term contracts with colleges or universities for some of the rooms in its portfolio. In the course of 2016, the Company signed a contract with Hogeschool Gent for a 20-year term for the rental of 318 of the 490 student rooms in the complex located at Overwale 42-44 in Ghent. The Company also signed a contract with Stichting Zuyd Hogeschool for the rental of 60 of 134 student rooms and with Maastricht University for the rental of 20 of 134 student rooms at the student complex located at Vijverdalseweg in Maastricht. These contracts were originally signed for a three-year term in August 2014 and were extended by one year until August 2018. On 31 December 2017, 11% of the total number of lettable student units were let with the help of colleges or universities. These contracts with colleges and universities account for 7% of the rental income.

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

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

10.9.2 PROPERTY CHARGES

Figures in thousands of EUR

	31/12/2017	31/12/2016
(-) Technical costs	-988	-688
Recurring technical costs	-986	-687
Maintenance	-878	-608
Insurance premiums	-108	-79
Non-recurring technical costs	-2	-1
(-) Commercial costs	-210	-216
Lawyers' fees and legal costs	-10	0
Estate agent commissions	0	0
Publicity	-200	-216
Other	0	0
(-) Costs and taxes for non-let properties	-148	0
(-) Property management costs	-1,194	-607
Management costs (external)	-674	-235
Management costs (internal)	-520	-373
(-) Other property charges	-756	-470
Valuation expert fees	-154	-112
Architects' fees	-1	-
Immovable property tax and other taxes	-600	-358
Property charges	-3,295	-1,981

The increase in property charges from 31 December 2016 to 31 December 2017 is the result of the property portfolio's expansion. Sixteen properties were added to the property portfolio in 2017. This has an impact on the property charges.

10.9.3 GENERAL EXPENSES

Figures in thousands of EUR.

	31/12/2017	31/12/2016
(+/-) General company expenses	-2,068	-1,859
Lawyers' fees, notarial charges and legal costs	-67	-157
Audit	-95	-85
Tax and financial advice	-95	-181
Directors and executive management	-690	-457
Staffing costs	-504	-356
Housing costs	-84	-100
Office costs	-101	-104
Publicity, communication and annual report	-158	-107
Taxes and statutory expenses	-214	-227
Insurance	-45	-45
Other general expenses	-15	-40
General company expenses	-2,068	-1,859

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 the general expenses is mainly caused by an increase in management pay and personnel costs.

10.9.4 OTHER OPERATING RESULT AND COSTS

Figures in thousands of EUR.

	31/12/2017	31/12/2016
(+/-) Other operating result and costs	75	71
Management for third parties	75	71
Other operating result and costs	75	71

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 2017 represents a non-significant percentage of the consolidated result before taxes.

The assets managed for third parties represent approximately 4.7% (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.

	2017	2016
(+/-) Result from the sale of investment property	31	106
(+/-) Result from the sale of other non-financial assets		
(+/-) Changes in the Fair Value of investment property	3,802	1,112
Positive changes in the Fair Value of investment property	5,333	3,319
Negative changes in the Fair Value of investment property	-1,531	-2,208
(+/-) Other portfolio result	-2,112	-110
Result on the portfolio	1,722	1,108

New properties were obtained in 2017 through property acquisitions (sale-purchase) and share acquisitions.

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

- The difference between the Fair Value of properties acquired through property acquisitions (sale-purchase) and the fiduciary value of such property is processed as '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 2017 and 31 December 2017 was entered 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 main explanation for the negative adjustment of the appraisal of the investment property is the fall in the annual Estimated Rental Value as appraised by the Valuation Expert for a number of commercial properties.

Figures in thousands of EUR.

	31/12/2017	31/12/2016
Book value of the sold properties	1,318	2,763
Net sales price of investment property (sales price - transaction fees)	1,349	2,870
Total profit or loss on investment property sales	31	106

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

10.9.6 FINANCIAL RESULT

Figures in thousands of EUR.

	31/12/2017	31/12/2016
(+) Financial income	48	23
(-) Net interest expense	-2,665	-1,388
Nominal interest paid on loans	-1,810	-957
Reconstitution of the nominal amount of financial debt	-86	-58
Costs of permitted hedging instruments	-770	-373
(-) Other financial costs	-74	-232
Bank costs and other commissions	-47	-212
Other	-27	-20
(+/-) Changes in the fair value of financial assets and liabilities	942	-1,866
Market value of interest rate swaps	942	-1,866
Financial result	-1,750	-3,464

The average interest rate²⁰ was 1.68% (1.26% without hedging instruments) on 31 December 2017 and was 1.78% on 31 December 2016. The average financing cost* was 1.76% on 31 December 2017 compared with 2.05% on 31 December 2016

²⁰ For the calculation of the APMs, please refer to Chapter 10.8 of this Annual Report.

The Company is subject to fluctuations in interest rates, because all long-term liabilities were entered into on the basis of variable interest rates. An increase in the interest rate can therefore cause an increase in the interest charges. One of the IRS contracts was renegotiated in the course of May 2017 and additional IRS contracts were concluded in December. As at 31 December 2017, 73% of the credit drawn down was hedged with IRS contracts. (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.

	31/12/2017	31/12/2016
Parent company		
33.99% corporate tax	9	7
Subsidiaries		
Belgian tax, due and deductible	-10	102
Foreign tax, due and deductible	784	412
Foreign deferred taxes	1,674	
Belgian deferred taxes		-300
Total	2,457	221
Exit Tax	-1	-11
Total	2,456	210

An RREC is only subject to corporation tax as regards disallowed expenses and extraordinary and gratuitous advantages. Deferred taxes (exit taxes) for subsidiaries are recorded as the difference between the carrying amount after depreciation in the annual financial statements of these subsidiaries and the Fair Value. These are recorded at a rate of 16.995%, as it is the intention to merge these subsidiaries with the public RREC.

The Company also has a number of buildings that are located in the Netherlands. These collectively form a permanent establishment in the Netherlands. The tax on profits, due by the permanent establishment in the Netherlands, is estimated at 25% of its taxable result.

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 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.

Investment table	Investment property in operation	Property developments	Total
Balance on 31 December 2015	157,879	36,875	194,753
Acquisition through purchase or contributions of real estate companies	33,048	0	33,048
Further CAPEX investments	2,270	11,767	14,037
Purchase and contribution of investment property	25,298	0	25,298
Sale of investment property	-2,763	0	-2,763
Capitalised interest charges	0	389	389
Change in the Fair Value	603	509	1,112
Transfer from/to	49,539	-49,539	0
Balance on 31 December 2016	265,873	0	265,873
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			
Balance on 31 December 2017	461,905	26,857	488,762

Capitalised interest charges with regard to properties that are the object of property developments were capitalised at an interest rate of 1.9% during 2017.

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 2017, 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 2016.

Investment property is recognised in the accounts on the basis of appraisal reports that are drawn up by independent and expert property appraisers.

The appraisal of the property portfolio was drawn up by Stadim (Belgium and some of the Netherlands) and DTZ (the Netherlands).

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

For a further explanation of the valuation methods, please refer to *Chapter 8.2.2.1 of this Annual Report*.

The Fair Value is determined on the basis of one of the following levels of the IFRS 13 hierarchy:

- Level 1: valuation based on listed market prices in active markets
- Level 2: valuation based on direct or indirect data that can be observed externally
- Level 3: valuation based fully or partially on data that cannot be observed externally

The property portfolio is assessed at the Fair Value. The Fair Value is measured based on unobservable inputs, so the assets within the investment property belong to level three of the Fair Value hierarchy as determined by the IFRS.

Unobservable inputs in the measurement of the Fair Value

Asset types	Fair Value on 31/12/2017	Assessment method	Country	Unobservable data	Min.	Max.	Weighted average
Student flats	171,069	DCF	Belgium	Rent per student room	265	1,060	360
				Discount rate	4.32%	5.00%	4.45%
				Vacancy	0.00%	52.00%	3%
	215,705	DCF	The Netherlands	Rent per student room	250	735	455
				Discount rate	5.61%	8.10%	6.37%
				Vacancy	0%	0%	0%
Other	25,740	DCF	Belgium	Gross rental income/m ²	212	325	220

				Discount rate	4.00%	5.45%	4.50%
				Vacancy	0,00%	13.00%	3%
	76,249	DCF	The Netherlands	Gross rental income/m ²	100	220	186
				Discount rate	6.25%	8.50%	7.7%
				Vacancy	4.00%	6.00%	4%
Totaal	488,762						

Types activa	Fair Value on 31/12/2016	Assess-ment method	Country	Unobservable data	Min.	Max.	Weighted average
Student flats	158,349	DCF	Belgium	Rent per student room	210	1,060	360
				Discount rate	4.33%	4.65%	4.45%
				Vacancy	0.00%	52.00%	3%
	76,611	DCF	The Netherlands	Rent per student room	250	696	385
				Discount rate	5.60%	7.75%	6.50%
				Vacancy	0%	0%	0%
Other	28,278	DCF	Belgium	Gross rental income/m ²	212	395	230
				Discount rate	4.00%	5.45%	4.50%
				Vacancy	0,00%	13.00%	3%
	2,635	DCF	The Netherlands	Gross rental income/m ²	100	225	198
				Discount rate	6.60%	8.15%	7%
				Vacancy	4.00%	6.00%	4%
Totaal	265,873						

There is a significant gap between the minimum and maximum rents for student rooms. This is because the rent for the different rooms depends on various factors (size of the room, en-suite or not, with or without own kitchenette, location in the building, etc.). For more information on the average room price and influencing factors, please refer to **Chapter 8.2.2.4 of this Annual Report**.

The valuation expert also takes into account the end value of the property. On average, this end value amounts to 50% of the Fair Value. This is due to the fact that Xior's properties are in good locations, so that the land value included in the Fair Value of the property involves a high end value.

In the valuation, the valuation expert also allows for the ageing of the buildings. To this end, an annual rate of depreciation is applied to the value of the building when calculating the Fair Value. This corresponds to approximately 2% per annum on the value of the building. The valuation expert assumes that thorough renovation will be required after a period of time in order to ensure that rental streams are maintained.

The sensitivity of the Fair Value to a 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 ²	Negative	Positive
Vacancy	Positive	Negative

These unobservable data may also be interconnected as they are partly determined by the market conditions.

If the discount rate or rents were to rise or fall, the impact on the Fair Value would be as follows:

Impact on the Fair Value	In KEUR
Rent +10%	59,070
Rent +5%	29,536
Rent -5%	-29,495
Rent -10%	-59,150
Discount rate +0.5%	-46,106
Discount rate +0.3%	-28,675
Discount rate +0.1%	-9,927
Discount rate -0.1%	10,351
Discount rate -0.3%	32,289
Discount rate -0.5%	56,134

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 Expert').

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.

	31/12/2017 Other tangible fixed assets	31/12/2016 Other tangible fixed assets
Tangible fixed assets		
Acquisition value		
Balance at the start of the financial year	308	256
Acquisitions	136	52
At the financial year-end	445	308
Depreciation		
Balance at the start of the financial year	-60	-16
Depreciation	-38	-44
At the financial year-end	-98	-60
Net carrying value	347	248

10.9.10 FINANCIAL FIXED ASSETS

Figures in thousands of EUR.

	31/12/2017	31/12/2016
Financial fixed assets		
Financial derivatives (IRS)		
Other	21	21
Total	21	21

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 Netherlands²¹, 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 Promiris Student NV as at 31 December 2017. 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 Promiris Student on 31 December 2017.

