

Semi-Annual report as at 28<sup>th</sup> February 2018

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## **KBC Select Immo**

Public open-ended investment company under Belgian law (bevek)  
with a variable number of units/shares opting for Investments  
complying with the conditions of Directive 2009/65/EC  
UCITS

No subscriptions will be accepted on the basis of this report. Subscriptions will only be valid if effected after a free copy of the key investor information or prospectus has been provided.

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## 1. GENERAL INFORMATION ON THE BEVEK

### 1.1 ORGANIZATION OF THE BEVEK

#### REGISTERED OFFICE :

2 Havenlaan - B-1080 Brussels, Belgium.

#### DATE OF INCORPORATION:

2 March 1995

#### LIFE:

Unlimited.

#### BOARD OF DIRECTORS OF THE BEVEK:

Wouter Vanden Eynde, Representative KBC Asset Management NV (resigned 01/05/2017)  
 Wilfried Kupers, General Manager Group Legal KBC Group NV (appointed 01/05/2017)  
 Tom Mermuys, Head of Asset Allocation and Strategy Funds KBC Asset Management NV (appointed 01/07/2017)  
 Luc Vanbriel, Head Management Structured Products & Money Market Funds KBC Asset Management NV (resigned 01/07/2017)  
 Carine Vansteenkiste, Director Private Banking - t KBC Bank NV West

Jean-Louis Claessens, Independent Manager

Jozef Walraevens, Independent Manager

Chairman:

Jean-François Gillard, Financial Manager CBC Banque SA

Natural persons to whom the executive management of the bevek has been entrusted:

Wilfried Kupers, General Manager Group Legal KBC Group NV

#### MANAGEMENT TYPE:

Bevek that has appointed a company for the management of undertakings for collective investments. The appointed management company is KBC Asset Management NV, Havenlaan 2, B-1080 Brussels.

#### DATE OF INCORPORATION OF THE MANAGEMENT COMPANY:

30 December 1999.

#### NAMES AND POSITIONS OF THE DIRECTORS OF THE MANAGEMENT COMPANY:

*Chairman:*

L. Gijssens, (resigned 05/05/2017) replaced by L. Popelier (appointed 05/05/2017)

*Directors:*

J. Peeters, Independent Director (resigned 25/04/2017) replaced by A. Van Poeck, Independent Director (appointed 25/04/2017)

J. Daemen, Non-Executive Director

K. Mattelaer, Non-Executive Director

O. Morel, Non-Executive Director

P. Konings, Non-Executive Director

S. Van Riet, Non-Executive Director

D. Mampaey, President of the Executive Committee (resigned 01/09/2017) replaced by J. Lema (appointed 01/09/2017)

C. Sterckx, Managing Director

G. Rammeloo, Managing Director

L. Demunter, Managing Director

K. Vandewalle, Managing Director

J. Verschaeve, Managing Director (resigned 01/06/2017) replaced by T. Ergo, Managing Director (appointed 01/06/2017)

**NAMES AND POSITIONS OF THE NATURAL PERSONS TO WHOM THE EXECUTIVE MANAGEMENT OF THE MANAGEMENT COMPANY HAS BEEN ENTRUSTED:**

D. Mampaey, President of the Executive Committee (resigned 01/09/2017) replaced by J. Lema (appointed 01/09/2017)

C. Sterckx, Managing Director

G. Rammeloo, Managing Director

L. Demunter, Managing Director

K. Vandewalle, Managing Director

J. Verschaeve, Managing Director (resigned 01/06/2017) replaced by T. Ergo, Managing Director (appointed 01/06/2017)

These persons may also be directors of various beveks.

**AUDITOR OF THE MANAGEMENT COMPANY:**

PriceWaterhouseCoopers België, Woluwe Garden, Woluwedal 18, 1932 Sint-Stevens-Woluwe, represented by Gregory Joos, company auditor and recognized auditor.

**STATUS OF THE BEVEK:**

Public Bevek with various sub-funds that has opted for investments complying with the conditions of Directive 2009/65/EC and which, as far as its operations and investments are concerned, is governed by the Act of 3 August 2012 relative to undertakings for collective investment complying with the conditions of Directive 2009/65/EC and the undertakings for investment in receivables.

In the relationship between the investors, each sub-fund will be viewed as a separate entity.

Investors have a right only to the assets of and return from the sub-fund in which they have invested.

The liabilities of each individual sub-fund are covered only by the assets of that sub-fund.

**FINANCIAL PORTFOLIO MANAGEMENT:**

Regarding the delegation of the management of the investment portfolio, please see the information concerning the sub-funds.

**FINANCIAL-SERVICES PROVIDERS:**

The financial services providers in Belgium are:

CBC Banque SA, Grand Place 5, B-1000 Brussels

**CUSTODIAN:**

KBC Bank N.V., 2 Havenlaan - B-1080 Brussels, Belgium.

***Custodian's activities***

The custodian:

- a) Ensures the safe-keeping of the assets of the Bevek and compliance with the standard obligations in this regard;
- b) Ensures that the sale, issue, purchase, redemption and withdrawal of shares in the Bevek occur in compliance with the applicable legal and regulatory provisions, the articles of association and the prospectus;
- c) Ensures that the net asset value of the shares in the Bevek is calculated in accordance with the applicable legal and regulatory provisions, the articles of association and the prospectus;
- d) Carries out the instructions of the management company or an investment company, provided that these do not contravene the applicable legal and regulatory provisions, the articles of association and/or the prospectus;
- e) Ensures that in transactions relating to the assets of the Bevek, the equivalent value is transferred to the Bevekw within the usual terms;
- f) Ascertains that:
  - i. The assets in custody correspond with the assets stated in the accounts of the Bevek;
  - ii. The number of shares in circulation stated in the accounts corresponds with the number of shares in circulation as stated in the accounts of the Bevek;
  - iii. The investment restrictions specified in the applicable legal and regulatory provisions, the articles of association and the prospectus are respected;
  - iv. The rules regarding fees and costs specified in the applicable legal and regulatory provisions, the articles of association and the prospectus are respected;
  - v. The returns of the Bevek are appropriated in accordance with the applicable legal and regulatory provisions, the articles of association and the prospectus.



The custodian ensures that the cash flows of the Bevek are correctly monitored and in particular that all payments by or on behalf of subscribers on subscription to shares in the Bevek, have been received and that all the cash of the Bevek has been booked to cash accounts that:

1. Have been opened in the name of the Bevek, in the name of the management company acting on its behalf, or in the name of the custodian acting on its behalf;
2. Have been opened at an entity as intended in Article 18(1a, b and c) of Directive 2006/73/EC; and
3. Are held in accordance with the principles set out in Article 16 of Directive 2006/73/EC.

If the cash accounts have been opened in the name of the custodian acting in name of the Bevek, no cash from the entity intended in Article 18(1a, b and c) of Directive 2006/73/EC and none of the custodian's own cash may be booked to these accounts.

The assets of the Bevek are placed in custody with a custodian as follows:

- a) For financial instruments that may be held in custody:
  - i. The custodian will hold in custody all financial instruments that may be registered in a financial instrument account in the books of the custodian, as well as all financial instruments that can be physically delivered to the custodian;
  - ii. the custodian will ensure that all financial instruments that can be registered in a financial instrument account in the custodian's books, are registered in the custodian's books in separate accounts in accordance with the principles set out in Article 16 of Directive 2006/73/EC; these separate accounts have been opened in the name of the Bevek or in the name of the management company acting on its account, so that it can be clearly ascertained at all times that they belong to the Bevek, in accordance with the applicable law.
- b) For other assets:
  - i. The custodian will verify that the Bevek or the management company acting on its behalf is the owner of the assets by checking based on information or documents provided by the Bevek or the management company and, where appropriate, of available external proofs, whether the Bevek or the management company acting on its behalf has ownership;
  - ii. The custodian will maintain a register of the assets from which it is clear that the Bevek or the management company acting on its behalf is the owner thereof and will keep that register up-to-date.

The custodian's duty to return the financial instruments only applies to financial instruments that may be held in custody.

#### ***Custody tasks delegated by the custodian***

The custodian of the Bevek has delegated a number of custody tasks as of the publication date of this annual/half-year report. The tasks delegated to this sub-custodian are:

- Holding the required accounts in financial instruments and cash;
- Carrying out the custodian's instructions regarding the financial instruments and cash;
- Where required, the timely delivery of the relevant financial instruments to other parties involved with holding them;
- The collection of every type of return from the financial instruments;
- The appropriate communication to the custodian of all information that the sub-custodian receives directly or indirectly from the issuers via the chain of depositaries and performing the required formalities with regard to the financial instruments, with the exception of exercising voting rights, unless otherwise agreed in writing;
- Maintaining and communicating to the custodian all required details regarding the financial instruments;
- Processing corporate events on financial instruments, whether or not after the holder of these instruments has made a choice;
- Providing the services that have been agreed between the custodian and the sub-custodian and are legally permitted, with the exception of investment advice and asset management and/or any other form of advice relating to transactions in or the simple holding of financial instruments;
- Maintaining and communicating to the custodian all required details regarding the financial instruments.

#### ***List of sub-custodians and sub-sub-custodians***

The updated list of entities to which the custodian has delegated custody duties and, where applicable, the entities to which the delegated custody duties have been sub-delegated, can be consulted at <https://www.kbc.be/retail/en/legal-information/investment-legal-documents.html>.

The custodian is liable for the loss of financial instruments held in custody in the sense of Article 55 of the Law of 3 August 2012 relative to undertakings for collective investment complying with the conditions of Directive 2009/65/EC and the undertakings for investment in receivables.

Investors can approach the institutions providing the financial services for up-to-date information regarding the identity of the custodian and its principal duties, as well as the delegation of these duties, and the identity of the institutions to which these duties have been delegated or sub-delegated, and also regarding any conflicts of interest as specified below.

#### **Conflicts of interest**

The custodian will take all reasonable measures to identify conflicts of interest that may arise in the execution of its activities between

- The custodian and management company of the Bevek, or the management companies of other beveks or funds of which the custodian holds assets;
- The custodian and the Bevek whose assets the custodian holds, or other beveks or funds of which the custodian holds assets;
- The custodian and the investors in this Bevek whose assets the custodian holds, or other beveks or funds of which the custodian holds assets;
- These parties themselves.

The custodian of the Bevek will implement and maintain effective organisational and administrative procedures in order to take all reasonable measures to detect, prevent, manage and control conflicts of interest so that they do not prejudice the interests of the aforementioned parties.

If these procedures are not sufficient to be able to assume with reasonable certainty that the interests of the aforementioned parties have not been harmed, the investors will be notified of the general nature or causes of conflicts of interest according to the procedure described on the following website: <https://www.kbc.be/retail/en/legal-information/investment-legal-documents.html> . Investors who wish to be informed personally of such conflicts of interest can contact the financial services providers. If necessary, the open-ended investment company's custodian will adjust its processes.

#### **ADMINISTRATION AND ACCOUNTING MANAGEMENT:**

KBC Asset Management N.V., 2 Havenlaan - B-1080 Brussels, Belgium.

#### **ACCREDITED AUDITOR OF THE BEVEK:**

Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, in the form of a CVBA (co-operative limited liability company), Gateway Building, Luchthaven Nationaal 1 J, B-1930 Zaventem, represented by partner Maurice Vrolix, company auditor and recognized auditor.

#### **DISTRIBUTOR:**

KBC Asset Management S.A., 4, Rue du Fort Wallis, L-2714 Luxembourg.

#### **PROMOTER:**

KBC

The official text of the articles of association has been filed with the registry of the Commercial Court.

#### **LIST OF SUB-FUNDS OF KBC SELECT IMMO**

1. Belgium Plus
2. Europe Plus
3. World Plus

**SHARE CLASSES**

The characteristics of the different share classes are given in the prospectus.

The following sub-funds have a share class called 'Classic Shares':

Europe Plus  
World Plus

The following sub-funds have a share class called 'Institutional B-Shares':

Europe Plus  
World Plus

In the event of discrepancies between the Dutch and the other language versions of the (Semi-)Annual report, the Dutch will prevail.

## 1.2 MANAGEMENT REPORT

### 1.2.1 INFORMATION FOR THE SHAREHOLDERS

#### Reclaims of foreign withholding taxes on dividends.

In some Member States of the European Union domestic investment funds benefit from exemptions or refunds of withholding taxes when they receive dividends from a domestic entity. The same tax benefits do not apply to non-resident investment funds investing cross-border. Such tax system is not in accordance with the free movement of capital within the European Union.

Since 2006 KBC investment funds file requests for a refund of discriminatory withholding tax paid in several EU Member States. Refunds have already been received from French, Norwegian, Swedish, Spanish and Austrian fiscal administrations.

There were no refunds this period.

### 1.2.2 GENERAL MARKET OVERVIEW

#### **General Investment climate**

**September 1, 2018 – February 28, 2018**

#### **Review of the equity markets**

The past six calendar months (to 28 February 2018) saw a rise of around 6% on the world's stock markets (MSCI World AC, expressed in euros). September and October were especially strong months. Markets were a bit more nervous at the beginning of November due to high valuations and the failure of President Trump's long-awaited tax plan to materialise. The renewed strength of the euro probably also contributed to this, as it gained 5% compared to the US dollar. Stock markets rose by a substantial 5.5% in January – measured in dollars, at least – following the approval of the tax cuts in the United States. The figure in euros was less than 2%. The strong euro also dampened the mood for investors from the euro area: there was little left of the profit taken in strong markets outside the euro area once it had been converted into the single currency. At the end of January, there was nothing to suggest a correction the next month.

Investors were spooked in early February, however, by a 2.9% increase in US wages, which was more than expected. This sparked fears of higher American inflation and hence also of monetary tightening by the Fed, the US central bank, and substantially higher interest rates. Stock market prices fell in response and there was a spike in market volatility. A number of institutional investors decided to reduce their heightened portfolio exposure by selling extra shares. The wave of selling pushed share prices down across the world. The correction hit a level of 8% globally and 10% on Wall Street. Surprisingly, the regional differences during the correction in early February remained fairly limited, ranging from -5.5% in Australia to -12% in China. Stock markets did recover somewhat in the course of the month, but the global equity index nevertheless closed 2% lower.

The economic news remains overwhelmingly good. Confidence indicators have reached, or are close to, their highest levels since the financial crisis. In spite of a slight slowdown in GDP growth in the fourth quarter, growth forecasts have been revised upwards again. Corporate earnings likewise continued to expand. Fourth-quarter earnings growth worked out at 17% in the traditional markets, substantially more than forecast. For the fourth quarter, the markets seem to be heading for earnings growth of over 13%. US tax cuts were finally approved at the end of 2017 and that too will benefit companies. Forecast US earnings growth has been raised to 20% for 2018.

Economic conditions are therefore still looking good for shares. Growth is clearly picking up and inflation remains below the central banks' target levels (2%). Fears of slow-rising inflation and a less flexible policy by the central banks pushed long rates considerably higher, particularly in the US where they have risen 0.8% since the low point at the beginning of September. Volatility (the extent to which the price of a share or other financial product fluctuates over time, or to which a share index or exchange rate moves up or down) remained very low on the stock markets until the beginning of February. The volatility indices peaked at that point, before stabilising at their 2015 levels, slightly above the long-term average. Euro area stock markets have lagged the global market in the past six months, gaining barely 3%. The Japanese stock market turned in a good performance (+9.4% in euros), thanks to good economic and earnings growth figures. Canada brought up the rear among the traditional markets, with a loss of 1.4%. Uncertainty about the future of the free-trade area with the US weighed on share prices – a factor that also affected Mexico.

Shares from emerging markets (countries or regions that are expected to experience rapid economic growth to make up their lag with the West) gained an average of 7.8%, which was a little more than stock markets in traditional economies. However, there were big differences. Rising oil and commodity prices also drove up markets in Brazil (+14%), Russia (+20%) and South Africa (+10%). Turkey (-5%) and especially Mexico (-13%) lost ground in euros due to a serious weakening of their currencies.