Promiris Student NV Summary of assets and liabilities (100%)	
Investment property	8,884
Other assets	4
Cash and cash equivalents	81
Equity	973
Non-current debts	7,973
Other debt	18
Adjusted equity (100%)	973
Paid share price (50%)	298
Joint venture result	189

²¹ This rental property tax is in force in the Netherlands, where landlords owning more than 10 rental properties have to pay a tax on the property tax value of rented accommodation. This applies to rental properties for which the rent does not exceed EUR 710.68 per month (2017 price level). The rental property tax rate for 2017 is 0.536%. If the applicable conditions are met, this tax can be reduced in case of investments.

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 2017.

Xior has granted a shareholder loan to joint venture Promiris. On 31 December 2017, the outstanding receivables were KEUR 7,973. The receivable is interest bearing at 2% per year.

10.9.13 TRADE RECEIVABLES

Figures in thousands of EUR.

	31/12/2017	31/12/2016
Trade receivables		
Trade receivables	1,435	542
Invoices to issue		0
Income to be collected	176	0
Credit notes to be received	2	0
Other	80	0
Total	1,692	542

Trade receivables still to be collected (KEUR 1,435) include rent still to be received.

Figures in thousands of EUR.

	31/12/2017	31/12/2016
Impairments on doubtful debts – movement table		
At the financial year-end	20	0
From acquired companies		
Additions	6	20
Reversals		
Written off as no longer collectible	-17	
At the financial year-end	9	20

Provisions for doubtful debts are generally made on an individual basis, when needed. There is a risk that a loss will be suffered on a receivable. This risk is limited because a rental guarantee of at least one month's rent, and in most cases two months' rent, is requested at the start of the tenancy agreement.

The provision for doubtful debts is established as follows: the list of overdue rent is monitored closely internally. Based on an assessment by the management or when there are clear indications that the receivables can no longer be collected, a provision is established. A provision of KEUR 9 was established on 31 December 2017.

Receivables ageing summary

Figures in thousands of EUR.

Ageing of outstanding customers	
not due	596
30 days	225
31-60 days	524
61-90 days	48
more than 90 days	42
Total	1,435

The amount included under more than 90 days is guaranteed by a received collection guarantee on acquisition, so if the amount cannot be recovered from the tenant, it can be recovered from the Seller.

10.9.14 TAX RECEIVABLES AND OTHER CURRENT ASSETS

Figures in thousands of EUR.

	31/12/2017	31/12/2016
Tax receivables and other current assets		
Tax to be reclaimed	730	3
VAT to be reclaimed	48	169
Other	10,091	1,879
Total	10,869	2,051

On 31 December 2017, the other current assets include a shareholder loan granted to joint venture Promiris Student (KEUR 7,973). This includes a current account position with the Promoter (KEUR 1,781).

This also includes receivables for rental guarantees provided by the Sellers of projects acquired in the course of 2016 and 2017. The Sellers provided rental guarantees for the acquisition of The Spot Eindhoven, Utrecht Willem Dreeslaan, The

Safe Venlo, De Keulse Poort , Antonia Veerstraat and Waldorpstraat. 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.

	31/12/2017	31/12/2016
Cash and cash equivalents		
Banks	804	4,075
Cash resources	11	23
Totaal	815	4,098

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.

	31/12/2017	31/12/2016
Accruals and deferred payments – Assets		
Accrued rental income	35	
Prepaid property charges	94	430
Other	66	110
Total	195	540

Other relates mainly to overheads to be deferred.

10.9.17 CAPITAL

Figures in thousands of EUR.

Evolution of capital

Date	Transaction
10 March 2014	Incorporation of company
23 September 2015	Capital increase
23 November 2015	Share split
11 December 2015	Sister mergers
11 December 2015	Capital increase by way of non-cash contribution as a result of the Share Contribution
11 December 2015	Mergers by acquisition
11 December 2015	Capital increase below accounting par value through cash contributions for the issue of new shares
11 December 2015	Capital reduction to create a reserve to cover foreseeable losses
1 March 2016	Merger with Devimmo NV
1 August 2016	Merger with CPG CVBA
11 October 2016	Contribution in kind of Woonfront Tramsingel BV
17 January 2017	KVS project contribution in kind
22 June 2017	Capital increase

Evolution

Figures in thousands of EUR.

Date	Transaction	Issue premiums
31 December 2015		25,615
1 March 2016	Merger with Devimmo NV	1,615
1 August 2016	Merger with CPG CVBA	514
11 October 2016	Woonfront contribution in kind	4,517
17 January 2017	KVS project contribution in kind	2,394
22 June 2017	Capital increase	35,222
Total issue premiums on 31 December 2017		69,877
Unavailable issue premiums		65,256
Available issue premiums		4,621

The Extraordinary General Meeting of 15 December 2017 made available EUR 4,621,031 of the share premiums.

	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

Authorised capital

At the extraordinary general meeting of 23 November 2015, the Board of Directors was issued to increase the authorised capital on one or more occasions, subject to a maximum amount of EUR 83,282,040. For this purpose, see Article 7 of the Articles of Association included under *Chapter 12.5. of this Annual Report*.

This authorisation was granted to the Board of Directors for a five-year period from the publication in the Annexes to the Belgian Official Journal of the minutes of the extraordinary general meeting of 23 November 2015. This authorisation can be renewed. The Board of Directors will determine the price, any issue premium and the issue conditions of the new securities for each capital increase.

These capital increases may be implemented by cash contributions, non-cash contributions, mixed contributions or the conversion of reserves, including retained profits and issue premiums, as well as all equity components under the 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. Where applicable, in case the Board of Directors has adopted a resolution for a capital increase, the Board of Directors must place the issue premiums in a non-distributable reserve that serves as a guarantee for third parties in the same way as the capital and which, subject to its incorporation in the capital, will only be able to be reduced or abolished by means of a resolution of the general meeting of shareholders deliberating in accordance with the conditions for a quorum and majority that apply to an amendment of the Articles of Association.

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 diversification 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 diversification of an optional dividend, insofar as this is actually made payable in respect of all shareholders.

Under the same conditions as set out above and subject to the applicable statutory provisions, the Company may, with the exception of profit-sharing certificates and similar securities, issue the securities referred to in Article 460 of the Belgian Companies Code and any other securities permitted by company law in accordance with the rules prescribed for that purpose and the Legislation on Regulated Real Estate Companies.

The right in relation to the authorised capital may never be used for the following transactions:

- i. capital increases that are mainly brought about by a non-cash contribution exclusively reserved for a shareholder of the Company who holds securities of the Company to which more than 10% of the voting rights are attached.

Securities held by the following persons are added to those held by this shareholder (Article 606(1)(1) of the Belgian Companies Code):

- a third party acting in their own name but on behalf of the aforementioned shareholder;
 - a natural person or legal entity affiliated with the aforementioned shareholder;
 - a third party acting in their own name but on behalf of a natural person or legal entity affiliated with the aforementioned shareholder;
 - persons acting in joint consultation, which refers to (a) the natural persons or legal entities who act in joint consultation within the meaning of Article 3, Section 1(5)(a) of the Belgian 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. the issue of warrants that are mainly intended for one or more specific persons, other than employees of the Company or of one or more of its subsidiaries (Article 606(1)(3) of the Belgian Companies Code).

The capital was increased by means of the authorised capital in the course of 2017. The Authorised Capital balance was EUR 25,728,372 on 31 December 2017.

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 2017 are:

Shareholder	%
Aloxe NV - Dhr. C. Teunissen & Dhr. Frederik Snauwaert	23.17% ¹
AXA Investment Managers SA	5.19% ²

¹ The number of shares and percentage are updated based on public information on the capital increase of June 2017, the denominator on 22 June 2017 (8,128,249) and the published trading transactions.

² Based on the transparency notice of 21 December 2016 and the denominator on 21 December 2016 (5,270,501).

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 under the heading Investor Relations – Shareholder Structure).

10.9.19 EARNINGS PER SHARE

	31/12/2017	31/12/2016
Number of ordinary shares in circulation	8,128,249	5,270,501
Weighted average number of shares ²²	6,851,483	4,926,405
Net result per ordinary share (in EUR) ²³	1.60	1.02
Diluted net result per ordinary share (in EUR) ²⁴	1.60	1.02
EPRA earnings per share (in EUR)²⁵	1,43	1,17

10.9.20 OTHER NON-CURRENT FINANCIAL LIABILITIES

The other non-current financial liabilities are KEUR 924 on 31 December 2017. They relate to the market value of the outstanding interest rate swap (IRS) agreements on 31 December 2017.

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
Total					924,370.67

²² The earnings per share are calculated based on the weighted average number of shares. This means that the shares are included from the moment they are issued.

²³ The net result per ordinary share is calculated as follows: net result divided by the weighted average number of shares.

²⁴ The diluted net result per ordinary share is calculated as follows: net result divided by the weighted average number of shares.

²⁵ EPRA earnings per share are calculated as follows: net result – income from sales 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 weighted average number of shares. For the reconciliation table of this APM, please refer to Chapter 10.8.

31/12/2016

IFRS classification	Level (IFRS)	Notional amount	Variable interest rate (in %)	Fixed interest rate (in %)	Expires on	Fair value liabilities
Interest Rate Swap	2	52,000,000	Euribor 3M	0.465%	29/12/2023	1,095,151.00
Interest Rate Swap	2	48,000,000	Euribor 3M	0.31%	31/12/2022	771,257.32
Total		100,000,000				1,866,408.32

The market value of the outstanding *Interest Rate Swap* contracts is received from the various financial institutions.

10.9.21 DEFERRED TAXES

Figures in thousands of EUR.

	31/12/2017	31/12/2016
Deferred taxes – liabilities		
Exit tax	0	0
Deferred taxes on capital gains on property abroad	6,988	284
Total	6,988	284

These are deferred taxes on Dutch property. The increase in deferred taxes was caused by the 2017 acquisitions.

Please also refer to *Chapter 10.9.7*.

10.9.22 FINANCIAL DEBTS

Figures in thousands of EUR.

	31/12/2017	31/12/2016
Non-current financial debts		
Bilateral loans – variable or fixed interest rate	264,000	131,500
Loan drawdown costs	-262	-185
Total	263,738	131,315

Figures in thousands of EUR.

	31/12/2017	31/12/2016
Non-current financial debts (excl. interests) - Breakdown according to maturity²⁶		
Between one and two years	11,994	29,971
Between two and five years	251,744	101,345
More than five years	0	0
Total	263,738	131,315

Figures in thousands of EUR.

	31/12/2017	31/12/2016
Unused loans		
Due within one year	4,000	
Due after one year		18,500
Total	4,000	18,500

All financial debts have no underlying collateral.

All financial debts have a variable interest rate. In 2016 and 2017, IRS contracts were signed to hedge part of the loans and swap the variable interest rates with fixed interest rates. A total of KEUR 193,000 in financing is hedged with IRS contracts. This means 73% of financing drawn down is hedged.

Figures in thousands of EUR.

	31/12/2017	31/12/2016
Estimated future interest charges		
Within one year	2,713	1,985
Between one and five years	6,654	4,207
More than five years		
Total	9,367	6,192

Figures in thousands of EUR.