Political uncertainty and high inflation weighed on these markets and on their exchange rates in particular.

Technology, the growth sector par excellence, was among the best performers again with a return of more than 13%, despite a correction at the end of November. Winners were also to be found in other cyclical sectors (i.e. sectors sensitive to shifts in the economic cycle), especially in the automobile industry and distribution. The financial sectors too did better than the broad market. Those lagging behind are mainly to be found in non-cyclical sectors (sectors that are less susceptible to changes in the economic cycle) and that have been hit by rising interest rates. Utilities, telecommunication services and manufacturers of food and personal products even went into arrears.

It was notable that these supposedly defensive sectors were barely able to limit their losses during the correction at the beginning of February. The best-performing sector, the utilities, shed 5%. But the food companies also fell 7% – hardly less than the broad market. Only energy declined by a genuinely substantial 11%, as oil prices dropped by 7 dollars per barrel at the same time.

### **Review of the bond markets**

Government bond yields have performed extremely unevenly since September 2017, with a fairly steep climb at the beginning of 2018.

The good economic news in the recent period, oil prices rising towards 70 USD per barrel and the first signs of rising wages in the US caused markets to raise their inflation forecasts. This made itself felt at the beginning of 2018, with investors driving up bond rates. The surge was certainly visible in the US, but also in other developed countries.

Against a backdrop in which the Federal Reserve had already raised interest rates several times and started reducing its balance sheet, the ECB decided to extend its bond purchasing programme in October 2017 until September 2018, albeit at a somewhat lower pace. However, the ECB's announcement that monetary policy might already change early in 2018 fuelled speculation about the definitive end to cheap money. This prompted caution on the part of European bond market investors, the effects of which include pushing German 10-year yields towards 0.7%.

During the past few months, the risk premium on corporate bonds has dropped further to historically low levels. Thanks to the strong economic growth, companies are reasonably financially healthy, which means the likelihood of bankruptcy is low. The ECB continues to act as a major buyer on the market, which is also pushing down the yield on corporate bond

### **We have a clear preference for shares over bonds.**

Shares are not cheap, but the dividend yield still exceeds the level of interest rates. This has a lot to do with the fact that bonds are heavily overpriced due to the low interest rate levels. Shares also benefit most from strong worldwide economic growth. The markets received a blow at the beginning of February. After fairly strong salary growth figures in the US, fears mounted for high inflation and much higher interest rates. We believe that inflation will only gradually rise and remain close to 2%. Salary increases can be sufficiently absorbed by the increasing productivity.

Economic outlooks remain very good. Economic growth has picked up since the autumn of 2016, with confidence indicators in the euro area at their highest level since the financial crisis. In the fourth quarter, global growth appears to be falling back slightly, especially in Japan. However, the two previous quarters were among the highest in the past few years. In the US, and certainly in the euro area, the economy surpassed the trend. Growth for 2018 will be revised upwards in the US due to the approval of tax cuts just before the new year and additional spending packages in February. There is still some waiting for investments in the outdated infrastructure, as President Trump's plan fails to convince. Growth in the emerging markets (countries or regions that are expected to experience rapid economic growth to make up their lag with the West) accelerated, thanks to the stimulus from China towards the end of last year. That effect has worn off to a certain extent, now that the government intends to address the issue of excessive lending. Even so, the Chinese economy continues to grow at a stable rate of 6.8%.

The monetary policy remains supportive. The European Central Bank (ECB) extended its monetary stimulus package to the end of September 2018 (albeit at a somewhat slower pace). An interest rate hike is not expected before summer 2019. As expected, the US central bank (Fed) raised its key rate to 1.5% in December, but this is still well below normal levels. It has also started unwinding its balance sheet to a limited extent and will probably raise its rates three times in 2018. The Bank of Japan continues to create money at a pace, which has weakened the currency and supports Japanese corporate earnings and the stock market.

In the fourth quarter of 2017, corporate earnings grew by around 15% in the US and by 17% in Europe and Japan, and with that, expectations were rightly quite high. In the euro area, companies can clearly hike up their margins despite a counterbalance from the strong euro.

Regionally, we prefer the euro area and Asia's emerging markets, where we are seeing widespread acceleration of nominal growth, as well as economic indicators at a high level. The expected earnings growth in Asia especially is higher than in the rest of the world. Both markets are, on average, much cheaper than the US, despite a substantial upward revision of US earnings growth to +15% in 2018 thanks to (the one-off effect of) tax cuts. The strong euro could put a brake on corporate earnings in the euro area, but this will be offset by vigorous domestic growth.

Within the euro area, this effect will be clearest in Germany. The country remains the region's growth engine with historically high confidence indicators. Its stock market is cheaper than the average of the euro area, and is also quite cyclical (i.e. sensitive to changes in the economic cycle), which enables it to benefit from accelerating worldwide growth. The stronger euro, of course, depresses earnings from outside the euro area, but business competitiveness means that this will not in itself adversely affect exports.

Within the sectors, the cyclical (sensitive to changes in the economic cycle) and growth-oriented sectors, in particular, should benefit from the strong economy. This is primarily the case with the material and cyclical consumer sectors (goods and services whose consumption is influenced by the economic cycle. Consumption is higher during periods of strong economic growth. Examples are cars or tourism), financials and technology companies. In the fourth quarter of 2017, these five sectors had the strongest earnings growth once again. The technology sector, incidentally, recorded unexpectedly strong earnings growth once again in the third quarter. Expectations in the sector are very high, however, especially in the case of software, which means hefty prices and severe punishment for disappointing performance. Within materials, we are upbeat mainly about the mining and metals sub-sector. The companies there have slashed costs and their investment budget to enable higher metal prices to significantly boost cash flow and earnings. The defensive sectors, such as utilities, telecommunications and consumer staples (for example, foodstuffs) are sectors that can benefit less from the strong economic cycle. Above all, these sectors perform less well in an environment of rising interest rates. We are avoiding these sectors, even though they are relatively cheaply valued.

We are focusing on mature, stable businesses that pay out part of their earnings and especially their surplus cash to shareholders in the form of high dividends. They are an attractive alternative for bond investors, especially in Europe where the dividend yield at roughly 3.5% is much higher than interest rates. The reverse applies to the US. Moreover, they remain the cheapest segment in a stock market that has become expensive.

A selection of European family businesses presents another form of stability, namely growth and return on equity. A strong family-held shareholding where the family is involved in running the company leads to a well thought-out long-term vision. This means that the growth of family-led businesses is often more stable, and the focus is more on the success and expansion of core activities that are often found in niche segments. They focus relatively strongly on the domestic euro area market and suffer less from the strong euro.

Lastly, we also choose water companies. The scarcity of drinking water – due in part to problems with obsolete and inadequate water infrastructure – and problems with water quality and waste-water treatment will boost their turnover in the long term. These companies trade at a premium that is fairly low right now, given their above-average turnover and earnings growth.

### **Play the right bond themes**

Owing to the extremely low interest rate level we are invested well below the benchmark concerning government bonds in the euro area. We are also reducing the duration. The current yield for these types of bond is extremely low (and even negative). In addition, interest rates are more likely to rise due to accelerating economic growth, inflation figures that we expect to rise and central banks that are letting it be known that they will not keep the monetary tap open forever. This constitutes an asymmetrical risk. The US central bank (Fed) is prioritising a very gradual normalisation of its policy. The European Central Bank (ECB) is extending its asset purchasing programme and will continue to buy up bonds until September 2018, albeit at a somewhat lower rate. In this way, it will continue to depress interest rates.

Within the government bonds segment, we are mainly seeking higher bond yields outside the euro area, as reflected in the positions held in Norway. The robust economy and higher coupon make Norwegian bonds an attractive investment.

Furthermore, we remain positive for high yield bonds and invest part of the portfolio in government bonds from emerging markets (countries or regions that are expected to experience rapid economic growth to make up their lag with the West). The current yield is higher than that on traditional bonds, but volatility can also run high. In an environment of rising interest rates and uncertainty regarding the potential consequences of Donald Trump's policy on the rest of the world, we are, however, limiting the duration.

Certain segments of the corporate bond market also remain attractive, especially subordinated bonds of financial companies. The expected returns are a little higher, offsetting the higher credit risk. This premium has dropped to historically low levels. However, companies from the euro area are generally healthier than ever, and often have substantial cash positions and a strong financial structure. Effective diversification within this theme also reduces the negative impact that individual companies can have. Moreover, the ECB is providing additional indirect support by purchasing corporate bonds, thereby supporting the overall economic climate.

Strong economic growth is often favourable for convertible bonds and, for this reason, they are included in investment portfolios. In an environment with increasing interest rates, low duration can be appealing. In particular, we assume that the expected increase in market prices and slightly higher fluctuations in 2018 will lead to price appreciation for this investment.

### 1.3 AGGREGATED BALANCE SHEET (IN EUR)

Balance sheet layout		28/02/2018 (in the currency of the bevek)	28/02/2017 (in the currency of the bevek)
<b>TOTAL NET ASSETS</b>		297.875.970,44	418.039.962,50
<b>II. Securities, money market instruments, UCIs and derivatives</b>			
A. Bonds and other debt instruments			
a) Bonds			
a) Collateral received in the form of bonds		1.318.204,80	
C. Shares and similar instruments			
a) Shares		265.531.683,72	377.739.885,56
Of which securities lent		1.155.203,94	-3.144.475,89
b) Closed-end undertakings for collective investment		5.298.537,60	7.190.349,19
D. Other securities		28.950.859,51	31.176.201,15
<b>IV. Receivables and payables within one year</b>			
A. Receivables			
a) Accounts receivable		350,05	1.119.625,26
B. Payables			
a) Accounts payable (-)		-1,18	-1.143.256,79
c) Borrowings (-)		-2.031.008,18	-2.659.527,59
d) Collateral (-)		-1.318.204,80	
<b>V. Deposits and cash at bank and in hand</b>			
A. Demand balances at banks		291.174,21	4.348.747,23
<b>VI. Accruals and deferrals</b>			
A. Expense to be carried forward			275.554,90
B. Accrued income		288.013,39	663.371,57
C. Accrued expense (-)		-453.638,68	-670.987,98
<b>TOTAL SHAREHOLDERS' EQUITY</b>		297.875.970,44	418.039.962,50
A. Capital		302.114.120,58	429.372.924,06
B. Income equalization		-180.443,32	172.734,15
D. Result of the period		-4.057.706,82	-11.505.695,71

#### Off-balance-sheet headings

<b>I Collateral (+/-)</b>			
<b>I.A Collateral (+/-)</b>			
I.A. Securities/market instruments			
A		1.318.204,80	
<b>IX Financial instruments lent</b>		1.155.203,94	-3.144.475,89

## 1.4 AGGREGATED PROFIT AND LOSS ACCOUNT (IN EUR)

<b>Income Statement</b>		<b>28/02/2018</b> (in the currency of the bevek)	<b>28/02/2017</b> (in the currency of the bevek)
<b>I. Net gains(losses) on investments</b>			
C. Shares and similar instruments			
a) Shares		-3.811.614,68	-14.772.324,06
b) Closed-end undertakings for collective investment		608.227,60	-169.215,31
D. Other securities		655.454,04	-323.624,61
H. Foreign exchange positions and transactions			
a) Derivative financial instruments			
Futures and forward contracts		3.962,99	
b) Other foreign exchange positions and transactions		-1.338.295,56	4.187.846,58
<b>Det.section I gains and losses on investments</b>			
Realised gains on investments		9.369.406,52	16.113.056,61
Unrealised gains on investments		-9.017.527,42	-19.916.077,31
Realised losses on investments		-4.808.688,39	-6.125.852,46
Unrealised losses on investments		574.543,68	-1.148.444,24
<b>II. Investment income and expenses</b>			
A. Dividends		1.384.142,65	2.965.137,73
B. Interests			
a) Securities and money market instruments		9.024,01	3.562,51
b) Cash at bank and in hand and deposits		1.748,24	1.903,58
C. Interest on borrowings (-)		-4.842,00	-3.031,07
F. Other investment income		1.300.130,62	566.300,86
<b>III. Other income</b>			
A. Income received to cover the acquisition and realization of assets, to discourage withdrawals and for delivery charges		26.256,43	
B. Other		178,60	
<b>IV. Operating expenses</b>			
A. Investment transaction and delivery costs (-)		-94.688,37	-352.690,24
B. Financial expenses (-)		-1.486,09	-3.355,42
C. Custodian's fee (-)		-114.025,71	-121.900,60
D. Manager's fee (-)			
a) Financial management		-2.403.152,00	-3.023.381,14
b) Administration and accounting management		-160.210,23	-201.558,85
E. Administrative expenses (-)		-1.936,35	0,30
F. Formation and organisation expenses (-)		-17.364,84	-23.845,08
H. Services and sundry goods (-)		-15.951,13	-14.234,67
J. Taxes		-126.318,56	-191.398,24
K. Other expenses (-)		43.053,52	-29.887,98
<b>Income and expenditure for the period</b>			
Subtotal II + III + IV		-175.441,13	-428.378,24
<b>V. Profit (loss) on ordinary activities before tax</b>		-4.057.706,82	-11.505.695,71
<b>VII. Result of the period</b>		-4.057.706,82	-11.505.695,71



## 1.5 SUMMARY OF ACCOUNTING POLICIES

### 1.5.1 SUMMARY OF RULES

Summary of the valuation rules pursuant to the Royal Decree of 10 November 2006 on the accounting, annual accounts and periodic reports of certain open-ended undertakings for collective investment.

The assets of the various sub-funds are valued as follows:

- When purchased or sold, securities, money market instruments, units in undertakings for collective investment and financial derivatives are recorded in the accounts at their acquisition price or sale price, respectively. Any additional expenses, such as trading and delivery costs, are charged directly to the profit and loss account.
- After initial recognition, securities, money market instruments and financial derivatives are measured at fair value on the basis of the following rules:
  - Securities that are traded on an active market without the involvement of third-party financial institutions are measured at fair value using the closing price;
  - Assets that have an active market which functions through third-party financial institutions that guarantee continuous bid and ask prices are measured using the current bid price set on that market. However, since most international benchmarks use mid-prices, and the data providers cannot supply bid prices (e.g., JP Morgan, iBoxx, MSCI, etc.), the mid-prices are used to measure debt instruments, as provided for in the Notes to the aforementioned Royal Decree. The method to correct these mid-prices and generate the bid price is not used, as it is not reliable enough and could result in major fluctuations.
  - Securities whose last known price is not representative and securities that are not admitted to official listing or admitted to another organised market are valued as follows:
    - When measuring these securities at fair value, use is made of the current fair value of similar assets for which there is an active market, provided this fair value is adjusted to take account of the differences between the assets concerned.
    - If no fair value for similar assets exists, the fair value is calculated on the basis of other valuation techniques which make maximum use of market data, which are consistent with generally accepted economic methods and which are verified and tested on a regular basis.
    - If no organised or unofficial market exists for the assets being valued, account is also taken of the uncertain character of these assets, based on the risk that the counterparties involved might not meet their obligations.
  - Shares for which there is no organised or unofficial market, and whose fair value cannot be calculated reliably as set out above, are measured at cost. Impairment is applied to these shares if there are objective instructions to this end.
  - Units in undertakings for collective investment (for which there is no organised market) are measured at fair value using their last net asset value.
- Liquid assets, including assets on demand at credit institutions, obligations on current account vis-à-vis credit institutions, amounts payable and receivable in the short term that are not represented by negotiable securities or money market instruments (other than vis-à-vis credit institutions), tax assets and liabilities, are measured at nominal value. Other amounts receivable in the longer term that are not represented by negotiable securities are measured at fair value. Impairment is applied to assets, amounts to be received and receivables if there is uncertainty that they will be paid in full or in part at maturity, or if the realisation value of this asset is less than its acquisition value. Additional impairment is recorded on the assets, amounts to be received and receivables referred to in the previous paragraph to ensure that any change in their value, or risks inherent in the asset in question, are taken into account.
- The income arising from securities lending is recognised as other income (Profit and loss account III.B) and is included on an accruals basis in the profit and loss account over the term of the transaction.
- Securities issued in a currency other than that of the relevant sub-fund are converted into the currency of the sub-fund at the last known mid-market exchange rate.

**DIFFERENCES**

A minor difference may appear from time to time between the net asset value as published in the press and the net asset value shown in this report. These are minimal differences in the net asset value calculated that are identified after publication.

If these differences reach or exceed a certain tolerance limit, the difference will be compensated. For those buying or selling shares in the bevek and for the bevek itself, this tolerance limit will be a certain percentage of the net asset value and the net assets, respectively.

This tolerance limit is:

- money market funds: 0.25%
- bond funds, balanced funds and funds offering capital guarantee: 0.50%
- equity funds: 1%
- other funds (real estate funds, etc.): 0.50%

## 1.5.2 EXCHANGE RATES

1 EUR =	28/02/2018		28/02/2017	
	1,5652	AUD	1,3821	AUD
	1,5628	CAD	1,4074	CAD
	1,15265	CHF	1,06415	CHF
	0,8852	GBP	0,8539	GBP
	9,5441	HKD	8,24835	HKD
	130,1428	JPY	118,889	JPY
	9,6195	NOK	8,8805	NOK
	1,6887	NZD	1,4692	NZD
	10,1054	SEK	9,57	SEK
	1,6134	SGD	1,4861	SGD
	4,64255	TRY	3,8547	TRY
	1,21965	USD	1,0626	USD

## EXISTENCE OF COMMISSION SHARING AGREEMENTS

### What the Commission Sharing Agreement entails

The Management Company, or where appropriate, the appointed manager can ask the broker to pay invoices on their behalf for a number of goods and services provided. The broker will then pay those invoices using the savings that have been built up to a certain percentage above the gross commission that it receives from the sub-funds for carrying out transactions.

N.B.:

Only goods and services that assist the Management Company, or where applicable, the appointed manager in managing the sub-funds in the interest of this sub-fund can be covered by a Commission Sharing Agreement.

Goods and services eligible for a Commission Sharing Agreement:

- Research-related and advice-related services;
- Portfolio valuation and analysis;
- Market information and related services;
- Return analysis;
- Services related to market prices;
- Computer hardware linked to specialised computer software or research services;
- Dedicated telephone lines;
- Fees for seminars when the topic is relevant to investment services;
- Publications when the topic is relevant to investment services;
- All other goods and services that contribute directly or indirectly to achieving the sub-funds' investment objectives.

The Management Company, or where appropriate, the appointed manager has laid down an internal policy as regards entering into Commission Sharing Agreements and avoiding possible conflicts of interest in this respect, and has put appropriate internal controls in place to ensure this policy is observed.

Broker	Commission gross in EUR paid during the period: 1-09-17 - 28-02-18	CSA Credits in EUR accrued during the period: 1-09-17 - 28-02-18	Percentage
CARNEGIE	1.808	517	28,57%
CITI	3.312	1.152	34,79%
CSFBASAS	1.176	453	38,52%
DEUTSCHE	432	123	28,57%
EQ CSA GOLDMAN SACHS INTERNATIONAL	4.252	1.728	40,64%
HSBC	3.174	1.092	34,41%
INSTINET	1.150	340	29,57%
MACQUARIE	8.449	3.067	36,30%
MERRILL	5.893	1.868	31,70%
MORGAN STANLEY	927	265	28,57%
SOCGEN	497	142	28,57%
UBSWDR	5.290	1.845	34,88%

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## 2. Information on KBC Select Immo World Plus

### 2.1. Management report

#### 2.1.1. Launch date and subscription price

##### **Classic Shares capitalisation shares**

Launch date: 6 March 1998  
Initial subscription price: 20 000 BEF  
Currency: EUR

##### **Classic Shares Distribution**

Launch date: 6 March 1998  
Initial subscription price: 20 000 BEF  
Currency: EUR

##### **Institutional B Shares capitalisation shares**

Launch date: 23 May 2017  
Initial subscription price: 1 492.85 EUR  
Currency: EUR

#### 2.1.2. Stock exchange listing

Not applicable.

#### 2.1.3. Goal and key principles of the investment policy

##### **Object of the sub-fund**

The main objective of this sub-fund is to generate the highest possible return for its shareholders by investing directly or indirectly in transferable securities. This is reflected in its pursuit of capital gains and income. To this end, the assets are invested, either directly or indirectly via correlated financial instruments, primarily in real estate certificates, shares in real estate companies and UCIs that invest in real estate.

##### **Sub-fund's investment policy**

###### **Permitted asset classes**

The sub-fund may invest in securities, money market instruments, units in undertakings for collective investment, deposits, financial derivatives, liquid assets and all other instruments insofar as permitted by the applicable laws and regulations and consistent with the object as described above.

The sub-fund shall invest no more than 10% of its assets in units of other undertakings for collective investment.

###### **Restrictions of the investment policy**

The investment policy will be implemented within the limits set by law and regulations.

The sub-fund may borrow up to 10% of its net assets, insofar as these are short-term borrowings aimed at solving temporary liquidity problems.

###### **Permitted derivatives transactions**

**Derivatives may be used to achieve the investment objectives as well as to hedge in risks.**

**It is possible to work with either listed or unlisted derivatives: these may be forward contracts, options or swaps on securities, indices, currencies or interest rates or other transactions involving derivatives.** Unlisted derivatives transactions may only be concluded with prime financial institutions specialised in such transactions. **Subject to the applicable laws and regulations and the articles of association, the sub-fund will always seek to conclude the most effective transactions. All costs associated with the transactions will be charged to the sub-fund and all income generated will be paid to the sub-fund.**

If the transactions result in a risk in respect of the counterparty, this risk can be hedged by using a margin management system that ensures that the sub-fund is the beneficiary of security (collateral) in the form of cash or investment grade bonds. When calculating the value of the bonds, a margin will be applied that varies depending on their residual term to maturity and the currency in which they are denominated. The relationship with the counterparty or counterparties is governed by standard international agreements.

Derivatives can also be used to hedge the assets of the sub-fund against open exchange risks in relation to the currency.

Where derivatives are used, they must be easily transferable and liquid instruments. The use of derivatives does not, therefore, affect the liquidity risk. Furthermore, using derivatives does not affect the portfolio's allocation across regions, industry sectors or themes. As a result, they have no effect on concentration risk. Derivatives are not used to protect capital, either fully or partially. They neither increase nor decrease capital risk. In addition, using derivatives has no effect on settlement risk, custody risk, exchange rate risk, flexibility risk, inflation risk or risk dependent on external factors.

### Strategy selected

The assets are invested primarily in an internationally diversified portfolio of real estate certificates, shares in real estate companies and real estate funds. Investments are also made in other securities linked to the real estate sector.

### Volatility of the net asset value

The volatility of the net asset value may be high due to the composition of the portfolio.

### Securities Financing Transactions (SFTs)

#### General

The sub-fund may lend financial instruments within the limits set by law and regulations.

Lending financial instruments is a transaction where one the sub-fund transfers financial instruments to a counterparty subject to an undertaking on the part of that counterparty to supply the sub-fund with comparable financial instruments at some future date or on the sub-fund's request.

This takes place within the framework of a securities lending system managed by either a 'principal' or an 'agent'. If it is managed by a principal, the sub-fund has a relationship only with the principal of the securities lending system which acts as counterparty and to whom title to the loaned securities is transferred. If it is managed by an agent, the sub-fund has a relationship with the agent (as manager of the system) and with one or more counterparties to whom title to the loaned securities is transferred. The agent acts as intermediary between the sub-fund and the counterparty or counterparties.

The sub-fund uses the lending of financial instruments to generate additional income. This might consist of a fee paid by the principal or, in the event that the fund performs the securities lending through an agent, by the counterparty, as well as income generated through reinvestments.

The sub-fund is not permitted to agree forms of SFTs other than lending financial instruments.

### General information on the SFTs used

Type of SFT	Types of asset that the SFT can involve	Maximum percentage of the assets under management that can be involved in the SFT	Anticipated percentage of the assets under management that will be involved in the SFT
Lending financial instruments	Only shares and bonds will be lent	When lending financial instruments a maximum of 30% of the assets under management will be involved.	Depending on market conditions 0–30% of the assets under management will be involved in the lending of financial instruments



### Criteria for the selection of counterparties

Lending financial instruments only occurs with high-quality counterparties. The management company selects which counterparties qualify for the lending of financial instruments.

The selected counterparties must meet the following minimum requirements to this end:

Legal status	Minimum rating	Country of origin
<p>The counterparty must belong to one of the following categories:</p> <ul style="list-style-type: none"> <li>a) A credit institution; or</li> <li>b) An investment firm; or</li> <li>c) A settlement or clearing institution; or</li> <li>d) A central bank of a member state of the European Economic Area, the European Central Bank, the European Investment Bank or a public international financial institution in which one or more European Economic Area member states participate.</li> </ul>	<p>Only counterparties rated as investment grade may be considered.</p> <p>An investment-grade rating means: a rating equal to or higher than BBB- or Baa3 according to one or more of the following accredited rating agencies:</p> <ul style="list-style-type: none"> <li>- Moody's (Moody's Investors Service);</li> <li>- S&amp;P (Standard &amp; Poor's, a division of the McGraw-Hill Companies); en</li> <li>- Fitch (Fitch Ratings).</li> </ul> <p>If the counterparty does not have a rating, the rating of the counterparty's parent company may be taken into consideration.</p>	<p>All geographical regions may be considered when selecting counterparties.</p>

The relationship with the counterparty or counterparties is governed by standard international agreements.

### Description of acceptable financial collateral and its valuation

When the sub-fund lends financial instruments, it receives financial collateral in return. This financial collateral protects the sub-fund fund from default on the part of the counterparty to which the financial instruments have been lent.

the sub-fund may accept the following forms of financial collateral:

- **Cash**; and/or
- **Bonds and other debt instruments**, issued or guaranteed by the central bank of a member state of the European Economic Area, the European Central Bank, the European Union or the European Investment Bank, a member state of the European Economic Area or the Organisation for Economic Cooperation and Development, or by a public international institution in which one or more member states of the European Economic Area participate, other than the counterparty or a person associated with it, and which are permitted to trade on a regulated market; and/or
- **Participation rights in a monetary undertaking for collective investment** that complies with Directive 2009/65/EC or which meets the conditions of Article 52(1:6) of the Royal Decree of 12 November 2012 on certain public institutions for collective investment which meet the conditions of Directive 2009/65/EC, and the net asset value of which is calculated and published daily.

Where the lending of securities is agreed within the framework of a securities lending system, the financial collateral can also take the form of bonds eligible for trading on a regulated market and which have been rated as at least investment grade as described under 'Criteria for the selection of counterparties'.

The valuation of the financial collateral occurs daily in accordance with the most applicable and accurate method: mark-to-market. A daily variation margin applies based on the daily valuation. Consequently, daily margin calls are possible.

There are no limits regarding the term of the financial collateral.

## **Reuse of financial collateral**

**the sub-fund receives collateral in the form of cash, it can reinvest this cash in**

- **deposits with credit institutions** which can be withdrawn immediately and which mature within a period not exceeding twelve months, provided that the registered office of the credit institution is situated within a member state of the EEA, or if the registered office is established in a third country, provided that it is subject to prudential supervisory rules which the FSMA considers as being equivalent to the rules under European Law.
- **short term money market funds** as described in the ESMA Guidelines CESR/10-049 dated 19 May 2010 on the common definition of European money market funds.
- **government bonds** that are denominated in the same currency as the cash received and that meet the terms and conditions set out in the Royal Decree of 7 March 2006 on securities lending by certain undertakings for collective investment.

**Reinvesting in this way can eliminate the credit risk to which the sub-fund is exposed concerning the collateral in respect of the financial institution where the cash account is held, but there is still a credit risk in respect of the issuer or issuers of the debt instrument(s). The management company may delegate implementation of the reinvestment policy to a third party, including the agent managing the securities lending system.**

Reinvestment in deposits at the same credit institution may not exceed 10% of the sub-fund's total assets. Reinvestment in bonds issued by the same public authority may not exceed 20% of the sub-fund's total assets.

## **Policy on the diversification of collateral and the correlation policy**

**The sub-fund is not permitted to accept financial collateral issued by the party offering them.**

The sub-fund's exposure to financial collateral issued by the same issuer may not exceed 20% of the sub-fund's net assets.

## **Holding of the financial collateral**

The financial collateral will be held in the following manner:

- for cash: held in a cash account; and
- for financial collateral that is not cash: registration in a custody account.

The custodian of the financial collateral and/or the entity to which certain tasks relating to the custody of the financial collateral has been delegated is not necessarily the same entity as the custodian of the Bevek's assets, as stated under 'B. Service providers to the Bevek'.

## **Influence of SFTs on a sub-fundthe sub-fund's risk profile**

**This lending does not affect a sub-fundthe sub-fund's risk profile since:**

- The choice of principal, agent and every counterparty is subject to strict selection criteria.
- The return of securities similar to the securities that have been lent can be requested at any time, which means that the lending of securities does not affect management of a sub-fund's assets.
- The return of securities similar to the securities that have been lent is guaranteed by the principal or the agent, as applicable. A margin management system is used to ensure that a sub-fund is at all times the beneficiary of financial security (collateral) in the form of cash or other or other specific types of securities with a low risk, such as government bonds, in case the principal or the counterparty (if a sub-fund uses an agent) does not return similar securities. The actual value of the collateral in the form of specific types of securities with a low risk must at all times exceed the actual value of the loaned securities by 5%. Furthermore, when calculating the value of the specific types of securities with a low risk provided as collateral, a margin of 3% is applied, which should prevent a negative change in price resulting in their actual value no longer exceeding the actual value of the securities. The value of the collateral in the form of cash must at all times exceed the actual value of the loaned securities.
- The criteria met by the collateral are such as to limit the credit risk. A rating of at least investment grade is required in the case of collateral in the form of bonds and other debt instruments. In the case of collateral in the form of participation rights in monetary undertakings for collective investment, the inherent diversification of these undertakings limits the credit risk. In the case of cash that is reinvested, a rating of at least investment grade is required when reinvesting in either deposits or government bonds. In the case of reinvestment in short-term money-market funds, the inherent diversification of these funds limits the credit risk.
- The criteria met by these types of collateral are such as to limit the liquidity risk. It must be possible to value the financial collateral on a daily basis by market price or to withdraw it on demand (on reinvestment of cash in deposits).
- In the case of reinvestment of cash, there are additional criteria to limit the market risk associated with the initial values in cash. When reinvesting bonds, only bonds with a remaining term to maturity of no more than one year may be considered. The shortness of this remaining term results in a low sensitivity to interest rate movements. In the case of reinvestment in short-term money-market funds, the low duration of these funds limits the market risk with respect to the initial value in cash.



- The custody of financial collateral consisting of securities occurs by placing the securities in custody accounts which, in the event of the custodian's bankruptcy, are held outside its insolvent estate. The custody of financial collateral consisting of cash occurs by holding it in cash accounts, whether or not segregated. The extent to which the custody of financial collateral consisting of cash occurs in non-segregated accounts has no influence, however, on the sub-fund's risk profile.
- Operational risks are limited by operational controls, in the shape of daily control of the market values of loaned securities and collateral and reconciliation of internal and external data.