	31/12/2017	31/12/2016
Liquidity liability at maturity dates associated with the hedging instruments		
Within one year	1,657	543
Between one and five years	8,284	1,126
More than five years	839	
Total	10,780	1,669

The estimate of future interest expenses takes into account the debt position on 31 December 2017.

On 11 December 2015, Xior Student Housing NV concluded two financing agreements to obtain the funds necessary to acquire the initial property portfolio and to finance future growth. All the terms of these financing agreements were already documented and agreed before 11 December 2015, but the actual financing was provided on 11 December 2015. In the course of 2016 and 2017, new financing agreements were signed in order to finance Xior Student Housing NV's acquisitions. For Xior Student Housing's debt ratio, please refer to *Chapter 10.9.33 of this Annual Report*. This concerns bullet loans taken out with various banks, with terms varying from three to five years. The average term is 3.48 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 December 2017
-0.20%	-2,333 KEUR
+0.20%	+2,340 KEUR

Change in interest rate	Impact on change in fair value of IRSs on 31 December 2016
-0.20%	-1,301 KEUR
+0.20%	+1,301 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 2017.

A 60% maximum debt ratio (cf. calculation provided in the Belgian Royal Decree on Regulated Real Estate Companies), an interest cover ratio of at least 2.5 and minimal hedging of 70%. For a more detailed description of the financing agreements signed by the Company, please also refer to *Chapter 5.3.1 of this Annual Report*.

Interest rate sensitivity**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.

2016

If the Euribor were to rise or fall by 20 basis points, approximately KEUR 96 would be due in interest. 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.

	31/12/2016	Cash flows	Non-cash changes		Reclassification	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
Total	133,181	132,975	-552	-942	0	264,662

10.9.23 TRADE DEBTS

Figures in thousands of EUR.

	31/12/2017	31/12/2016
Trade debts		
Trade debts	1,586	1,125
Invoices to be received	565	120
Taxes and social security contributions	916	1,016
Other	390	
Liquidation bonus to be paid		0
Exit tax		3,469
Total	3,457	5,729

Taxes and social security are mainly income taxes still payable for the merged subsidiaries, estimated taxes for permanent establishment and payable VAT.

The short-term exit tax debt on 31 December 2016 is the exit taxes payable for the merged companies, which was paid in 2017.

10.9.24 OTHER CURRENT LIABILITIES

Other current liabilities KEUR 3,044 (2016: KEUR 1,583) are mainly rental guarantees received from tenants. The increase of the other current liabilities is caused by the increased number of tenants.

10.9.25 ACCRUED LIABILITIES AND DEFERRED INCOME

Figures in thousands of EUR.

	31/12/2017	31/12/2016
Accrued liabilities and deferred income	1,436	512
Real estate expenses to be allocated	587	226
Accrued interests	237	
Other	284	362
Total	2,544	1,100

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.

Summary of financial assets and liabilities	31/12/2017	31/12/2017	31/12/2016	31/12/2016	Level
	Carrying amount	Fair value	Carrying amount	Fair value	
Assets					
Financial fixed assets	1,301	1,301	156	156	
Financial fixed assets	21	21	21	21	Level 2
Trade receivables and other fixed assets	135	135	135	135	Level 2
Deferred taxes – assets	2	2			Level 2
Participating interests in associated companies and joint ventures	1,143	1,143			Level 2
Financial current assets	13,367	13,367	6,691	6,691	
Trade receivables	1,683	1,683	542	542	Level 2
Tax receivables and other current assets	10,869	10,869	2,051	2,051	Level 2
Cash and cash equivalents	815	815	4,098	4,098	Level 1
Total financial assets	14,668	14,668	6,847	6,847	
Liabilities					
Non-current financial liabilities	252,668	252,668	133,182	133,182	
Non-current financial liabilities	251,744	251,744	131,315	131,315	Level 2
Financial derivatives	924	924	1,866	1,866	Level 2
Current financial liabilities	18,495	18,495	7,312	7,312	
Current financial liabilities	11,994	11,994			
Trade debts and other current liabilities	3,457	3,457	5,729	5,729	Level 2
Other current liabilities	3,044	3,044	1,583	1,583	Level 2
Total financial liabilities	271,163	271,163	140,494	140,494	

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. On 31 December 2017, Xior Student Housing NV had KEUR 251,744 of financial debt at variable interest rates. As the loans were taken out at variable interest rates, the fair value of these liabilities is the same as their book value. These loans are 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.

	31/12/2017	31/12/2016
Transactions with related parties		
Management fee	672	600
Fee of independent directors	75	81
Total	747	681
Receivables from the Promoter	1,781	1,659

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 2017, Xior Student Housing NV has KEUR 1,781 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, Section 6 of the Belgian Companies Code, the one-to-one rule must be assessed in relation to Xior Student Housing NV and may not be exceeded.

Figures in thousands of EUR.

	31/12/2017	31/12/2016
Mandate of the Statutory Auditor (Xior Student Housing NV)	26	25
Mandate of the Statutory Auditor (subsidiaries)	5	8
Audit engagements under the Belgian Companies Code	21	11
Other audit engagements (comfort letter, etc.)	35	
Tax consultancy assignments		
Other assignments outside the audit engagements	6	
Total	93	44

10.9.29 ACQUIRED REAL ESTATE COMPANIES AND INVESTMENT PROPERTY

The Company is achieving its growth strategy and its portfolio contained 71 properties on 31 December 2017. The acquisitions achieved in the course of 2017 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 134 independent student units in Leiden (Campus Verbeekstraat)

On 30 November 2017, Xior acquired student complex Verbeekstraat Campus consisting of 134 self-contained furnished units on Verbeekstraat and Plesmanlaan in Leiden. The overall investment value for the building in question is approximately EUR 12.7 million and the Fair Value is approximately EUR 14.6 million.

Acquisition of 60 student units that are not self-contained in Breda

On 27 October 2017, Xior acquired a student complex at Tramsingel 21, Breda. The complex consists of 60 student units that are not self-contained and also has communal areas. This acquisition has a total investment value of approximately EUR 3.8 million and a Fair Value of approximately EUR 4.8 million.

Acquisition of an office property to be redeveloped in Delft (Phoenix) – approximately 100 units

On 19 July 2017, Xior acquired an office property for redevelopment from the local council of Delft located at Phoenixstraat 16, Delft in order to develop around 100 units with a total investment value (after conversion) of approximately EUR 8.6 million. In the current condition, the Fair Value is approximately EUR 6.7 million.

Acquisition of 69 student units in Brussels via contribution in kind

Xior acquired a student complex²⁷ consisting of two buildings opposite each other on Ladderstraat in Brussels (KVS project). The land and structures already erected at the time were entered by means of a contribution in kind to Xior's capital on 17 January 2017. The value of the contribution was based on the value of the land and the structures already completed (at the time) and resulted in a capital increase of EUR 5,064,067 (including issue premium). This acquisition has a total investment value of approximately EUR 8.1 million and a Fair Value of approximately EUR 8.9 million (once the works have been completed).

Acquisition of 108 independent student units in Delft

On 5 January 2017, Xior acquired a student property²⁸ consisting of 108 brand-new self-contained furnished student units. This acquisition has a total investment value of approximately EUR 13.5 million and a Fair Value of approximately EUR 13.4 million.

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 a new build project in Groningen

On 13 October 2017, Xior acquired a brand new student complex under construction on Oosterhamrikkade in Groningen. The complex consists of 180 self-contained student units and also has communal areas. The project was acquired through the purchase of 100% of the shares in the real estate company involved. This transaction has an expected initial yield of approximately 6.5% and a total investment value after completion of approximately EUR 20 million.

OHK Groningen Summary of acquired assets and liabilities	In KEUR
Investment property	18,465
Other assets	
Cash and cash equivalents	
Equity	9,731
Deferred taxes	649
Non-current debts	7,523
Other debt	562
Adjusted equity	9,731
Purchase price of shares	9,728

Acquisition of a student complex in Rotterdam (Campus Woudestein)

On 5 September 2017, Xior acquired a student complex in Rotterdam (Woudestein Campus near Erasmus University) with an investment value of approximately EUR 30 million (Fair Value of EUR 30.3 million) and an initial return of approximately

²⁷ See Press Releases dated 9 June 2016 and 17 January 2017

²⁸ See Press Releases dated 5 August 2016 and 5 January 2017.

5.8%. The complex consists of 280 independent student units on eight floors as well as common areas. Xior acquired the property by buying 100% of the shares in the relevant real estate companies.

Woude Summary of acquired assets and liabilities	In KEUR
Investment property	30,301
Other assets	376
Cash and cash equivalents	431
Equity	12,872
Deferred taxes	822
Non-current debts	16,954
Other debt	459
Adjusted equity	12,872
Purchase price of shares	14,046

Acquisition of 190 student rooms in Delft and The Hague

On 31 August 2017, Xior acquired the shares in the real estate companies owning a total of 190 student units in The Hague (72 units) and Delft (118 units) with a total investment value of approximately EUR 25.9 million (Fair Value of EUR 25.9 million) and an initial return of approximately 5.9%.

Antonia Veerstraat Summary of acquired assets and liabilities	In KEUR
Investment property	16,642
Other assets	12
Cash and cash equivalents	4
Equity	3,937
Deferred taxes	251
Non-current debts	11,395
Other debt	1,075
Adjusted equity	3,937
Purchase price of shares	4,523

Waldorpstraat Summary of acquired assets and liabilities	In KEUR
Investment property	9,280
Other assets	
Cash and cash equivalents	3
Equity	1,882
Deferred taxes	121
Non-current debts	6,246
Other debt	1,034
Adjusted equity	1,882
Purchase price of shares	2,104

The acquisition of three properties in Utrecht and Venlo – 300 units

On 7 July 2017, Xior acquired the shares in three real estate companies (Utrecht Willem Dreeslaan B.V., De Keulse Poort B.V. and The Safe B.V.), which own one recently renovated property in Utrecht and two properties in Venlo respectively. The total conventional value of the underlying real estate is approximately EUR 27.5 million (Fair Value of EUR 29 million) and the total average initial return is approximately 6.8%.

Utrecht Willem Dreeslaan Summary of acquired assets and liabilities	In KEUR
Investment property	8,980
Other assets	60
Cash and cash equivalents	32
Equity	3,851
Deferred taxes	251
Non-current debts	4,813
Other debt	157
Adjusted equity	3,851
Purchase price of shares	3,993

The Safe Summary of acquired assets and liabilities	In KEUR
Investment property	7,194
Other assets	46
Cash and cash equivalents	29
Equity	2,696
Deferred taxes	186
Non-current debts	4,340
Other debt	47
Adjusted equity	2,696
Purchase price of shares	2,683

De Keulse Poort Summary of acquired assets and liabilities	In KEUR
Investment property	12,250
Other assets	248
Cash and cash equivalents	81
Equity	5,591
Deferred taxes	369
Non-current debts	6,410
Other debt	209
Adjusted equity	5,591
Purchase price of shares	6,580

Acquisition of office complexes to be converted in Rotterdam and The Hague

On 31 May 2017, Xior acquired two office complexes to be converted on Heer Bokelweg in Rotterdam and on Lutherse Burgwal in The Hague. This transaction has an expected initial return of approximately 7% after reconversion and will result in about 500 extra units with a total investment value of approximately EUR [67.4] million after reconversion once the permit has been obtained and the planned redevelopment has been completed.