### ***Distribution policy for returns on the utilised SFTs***

**By lending securities, the sub-fund can generate additional income, which might consist of a fee paid by the principal or the counterparty (if a sub-fund uses an agent) as well as income generated through reinvestments. After deducting the direct and indirect charges – set at a flat rate of 35% of the fee received** and consisting of the charges for the clearing services provided by KBC Bank NV, the charges paid to the management company for setting up and monitoring the system for lending securities, the charges for margin management, the charges associated with cash and custody accounts and cash and securities transactions, the fee paid for any management of reinvestments and, if a sub-fund uses an agent, the fee paid to the agent. This income is paid to a sub-fund. It should be noted in this regard that KBC Bank NV is an entity affiliated with the management company.

**More information is provided on the terms and conditions governing securities lending in the annual or half-yearly report for .**

### ***General strategy for hedging the exchange risk***

In order to protect its assets against exchange rate fluctuations and within the limitations laid down in the articles of association, may perform transactions relating to the sale of forward currency contracts, as well as the sale of call options and the purchase of put options on currencies. The transactions in question may relate solely to contracts traded on a regulated market that operates regularly, that is recognised and that is open to the public or, that are traded with a recognised, prime financial institution specialising in such transactions and dealing in the over-the-counter (OTC) market in options. With the same objective, may also sell currencies forward or exchange them in private transactions with prime financial institutions specialising in such transactions.

### ***Social, ethical and environmental aspects***

Investments may not be made in financial instruments issued by manufacturers of controversial weapons whose use over the past five decades, according to international consensus, has led to disproportionate human suffering among the civilian population. This involves the manufacturers of anti-personnel mines, cluster bombs and munitions and weapons containing depleted uranium.

In addition, as of 31 March 2014 no new investments may be made in financial instruments issued by companies that do not have an anti-corruption policy and that have been given a negative score in a thorough screening for corruption in the last two years. A company has no anti-corruption policy if it cannot be demonstrated that it has an acceptable policy concerning the fight against corruption. An acceptable policy should be made public and must at least state that bribery will not be tolerated and that the law will be followed in this respect. The screening will be based on a generally accepted and independent 'Social, ethical and environmental factors' database.

In this way, not only is a purely financial reality represented, but also the social reality of the sector or region.

## **2.1.4. Financial portfolio management**

There is no delegation of the management of the asset allocation.

## **2.1.5. Distributors**

KBC Asset Management S.A., 4, Rue du Fort Wallis, L-2714 Luxembourg.

## **2.1.6. Index and benchmark**

See 'Sub-fund's investment policy'.

### 2.1.7 POLICY PURSUED DURING THE FINANCIAL YEAR

The global listed real-estate market was pretty lively in the period under review, which meant the fund was unable to hold onto the gain built up previously. The expectation of higher interest rates led to accelerated rotation from relatively defensive sectors, which benefit from low or falling interest rates, to more cyclical sectors, which are favoured by rising interest rates. The real-estate sector lagged the broad equity market somewhat during the reporting period.

The gearing ratio of real-estate firms has been kept under control in an environment with low interest rates. Borrowing costs, which are the average for recent years, have generally declined a little further, while portfolio valuations rose slightly. As a result, real-estate companies continue to focus on refinancing and acquiring cheap capital to ensure their future growth.

In operational terms, we see that property companies are still generally doing well, with rising cash flows and dividends as a result. Growing uncertainty as to the speed with which interest rates could rise continued to be felt, with the policy pursued by President Trump playing a role.

The valuation of the real-estate market had become a little less challenging in the past few quarters and is now on the fair side. Real-estate firms are generally making a little more profit than they were a year ago, while prices have not risen to the same degree. The reasons for this can be found in, amongst other places, an increased risk appetite on the part of investors. Besides real estate, investors detect alternatives in sectors that could benefit earlier in the cycle from rising interest rates and an economic upturn. Consequently, demand for real estate is lower compared to previous years, in terms of both the direct market and indirectly via a share. Current market conditions are challenging for real-estate firms in terms of aggressive buying, and so various companies have been paying out extra dividends that represent the proceeds of elements they have disposed of. The downside of this is that future cash flows are falling in a recurrent manner.

Retail property companies generally performed less well, which resulted in a general derating. Polarisation continued to intensify between real-estate companies that can benefit from a multichannel sales strategy on the part of tenants (via both physical stores and online channels), and firms that are positioned weakly in this regard. All the same, the sector as a whole came under pressure from newspaper headlines that highlighted the polarisation. In the US, for instance, Amazon bought Whole Foods, bringing the retail property sector into question worldwide. Unibail-Rodamco's acquisition of Westfield also grabbed the attention. The takeover will be sealed in the first half of 2018, following which a dominant player will be created at world level, with a portfolio of extremely high quality. The logistical real-estate sector emerged as the winner of the trend towards increased online sales. The capacity to align the distribution network with growing online sales has so far been insufficient, resulting in scarcity. This certainly hasn't done the logistical property companies any harm: 2017 was the year of logistical real estate, with portfolios growing and end demand persistently strong, while the speculative supply is not unduly large. The relatively large weighting of retail property in the world real estate portfolio is keeping the sector as a whole on the ground.

The office market in continental Europe is showing signs of recovery, while the picture in the US is mixed, prompting us to be selective in our stock picking. The recovery is not, however, proceeding at a uniform rate: it is primarily the major cities like Paris, Barcelona and Berlin that are leading the way. The fund has positioned itself in part to take advantage of this. The effects of Brexit are trickling through, but the broadly based improvement in the economic climate is making a substantial contribution to reducing vacancy rates and increasing rents. The impact of Brexit on the Brussels office market has so far been minimal: we are chiefly looking at a replacement market, in which new, high-quality buildings are attractive to tenants. Brexit is having both a positive and a negative influence on end demand for office space. Rents are barely rising, at any rate, and a certain level of vacancies remains. Demand for top-end space is limited, but several construction projects are on hold until tenants signal their agreement to use the buildings in the future.

In the residential market, the fund invests primarily in niches like residential care facilities, old people's homes and student accommodation. Growth is currently to be found abroad to a significant extent. What's more, the international market is even more fragmented. German residential property shares made up in 2017 for all the ground they lost in 2016, and – as a segment sensitive to interest rates – managed to record decent earnings at the end of the year even at slightly higher interest rates. This was made possible by scarcity and fundamental undervaluation combined with their growth strategy and rising rental income.

### 2.1.8 FUTURE POLICY

The real-estate market promises to develop in an interesting way at any rate, in that it has to adapt to a new equilibrium in an environment of rising interest rates. It is becoming increasingly likely that the central banks will be confronted by an economy, the fundamentals of which have become sufficiently strong to withstand a further interest-rate hike or the tapering of stimulation.

The real-estate market is likely to be sufficiently resilient to absorb an increase in interest rates, provided that it does not have to contend with sharply rising rates over a short period. We can, however, expect the real-estate market to respond in a volatile way around any interest-rate increase or when expectations change towards current interest-rate policy. Overreactions certainly cannot be ruled out, and temporary imbalances in the property market could provide opportunities. In addition to the interest-rate policy that is pursued, there are wider factors that can shape the evolution of the real-estate market. Some property market niches could suffer more than others as a result.

The consequences of Brexit will become steadily clearer, and although the underlying value of British real estate has held up well so far, it is fair to say that the prospects for the UK property sector are not particularly rosy. Companies are relocating some or all of their activities to the European mainland, which is affecting the office market. The relative fall in the value of sterling and the potential future slowdown of the UK economy could encourage or oblige British consumers to keep tight hold of the purse strings in response to declining purchasing power. Nor is the extent to which continental real-estate markets will be able to benefit from Brexit cut and dried. Contrary to perception, real-estate businesses are still managing to keep the average cost price of their debt finance low, and the capital values are generally determined fairly conservatively. We therefore anticipate a further decoupling between the underlying real-estate market and the performance of the stock market, in which individual elements will provide differentiation. In this context, we expect that companies will still be in a position to grow their cash flows and dividends. The US office market will also show a mixed picture in 2018, as government institutions will expand very little. It will probably be the office markets in the coastal regions that will lead the way, driven by growth in telecoms, media and technology.

It is anticipated that real-estate companies will be able to turn to the capital market once more in the months ahead to help fund the upcoming acquisitions. We do not expect, however, that real-estate firms in general will be tempted to raise their debt levels significantly, despite the fact that funding is still possible at fairly low levels. We anticipate that more and more real-estate certificates will actually be wound up in the future, due to the sale of their assets to larger groups.

At segment level, we expect retail property to remain under pressure for a while longer, even though there is generally no need for dramas in operational terms. The reason for this is that high-profile news reporting on e-commerce will continue to have a negative influence on sentiment towards retail property, as a result of which investors will be less willing to shell out for retail real estate and the derating will persist. Polarisation is likely to intensify between high-quality and secondary portfolios, with the disadvantage that the polarisation that is more relevant to the US will have a direct impact on retail real estate in Europe, where the market is much less subject to overcapacity. The situation is different for logistical property, also referred to sarcastically as the 'new old retail'. This segment might just benefit from the acceleration of e-commerce. The handful of businesses active in this segment are seeing their order books grow with attractive returns.

### 2.1.9 SYNTHETIC RISK AND REWARD INDICATOR

Classic Shares: 5 on a scale of 1 (lowest risk) to 7 (highest risk).

Institutional B Shares: 5 on a scale of 1 (lowest risk) to 7 (highest risk).

The value of a share can decrease or increase and the investor may not get back the amount invested.

In accordance with Commission Regulation (EU) No. 583/2010, a synthetic risk and reward indicator has been calculated. This indicator provides a quantitative measure of the sub-fund's potential return and the risk involved, calculated in the currency in which the sub-fund is denominated. It is given as a figure between 1 and 7. The higher the figure, the greater the potential return, but also the more difficult it is to predict this return. Losses are possible too. The lowest figure does not mean that the investment is entirely free of risk. However, it does indicate that, compared with the higher figures, this product will generally provide a lower, but more predictable return.

The synthetic risk and reward indicator is assessed regularly and can therefore go up or down based on data from the past. Data from the past is not always a reliable indicator of future risk and return.

## 2.2 BALANCE SHEET

Balance sheet layout		28/02/2018 (in the currency of the sub-fund)	28/02/2017 (in the currency of the sub-fund )
TOTAL NET ASSETS		83.805.291,62	164.981.157,55
II. Securities, money market instruments, UCIs and derivatives			
C. Shares and similar instruments			
a) Shares		84.522.235,87	165.841.474,43
Of which securities lent			142.624,11
D. Other securities		106.864,55	136.319,71
IV. Receivables and payables within one year			
A. Receivables			
a) Accounts receivable		350,05	202.048,73
B. Payables			
a) Accounts payable (-)			-362.342,71
c) Borrowings (-)		-994.490,60	-1.849.035,46
V. Deposits and cash at bank and in hand			
A. Demand balances at banks		197.223,89	769.579,75
VI. Accruals and deferrals			
A. Expense to be carried forward			120.147,01
B. Accrued income		99.249,20	388.966,17
C. Accrued expense (-)		-126.141,34	-266.000,08
TOTAL SHAREHOLDERS' EQUITY		83.805.291,62	164.981.157,55
A. Capital		88.370.070,27	162.290.102,64
B. Income equalization		-107.290,62	27.410,23
D. Result of the period		-4.457.488,03	2.663.644,68
<hr/>			
Off-balance-sheet headings			
IX	Financial instruments lent		142.624,11

## 2.3 PROFIT AND LOSS ACCOUNT

<b>Income Statement</b>		<b>28/02/2018</b> (in the currency of the sub-fund)	<b>28/02/2017</b> (in the currency of the sub-fund)
<b>I. Net gains(losses) on investments</b>			
C. Shares and similar instruments			
a) Shares		-3.465.456,85	-2.192.795,54
D. Other securities		5.075,47	1.759,65
H. Foreign exchange positions and transactions			
a) Derivative financial instruments			
Futures and forward contracts		3.962,99	
b) Other foreign exchange positions and transactions		-1.308.879,94	4.227.052,09
<b>Det.section I gains and losses on investments</b>			
Realised gains on investments		3.684.534,13	1.574.846,12
Unrealised gains on investments		-6.844.330,75	3.191.016,06
Realised losses on investments		-2.022.679,17	-1.546.544,83
Unrealised losses on investments		417.177,46	-1.183.301,15
<b>II. Investment income and expenses</b>			
A. Dividends		1.147.316,35	2.117.290,87
B. Interests			
a) Securities and money market instruments		84,38	-101,82
b) Cash at bank and in hand and deposits		1.586,44	1.812,83
C. Interest on borrowings (-)		-1.174,28	-926,16
F. Other investment income		4.266,78	3.690,86
<b>III. Other income</b>			
A. Income received to cover the acquisition and realization of assets, to discourage withdrawals and for delivery charges		7.284,87	
<b>IV. Operating expenses</b>			
A. Investment transaction and delivery costs (-)		-28.144,82	-82.207,50
B. Financial expenses (-)		-409,74	-1.509,51
C. Custodian's fee (-)		-37.669,11	-32.344,18
D. Manager's fee (-)			
a) Financial management			
Institutional B Shares		-661.227,88	-1.173.844,60
b) Administration and accounting management		-65.003,10	
b) Administration and accounting management		-48.415,45	-78.256,38
E. Administrative expenses (-)		-995,50	-0,39
F. Formation and organisation expenses (-)		-5.434,78	-9.751,79
H. Services and sundry goods (-)		-5.930,13	-5.255,93
J. Taxes			
Institutional B Shares		-27.400,35	-81.258,85
Institutional B Shares		-323,38	
K. Other expenses (-)		29.400,00	-29.708,97
<b>Income and expenditure for the period</b>			
Subtotal II + III + IV		307.810,33	627.628,52
<b>V. Profit (loss) on ordinary activities before tax</b>		-4.457.488,03	2.663.644,68
<b>VII. Result of the period</b>		-4.457.488,03	2.663.644,68

## 2.4 COMPOSITION OF THE ASSETS AND KEY FIGURES

### 2.4.1 COMPOSITIONS OF THE ASSETS OF KBC SELECT IMMO WORLD PLUS

Name	Quantity on 28/02/2018	Cur rency	Price in currency	Evaluation (in the currency of the sub-fund)	% owned by UCI	% portfolio	% Net assets
NET ASSETS							
SECURITIES PORTFOLIO							
<b>Shares</b>							
Exchange-listed shares							
<u>Australia</u>							
CHARTER HALL RETAIL REIT -	50.918,00	AUD	3,730	121.341,77		0,14	0,15
GOODMAN GROUP -	95.371,00	AUD	8,210	500.252,95		0,59	0,60
GPT GROUP -	41.494,00	AUD	4,760	126.189,27		0,15	0,15
MIRVAC GROUP -	438.846,00	AUD	2,120	594.399,13		0,70	0,71
STOCKLAND -	65.548,00	AUD	4,040	169.188,55		0,20	0,20
WESTFIELD CORP -	66.624,00	AUD	8,760	372.876,46		0,44	0,45
<u>Austria</u>							
BUWOG - BAUEN UND WOHNEN GMBH -	671,00	EUR	28,900	19.391,90		0,02	0,02
CA IMMOBILIEN ANLAGEN AG -	850,00	EUR	24,140	20.519,00		0,02	0,02
<u>Belgium</u>							
AEDIFICA -	2.912,00	EUR	75,000	218.400,00		0,26	0,26
INTERVEST -	4.362,00	EUR	22,650	98.799,30		0,12	0,12
RETAIL ESTATES -	3.386,00	EUR	70,900	240.067,40		0,28	0,29
VGP NV -	3.773,00	EUR	64,000	241.472,00		0,29	0,29
WAREHOUSE DISTR. DE PAUW -	4.324,00	EUR	97,800	422.887,20		0,50	0,51
<u>Canada</u>							
ALLIED PROPERTIES REAL ESTATE -	3.105,00	CAD	41,460	82.373,50		0,10	0,10
BOARDWALK REAL ESTATE INVESTMENTS -	675,00	CAD	45,560	19.678,14		0,02	0,02
BROOKFIELD ASSET MANAGEMENT -	2.783,00	CAD	49,750	88.593,71		0,11	0,11
CANADIAN APARTMENT PROPERTIES -	4.913,00	CAD	35,150	110.501,63		0,13	0,13
CANADIAN REAL ESTATE INVESTMENT -	3.068,00	CAD	49,920	98.000,10		0,12	0,12
CHARTWELL RETIREMENT RESIDENCES -	4.537,00	CAD	15,320	44.475,84		0,05	0,05
DREAM GLOBAL REAL ESTATE INVESTM -	58.922,00	CAD	12,340	465.253,06		0,55	0,56
DREAM OFFICE REAL ESTATE INVES -	269,00	CAD	21,500	3.700,73		0,00	0,00
H&R REAL ESTATE INV. TRUST -	22.388,00	CAD	19,980	286.224,88		0,34	0,34
PURE INDUSTRIAL REAL ESTATE TR -	221.837,00	CAD	8,020	1.138.426,38		1,35	1,36
RIOCAN REALESTATE INV. TRUST -	13.158,00	CAD	23,490	197.774,14		0,23	0,24
<u>Cayman Islands</u>							
SHIMAO PROPERTY HOLDINGS LTD -	10.281,00	HKD	19,520	21.027,14		0,03	0,03
<u>China</u>							
GUANGZHOU R&F PROPERTIES -	50.800,00	HKD	18,420	98.043,40		0,12	0,12
LONGFOR PROPERTIES CO LTD -	453.500,00	HKD	22,600	1.073.867,63		1,27	1,28
<u>Cyprus</u>							
AROUNDTOWN PROPERTY HOLD SA -	208.604,00	EUR	6,255	1.304.818,02		1,54	1,56
<u>Finland</u>							
CITYCON OYJ (HEL)	950,00	EUR	1,919	1.823,05		0,00	0,00
TECHNOPOLIS OYJ -	11.952,00	EUR	3,955	47.270,16		0,06	0,06