Burgwal Den Haag Summary of acquired assets and liabilities	In KEUR
Investment property	15,741
Other assets	0
Cash and cash equivalents	0
Equity	4,798
Deferred taxes	306
Non-current debts	10,580
Other debt	0
Adjusted equity	4,798
Purchase price of shares	3,612

Bokelweg Rotterdam Summary of acquired assets and liabilities	In KEUR
Investment property	30,145
Other assets	0
Cash and cash equivalents	0
Equity	10,295
Deferred taxes	657
Non-current debts	19,080
Other debt	113
Adjusted equity	10,295
Purchase price of shares	8,920

Acquisition of an office complex in Amstelveen that is to be converted

On 6 April 2017, Xior acquired an office complex development project, which the Company intends to convert after it has obtained the required permits. Xior acquired these properties by buying 100% of the shares in the relevant real estate company Amstelveen Keesomlaan 6-10 B.V. After the proposed redevelopment, the property will provide approximately 300 student units with a total investment value of approximately EUR 30 million.

Keesomlaan 6-10 Amstelveen Summary of acquired assets and liabilities	In KEUR
Investment property	21,069
Other assets	34
Cash and cash equivalents	4
Equity	12,703
Deferred taxes	859
Non-current debts	7,397
Other debt	148
Adjusted equity	12,703
Purchase price of shares	13,945

For the accounting treatment of these acquisitions, please refer to the principle for consolidation.

Intra-group mergers

Amstelveen Keesomlaan 6-10 B.V., Bokelweg B.V., Burgwal B.V., Utrecht Willem Dreeslaan B.V., The Safe B.V., De Keulse Poort B.V., Woude B.V., Woonfront-Antonia Veerstraat B.V., Woonfront-Waldorpstraat B.V. en OHK Vastgoed B.V. merged with Xior Student Housing on 16 December 2017.

10.9.30 AVERAGE HEADCOUNT AND BREAKDOWN OF STAFFING COSTS

	31/12/2017	31/12/2016
Average headcount (in FTE)	18.3	17.8
Blue collars	6	7
White collars	14	14
Administrative staff	3	3
Commercial staff	11	12
Technical staff	6	6

Staffing costs (in thousands of EUR)	1,008	855
Remuneration and direct social benefits	749	645
Company social security contributions	240	198
Company contributions for non-compulsory insurance policies		
Other staffing costs	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 2017:

Name	Country	Share in the capital
Companies fully included in the consolidation		
Stubis BVBA	Belgium	100%
Joint Venture		
Promiris Student NV	Belgium	50%

On 31 December 2016:

Name	Country	Share in the capital
Stubis BVBA	Belgium	100%

10.9.33 DEBT RATIO

Figures in thousands of EUR.

Consolidated debt ratio (max. 65%)	31/12/2017	31/12/2016
Total liabilities	280,696	141,877
Adjustments	-10,456	-3,250
Total debts according to the Royal Decree of 13 July 2014	270,239	138,627
Total assets	503,987	273,507
Adjustments	0	0
Total assets according to the Royal Decree of 13 July 2014	503,987	273,507
Debt ratio (in %)	53.62%	50.69%

Further notes on the evolution of the debt ratio

The legislation on Regulated Real Estate Companies, more specifically Article 24 of the Royal Decree on Regulated Real Estate Companies, states that if the RREC's consolidated debt ratio exceeds 50%, it must prepare a financial plan with an implementation schedule describing the steps that will be taken to prevent the debt ratio rising above 65% of the consolidated assets. The Statutory Auditor will prepare a special report on this financial plan. This report will confirm that the auditor has verified that the plan's preparation method uses the correct economic foundations and the plan's figures correspond with the RREC's accounting figures.

The half-yearly and annual financial reports must specify how the financial plan was implemented in the relevant period and how the RREC will implement the plan in the future.

Evolution of the debt ratio

On 31 December 2017 the consolidated debt ratio of Xior Student Housing NV is 53.62%, compared with 50.68% on 30 September 2017. This is still above the 50% threshold. The Company strives towards a responsible debt structure with a long-term debt ratio of below 55%.

Based on the debt ratio of 53.62% on 31 December 2017, Xior Student Housing NV still has additional investment potential of approximately EUR 163 million without exceeding the maximum debt ratio of 65%. With a current committed pipeline (2018) worth approximately EUR 47 million, this is therefore significantly below the legal limit of 65%. There is still room for EUR 80 million of new investments before the 60% threshold is crossed.

The appraisal of the property portfolio also has an impact on the debt ratio. Taking into account the capital base on 31 December 2017, the maximum debt ratio of 65% would only be exceeded if the value of the property portfolio were to fall by approximately EUR 88 million, which is about 18% of the EUR 489 million property portfolio on 31 December 2017.

In Xior Student Housing NV's opinion, the current debt ratio is at an acceptable level and there is still a sufficient margin to absorb any decreases in property value.

Expected evolution of the debt ratio

Based on the current financial plan and taking into account the acquisitions that will be completed during 2018, Xior Student Housing NV is expecting a debt ratio of around 55% compared with 53.62% on 31 December 2017, barring any unforeseen circumstances.

This estimate takes into account the following elements:

- The implementation of the acquisition pipeline
- The retained earnings taking into account the expected profit forecast for 2017 and 2018 and the dividend payment for the financial year of 2017.
- A stable valuation of the RREC's property portfolio.

The proposed dividend with a payout ratio of 84% will also help control the debt ratio.

However, these expectations may be affected by unforeseen circumstances. Please refer to the *chapter on risk management in this Annual Report* in this regard.

Conclusion

The Board of Directors of Xior Student Housing NV believes that the debt ratio will not exceed 65% and that based on the current economic and real estate trends, planned investments and expected evolution of the public RREC's equity, no additional steps are required.

The goal is to maintain the debt ratio at a level around 55%, and to continue to strive towards a balanced growth of both equity and debt.

Xior Student Housing NV will monitor the evolution of the debt ratio closely. If certain events were to require an adjustment of the public RREC's policy, the Company will not fail to make the adequate adjustments, which will result in mandatory reporting where applicable, as required by the statutory disclosure regulations the Company must comply with.

10.9.34 OFF-BALANCE SHEET RIGHTS AND OBLIGATIONS

A number of properties were acquired from third parties in the course of 2016 and 2017. The sellers provided rental guarantees for a number of these properties. The term of these rental guarantees varies from 12 to 24 months starting from the transfer date. More specifically, the company has received a rental guarantee for the property on Tongerseweg in Maastricht (ended since September 2017), Kronehoefstraat in Eindhoven, Tramsingel in Breda (ended since October 2017), Willem Dreeslaan in Utrecht, Spoorstraat in Venlo, Kwietheuvel in Venlo, Antonia Veerstraat in Delft, Waldorpstraat in The Hague and Campus Verbeekstraat in Leiden.

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. No date has yet been set for the case before the Court of Appeal.

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 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 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
Reviseur d'Entreprises / Bedrijfsrevisor

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF XIOR STUDENT HOUSING NV ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

In accordance with legal requirements, we report to you on the performance of our mandate of statutory Auditor. This report includes our report on the Consolidated Financial Statements for the year ended 31 December 2016 as defined below, as well as our report on other legal and regulatory requirements. These Consolidated Financial Statements comprise the consolidated balance sheet as at 31 December 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as notes, comprising a summary of significant accounting policies and other explanatory information.

Report on the Consolidated Financial Statements – Unqualified opinion

We have audited the Consolidated Financial Statements of Xior Student Housing NV ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2016, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and

implemented by the royal decree of 13 July 2014, and with the legal and regulatory requirements applicable in Belgium. The total of the consolidated balance sheet amounts to '000' EUR 273.507 and the consolidated income statement shows a profit for the year of '000' EUR 5.016.

Board of directors' responsibility for the preparation of the Consolidated Financial Statements

The board of directors is responsible for the preparation and fair presentation of Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union and implemented by the royal decree of 13 July 2014, and with legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of Consolidated Financial Statements which are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these

Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA) as endorsed in Belgium. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the statutory auditor's judgment, including his assessment of the risks of material misstatement in the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the Consolidated Financial Statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Unqualified Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the group's net equity and consolidated financial position as at 31 December 2016 and of its consolidated financial performance and its consolidated statement of cash flows for the year then ended in accordance with International Financial Reporting Standards

as adopted by the European Union and implemented by the royal decree of 13 July 2014, and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the board of directors' report on the Consolidated Financial Statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not impact our opinion on the Consolidated Financial Statements:

- The board of directors' report on the Consolidated Financial Statements, prepared in accordance with article 119 of the Companies' Code and to be deposited in accordance with article 100 of the Companies' Code, includes, both in terms of form and content, the information required by law, is consistent with the Consolidated Financial Statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Sint-Stevens-Woluwe, 6 April 2017

The Statutory Auditor

PwC Reviseurs d'Entreprises scrl/ Bedrijfsrevisoren bcvba
Represented by

Damien Walgrave

Reviser d'Entreprises / Bedrijfsrevisor

10.10

CONDENSED VERSION OF XIOR STUDENT HOUSING NV'S STATUTORY ANNUAL FINANCIAL STATEMENTS

Xior Student Housing NV's statutory annual financial statements are based on the IFRS standards and in accordance with the Royal Decree on Regulated Real Estate Companies of 13 July 2014. The full version of Xior Student Housing NV's 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) and from the registered office on request.

The Statutory Auditor has issued an unqualified opinion without reservations for the statutory annual financial statement of Xior Student Housing NV.

10.10.1 STATUTORY INCOME STATEMENT

Figures in thousands of EUR.

			31/12/2017	31/12/2016
I	(+)	Rental income	15,271	9,644
	(+)	Rental income	14,793	8,623
	(+)	Rental guarantees	501	1,035
	(+/-)	Rent reductions	-23	-14
III	(+/-)	Rent-related expenses	-91	-57
		Impairments of trade receivables	-91	-57
NET RENTAL INCOME			15,180	9,586
V	(+)	Recovery of rental charges and taxes normally payable by the tenants for let properties	2,333	1,300
		Transmission of rental charges borne by the owner	2,234	1,202
		Charges for withholding tax and taxes on let properties	99	98
VII	(-)	Rental charges and taxes normally payable by the tenants for let properties	-2,688	-1,345
		Rental charges borne by the proprietor	-2,596	-1,247

		Advance levies and taxes on let properties	-92	-98
	(+/-)	Other rent-related income and expenditure	722	622
		PROPERTY RESULT	15,547	10,163
IX	(-)	Technical costs	-959	-628
		Recurring technical costs	-957	-627
	(-)	<i>Maintenance</i>	-859	-560
	(-)	<i>Insurance premiums</i>	-98	-67
		Non-recurring technical costs	-2	-1
	(-)	<i>Damages</i>	-2	-1
X	(-)	Commercial costs	-204	-216
	(-)	Publicity	-194	-216
	(-)	Lawyers' fees and legal costs	-10	
XII	(-)	Property management costs	-1,011	-577
	(-)	Management costs (external)	-491	-204
	(-)	Management costs (internal)	-520	-373
XIII	(-)	Other property charges	-720	-438
	(-)	Architects' fees	-1	
	(-)	Valuation expert fees	-154	-112
	(-)	Other	-565	-327
		PROPERTY CHARGES	-2,894	-1,859
		PROPERTY OPERATING RESULT	12,653	8,304
XIV	(-)	General company expenses	-2,016	-1,782
XV	(+/-)	Other operating result and costs	0	-8
		OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	10,637	6,514
XVI	(+/-)	Result from the sale of investment property	31	106
	(+)	Net property sales (sales price - transaction fees)	1,349	2,870
	(-)	Book value of the sold property	-1,318	-2,763
XVIII	(+/-)	Changes in the Fair Value of investment property	4,127	1,111
	(+)	Positive changes in the Fair Value of investment property	5,404	3,261