<u>France</u>							
FONCIERE DES REGIONS -	1.038,00	EUR	85,950	89.216,10		0,11	0,11
GECINA REG	2.862,00	EUR	144,100	412.414,20		0,49	0,49
ICADE EMGP -	12.436,00	EUR	79,550	989.283,80		1,17	1,18
KLEPIERRE (CIE FONCIERE) -	33.038,00	EUR	33,930	1.120.979,34		1,33	1,34
UNIBAIL-RODAMCO SE -	9.968,00	EUR	191,750	1.911.364,00		2,26	2,28
<u>Germany</u>							
ADO PROPERTIES SA -	42.275,00	EUR	42,780	1.808.524,50		2,14	2,16
ALSTRIA OFFICE AG -	20.746,00	EUR	12,180	252.686,28		0,30	0,30
DEUTSCHE WOHNEN AG -	36.124,00	EUR	33,950	1.226.409,80		1,45	1,46
LEG IMMOBILIEN AG -	1.616,00	EUR	85,480	138.135,68		0,16	0,17
TLG IMMOBILIEN AG -	5.784,00	EUR	21,980	127.132,32		0,15	0,15
VONOVIA SE -	35.665,00	EUR	37,550	1.339.220,75		1,58	1,60
<u>Hong Kong</u>							
CHINA OVERSEAS LAND & INVEST LTD -	33.081,00	HKD	27,500	95.318,31		0,11	0,11
CHINA RESOURCES BEIJING LAND -	404.171,00	HKD	27,950	1.183.619,14		1,40	1,41
CK ASSET HOLDINGS LTD -	180.331,00	HKD	67,700	1.279.157,67		1,51	1,53
HANG LUNG PROPERTIES LTD -	38.787,00	HKD	18,700	75.996,36		0,09	0,09
HENDERSON LAND -	27.486,00	HKD	51,000	146.874,61		0,17	0,18
HONG KONG LAND HOLDINGS -	17.807,00	USD	6,890	100.594,62		0,12	0,12
KERRY PROPERTIES LTD -	490,00	HKD	35,550	1.825,16		0,00	0,00
NEW WORLD DEV -	1.235.000,00	HKD	11,920	1.542.439,83		1,82	1,84
SINO-OCEAN GROUP HOLDING LTD -	87.000,00	HKD	5,580	50.864,93		0,06	0,06
SUN HUNG KAI PROPS -	184.744,00	HKD	130,700	2.529.944,24		2,99	3,02
SWIRE PROPERTIES LTD -	266.600,00	HKD	26,750	747.220,80		0,88	0,89
THE LINK REIT -	119.961,00	HKD	66,900	840.874,56		0,99	1,00
WHARF (HOLDINGS) LTD. -	10.021,00	HKD	29,300	30.764,06		0,04	0,04
<u>Ireland</u>							
GREEN REIT PLC -	80.584,00	EUR	1,536	123.777,02		0,15	0,15
HIBERNIA REIT PLC -	520.680,00	EUR	1,420	739.365,60		0,87	0,88
IRISH RESIDENTIAL PROPERTIES R -	298.648,00	EUR	1,428	426.469,34		0,50	0,51
<u>Italy</u>							
BENI STABILI SPA -	78.812,00	EUR	0,658	51.858,30		0,06	0,06
<u>Japan</u>							
AEON MALL CO LTD -	16.100,00	JPY	2.237,000	276.739,86		0,33	0,33
FRONTIER REAL ESTATE INVESTMENT -	14,00	JPY	443.500,000	47.709,13		0,06	0,06
HULIC CO LTD -	6.142,00	JPY	1.194,000	56.350,01		0,07	0,07
INVINCIBLE INVESTMENT CORP -	199,00	JPY	49.000,000	74.925,39		0,09	0,09
JAPAN LOGISTICS FUND INC -	20,00	JPY	213.200,000	32.764,01		0,04	0,04
JAPAN RETAIL FD INV CORP -	76,00	JPY	205.300,000	119.889,84		0,14	0,14
KENEDIX OFFICE INVESTMENT CORP -	80,00	JPY	676.000,000	415.543,54		0,49	0,50
KENEDIX RETAIL REIT CORP -	92,00	JPY	244.700,000	172.982,29		0,20	0,21
MITSUBISHI ESTATE -	98.856,00	JPY	1.875,500	1.424.623,01		1,68	1,70
MITSUMI FUDOSAN -	103.412,00	JPY	2.578,000	2.048.489,32		2,42	2,44
NIPPON BUILDING FUND INC -	24,00	JPY	580.000,000	106.959,43		0,13	0,13
NOMURA REAL ESTATE HOLD INC -	2.500,00	JPY	2.588,000	49.714,62		0,06	0,06
NOMURA REAL ESTATE MASTER FUND -	135,00	JPY	146.400,000	151.863,95		0,18	0,18
ORIX JREIT INC -	256,00	JPY	162.900,000	320.435,71		0,38	0,38
SUMITOMO REALTY & DEV. -	36.158,00	JPY	3.901,000	1.083.827,60		1,28	1,29
TOKYO TATEMONO CO LTD -	6.249,00	JPY	1.663,000	79.851,42		0,09	0,10
TOKYU FUDOSAN HOLDINGS CORP -	7.260,00	JPY	792,000	44.181,62		0,05	0,05
UNITED URBAN INVESTMENT CORP -	103,00	JPY	168.800,000	133.594,79		0,16	0,16

<u>Netherlands</u>							
EUROCOMMERCIAL PROPERTIES NV CERT.	4.270,00	EUR	33,480	142.959,60		0,17	0,17
VASTNED-RETAIL -	5.354,00	EUR	38,650	206.932,10		0,25	0,25
WERELDHAVE NV (AMS)	2.665,00	EUR	30,340	80.856,10		0,10	0,10
<u>Norway</u>							
ENTRA ASA -	1.292,00	NOK	109,800	14.747,29		0,02	0,02
NORWEGIAN PROPERTY ASA -	40.461,00	NOK	10,680	44.921,62		0,05	0,05
<u>Singapore</u>							
CAPITALAND LTD -	2.600,00	SGD	3,630	5.849,76		0,01	0,01
CAPITAMALL TRUST -	34.466,00	SGD	2,020	43.151,93		0,05	0,05
CITY DEVELOPMENTS LTD -	373,00	SGD	12,760	2.949,97		0,00	0,00
K-REIT ASIA -	101.400,00	SGD	1,180	74.161,40		0,09	0,09
MAPLETREE COMMERCIAL TRUST -	56.694,00	SGD	1,570	55.168,95		0,07	0,07
MAPLETREE INDUSTRIAL TRUST -	34.000,00	SGD	1,960	41.304,08		0,05	0,05
UOL GROUP LTD -	8.800,00	SGD	8,520	46.470,81		0,06	0,06
<u>Spain</u>							
HISPANIA ACTIVOS INMOBILIARIOS -	5.915,00	EUR	16,350	96.710,25		0,11	0,12
INMOBILIARIA COLONIAL SOCIMI SA -	27.806,00	EUR	8,695	241.773,17		0,29	0,29
LAR ESPANA REAL ESTATE SOCIMI -	17.469,00	EUR	9,450	165.082,05		0,20	0,20
MERLIN PROPERTIES SOCIMI SA -	58.614,00	EUR	11,765	689.593,71		0,82	0,82
<u>Sweden</u>							
D CARNEGIE & CO AB -	64.956,00	SEK	116,600	749.487,36		0,89	0,89
FABEGE AB -	51.292,00	SEK	180,000	913.626,38		1,08	1,09
FASTIGHETS AB BALDER -B-	10.211,00	SEK	205,600	207.748,49		0,25	0,25
HUFVUDSTADEN AB "A"	20.066,00	SEK	125,800	249.797,42		0,30	0,30
PANDOX AB -	1.302,00	SEK	152,800	19.687,06		0,02	0,02
WALLENSTAM AB -B-	6.061,00	SEK	72,600	43.543,91		0,05	0,05
WIHLBORGS FASTIGHETER -	2.191,00	SEK	191,500	41.520,03		0,05	0,05
<u>Switzerland</u>							
PSP SWISS PROPERTY AG -	2.386,00	CHF	89,750	185.783,63		0,22	0,22
SWISS PRIME SITE -	4.943,00	CHF	88,400	379.092,70		0,45	0,45
<u>U.K.</u>							
BIG YELLOW GROUP PLC -	12.121,00	GBP	8,310	113.788,42		0,13	0,14
CAPITAL & REGIONAL PLC -	171.281,00	GBP	0,520	100.616,95		0,12	0,12
DERWENT LONDON PLC -	34.332,00	GBP	28,730	1.114.277,41		1,32	1,33
EMPIRIC STUDENT PROPERTY PLC -	84.141,00	GBP	0,834	79.274,28		0,09	0,10
HAMMERSON PLC -	161.074,00	GBP	4,470	813.376,39		0,96	0,97
INTU PROPERTIES PLC -	21.872,00	GBP	2,022	49.960,67		0,06	0,06
LAND SECURITIES GROUP PLC -	29.486,00	GBP	9,270	308.783,57		0,37	0,37
LONDON METRIC PROPERTY PLC -	189.881,00	GBP	1,777	381.177,74		0,45	0,46
SAFESTORE HOLDINGS PLC -	70.995,00	GBP	4,960	397.802,98		0,47	0,48
SEGRO PLC -	268.709,00	GBP	5,716	1.735.134,03		2,05	2,07
ST MODWEN PROPERTIES PLC -	1.722,00	GBP	3,834	7.458,37		0,01	0,01
TRITAX BIG BOX REIT PLC -	28.158,00	GBP	1,405	44.692,71		0,05	0,05
UNITE GROUP PLC -	132.279,00	GBP	7,615	1.137.940,11		1,35	1,36
WORKSPACE GROUP PLC -	9.016,00	GBP	9,485	96.607,28		0,11	0,12
<u>U.S.A.</u>							
ALEXANDRIA REAL ESTATE EQUITIES INC -	8.075,00	USD	121,310	803.163,41		0,95	0,96
AMERICAN NATIONAL INSURANCE -	78.676,00	USD	19,190	1.237.889,92		1,46	1,48
AMERICAN NATIONAL INSURANCE -	8.320,00	USD	31,720	216.382,08		0,26	0,26
AMERICAN TOWER CORP CL A	13.410,00	USD	139,330	1.531.927,44		1,81	1,83
APARTMENT INVT & MGMT CIE -	19.584,00	USD	38,660	620.766,15		0,73	0,74
AVALONBAY COMMUNITIES INC -	15.069,00	USD	156,020	1.927.655,79		2,28	2,30

BOSTON PROPERTIES INC -	9.887,00	USD	118,870	963.610,62		1,14	1,15
BRIXMOR PROPERTY GROUP INC -	20.394,00	USD	15,540	259.847,30		0,31	0,31
CAMDEN PROPERTY TRUST -	8.560,00	USD	79,710	559.437,22		0,66	0,67
CB RICHARD ELLIS GROUP INC -	2.406,00	USD	46,750	92.223,59		0,11	0,11
CORPORATE OFFICE PROPERTIES TR -	14.033,00	USD	24,960	287.183,77		0,34	0,34
COUSINS PROPERTIES INC -	28.206,00	USD	8,340	192.873,40		0,23	0,23
CROWN CASTLE INTL CORP -	1.375,00	USD	110,060	124.078,63		0,15	0,15
CUBESMART -	16.825,00	USD	26,810	369.842,37		0,44	0,44
CYRUSONE INC -	32.390,00	USD	49,900	1.325.184,27		1,57	1,58
DCT INDUSTRIAL TRUST INC -	19.098,00	USD	55,350	866.702,99		1,02	1,03
DDR CORP -	694,00	USD	7,800	4.438,32		0,01	0,01
DIGITAL INSIGHT -	36.486,00	USD	100,640	3.010.659,65		3,56	3,59
DOUGLAS EMMET INC -	8.518,00	USD	35,750	249.676,96		0,30	0,30
DUKE REALTY CORP -	92.363,00	USD	24,770	1.875.809,87		2,22	2,24
EASTGROUP PROPERTIES INC -	15.127,00	USD	81,030	1.004.993,90		1,19	1,20
EDUCATION REALTY TRUST INC -	4.203,00	USD	31,140	107.310,64		0,13	0,13
EMPIRE STATE REALTY TRUST INC -	1.063,00	USD	16,860	14.694,53		0,02	0,02
EQUINIX INC -	3.768,00	USD	392,100	1.211.358,01		1,43	1,45
EQUITY LIFESTYLE PROPERTIES INC -	14.612,00	USD	84,610	1.013.668,94		1,20	1,21
EQUITY RESIDENTIAL -	41.705,00	USD	56,230	1.922.741,89		2,27	2,29
ESSEX PROPERTY TRUST INC -	5.696,00	USD	223,830	1.045.329,14		1,24	1,25
EXTRA SPACE STORAGE INC -	11.329,00	USD	85,050	790.006,52		0,93	0,94
FOREST CITY ENTERPRISES INC -	6.942,00	USD	21,270	121.064,52		0,14	0,14
GGP INC. -	1.937,00	USD	21,170	33.621,36		0,04	0,04
HCP INC -	5.938,00	USD	21,640	105.356,72		0,12	0,13
HIGHWOODS PROPERTIES INC -	6.303,00	USD	43,010	222.270,35		0,26	0,27
HUDSON PACIFIC PROPERTIES INC -	62.853,00	USD	31,570	1.626.916,91		1,92	1,94
IRON MOUNTAIN INC -	4.387,00	USD	31,460	113.159,53		0,13	0,14
KILROY REALTY CORP -	10.310,00	USD	68,100	575.665,97		0,68	0,69
KIMCO REALTY -	639,00	USD	14,960	7.837,86		0,01	0,01
KITE REALTY GROUP TRUST -	3.152,00	USD	15,140	39.127,03		0,05	0,05
LASALLE HOTEL PROPERTIES -	16.713,00	USD	24,530	336.137,33		0,40	0,40
LIBERTY PROPERTY TRUST -	29.970,00	USD	39,260	964.721,19		1,14	1,15
MACK-CALI REALTY CORP -	1.377,00	USD	16,890	19.069,02		0,02	0,02
MID AMERICA APARTMENT COMMUNITIES -	9.867,00	USD	85,820	694.286,02		0,82	0,83
PEBBLEBROOK HOTEL TRUST -	8.423,00	USD	34,010	234.875,77		0,28	0,28
PHYSICIANS REALTY TRUST -	8.135,00	USD	14,370	95.847,13		0,11	0,11
PROLOGIS TRUST -	70.998,00	USD	60,680	3.532.290,94		4,18	4,22
REGENCY CENTERS CORP -	2.585,00	USD	58,110	123.161,85		0,15	0,15
RETAIL PROPERTIES OF AMERICA I -	2.677,00	USD	11,960	26.250,91		0,03	0,03
REXFORD INDUSTRIAL REALTY INC -	38.011,00	USD	27,000	841.468,45		0,99	1,00
RLJ LODGING TRUST -	2.209,00	USD	19,810	35.879,38		0,04	0,04
RYMAN HOSPITALITY PROPERTIES -	2.975,00	USD	68,960	168.208,91		0,20	0,20
SENIOR HOUSING PROPERTIES TRUST -	12.669,00	USD	15,140	157.265,33		0,19	0,19
SIMON PROPERTY GROUP INC -	21.006,00	USD	153,510	2.643.898,71		3,12	3,16
SL GREEN REALTY CORP -	18.387,00	USD	96,920	1.461.130,69		1,73	1,74
STAG INDUSTRIAL INC -	14.355,00	USD	22,770	267.997,66		0,32	0,32
SUMMIT HOTEL PROPERTIES INC -	51.238,00	USD	13,170	553.277,14		0,65	0,66
SUNSTONE HOTEL INVESTORS INC -	1.198,00	USD	14,430	14.173,85		0,02	0,02
TANGER FACTORY OUTLET CENTERS -	1.115,00	USD	22,320	20.404,87		0,02	0,02
TAUBMAN CENTERS INC -	752,00	USD	58,460	36.044,70		0,04	0,04
THE MACERICH CO -	255,00	USD	58,940	12.322,96		0,02	0,02
VEREIT INC -	4.449,00	USD	6,850	24.987,21		0,03	0,03
VORNADO REALTY TRUST -	7.520,00	USD	66,470	409.834,30		0,48	0,49
Total shares				84.522.235,87		99,87	100,86

<b>Real estate certificates</b>							
<u>Singapore</u>							
CAPITACOMMERCIAL TRUST -	99.662,00	SGD	1,730	106.864,55		0,13	0,13
Total real estate certificates				106.864,55		0,13	0,13
<b>TOTAL SECURITIES PORTFOLIO</b>				<b>84.629.100,42</b>		<b>100,00</b>	<b>100,98</b>
<b>CASH AT BANK AND IN HAND</b>							
<b>Demand accounts</b>							
<u>Belgium</u>							
KBC GROUP AUD	-28.262,86	AUD	1,000	-18.057,03			-0,02
KBC GROUP CAD	11.901,68	CAD	1,000	7.615,61			0,01
KBC GROUP CHF	212,32	CHF	1,000	184,20			
KBC GROUP EURO	-976.433,57	EUR	1,000	-976.433,57			-1,17
KBC GROUP GBP	7.098,89	GBP	1,000	8.019,53			0,01
KBC GROUP HKD	90.501,28	HKD	1,000	9.482,43			0,01
KBC GROUP JPY	5.561.050,00	JPY	1,000	42.730,37			0,05
KBC GROUP NOK	24.417,93	NOK	1,000	2.538,38			0,00
KBC GROUP NZD	654,36	NZD	1,000	387,49			
KBC GROUP SEK	19.286,48	SEK	1,000	1.908,53			0,00
KBC GROUP SGD	98.154,21	SGD	1,000	60.836,87			0,07
KBC GROUP TRY	27.718,55	TRY	1,000	5.970,54			0,01
KBC GROUP USD	70.190,79	USD	1,000	57.549,94			0,07
Total demand accounts				-797.266,71			-0,95
<b>TOTAL CASH AT BANK AND IN HAND</b>				<b>-797.266,71</b>			<b>-0,95</b>
<b>OTHER RECEIVABLES AND PAYABLES</b>							
<b>Receivables</b>							
<u>Belgium</u>							
KBC GROUP JPY RECEIVABLE	35.910,00	JPY	1,000	275,93			
KBC GROUP SGD TE ONTVANGEN	119,59	SGD	1,000	74,12			
Total receivables				350,05			
<b>TOTAL RECEIVABLES AND PAYABLES</b>				<b>350,05</b>			
<b>OTHER</b>							
Interest receivable		EUR		99.249,20			0,12
Expenses payable		EUR		-126.141,34			-0,15
<b>TOTAL OTHER</b>				<b>-26.892,14</b>			<b>-0,03</b>
<b>TOTAL NET ASSETS</b>				<b>83.805.291,62</b>			<b>100,00</b>

**Geographic breakdown (as a % of securities portfolio)**

	<b>31/08/2016</b>	<b>28/02/2017</b>	<b>31/08/2017</b>	<b>28/02/2018</b>
Australia	7,47	5,77	2,57	2,23
Austria	0,40	0,31	0,38	0,05
Belgium	0,77	0,69	1,24	1,44
Canada	1,48	1,60	1,57	3,00
Switzerland	0,44	0,48	0,51	0,67
China	0,00	0,21	0,84	1,38
Cayman Islands	0,01	0,01	0,02	0,02
Cyprus	0,00	0,67	0,38	1,54
Germany	5,30	5,42	4,91	5,78
Spain	0,66	0,54	1,13	1,41
Finland	0,11	0,29	0,05	0,06
France	3,91	3,83	4,69	5,34
U.K.	6,71	4,76	5,94	7,54
Hong Kong	5,17	6,13	8,86	10,19
Ireland	2,25	1,59	1,89	1,52
Italy	0,11	0,03	0,05	0,06
Japan	7,76	7,89	7,32	7,85
Luxembourg	0,42	0,20	0,01	0,00
Netherlands	0,42	0,29	0,48	0,51
Norway	0,05	0,01	0,08	0,07
Singapore	1,30	2,14	2,29	0,44
Sweden	3,07	4,06	3,99	2,63
U.S.A.	52,19	53,08	50,80	46,27
<b>Total</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>

**Sector breakdown (as a % of securities portfolio)**

	<b>31/08/2016</b>	<b>28/02/2017</b>	<b>31/08/2017</b>	<b>28/02/2018</b>
Cyclicals	0,75	0,00	0,00	0,00
Consum(cycl)	0,04	0,00	0,00	0,00
Pharma	0,04	0,03	0,04	0,05
Financials	3,90	0,48	0,08	0,11
Technology	3,74	0,00	0,00	0,00
Telecomm.	0,09	0,00	0,00	0,00
Real est.	90,93	99,49	99,88	99,84
Unit trusts	0,51	0,00	0,00	0,00
<b>Total</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>

**Currency breakdown (as a % of net assets)**

	<b>31/08/2016</b>	<b>28/02/2017</b>	<b>31/08/2017</b>	<b>28/02/2018</b>
AUD	7,43	5,89	2,61	2,23
CAD	1,52	1,70	1,61	3,03
CHF	0,45	0,49	0,55	0,67
EUR	14,86	12,76	14,62	16,72
GBP	6,64	4,84	5,96	7,62
HKD	4,37	5,89	9,64	11,60
JPY	7,71	8,02	7,39	7,97
NOK	0,05	0,04	0,08	0,07
SEK	3,04	4,11	4,01	2,66
SGD	1,31	2,18	2,39	0,52
TRY	0,01	0,00	0,01	0,01
USD	52,61	54,08	51,13	46,90
<b>Total</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>

#### 2.4.2 CHANGES IN THE COMPOSITION OF THE ASSETS OF KBC SELECT IMMO WORLD PLUS (IN THE CURRENCY OF THE SUB-FUND)

	1st half of year	Year
<b>Purchases</b>	6.618.411,41	6.618.411,41
<b>Sales</b>	26.372.570,90	26.372.570,90
<b>Total 1</b>	32.990.982,31	32.990.982,31
<b>Subscriptions</b>	4.140.311,74	4.140.311,74
<b>Redemptions</b>	23.563.605,33	23.563.605,33
<b>Total 2</b>	27.703.917,07	27.703.917,07
<b>Monthly average of total assets</b>	97.511.522,98	97.511.522,98
<b>Turnover rate</b>	5,42 %	5,42 %

	1st half of year	Year
<b>Purchases</b>	6.618.411,41	6.618.411,41
<b>Sales</b>	26.372.570,90	26.372.570,90
<b>Total 1</b>	32.990.982,31	32.990.982,31
<b>Subscriptions</b>	4.140.311,74	4.140.311,74
<b>Redemptions</b>	23.563.605,33	23.563.605,33
<b>Total 2</b>	27.703.917,07	27.703.917,07
<b>Monthly average of total assets</b>	103.830.817,75	103.830.817,75
<b>Corrected turnover rate</b>	5,09 %	5,09 %

The table above shows the capital volume of portfolio transactions. This volume (adjusted to take account of total subscriptions and redemptions) is also compared to the average net assets at the beginning and end of the period.

A figure close to 0% implies that the transactions relating to the securities or transactions relating to the assets (excluding deposits and cash) in a given period only involve subscriptions and redemptions.

A negative percentage shows that subscriptions and redemptions entailed few, if any, transactions in the portfolio.

Active asset management may result in high turnover rates (monthly percentage >50%).

The detailed list of transactions is available for consultation free of charge at the registered office of the Bevek or fund at Havenlaan 2, 1080 Brussels.

### 2.4.3 AMOUNT OF COMMITMENTS IN RESPECT OF FINANCIAL DERIVATIVES POSITIONS

Nihil

### 2.4.4 CHANGES OF THE NUMBER OF SUBSCRIPTIONS AND REDEMPTIONS AND THE NET ASSET VALUE

Period	Change in number of shares in circulation						
Year	Subscriptions		Redemptions		End of period		
	Cap.	Dis.	Cap.	Dis.	Cap.	Dis.	Total
2016 - 08*	36.991,45	36.242,69	2.715,15	1.091,83	51.783,09	48.106,66	99.889,76
2017 - 08*	35.234,94	28.687,48	46.360,12	36.017,51	40.657,91	40.776,63	81.434,54
2018 - 02*	433,86	179,00	7.409,85	9.233,90	33.681,92	31.721,73	65.403,65

Period	Amounts received and paid by the UCI (in the currency of the class)			
Year	Subscriptions		Redemptions	
	Capitalization	Distribution	Capitalization	Distribution
2016 - 08*	54.944.716,17	35.911.640,13	3.949.938,06	1.059.568,48
2017 - 08*	52.086.766,26	28.339.166,20	69.114.875,00	35.615.214,71
2018 - 02*	640.555,54	173.232,25	10.951.619,61	8.844.946,81

Period	Net asset value End of period (in the currency of the class)		
Year	Of the class	Of one share	
		Capitalization	Distribution
2016 - 08*	129.221.164,04	1.534,32	1.034,56
2017 - 08*	99.238.217,25	1.473,15	964,84
2018 - 02*	75.125.131,75	1.396,07	885,91

\* The financial year does not coincide with the calendar year.

#### Institutional B Shares

Period	Change in number of shares in circulation						
Year	Subscriptions		Redemptions		End of period		
	Cap.	Dis.	Cap.	Dis.	Cap.	Dis.	Total
2017 - 08*	6.940,88		400,00		6.540,88		6.540,88
2018 - 02*	2.316,00		2.640,00		6.216,89		6.216,89

Period	Amounts received and paid by the UCI (in the currency of the class)			
Year	Subscriptions		Redemptions	
	Capitalization	Distribution	Capitalization	Distribution
2017 - 08*	10.357.083,63		606.345,54	
2018 - 02*	3.364.519,13		3.920.353,65	

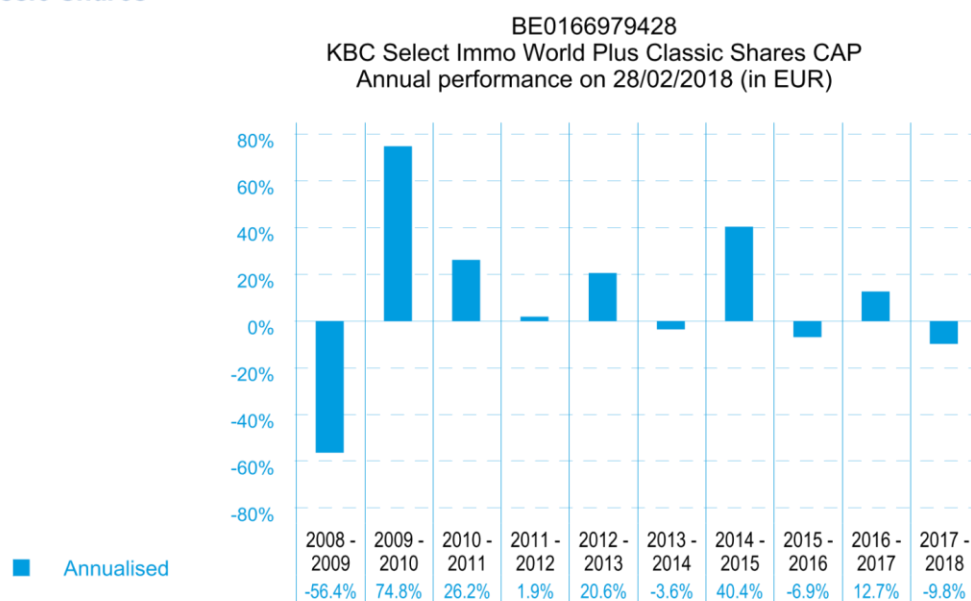
Period	Net asset value End of period (in the currency of the class)		
Year	Of the class	Of one share	
		Capitalization	Distribution
2017 - 08*	9.635.317,69	1.473,09	
2018 - 02*	8.680.159,87	1.396,22	

\* The financial year does not coincide with the calendar year.

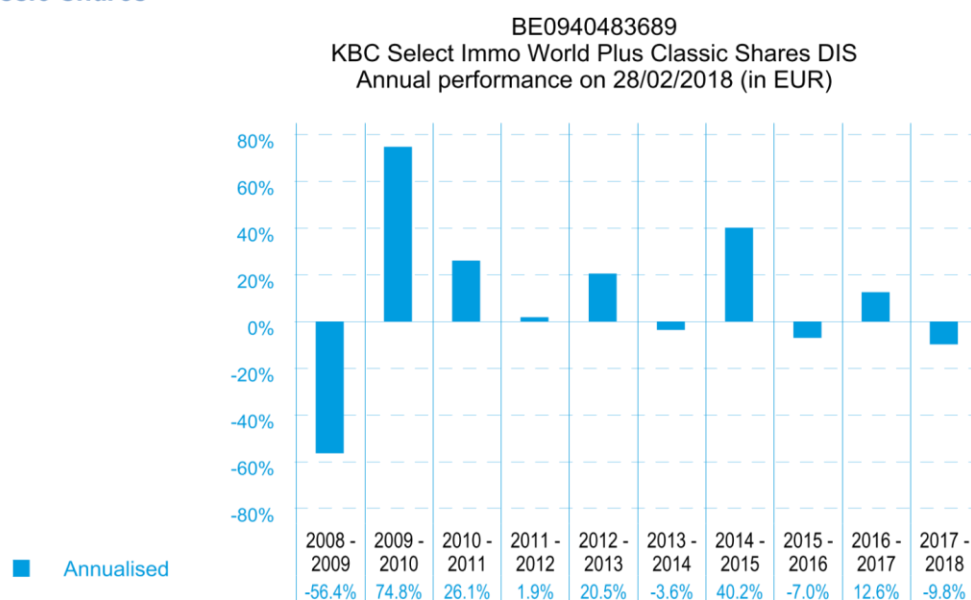


## 2.4.5. Performance figures

### Classic Shares



### Classic Shares



Cap Div	ISIN Code	Cur- rency	1 year		3 years		5 years		10 years		Since Launch*	
			Share classes	Bench mark	Share classes	Bench mark	Share classes	Bench mark	Share classes	Bench mark	Starting date	Share classes
CAP	BE0166979428	EUR	-9.77%		-1.82%		5.08%		4.24%		06/03/1998	5.32%
DIS	BE0940483689	EUR	-9.77%		-1.87%		5.02%		4.19%		06/03/1998	5.36%

Risk warning: Past performance is not a guide to future performance.