	(-)	Negative changes in the Fair Value of investment property	-1,277	-2,150
XXIX	(+/-)	Other portfolio result	-409	560
OPERATING RESULT			14,386	8,292
XX	(+)	Financial income	812	429
	(+)	Interest and dividends collected	812	429
XXI	(-)	Net interest costs	-3,059	-1,453
	(-)	Nominal interest paid on loans	-2,203	-1,022
	(-)	Reconstitution of the nominal amount of financial debt	-86	-58
	(-)	Costs of permitted hedging instruments	-770	-373
		Permitted hedging instruments that are not subject to hedging accounting as defined by the IFRS	-770	-373
XXII	(-)	Other financial costs	-71	-213
	(-)	Bank costs and other commissions	-45	-193
	(-)	Other	-26	-20
XXIII	(+/-)	Changes in the fair value of financial assets and liabilities	942	-1,866
		Permitted hedging instruments that are not subject to hedging accounting as defined by the IFRS	942	-1,866
		Other		
FINANCIAL RESULT			-1,376	-3,104
XXIV		Share in the result of associated companies and joint ventures	189	
RESULT BEFORE TAXES			13,199	5,188
XXII	(+/-)	Corporate tax	-2,242	-71
XXV	(+/-)	Exit tax	1	13
TAXES			-2,241	-58
NET RESULT			10,958	5,130

10.10.2 COMPREHENSIVE INCOME STATEMENT

Figures in thousands of EUR.

	31/12/2017	31/12/2016
NET RESULT	10,958	5,130
ANDERE COMPONENTEN VAN HET GLOBAAL RESULTAAT		
(+/-) Impact on the fair value of the estimated transaction fees 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
COMPREHENSIVE RESULT	10,958	5,130

10.10.3 STATUTORY BALANCE SHEET

Figures in thousands of EUR.

	31/12/2017	31/12/2016
ASSETS		
I FIXED ASSETS	489,910	265,761
B Intangible fixed assets	16	
C Investment property	488,247	265,358
Property available to let	461,390	265,358
Property developments	26,857	
D Other tangible fixed assets	347	248
Tangible fixed assets for own use	347	248
Other		
E Financial fixed assets	21	21
Assets at fair value via result		
Other	21	21
G Trade receivables and other fixed assets	135	135
H Deferred taxes – assets	2	
I Participating interests in associated companies and joint ventures with equity movements	1,143	

II	CURRENT ASSETS	14,188	7,802
D	Trade receivables	1,701	538
E	Tax receivables and other current assets	11,511	2,627
	<i>Taxes</i>	769	172
	<i>Wages and social security contributions</i>		
	Other	10,742	2,455
F	Cash and cash equivalents	781	4,097
G	Accruals and deferred payments	195	540
	Prepaid property charges	94	430
	Accrued rental income not due	36	
	Other	65	110
Total assets		504,098	273,563

Figures in thousands of EUR.

LIABILITIES		31/12/2017	31/12/2016
EQUITY		223,409	131,744
A	Capital	144,187	94,869
	Issued capital	146,308	94,869
	Capital increase costs	-2,121	
B	Issue premiums	69,877	32,261
C	Reserves	-1,613	-515
	Statutory reserves		
	Reserve for the balance of the changes in the Fair Value of property	6,668	4,044
	Reserve for the impact on the fair value of the estimated transaction fees and costs resulting from the hypothetical disposal of investment property	-6,642	-4,565
	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	-1,866	
	Non-distributable reserve: reserve for expected losses		
	Other reserves	227	
	Retained earnings over from previous financial years		6

D	Net result for the financial year	10,958	5,130
	LIABILITIES	280,689	141,819
I	NON-CURRENT LIABILITIES	259,656	133,465
B	Non-current financial debts	251,744	131,315
	a. Credit institutions	251,744	131,315
C	Other non-current financial liabilities	924	1,866
	Permitted hedging instruments	924	1,866
F	Deferred taxes – liabilities	6,988	284
	a. Exit tax		
	b. Other	6,988	284
II	CURRENT LIABILITIES	21,033	8,353
B	Current financial liabilities	11,994	
	a. Credit institutions	11,994	
D	Trade debts and other current liabilities	3,454	5,726
	a. Exit tax	0	3,469
	b. Other	3,454	2,257
	Suppliers	2,151	1,242
	Tenants	387	
	Taxes, wages and social security contributions	916	1,015
E	Other current liabilities	3,044	1,527
	Other	3,044	1,527
F	Accruals and deferred payments	2,541	1,100
	Property income received in advance	1,436	512
	Other	1,105	588
	TOTAL EQUITY AND LIABILITIES	504,098	273,563

10.10.4 STATEMENT OF CHANGES IN EQUITY

Figures in thousands of EUR.

	Capital	Issue premiums	Reserves	Net result of the financial year	Equity
Balance on 31 December 2015	76,320	25,615	6,961	-515	108,381
Net appropriation of income 2015			-515	515	0
Transfer of result on the portfolio to reserves					0
Transfer of operating result to reserves					0
Result for the period				5,130	5,130
Capital increase through non-cash contribution	18,233				18,233
Costs of issuing new shares and of capital increase					0
Capital reduction to create an available reserve to cover future losses					0
Use of the available reserve to cover future losses	6,961		-6,961		0
Partial allocation of capital to issue premiums	-6,646	6,646			0
Balance on 31 December 2016	94,868	32,261	-515	5,130	131,744
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
Balance as at 31 December 2017	144,187	69,877	-1,613	10,958	223,409

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 2015	0	0
Net appropriation of income		
Transfer of result on the portfolio to reserves	4,044	-4,565
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		
Dividends		
Other		
Balance on 31 December 2016	4,044	-4,565

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 over 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

10.10.6 APPROPRIATION OF INCOME UNDER THE ARTICLES OF ASSOCIATION

Figures in thousands of EUR.

		31/12/2017	31/12/2016
A	Net result	10,958	5,130
B	(-/-) Addition to/withdrawal from reserves		
1	(-/+) Addition to/withdrawal from the reserve for the (positive or negative) balance of changes in the property's Fair Value		
	Financial year	12,667	3,187
2	(-/+) Addition to/withdrawal from the reserve of the estimated transaction fees and costs resulting from the hypothetical disposal of investment properties		
	Financial year	-12,422	-2,077
5	(+) Addition to the reserve for the balance of the changes in the fair value of permitted hedging instruments that are not subject to hedging accounting as defined in the IFRS		
	Financial year	942	-1,866
10	(-/+) Addition to/withdrawal from other reserves	1,550	221
11	(-/+) Addition to/withdrawal from retained earnings from previous financial years		
C	Return on capital pursuant to Article 13, section 1, first paragraph	7,817	4,273
D	Return on capital - other than C	405	1,392

10.10.7 PAYMENT OBLIGATION IN ACCORDANCE WITH THE ROYAL DECREE OF 13 JULY 2014 CONCERNING RRECS ARTICLE 13 §1 FIRST SECTION

Figures in thousands of EUR.

	31/12/2017	31/12/2016
Net result	10,958	5,130
(+) Depreciation	41	44
(+) Impairments	91	20
(-) Reversal of impairments	-12	
(-/+) Other non-monetary items	629	1,924
(-/+) Result from the sale of property	-31	-106
(-/+) Changes in the Fair Value of property	-1,904	-1,671
Adjusted result (A)	9,772	5,341
(-/+) Gains and losses realised on property during the financial year		
(-) Gains realised on property during the financial year exempt from the payment obligation subject to their reinvestment within a period of four years		
(+) Gains realised on property previously exempt from the payment obligation and not reinvested within a period of four years		
Net gains on the realisation of property not exempt from the payment obligation (B)	0	0
Total (A+B) x 80%	7,817	4,273
Debt reduction (-)		
Payment obligation	7,817	4,273

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.

	31/12/2017	31/12/2016
Non-distributable equity in accordance with Article 617 of the Belgian Companies Code	211,623,145	125,971,057
Paid-up capital	146,308,482	94,869,018
Issue premiums are unavailable according to the articles of association ²⁹	65,256,014	32,260,546
Reserve for the positive balance of the changes in the investment value of property	19,897,785	7,230,785
Reserve for the impact on the Fair Value of the estimated transaction fees and costs resulting from the hypothetical disposal of investment property	-19,064,613	-6,642,183
Reserve for the balance of the changes in the fair value of permitted hedging instruments that are subject to hedging accounting	-924,370	-1,866,408
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 ³⁰	149,848	119,299
Statutory equity	223,408,531	131,744,295
Planned dividend payments	8,221,780	5,665,366
Weighted average number of shares	6,851,483	4,926,405
Operational distributable earnings per share (EUR)	1.20	1.15
Statutory equity after dividend payments	215,186,751	126,078,929
Remaining reserve after payment	3,563,606	107,872

Xior Student Housing received the income of the subsidiaries it fully owned and then merged with from the date the Company acquired them until they merged with the Company on 15 December 2017. This result was then absorbed into the Company's equity:

- The operational distributable income (KEUR 1,814) of subsidiaries was attributed to the various items for the Company's result.
- The change in the Fair Value of the subsidiaries' investment property (KEUR -1,577) was attributed to the other portfolio result.

As such the subsidiaries' operational result for 2017 can be used for diversification as dividend from the acquisition date.

²⁹ The Extraordinary General Meeting of 15 December 2017 made available EUR 4,621,031 of the share premiums.

³⁰ The addition to the other reserves relates to the realised capital gain on the sale of real estate that must not be paid out.



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 DTZ; 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



12

Permanent document:
general information
about the company and
the coordinated articles
of association

12.1

COMPANY DETAILS

12.1.1 NAME, LEGAL FORM, STATUS, DURATION AND REGISTRATION DATA

The Company is a public limited company (naamloze vennootschap) incorporated under Belgian law that has the status of a public regulated real estate company under Belgian law (a 'public RREC' or 'RREC'). Its name is 'Xior Student Housing' or 'Xior'. As a public RREC, the Company falls under the scope of application of the Law on Regulated Real Estate Companies and the Royal Decree on Regulated Real Estate Companies. The Company also falls under the scope of application of the Belgian Companies Code.

Since 24 November 2015, the Company has been licensed as a public RREC under Belgian law, registered at the FSMA. The Company has made a public offering within the meaning of Article 438 of the Belgian Companies Code. Xior Student Housing NV's shares have been listed on Euronext Brussels (XIOR) since 11 December 2015.

The Company is entered in the Crossroads Bank for Enterprises (Antwerp Register of Legal Entities, Antwerp section) under company number BE 0547.972.794.

The Company has been incorporated for an indefinite period.

12.1.2 REGISTERED OFFICE AND FURTHER CONTACT DETAILS

The Company's registered office is located at Mechelsesteenweg 34 (Box 108), 2018 Antwerp, Belgium. The Board of Directors may adopt a resolution to move the registered office elsewhere in Belgium.

The Company's further contact details are:

Tel.: +32 3 257 04 89 (Head Office)

E-mail: info@xior.be

www.xior.be

12.1.3 INCORPORATION

The Company was incorporated as a private limited company, Xior Student Housing NV, on 10 March 2014, by means of a deed executed before civil-law notary Peter Timmermans, notary in Antwerp, as published in the Annexes to the Belgian Official Journal of 28 March 2014 under number 14069091.