\* Return on annual basis.

## Classic Shares

- The bar chart shows the performance for full financial years.
- The figures do not take account of any restructuring..
- Calculated in EUR.
- The return is calculated as the change in the net asset value between two dates expressed as a percentage. In the case of units that pay dividends, the dividend is incorporated geometrically in the return.
- Calculation method for date D, where NAV stands for net asset value:  
Capitalisation units (CAP)  
 Return on date D over a period of X years :  

$$[\text{NIW}(D) / \text{NIW}(Y)]^{1/X} - 1$$
 where  $Y = D - X$   
 Return on date D since the start date S of the unit:  

$$[\text{NIW}(D) / \text{NIW}(S)]^{1/F} - 1$$
 where  $F = 1$  if the unit has existed for less than one year on date D  
 where  $F = (D - S) / 365.25$  if the unit has existed for longer than one year on date D  
Distribution units (DIV)  
 Return on date D over a period of X years :  

$$[C * \text{NIW}(D) / \text{NIW}(Y)]^{1/X} - 1$$
 where  $Y = D - X$   
 Return on date D since the start date S of the unit:  

$$[C * \text{NIW}(D) / \text{NIW}(S)]^{1/F} - 1$$
 where  $F = 1$  if the unit has existed for less than one year on date D  
 where  $F = (D - S) / 365.25$  if the unit has existed for longer than one year on date D  
 where C is a factor that is determined for all N dividends between the calculation date D and the reference date.  
 For dividend i on date Di with value Wi:  

$$C_i = [W_i / \text{NIW}(D_i)] + 1$$

$$i = 1 \dots N$$
 from which  $C = C_0 * \dots * C_N$ .
- If the interval between the two dates exceeds one year, the ordinary return calculation is converted into a return on an annual basis by taking the nth square root of 1 plus the total return of the unit..
- The return figures shown above do not take account of the fees and charges associated with the issue and redemption of units.
- These are the performance figures for capitalisation and distribution shares

Institutional B Shares

BE6294993819  
KBC Select Immo World Plus Institutional B Shares CAP  
Annual performance on 28/02/2018 (in EUR)

The cumulative returns are shown where they relate to a period of at least one year.

NaN%						
NaN%						
NaN%						
NaN%						
NaN%						
NaN%						
NaN%						
NaN%						
NaN%						
■ Annualised	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	

## 2.4.6 COSTS

### Ongoing Charges: \*

Classic Shares Distribution: 1.797%

Classic Shares Capitalization: 1.800%

Institutional B Shares Capitalization: Not applicable

\* The following are not included in the charges shown: entry and exit charges, performance fees, transaction costs paid when buying or selling assets, interest paid, payments made with a view to providing collateral in the context of derivative financial instruments, or commissions relating to Commission Sharing Agreements or similar fees received by the Management Company or any person associated with it.

### EXISTENCE OF COMMISSION SHARING AGREEMENTS

The Management Company, or where applicable, the appointed manager has entered into a Commission Sharing Agreement with one or more brokers for transactions in shares on behalf of one or more sub-funds. This agreement specifically concerns the execution of orders and the delivery of research reports.

For more information, please see the 'General' section of the annual report.

Broker	Commission gross in EUR paid during the period: 1-09-17 - 28-02-18	CSA Credits in EUR accrued during the period: 1-09-17 - 28-02-18	Percentage
CARNEGIE	97	28	28,57%
CARNEGIE	754	215	28,57%
CITI	432	152	35,17%
CSFBSAS	167	82	49,34%
CSFBSAS	672	269	40,00%
DEUTSCHE	152	43	28,57%
EQ CSA GOLDMAN SACHS INTERNATIONAL	764	306	40,00%
EQ CSA GOLDMAN SACHS INTERNATIONAL	983	403	40,95%
HSBC	417	119	28,57%
HSBC	741	282	38,11%
INSTINET	242	81	33,33%
MACQUARIE	3.993	1.540	38,56%
MACQUARIE	1.172	469	40,00%
MERRILL	495	181	36,52%
MERRILL	933	346	37,13%
UBSWDR	3.507	1.169	33,33%
UBSWDR	43	17	40,00%

### FEE-SHARING AGREEMENTS AND REBATES:

The management company may share its fee with the distributor, and institutional and/or professional parties.

In principle, the percentage share amounts to between 35% and 60% if the distributor is an entity of KBC Group NV or to between 35% and 70% if the distributor is not an entity of KBC Group NV. However, in a small number of cases, the distributor's fee is less than 35%. Investors may, on request, obtain more information on these cases.

If the management company invests the assets of the undertaking for collective investment in units of undertakings for collective investment that are not managed by an entity of KBC Group NV, and receives a fee for doing so, it will pay this fee to the undertaking for collective investment.

Fee-sharing does not affect the amount of the management fee paid by the sub-fund to the management company. This management fee is subject to the limitations laid down in the articles of association. The limitations may only be amended after approval by the general meeting of shareholders.

The management company has concluded a distribution agreement with the distributor in order to facilitate the wider distribution of the sub-fund's units by using multiple distribution channels.

It is in the interests of the holders of units, the sub-fund and of the distributor for the largest possible number of units to be sold and for the assets of the sub-fund to be maximised in this way. In this respect, there is therefore no question of any conflict of interest.

## 2.4.7 NOTES TO THE FINANCIAL STATEMENTS AND OTHER DATA

Fee for managing the investment portfolio: 1.5% per year calculated on the basis of the average total net assets of the sub-fund, no management fee is charged on assets invested in underlying undertakings for collective investment managed by a financial institution of the KBC group.

The administration agent's fee is payable at the end of each month and is calculated on the basis of the average total net assets of the sub-fund.

Auditor's fee: 1844 EUR per year. This fee is not including VAT and can be indexed on an annual basis in accordance with the decisions of the general meeting.

The custody fee is calculated on the value of the securities held in custody by the custodian on the final banking day of the preceding calendar year, except on those assets invested in underlying undertakings for collective investment managed by a financial institution of the KBC group. The custody fee is paid at the beginning of the calendar year.

### Exercising voting rights.

If necessary, relevant and in the interest of the shareholders, the management company will exercise the voting rights attached to the shares in the Bevek's portfolio.

The management company will adhere to the following criteria when determining how it stands relative to the items on the agenda that are put to the vote:

- Shareholder value may not be adversely affected.
- Corporate governance rules, especially with regard to the rights of minority shareholders, must be respected.
- The minimum standards with regard to sustainable business and corporate social responsibility must be met.

The list of companies for which voting rights are exercised is available at the registered office of the Bevek.

### Securities lending

Pursuant to the Royal Decree of 7 March 2006 on securities lending, the undertaking for collective investment in transferable securities(UCITS) has entered into securities lending transactions, whereby the title to the securities that have been lent has been transferred, without recognition of that transfer of ownership in the accounts. For the period from 01/09/2017 to 28/02/2018, the realised net income for the UCITS amounts to 54,85 EUR and for the Management Company 21,94 EUR. Direct and indirect costs and charges are deducted from the gross income. These are set at a flat rate of 35% of the fee received and consist of the charges for the clearing services provided by KBC Bank NV, the charges paid to the management company for setting up and monitoring the system for lending securities, the charges for margin management, the charges associated with cash and custody accounts and cash and securities transactions, the fee paid for any management of reinvestments and, if the sub-fund uses an agent, the fee paid to the agent. The undertaking for collective investment in transferable securities will thus receive 65% of the fee received for securities lent. The number of securities lent varied between 0 and 1, with a market value fluctuating between 0,00 and 62.642,32 EUR. The detailed list of securities lending transactions carried out may be obtained from the registered office of the undertaking for collective investment in transferable securities at Havenlaan 2, 1080 Brussels. During the reporting period, securities lending transactions were effected in relation to the following securities lending systems:

- Manager of the securities lending system: Goldman Sachs
  - Type of securities lending transactions effected: the lending transactions are effected through the agency of a Lending Agent.
  - Nature of the lent securities: the securities lending applies only to the equity portion of the portfolio.
  - Nature of the financial collateral: government bonds issued by Austria, Belgium, Germany, the Netherlands, Luxembourg, the UK, France, the US and Switzerland and supranational bonds denominated in EUR, USD or GBP issued by the EIB or the KFW.
  - Reinvestment of the financial collateral received: no reinvestment takes place.

### **Transparency of securities financing transactions and of reuse**

#### **Global data:**

1) The amount of securities and commodities on loan as a proportion of total lendable assets defined as excluding cash and cash equivalents;	0,00	%
2) The amount of assets engaged in each type of SFTs and total return swaps expressed as an absolute amount (in the collective investment undertaking's currency) and as a proportion of the collective investment undertaking's assets under management (AUM).		
The amount of assets engaged in each type of SFTs and total return swaps expressed as an absolute amount (in the collective investment undertaking's currency)	0,00	EUR
proportion of the collective investment undertaking's assets under management (AUM)	0,00	%

#### **Concentration data:**

1) Ten largest collateral issuers across all SFTs and total return swaps (break down of volumes of the collateral securities and commodities received per issuer's name);

<u>name collateral issuer</u>	<u>Market value on a settled basis</u>	<u>currency</u>
Nil	Nil	Nil

2) Top 10 counterparties of each type of SFTs and total return swaps separately (Name of counterparty and gross volume of outstanding transactions).

<u>type SFT (lending program)</u>	<u>name counterparty</u>	<u>Country of counterparty</u>	<u>Market value on a settled basis</u>	<u>currency</u>
Nil	Nil	Nil	Nil	Nil

Aggregate transaction data for each type of SFTs and total return swaps separately to be broken down according to the below categories:

1) Type and quality of collateral;	<u>equity (Goldman Sachs)</u>	<u>equity (KBC Bank)</u>	<u>bonds (Société Générale)</u>
type	Nil	Nil	Nil
quality – Bloomberg composite rating: see table below			
2) Maturity tenor of the collateral broken down in the following maturity buckets: less than one day, one day to one week, one week to one month, one to three months, three months to one year, above one year, open maturity: see table below;			
3) Currency of the collateral: see table below			
4) Maturity tenor of the SFTs and total return swaps broken down in the following maturity buckets: less than one day, one day to one week, one week to one month, one to three months, three months to one year, above one year, open transactions;	Nil	Nil	Nil
5) Country in which the counterparties are established: see table above			
6) Settlement and clearing (e.g., tri-party, Central Counterparty, bilateral).	Nil	Nil	Nil

<u>collateral</u>	<u>quality</u>	<u>Currency</u>	<u>Maturity tenor</u>
Nil	Nil	Nil	Nil

#### **Data on reuse of collateral:**

1) Share of collateral received that is reused, compared to the maximum amount specified in the prospectus or in the disclosure to investors;	Nil
2) Cash collateral reinvestment returns to the collective investment undertaking. (EUR)	Nil

Safekeeping of collateral received by the collective investment undertaking as part of SFTs and total return swaps:

1) Number and names of custodians and the amount of collateral assets safe-kept by each of the custodians.

<u>number</u>	<u>Name collateral custodian</u>	<u>Market value on a settled basis</u>	<u>currency</u>
Nil	Nil	Nil	Nil

Safekeeping of collateral granted by the collective investment undertaking as part of SFTs and total return swaps:

1) The proportion of collateral held in segregated accounts or in pooled accounts, or in any other accounts.	Ni
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Data on return and cost for each type of SFTs and total return swaps:

1) Data on return and cost for each type of SFTs and total return swaps broken down between the collective investment undertaking, the manager of the collective investment undertaking and third parties (e.g. agent lender) in absolute terms and as a percentage of overall returns generated by that type of SFTs and total return swaps.

<u>Lending program: equity (Goldman Sachs)</u>	<u>collective investment undertaking</u>	<u>manager of the collective investment undertaking</u>	<u>agent lender</u>
return EUR	84,38	21,94	7,59
percentage of overall returns	100,00%	26,00%	9,00%
cost EUR	29,53		
percentage of overall returns	35,00 %		

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## 2. Information on KBC Select Immo Belgium Plus

### 2.1. Management report

#### 2.1.1. Launch date and subscription price

##### capitalisation shares

Launch date:	24 March 1995
Initial subscription price:	20 000 BEF
Currency:	EUR

#### 2.1.2. Stock exchange listing

Not applicable.

#### 2.1.3. Goal and key principles of the investment policy

##### Object of the sub-fund

The main objective of this sub-fund is to generate the highest possible return for its shareholders by investing directly or indirectly in transferable securities. This is reflected in its pursuit of capital gains and income. To this end, the assets are invested, either directly or indirectly via correlated financial instruments, primarily in real estate certificates, shares in real estate companies and UCIs that invest in real estate.

##### Sub-fund's investment policy

###### Permitted asset classes

The sub-fund may invest in securities, money market instruments, units in undertakings for collective investment, deposits, financial derivatives, liquid assets and all other instruments insofar as permitted by the applicable laws and regulations and consistent with the object as described above.

The sub-fund shall invest no more than 10% of its assets in units of other undertakings for collective investment.

###### Restrictions of the investment policy

The investment policy will be implemented within the limits set by law and regulations.

The sub-fund may borrow up to 10% of its net assets, insofar as these are short-term borrowings aimed at solving temporary liquidity problems.

###### Permitted derivatives transactions

**Derivatives may be used to achieve the investment objectives as well as to hedge in risks.**

**It is possible to work with either listed or unlisted derivatives: these may be forward contracts, options or swaps on securities, indices, currencies or interest rates or other transactions involving derivatives.** Unlisted derivatives transactions may only be concluded with prime financial institutions specialised in such transactions. **Subject to the applicable laws and regulations and the articles of association, the sub-fund will always seek to conclude the most effective transactions. All costs associated with the transactions will be charged to the sub-fund and all income generated will be paid to the sub-fund.**

If the transactions result in a risk in respect of the counterparty, this risk can be hedged by using a margin management system that ensures that the sub-fund is the beneficiary of security (collateral) in the form of cash or investment grade bonds. When calculating the value of the bonds, a margin will be applied that varies depending on their residual term to maturity and the currency in which they are denominated. The relationship with the counterparty or counterparties is governed by standard international agreements.

**Derivatives can also be used to hedge the assets of the sub-fund against open exchange risks in relation to the currency.**

**Where derivatives are used, they must be easily transferable and liquid instruments. The use of derivatives does not, therefore, affect the liquidity risk.** Furthermore, using derivatives does not affect the portfolio's allocation across regions, industry sectors or themes. **As a result, they have no effect on concentration risk. Derivatives are not used to protect capital, either fully or partially. They neither increase nor decrease capital risk. In addition, using derivatives has no effect on settlement risk, custody risk, exchange rate risk, flexibility risk, inflation risk or risk dependent on external factors.**

### Strategy selected

The assets are invested primarily in Belgian real estate certificates and in shares issued by companies whose activities are directly or indirectly linked to the Belgian real estate market. In addition, investments are made in securities issued by companies whose activities are directly or indirectly linked to the European real estate market.