The Company was incorporated with an 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 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.
24 November 2016	Xior Student Housing NV acquires all shares in Stubis BVBA.

16 December 2016	Xior Student Housing NV enters into a silent merger by the acquisition of (i) Karibu Invest BVBA (following the silent merger of Karibu Invest BVBA by the acquisition of Kwartma BVBA), (ii) Retail Design BVBA, (iii) Eindhoven De Kroon BV and (iv) Woonfront-Tramsingel Breda BV.
17 January 2017	The 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.
22 June 2017	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 Second Public Offering (SPO) to subscribe to new shares as part of a capital increase in cash within the issued capital with irrevocable allocation right.
15 December 2017	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.

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:

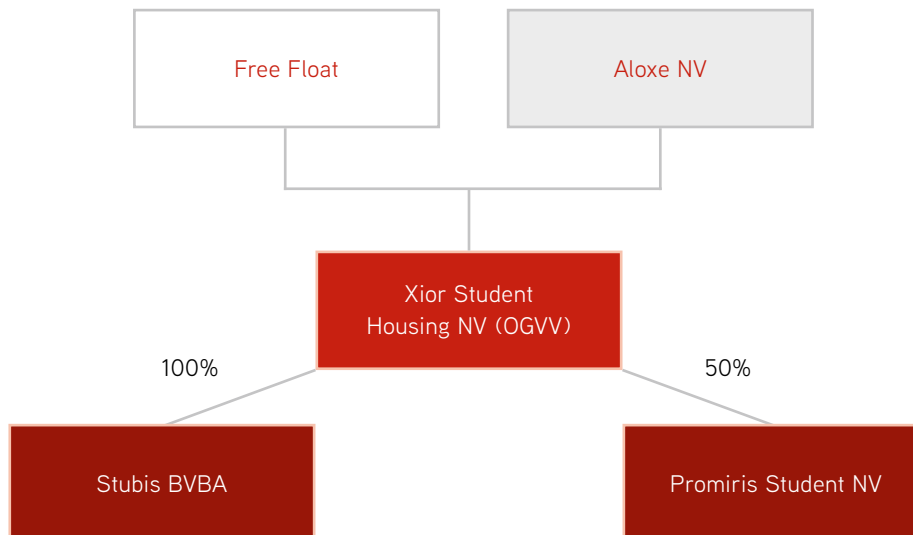
- The RREC must adopt the form of a public limited company or a limited partnership.
- The shares of a public RREC must be admitted to trading on a regulated Belgian market and at least 30% of its voting securities must be continuously and permanently held by the public.
- The composition of the RREC's 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 (cf. 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 (cf. 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 2017, the Company's group structure was as follows:



For information on the diversification of share ownership, please refer to *Chapter 6.1.3.2 of this Annual Report*.

12.2.2 INTERNAL ORGANISATIONAL STRUCTURE

On 31 December 2017, the Company had 18.3 FTEs, excluding the management team, divided into an operational department (headed by the CEO) and a support administrative department (headed by the CFO).

12.2.3 SUBSIDIARIES

The Company has one wholly (directly) owned subsidiary: Stubis BVBA.

Stubis is responsible for providing 'property services to third parties' in accordance with Article 6 of the Law on Regulated Real Estate Companies. These real estate services used to be provided by Retail Design BVBA before its merger by acquisition with Xior Student Housing NV. It is noted in this regard that the Company always aims to provide the best possible service both to its own buildings and the buildings that form part of these 'property services to third parties', and thus strives in particular for an optimal occupancy rate of these buildings. The Company takes the view that very few to no conflicts of interest arise in this regard because letting out both types of buildings is in the Company's interest. In practice, the choice of a specific room is moreover made by the prospective tenant. Although the Company will assist prospective tenants in choosing a specific room based on their wishes and requirements (e.g. preferred locations), the full range of student rooms and obviously availability, the final choice lies with each prospective tenant. Conflicts of interest are therefore kept to a minimum or do not even exist.

Xior also has one subsidiary in which it holds 50% of the shares: Promiris Student NV. This is a Joint Venture with a private developer for a development project in Etterbeek (see *Chapter 5.4 of this Annual report*).

12.2.4 PROMOTER

Christian Teunissen is the Company's promoter together with Aloxe NV. Please also see *Chapter 5.4 of this Annual Report* and the information on promotership changes in this regard.

12.3

AVAILABILITY OF COMPANY DOCUMENTS AND OTHER INFORMATION

The Company must file its consolidated Articles of Association, including whenever these are revised and amended, and other documents that must be published in the Annexes to the Belgian Official Journal with the registry of the Antwerp Commercial Court (Belgium), Antwerp section, where these will be available to the public. A copy of the most recent consolidated Articles of Association and the *Corporate Governance Charter* must also be made available on the Company's website. The Annual Financial Report 2015 respectively 2016 is included by reference and is also available on the Company website.

In accordance with Belgian legislation, the Company must draw up separate and consolidated annual financial statements that are to be audited. The separate and consolidated annual financial statements and the related reports of the Board of Directors and the Statutory Auditor must be filed with the National Bank of Belgium, where these will be available to the public. As a listed company, the Company is moreover obliged to publish its abridged, half-yearly financial statements, as well as its audited annual financial statements, the Statutory Auditor's report and its Board of Directors' Annual Report.

The Company must disclose all information that qualifies as 'foreknowledge' (inside information) under the applicable regulations to the public. The Company must also disclose information about its shareholder structure and certain other information to the public.

In accordance with the Royal Decree of 14 November 2007, such information and documents are made available through press releases, the financial press in Belgium, the Company's website (on condition that the conditions set out in Article 14 of the Royal Decree of 14 November 2007 are met), the communication channels of Euronext Brussels or a combination of these media, via which these documents can be consulted.

The Company website is 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

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.

The property appraisal assignments for the properties located in Belgium and some properties located in the Netherlands are entrusted to Stadim CVBA, Uitbreidingstraat 10-16 (Antwerp Gate 2), 2600 Antwerp, Belgium, represented by Philippe Janssens. The property appraisal assignments for the other properties located in the Netherlands are entrusted to DTZ Zadelhoff v.o.f., Parnassusweg 803, 1082 LZ Amsterdam, represented by G.J.H. Boeve and F.G. van Hoeken (jointly referred to as the '**Valuation Experts**'). For this purpose, the Company and the respective Valuation Experts entered into a 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 change 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.

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 2017, the total appraisal fee of the Valuation Experts is EUR 158,527 (incl. VAT), of which EUR 116,297 for Stadim and EUR 42,229 for [DTZ Zadelhoff].

12.4.2 STATUTORY AUDITOR

During the extraordinary general meeting held on 23 November 2015, the Company appointed PricewaterhouseCoopers Bedrijfsrevisoren BV (PwC), a professional partnership (BV) incorporated in the form of a cooperative society with limited liability (CVBA), represented by 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, as the Statutory Auditor of the Company (the 'Statutory Auditor'), up to and including the general meeting that will decide on the annual financial statements drawn up for the year closing 31 December 2017.

The annual fee of the Statutory Auditor for examining and auditing the separate and consolidated accounts of the Company and its subsidiaries was fixed for the term of its mandate at KEUR 25 (excluding VAT and expenses), subject to annual indexation.

For a summary of the Statutory Auditor's fee in the 2016 financial year, please refer to *Chapter 10.9.28 of this Annual Report*.

PwC, represented by company auditor Damien Walgrave, was appointed as the Statutory Auditor of company Stubis BVBA for a three-year period on 24 November 2016. The fixed fee of the Statutory Auditor for examining and auditing the separate accounts of Stubis BVBA is EUR 2,500 (excluding VAT and expenses), subject to annual indexation.

PwC, represented by Auditor Damien Walgrave, was appointed as the Statutory Auditor of company Promiris Student NV for a three-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

ING Belgium NV

Legal Financial Markets
Marc Sanders
Avenue Marnix/Marnixlaan 24
1000 Brussels
+ 32 2 547 31 40
marc.sanders@ing.be

A EUR 7,494.85 fee was paid for 2017.

12.4.4 LIQUIDITY PROVIDER

Bank Degroof Petercam NV

Rue de l'Industrie/Nijverheidsstraat 44
1040 Brussels

A fee of EUR 30,000 excl. VAT was paid for 2017.

12.5

COORDINATED ARTICLES OF ASSOCIATION OF THE COMPANY AS PER 22 JUNE 2017.

HISTORY

(in accordance with Article 75(1)(2) of the Belgian Companies Code)

The Company was incorporated as a private limited liability company by means of a deed executed before the undersigned civil-law notary Peter Timmermans on 10 March 2014, and published in the Annexes to the Belgian Official Journal of 28 March 2014 under number 2014-03-28/14069091.

The Articles of Association were amended by means of a deed before the same notary Peter Timmermans on:

- 23 September 2015, which included a conversion of the legal form into the current form, published in the Annexes to the Belgian Official Journal of 20 November 2015 under number 2015-11-20/0162805.
- 23 November 2015, which included a capital increase and an amendment to the Articles of Association to obtain the status of a regulated public real estate company, published in the Annexes to the Belgian Official Journal of 8 December 2015 under number 2015-12-08/0170864.
- 11 December 2015, which included various mergers by acquisition and a capital increase by means of a non-cash contribution, published in the Annexes to the Belgian Official Journal of 5 January 2016 under number 2016-01-05/0001184.
- 1 March 2016, which included a merger by acquisition published in the Annexes to the Belgian Official Journal of 6 April 2016 under number 2016-04-06/16047694.

The Articles of Association were amended by deed executed before notary Yves De Deken, replacing his colleague notary Peter Timmermans, in his absence, both practising in Antwerp, on 1 August 2016, which included the merger by absorption published in the Annexes to the Belgian Official Journal of 5 September 2016 under number 2016-09-05/16123425.

The Articles of Association were last amended by means of a deed before the same notary Peter Timmermans on:

- 11 October 2016, which included a capital increase by a contribution in kind in the context of the 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 authorised 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), to be filed for publication in the Annexes to the Belgian Official Journal, which resulted in the current coordination.

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 gereguleerde 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.

Article 3. Registered office

The registered office of the Company is at Mechelsesteenweg 34, Box 108, 2018 Antwerp (Belgium) and the Company is listed in the register for legal entities (RPR) at the Antwerp Commercial Court, Antwerp section.

The registered office may be moved elsewhere in Belgium without any amendment to the Articles of Association by means of a simple resolution of the Company's Board of Directors, subject to the observance of language legislation. The Board of Directors must ensure that any change to the Company's registered office is published in the Annexes to the Belgian Official Journal.

The Company may establish suboffices, branches, subsidiaries, permanent establishments or agencies, both in Belgium and abroad, by means of a simple resolution of the Board of Directors.

Article 4. Purpose

The Company's sole purpose is (a) to make properties, either directly or via a company in which it holds a stake in accordance with the provisions of the Law on Regulated Real Estate Companies and its implementing decrees and regulations, available to users, and (b) to own property as referred to in Article 2(5)(i)-(x) of the Law on Regulated Real Estate Companies, within the limits defined for this in the Law on Regulated Real Estate Companies.

Property means property within the meaning of the Law on Regulated Real Estate Companies, as well as other assets, shares or rights that are defined as property by the regulations applicable to regulated real estate companies.

For the purpose of making properties available, the Company may, in particular, perform all activities that relate to the erection, construction (without affecting the prohibition on acting as a property developer, except for occasional transactions), refurbishment, renovation, fitting out, development, acquisition, disposal, letting, subletting, exchange, contribution, transfer, parcelling out, placing under the system of co-ownership of or undivided interest in property, granting or acquiring rights of superficies, usufruct, long-term lease or other real or personal rights to property, and the management and operation of properties.

In accordance with the regulations applicable to regulated real estate companies, the Company may also:

- i. be a lessee of properties, with or without an option to purchase;
- ii. be a lessor of properties, with or without an option to purchase, on the understanding that acting as a lessor of

properties with an option to purchase may be performed only as an ancillary activity, unless those properties are intended for purposes of general interest, including social housing and education, in which case this activity may be performed as a principal activity;

- iii. develop activities as part of a public-private partnership within the limits defined for this purpose by the regulations applicable to regulated real estate companies, whether or not placed within an institutional regulated real estate company;
- iv. invest in securities that are not property within the meaning of the regulations applicable to regulated real estate companies, as either an ancillary or temporary activity. These investments must be made in accordance with the risk management policy adopted by the Company and be diversified in order to ensure appropriate risk diversification. The Company may also hold unallocated cash and cash equivalents. Liquid assets may be held in all currencies in the form of current account or term deposits or in the form of any other readily negotiable monetary instrument;
- v. provide mortgages or other personal or real securities for the purpose of financing the property activities of the Company or its group, within the limits defined for this purpose by the regulations applicable to regulated real estate companies;
- vi. take out or grant loans within the limits defined for this purpose by the regulations applicable to regulated real estate companies;
- vii. enter into transactions involving permitted hedging instruments, insofar as these transactions form part of a policy determined by the Company for hedging financial risks, with the exception of speculative transactions.

The Company may, with due observance of the regulations applicable to regulated real estate companies, acquire, rent or let, transfer or exchange immovable or movable assets, materials and required supplies, and generally perform all commercial or financial acts (including 'additional services' as referred to in the regulations applicable to regulated real estate companies) that relate directly or indirectly to its object, or that are simple in nature so as to pursue or facilitate the achievement of its object, both within Belgium and abroad.

With due observance of the regulations applicable to regulated real estate companies, the Company may, by means of a cash or non-cash contribution, merger, full or partial de-merger, or other restructuring under corporate law, subscription, participation, membership,

financial intervention or otherwise, participate in (or be a member of) all existing or yet to be incorporated companies, undertakings or associations, in Belgium or abroad, whose corporate purpose is similar or complementary to its own, or is of such a nature as to pursue or facilitate the achievement of its object, and to generally perform all acts that are directly or indirectly associated with its corporate purpose.

Article 5. Prohibitory stipulations

The Company may not act as a property developer within the meaning of the regulations applicable to regulated real estate companies, unless this involves occasional transactions.

The Company is prohibited from:

- 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.

CHAPTER II – CAPITAL – SHARES – OTHER SECURITIES**Article 6. Capital**

The capital has been set to one hundred and forty-six million three hundred and eight thousand four hundred and eighty-two euros (EUR 146,308,482). It is represented by eight million one hundred twenty-eight thousand two hundred forty-nine (8,128,249) shares without par value, each representing one 8,128,249th of the capital.

Article 7. Authorised capital

The Board of Directors is issued to increase the company's capital, on one or more occasions, on the dates and under the conditions that it determines, subject to a maximum amount of EUR 83,282,040.

This authorisation is valid for a five-year period from the publication in the Annexes to the Belgian Official Journal of the minutes of the extraordinary general meeting of 23 November 2015.

This authorisation can be renewed.

The Board of Directors will determine the price, any issue premium and the issue conditions of the new securities for each capital increase.

These capital increases may be implemented by cash contributions, non-cash contributions, mixed contributions or the conversion of reserves, including retained profits and issue premiums, as well as all equity components under the 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. Where applicable, in case the Board of Directors has adopted a resolution for a capital increase, the Board of Directors must place the issue premiums in a non-distributable reserve that serves as a guarantee for third parties in the same way as the capital and which, subject to its incorporation in the capital, will only be able to be reduced or abolished by means of a resolution of the general meeting of shareholders deliberating in accordance with the conditions for a quorum and majority that apply to an amendment of the Articles of Association.

Under the conditions and within the limits set in this article, the Board of Directors may also issue warrants (whether or not attached to another security) and convertible bonds or bonds payable in shares, which could give rise to the creation of the same securities as referred to in paragraph 4, always subject to compliance with the rules prescribed by the Belgian Companies Code, the regulations applicable to regulated real estate companies and these Articles of Association.

Notwithstanding the application of Articles 592-598 and 606 of the Belgian Companies Code, the Board of Directors may also limit or cancel the pre-emptive right, even if it operates in favour of one or more persons other than employees of the Company or its subsidiaries, insofar as an irreducible allocation right is granted to the existing Shareholders on the award of new securities (insofar as permitted by law). This irreducible allocation right must at least comply with the conditions as set out in Article 11.1 of these Articles of Association. Notwithstanding the application of Articles 595-599 of the Belgian Companies Code, the above restrictions with regard to the restriction or cancellation of the pre-emptive right do not apply to a cash contribution with any restriction or cancellation of the pre-emptive right, in addition to a non-cash contribution as part of the diversification 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 diversification of an optional dividend, insofar as this is actually made payable in respect of all shareholders.

The Board of Directors is authorised to have any ensuing amendments to the articles of associated recorded in a legally valid manner.

Article 8. Nature of the shares

The shares of the Company are registered or dematerialised, at the option of the shareholder. The shareholders may make a written request to convert registered shares into dematerialised shares, or vice versa, at any time.

A dematerialised share is represented by an entry in an account, in the name of the owner or holder, at a recognised account holder or settlement institution and is transferred by way of transfer from

account to account. The number of the dematerialised shares in circulation at any given time is entered in the register of registered shares in the name of the settlement institution.

A register of the registered shares is held at the Company's registered office, in electronic form as the case may be. Ownership of the shares is evidenced by the entry in the share register.

There are no different types of shares.

Article 9. Securities

With the exception of profit-sharing certificates and similar securities, and subject to due observance of the regulations applicable to regulated real estate companies, the Company may issue the securities referred to in Article 460 of the Belgian Companies Code, and any other securities permitted under company law, in accordance with the rules prescribed therein and the regulations applicable to regulated real estate companies.

Article 10. Acquisition and disposal of own shares

The Company may acquire its own shares or accept them in pledge in accordance with the conditions laid down in the Belgian Companies Code, provided that prior notice of the transaction is given to the Financial Services and Markets Authority (FSMA).

In accordance with the resolution of the general meeting of shareholders of 23 November 2015, the Board of Directors is permitted to acquire own shares or accept them in pledge, subject to a maximum of 20% (twenty per cent) of the total issued shares, at a unit price that may not be lower than 10% (ten per cent) of the average price for the last thirty days of listing of the share on Euronext Brussels, or higher than 110% (one hundred and ten per cent) of the average price for the last thirty days of listing of the share on Euronext Brussels.

This renewable authorisation is granted for a five-year period, as from 23 November 2015.

The Company may acquire its own shares or accept them in pledge without having to make an offer of purchase to all shareholders on condition that it guarantees the equal treatment of the shareholders under equal circumstances by means of equivalence of the offered price in accordance with Article 620, Section 1(5) of the Belgian Companies Code.

The Board of Directors is permitted to dispose of own shares that are listed within the meaning of Article 4 in accordance with Article 622, Section 2, paragraph 2(1) of the Belgian Companies Code.

In accordance with the resolution of the general meeting of shareholders of 23 November 2015, the Board of Directors is permitted to acquire its own shares, at a unit price that may not be lower than 75% (seventy-five per cent) of the average price for the last thirty days of listing of the share on Euronext Brussels.

This authorisation is granted for an indefinite period.

The Board of Directors is permitted to acquire, accept in pledge and dispose of the Company's own shares if the acquisition or disposal is necessary to avoid impending serious harm to the Company, subject to the conditions included in Article 620 et seq. of the Belgian Companies Code. The general meeting of the Company granted this authorisation on 23 November 2015 for a three-year period, as from the date of publication of this authorisation in the 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 pro rata to the portion of 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 diversification 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
- 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 diversification of an optional dividend, insofar as this is actually made payable in respect of all shareholders.

11.3 Mergers, de-mergers and equated transactions

The special rules on capital increase by non-cash contribution, as set out under Article 11.2, apply by analogy to the mergers, de-mergers and equated transactions referred to in Articles 671-677, 681-758 and 772(1) of the Belgian Companies Code.

In this case, the 'date of the contribution agreement' refers to the date on which the merger or division proposal is filed.

11.4 Capital reduction

The Company may reduce its capital subject to compliance with the relevant statutory provisions.

Article 12. Notice of significant holdings

In accordance with the terms, conditions and stipulations of Articles 6-13 of the Belgian Law of 2 May 2007 and the Royal Decree of 14 February 2008 on the disclosure of significant holdings (the 'Transparency Legislation'), every natural person or legal entity must give notice to the Company and the FSMA of the number and percentage of the existing voting rights that they hold, directly or indirectly, if the number of those voting rights reach, exceed or remain below 5%, 10%, 15%, 20%, etc. (in increments of 5% each time) of the total existing voting rights, under the conditions laid down by the Transparency Legislation.

CHAPTER III – GOVERNANCE AND REPRESENTATION

Article 13. Appointment – dismissal/resignation – vacancy

The Company is governed by a Board of Directors. The Board of Directors consists of at least five directors, who may but need not be shareholders, appointed by the general meeting of shareholders for a maximum of six years and who may be dismissed by the general meeting of shareholders at any time.

Outgoing directors are eligible for reappointment.

Aloxe NV (or persons who, with the prior and written consent of Aloxe NV, assume the role of promoter as stipulated in Article 2(13) of the Law on Regulated Real Estate Companies from Aloxe NV ('the Successors')) is (are) entitled to propose (or jointly propose) candidates for three directorships, until the last of the following events occurs: (i) Aloxe NV (or its Successors) owns (or jointly own) less than 25% of the Company's capital, and (ii) Aloxe NV (or its Successors) is (or are) no longer the Company's promoter in the sense of the Legislation on Regulated Real Estate Companies.

The Board of Directors must have at least three independent members within the meaning of Article 526ter of the Belgian Companies Code. The directors must permanently possess the professional reliability and appropriate expertise required for the performance of their duties, as set out in the regulations applicable to regulated real estate companies, and may not fall within the scope of the prohibitory stipulations of those regulations.

If a vacancy arises on the Board of Directors, the remaining directors will be entitled to temporarily fill the vacancy until the next general meeting, which will make a definitive appointment. Any directors appointed in this manner by the general meeting finish the mandate of the director that they replace.

After resigning, each director is obliged to continue performing their duties until a replacement can reasonably be arranged.

Article 14. Chair and meetings of the board 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 Director determines the working procedures of the committee, the conditions for the appointment of its members, their dismissal, their remuneration and the term of their mandates.

Article 524bis in conjunction with Article 520ter, paragraphs 1 and 2 of the Belgian Companies Code are declared inapplicable. By way of derogation from Article 524bis in conjunction with Article 520ter, paragraph 1 of the Belgian Companies Code, shares may therefore be definitively acquired and share options or all other rights to acquire shares may be exercised in accordance with the issue conditions as determined, where applicable, by the general meeting or the Board of Directors or their 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.

HOOFDSTUK V - GENERAL MEETING

Artikel 24. General meeting

The general meeting represents the general body of shareholders. General meeting resolutions are binding on all shareholders, even those who were absent or voted against them.

The general meeting is held at the registered office or at a venue in the municipality where the registered office is located, as indicated in the meeting notice.

The ordinary general meeting is held each year at 10am on the third Thursday of May or, if this day is a public holiday, at the same time on the next working day.

Article 25. Convening meetings

The Board of Directors and the Statutory Auditor may convene a general meeting (ordinary general meeting) as a special or extraordinary general meeting whenever this is required in the Company's interest. They must convene the ordinary general meeting on the day stipulated in the Articles of Association.

The Board of Directors and the Statutory Auditor are obliged to convene a special or extraordinary general meeting whenever one or more shareholders who individually or jointly represent one fifth of the issued capital request such a meeting. This request must be sent by registered letter to the Company's registered office and precisely describe the items over which the general meeting must deliberate and adopt resolutions. The request must be addressed to the Board of Directors and the Statutory Auditor, who are obliged to convene a meeting within three weeks of receipt of the request. Other items may be added to the agenda items provided for by the shareholders in the meeting notice.

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 payment may only be made in relation to the profit of the current financial year, where applicable less the loss carried over or plus the profit carried over, without any withdrawal from the reserves that are or must be created by law or under the Articles of Association.

It must act further in accordance with the provisions of Article 618 of the Belgian Companies Code.

Article 36. General meeting of bond holders

The Board of Directors and the Statutory Auditor(s) of the Company may give any bond holders notice to attend a general meeting of bond holders, which will have the powers as set out in Article 568 of the Belgian Companies Code.

They must convene the general meeting whenever bond holders who represent one fifth of the securities in circulation request such a meeting.

The meeting notice must contain the agenda and be drawn up in accordance with Article 570 of the Belgian Companies Code. In order to be admitted to the general meeting of bond holders, bond holders

must comply with the formalities set out in Article 571 of the Belgian Companies Code, as well as any formalities provided for in the issue rules of the 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.

HOOFDSTUK 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.

HOOFSTUK 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.




Kipdorpvest
ANTWERPEN

13

Glossary



A

Aloxe NV	Aloxe NV, a public limited company under Belgian law, with registered office at Mechelsesteenweg 34, Box 101, 2018 Antwerp, entered in the Crossroads Bank for Enterprises under enterprise number 0849.479.874 (Antwerp Register of Legal Entities, Antwerp section).
APM	<i>Alternative Performance Measures.</i> In accordance with the guidelines issued by the 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 Chapter 10.8 of this Annual Report . A separate Glossary will be posted on the Company website on these APMs for future reference. The APMs are marked with  .
Average interest rate (APM)	Interest charges including IRS interest expense divided by the average outstanding debt during the period.
Average financing costs (APM)	Interest costs including IRS interest expense + arrangement fees and commitment fees, divided by the average outstanding debt during the period.

B

Belfius	Belfius Bank NV, a public limited company under Belgian law, with registered office at Pachecolaan 44, 1000 Brussels, entered in the Crossroads Bank for Enterprises under enterprise number VAT BE 0403.201.185 (Brussels Register of Legal Entities).
Belgian Law of 1 April 2007	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.
Belgian Law of 2 May 2007	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.
Belgian Companies Code	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

CEO	<i>Chief Executive Officer.</i>
CFO	<i>Chief Financial Officer.</i>
CIO	<i>Chief Investment Officer.</i>

D

Debt ratio	The debt ratio as referred to in Article 13, Section 1 of the Royal Decree on Regulated Real Estate Companies.
Distributable earnings per share	The profit as referred to in Article 13, Section 1 of the Royal Decree on Regulated Real Estate Companies.

E

EPRA Cost Ratio (excl. vacancy costs) (APM)	EPRA costs (excluding vacancy costs) divided by the gross rental income less the rent still to be paid on rented land.
EPRA Cost Ratio (incl. vacancy costs) (APM)	EPRA costs (including vacancy costs) divided by the gross rental income less the rent still to be paid on rented land.
EPRA earnings (APM)	net result +/- 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.
EPRA earnings per share (APM)	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.
EPRA triple net asset value (NNNAV) (APM)	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.
Euronext Brussels	The regulated market of Euronext Brussels where the Company shares are traded.
Estimated Rental Value ('ERV')	This is the total rental value of the portfolio on an annual basis applied by the Valuation Expert in the appraisal reports.

F

FSMA	Belgian Financial Services and Markets Authority.
Fair Value	This value is the investment value as determined by an independent 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 ³¹ . 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.

³¹ See the Belgian Assets Managers Association (BEAMA) press release of 8 February 2006 on closed-end property investment companies and the first application of the IFRS accounting rules and the BE-REIT press release of 10 November 2016.

G

2009 Governance Code	The Belgian <i>corporate governance code</i> for listed companies of 2009, drawn up by the Corporate Governance Committee, and available on the following website: http://www.corporate-governancecommittee.be/library/documents/final%20code/CorporateGovNLCode2009.pdf .
Group	Xior and its subsidiaries, from time to time.

I

IASB	<i>International Accounting Standards Board.</i>
IFRIC	<i>International Financial Reporting Interpretations Committee.</i>
IFRS	<i>International Financial Reporting Standards</i> , the accounting standard by which regulated real estate companies are obliged to report, on the basis of Article 11 of the Royal Decree on Regulated Real Estate Companies.
ING Belgium	ING Belgium, a public limited company under Belgian law, with registered office at Avenue Marnix/Marnixlaan 24, 1000 Brussels, entered in the Crossroads Bank for Enterprises under enterprise number VAT BE 0403.200.393 (Brussels Register of Legal Entities).
Investment value or value including the transaction costs	This value equals the amount at which a building could be exchanged between well-informed parties, consenting and acting under normal competitive conditions, including any registration duties (10% in the Flemish Region and 12.5% in the Walloon Region and Brussels Capital Region), notarial charges and VAT (when a purchase is subject to VAT).
IPO	The capital increase of the Company by cash contribution through a public offering of new shares, and the admission to listing of the Xior shares on the regulated Euronext Brussels market, completed on 11 December 2015.
IRS	Interest rate swap

L

Law on Regulated Real Estate Companies	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.
Legislation on Regulated Real Estate Companies	The Law on Regulated Real Estate Companies and the Royal Decree on Regulated Real Estate Companies.

N

Net assets per share (EPRA) (APM)	Equity excluding the Fair Value of the permitted hedging instruments divided by the number of shares
Net assets per share (IFRS)	Equity divided by the number of shares
Net result excluding IFRIC 21 impact (APM)	Net result proportionally adjusted for property tax and taxes on second homes
Net result per ordinary share	Net result divided by the average number of shares.

O

Occupancy rate	This is the ratio of the Rental Income to the Total Rent.
Opvolgers	De personen die, met voorafgaandelijk en schriftelijk akkoord van Aloxe NV, het promotorschap zoals bedoeld in artikel 22 e.v. van de GVV-wet, overnemen van Aloxe NV.

P

Portfolio result (APM)	Result from the sale of investment property +/- changes in the Fair Value of investment property +/- other portfolio results.
Promoter	The person(s) who exclusively or jointly control(s) a public RREC within the meaning of the Law on Regulated Real Estate Companies. On the date of this Annual Report, the promoters are Aloxe NV and Christian Teunissen.
Public RREC or PRREC	Public regulated real estate company/companies (also referred to as a Belgian Real Estate Investment Trust or BE-REIT).
PwC	The professional partnership incorporated in the form of a cooperative society with limited liability, PriceWaterhouseCoopers Bedrijfsrevisoren BCVBA, with registered office at Woluwedal 18, 1932 Sint-Stevens-Woluwe, entered in the Crossroads Bank for Enterprises under enterprise number VAT BE 0429.501.944 (Brussels Register of Legal Entities).

R

Rental income	The arithmetical sum of the rental income invoiced by the Company based on the concluded tenancy agreement over the period of a financial year, or part thereof.
Regulated real estate company	A company that the FSMA has entered on the list of regulated real estate companies under Belgian law and which is accordingly recognised as a regulated real estate company and is governed by the Law on Regulated Real Estate Companies of 12 May 2014 and the Royal Decree on Regulated Real Estate Companies of 13 July 2014, as amended from time to time.
Resultaat van de portefeuille (APM)	Resultaat op de verkopen van vastgoedbeleggingen +/- variaties in de reële waarde van vastgoedbeleggingen +/- ander portefeuilleresultaat.
Royal Decree on Regulated Real Estate Companies	The Royal Decree of 13 July 2014 on regulated real estate companies, as published in the Belgian Official Journal of 16 July 2014 and as amended from time to time.
Royal Decree of 14 November 2007	The Royal Decree of 14 November 2007 on the obligations of issuers of 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.
RREC	Regulated real estate company/companies.

S

Successors	The persons who, with the prior and written agreement of Aloxe NV, take over the promotorship as referred to in Articles 22 et seq. of the Law on Regulated Real Estate Companies, from Aloxe NV.
-------------------	---

T

Total Rent	The Total Rent the Company would bill under its tenancy agreements, if 100% of the property portfolio were to be let, based on its asking price at year end, including assets under construction if applicable and estimated annual rental income for hostel activities.
Trading regulations	The trading regulations of the Company, as included as a schedule to the Corporate Governance Charter.

V

Value with costs payable by the purchaser or Net market value	The investment value less the registration duties and notarial charges or VAT.
--	--

Valuation experts

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.

X

Xior Student Housing or Xior or the Company

Xior Student Housing NV, a public limited company under Belgian law, licensed as a public regulated real estate company (RREC) under Belgian law, with registered office at Mechelsesteenweg 34, Box 108, 2018 Antwerp (Belgium), entered in the Crossroads Bank for Enterprises under enterprise number 0547.972.794 (Antwerp Register of Legal Entities, Antwerp section).




Campus Schoonmeersche
GENT



14

Identity card

Name	Xior Student Housing NV
	
Status	Public regulated real estate company (RREC) under Belgian law
Registered office	Mechelsesteenweg 34, Box 108, 2018 Antwerp
Tel.	+32 3 257 04 89
E-mail	info@xior.be
Website	www.xior.be
Register of Legal Entities	Antwerp, Antwerp section
VAT	BE 0547.972.794
Enterprise number	0547.972.794
Date of incorporation	10 March 2014
Licence as RREC	24 November 2015
Financial year-end	31 December
General meeting	Third Thursday in May (10am)
Listing	Euronext Brussels – continuous market
ISIN code	BE0974288202 (XIOR)
Statutory auditor	PwC Bedrijfsrevisoren BCVBA, Woluwe Garden, Woluwedal 18, 1932 Sint-Stevens-Woluwe, represented by Damien Walgrave
Financial services	ING Belgium
Valuation experts	Stadim CVBA & DTZ Zadelhoff v.o.f.

Xior Student Housing NV
Public limited liability company
Belgian public regulated real estate company
Mechelsesteenweg 34 box 108, 2018 Antwerp (Belgium)

Enterprise number 0547.972.794
RLE Antwerp, Antwerp department

**DOWNLOAD
THE XIOR APP**
AND DISCOVER
ALL STUDENT
ROOMS