### Securities Financing Transactions (SFTs)

#### General

**The sub-fund may lend financial instruments within the limits set by law and regulations.**

Lending financial instruments is a transaction where one the sub-fund transfers financial instruments to a counterparty subject to an undertaking on the part of that counterparty to supply the sub-fund with comparable financial instruments at some future date or on the sub-fund's request.

This takes place within the framework of a securities lending system managed by either a 'principal' or an 'agent'. If it is managed by a principal, the sub-fund has a relationship only with the principal of the securities lending system which acts as counterparty and to whom title to the loaned securities is transferred. If it is managed by an agent, the sub-fund has a relationship with the agent (as manager of the system) and with one or more counterparties to whom title to the loaned securities is transferred. The agent acts as intermediary between the sub-fund and the counterparty or counterparties.

The sub-fund uses the lending of financial instruments to generate additional income. This might consist of a fee paid by the principal or, in the event that the fund performs the securities lending through an agent, by the counterparty, as well as income generated through reinvestments.

**The sub-fund is not permitted to agree forms of SFTs other than lending financial instruments.**

#### General information on the SFTs used

Type of SFT	Types of asset that the SFT can involve	Maximum percentage of the assets under management that can be involved in the SFT	Anticipated percentage of the assets under management that will be involved in the SFT
Lending financial instruments	Only <b>shares</b> and <b>bonds</b> will be lent	When lending financial instruments a <b>maximum of 30% of the assets under management</b> will be involved.	<b>Depending on market conditions 0–30% of the assets under management</b> will be involved in the lending of financial instruments

#### Criteria for the selection of counterparties

Lending financial instruments only occurs with high-quality counterparties. The management company selects which counterparties qualify for the lending of financial instruments.

The selected counterparties must meet the following minimum requirements to this end:

Legal status	Minimum rating	Country of origin
<p>The counterparty must belong to one of the following categories:</p> <ul style="list-style-type: none"> <li>a) A credit institution; or</li> <li>b) An investment firm; or</li> <li>c) A settlement or clearing institution; or</li> <li>d) A central bank of a member state of the European Economic Area, the European Central Bank, the European Investment Bank or a public international financial institution in which one or more European Economic Area member states participate.</li> </ul>	<p>Only counterparties rated as investment grade may be considered.</p> <p>An investment-grade rating means: a rating equal to or higher than BBB- or Baa3 according to one or more of the following accredited rating agencies:</p> <ul style="list-style-type: none"> <li>- Moody's (Moody's Investors Service);</li> <li>- S&amp;P (Standard &amp; Poor's, a division of the McGraw-Hill Companies); en</li> <li>- Fitch (Fitch Ratings).</li> </ul> <p>If the counterparty does not have a rating, the rating of the counterparty's parent company may be taken into consideration.</p>	<p>All geographical regions may be considered when selecting counterparties.</p>

**The relationship with the counterparty or counterparties is governed by standard international agreements.**



### **Description of acceptable financial collateral and its valuation**

When the sub-fund lends financial instruments, it receives financial collateral in return. This financial collateral protects the sub-fund fund from default on the part of the counterparty to which the financial instruments have been lent.

**the sub-fund may accept the following forms of financial collateral:**

- **Cash**; and/or
- **Bonds and other debt instruments**, issued or guaranteed by the central bank of a member state of the European Economic Area, the European Central Bank, the European Union or the European Investment Bank, a member state of the European Economic Area or the Organisation for Economic Cooperation and Development, or by a public international institution in which one or more member states of the European Economic Area participate, other than the counterparty or a person associated with it, and which are permitted to trade on a regulated market; and/or
- **Participation rights in a monetary undertaking for collective investment** that complies with Directive 2009/65/EC or which meets the conditions of Article 52(1:6) of the Royal Decree of 12 November 2012 on certain public institutions for collective investment which meet the conditions of Directive 2009/65/EC, and the net asset value of which is calculated and published daily.

Where the lending of securities is agreed within the framework of a securities lending system, the financial collateral can also take the form of bonds eligible for trading on a regulated market and which have been rated as at least investment grade as described under 'Criteria for the selection of counterparties'.

The valuation of the financial collateral occurs daily in accordance with the most applicable and accurate method: mark-to-market. A daily variation margin applies based on the daily valuation. Consequently, daily margin calls are possible.

There are no limits regarding the term of the financial collateral.

### **Reuse of financial collateral**

**the sub-fund receives collateral in the form of cash, it can reinvest this cash in**

- **deposits with credit institutions** which can be withdrawn immediately and which mature within a period not exceeding twelve months, provided that the registered office of the credit institution is situated within a member state of the EEA, or if the registered office is established in a third country, provided that it is subject to prudential supervisory rules which the FSMA considers as being equivalent to the rules under European Law.
- **short term money market funds** as described in the ESMA Guidelines CESR/10-049 dated 19 May 2010 on the common definition of European money market funds.
- **government bonds** that are denominated in the same currency as the cash received and that meet the terms and conditions set out in the Royal Decree of 7 March 2006 on securities lending by certain undertakings for collective investment.

**Reinvesting in this way can eliminate the credit risk to which the sub-fund is exposed concerning the collateral in respect of the financial institution where the cash account is held, but there is still a credit risk in respect of the issuer or issuers of the debt instrument(s). The management company may delegate implementation of the reinvestment policy to a third party, including the agent managing the securities lending system.**

Reinvestment in deposits at the same credit institution may not exceed 10% of the sub-fund's total assets. Reinvestment in bonds issued by the same public authority may not exceed 20% of the sub-fund's total assets.

### **Policy on the diversification of collateral and the correlation policy**

**The sub-fund is not permitted to accept financial collateral issued by the party offering them.**

The sub-fund's exposure to financial collateral issued by the same issuer may not exceed 20% of the sub-fund's net assets.

### **Holding of the financial collateral**

The financial collateral will be held in the following manner:

- for cash: held in a cash account; and
- for financial collateral that is not cash: registration in a custody account.

The custodian of the financial collateral and/or the entity to which certain tasks relating to the custody of the financial collateral has been delegated is not necessarily the same entity as the custodian of the Beveik's assets, as stated under 'B. Service providers to the Beveik'.



### ***Influence of SFTs on a sub-fundthe sub-fund's risk profile***

**This lending does not affect a sub-fundthe sub-fund's risk profile** since:

- The choice of principal, agent and every counterparty is subject to strict selection criteria.
- The return of securities similar to the securities that have been lent can be requested at any time, which means that the lending of securities does not affect management of a sub-fund's assets.
- The return of securities similar to the securities that have been lent is guaranteed by the principal or the agent, as applicable. A margin management system is used to ensure that a sub-fund is at all times the beneficiary of financial security (collateral) in the form of cash or other or other specific types of securities with a low risk, such as government bonds, in case the principal or the counterparty (if a sub-fund uses an agent) does not return similar securities. The actual value of the collateral in the form of specific types of securities with a low risk must at all times exceed the actual value of the loaned securities by 5%. Furthermore, when calculating the value of the specific types of securities with a low risk provided as collateral, a margin of 3% is applied, which should prevent a negative change in price resulting in their actual value no longer exceeding the actual value of the securities. The value of the collateral in the form of cash must at all times exceed the actual value of the loaned securities.
- The criteria met by the collateral are such as to limit the credit risk. A rating of at least investment grade is required in the case of collateral in the form of bonds and other debt instruments. In the case of collateral in the form of participation rights in monetary undertakings for collective investment, the inherent diversification of these undertakings limits the credit risk. In the case of cash that is reinvested, a rating of at least investment grade is required when reinvesting in either deposits or government bonds. In the case of reinvestment in short-term money-market funds, the inherent diversification of these funds limits the credit risk.
- The criteria met by these types of collateral are such as to limit the liquidity risk. It must be possible to value the financial collateral on a daily basis by market price or to withdraw it on demand (on reinvestment of cash in deposits).
- In the case of reinvestment of cash, there are additional criteria to limit the market risk associated with the initial values in cash. When reinvesting bonds, only bonds with a remaining term to maturity of no more than one year may be considered. The shortness of this remaining term results in a low sensitivity to interest rate movements. In the case of reinvestment in short-term money-market funds, the low duration of these funds limits the market risk with respect to the initial value in cash.
- The custody of financial collateral consisting of securities occurs by placing the securities in custody accounts which, in the event of the custodian's bankruptcy, are held outside its insolvent estate. The custody of financial collateral consisting of cash occurs by holding it in cash accounts, whether or not segregated. The extent to which the custody of financial collateral consisting of cash occurs in non-segregated accounts has no influence, however, on the sub-fund's risk profile.
- Operational risks are limited by operational controls, in the shape of daily control of the market values of loaned securities and collateral and reconciliation of internal and external data.

### ***Distribution policy for returns on the utilised SFTs***

**By lending securities, the sub-fund can generate additional income, which might consist of a fee** paid by the principal or the counterparty (if a sub-fund uses an agent) **as well as income generated through reinvestments. After deducting the direct and indirect charges – set at a flat rate of 35% of the fee received** and consisting of the charges for the clearing services provided by KBC Bank NV, the charges paid to the management company for setting up and monitoring the system for lending securities, the charges for margin management, the charges associated with cash and custody accounts and cash and securities transactions, the fee paid for any management of reinvestments and, if a sub-fund uses an agent, the fee paid to the agent. This income is paid to a sub-fund. It should be noted in this regard that KBC Bank NV is an entity affiliated with the management company.

**More information is provided on the terms and conditions governing securities lending in the annual or half-yearly report for .**

### ***General strategy for hedging the exchange risk***

In order to protect its assets against exchange rate fluctuations and within the limitations laid down in the articles of association, may perform transactions relating to the sale of forward currency contracts, as well as the sale of call options and the purchase of put options on currencies. The transactions in question may relate solely to contracts traded on a regulated market that operates regularly, that is recognised and that is open to the public or, that are traded with a recognised, prime financial institution specialising in such transactions and dealing in the over-the-counter (OTC) market in options. With the same objective, may also sell currencies forward or exchange them in private transactions with prime financial institutions specialising in such transactions.

### **Social, ethical and environmental aspects**

Investments may not be made in financial instruments issued by manufacturers of controversial weapons whose use over the past five decades, according to international consensus, has led to disproportionate human suffering among the civilian population. This involves the manufacturers of anti-personnel mines, cluster bombs and munitions and weapons containing depleted uranium.

In addition, as of 31 March 2014 no new investments may be made in financial instruments issued by companies that do not have an anti-corruption policy and that have been given a negative score in a thorough screening for corruption in the last two years. A company has no anti-corruption policy if it cannot be demonstrated that it has an acceptable policy concerning the fight against corruption. An acceptable policy should be made public and must at least state that bribery will not be tolerated and that the law will be followed in this respect. The screening will be based on a generally accepted and independent 'Social, ethical and environmental factors' database.

In this way, not only is a purely financial reality represented, but also the social reality of the sector or region.

#### **2.1.4. Financial portfolio management**

There is no delegation of the management of the asset allocation.

#### **2.1.5. Distributors**

KBC Asset Management S.A., 4, Rue du Fort Wallis, L-2714 Luxembourg.

#### **2.1.6. Index and benchmark**

See 'Sub-fund's investment policy'.

### 2.1.7 POLICY PERSUED DURING THE FINANCIAL YEAR

The listed real-estate market was not very lively in the period under review, causing the fund to mark time. The expectation of higher interest rates led to accelerated rotation from relatively defensive sectors, which benefit from low or falling interest rates, to more cyclical sectors, which are favoured by rising interest rates. The real-estate sector lagged the broad equity market somewhat during the reporting period.

The gearing ratio of real-estate firms has been kept under control in an environment with low interest rates. Borrowing costs, which are the average for recent years, have generally declined a little further, while portfolio valuations rose slightly. As a result, real-estate companies continue to focus on refinancing and acquiring cheap capital to ensure their future growth.

In operational terms, we see that property companies are still generally doing well, with rising cash flows and dividends as a result. In regional terms, we note that increasing uncertainty continues to have its effect.

The valuation of the real-estate market had become a little less challenging in the past few quarters and is now on the fair side. Real-estate firms are generally making a little more profit than they were a year ago, while prices have not risen to the same degree. The reasons for this can be found in, amongst other places, an increased risk appetite on the part of investors. Besides real estate, investors detect alternatives in sectors that could benefit earlier in the cycle from rising interest rates and an economic upturn. Consequently, demand for real estate is lower compared to previous years, in terms of both the direct market and indirectly via a share.

Retail property companies generally performed less well, which resulted in a general derating. Polarisation continued to intensify between real-estate companies that can benefit from a multichannel sales strategy on the part of tenants (via both physical stores and online channels), and firms that are positioned weakly in this regard. All the same, the sector as a whole came under pressure from newspaper headlines that highlighted the polarisation. In the US, for instance, Amazon bought Whole Foods, bringing the retail property sector into question worldwide. Unibail-Rodamco's acquisition of Westfield also grabbed the attention. The takeover will be sealed in the first half of 2018, following which a dominant player will be created at world level, with a portfolio of extremely high quality. Additionally, the interest of various parties in the Woluwe Shopping Center and Woluwe Shopping Center Uitbreiding certificate took more concrete shape, which means that another important real-estate certificate will disappear from the stock market to be absorbed into a larger (foreign) entity.

The logistical real-estate sector emerged as the winner of the trend towards increased online sales. The capacity to align the distribution network with growing online sales has so far been insufficient, resulting in scarcity. This certainly hasn't done the logistical property companies any harm: 2017 was the year of logistical real estate, with portfolios growing and end demand persistently strong.

The office market in continental Europe is showing signs of recovery, although this is not proceeding at a uniform rate: it is primarily the major cities like Paris, Barcelona and Berlin that are leading the way. The fund has positioned itself in part to take advantage of this. The effects of Brexit are trickling through, but the broadly based improvement in the economic climate is making a substantial contribution to reducing vacancy rates and increasing rents. The impact of Brexit on the Brussels office market has so far been minimal: we are chiefly looking at a replacement market, in which new, high-quality buildings are attractive to tenants. Brexit is having both a positive and a negative influence on end demand for office space. Rents are barely rising, at any rate, and a certain level of vacancies remains. Demand for top-end space is limited, but several construction projects are on hold until tenants signal their agreement to use the buildings in the future.

In the residential market, the fund invests primarily in niches like residential care facilities, old people's homes and student accommodation. Growth is currently to be found to a significant extent abroad, as the returns are still a little higher than in the Belgian domestic market. What's more, the international market is even more fragmented. German residential property shares made up in 2017 for all the ground they lost in 2016, and – as a segment sensitive to interest rates – managed to record decent earnings at the end of the year even at slightly higher interest rates. This was made possible by scarcity and fundamental undervaluation combined with their growth strategy and rising rental income.

### 2.1.8 FUTURE POLICY

The real-estate market promises to develop in an interesting way at any rate, in that it has to adapt to a new equilibrium in an environment of rising interest rates. It is becoming increasingly likely that the central banks will be confronted by an economy, the fundamentals of which have become sufficiently strong to withstand a further interest-rate hike or the tapering of stimulation.

The real-estate market is likely to be sufficiently resilient to absorb an increase in interest rates, provided that it does not have to contend with sharply rising rates over a short period. We can, however, expect the real-estate market to respond in a volatile way around any interest-rate increase or when expectations change towards current interest-rate policy. Overreactions certainly cannot be ruled out, and temporary imbalances in the property market could provide opportunities. In addition to the interest-rate policy that is pursued, there are wider factors that can shape the evolution of the real-estate market. Some property market niches could suffer more than others as a result.

The consequences of Brexit will become steadily clearer, and although the underlying value of British real estate has held up well so far, it is fair to say that the prospects for the UK property sector are not particularly rosy. Companies are relocating some or all of their activities to the European mainland, which is affecting the office market. The relative fall in the value of sterling and the potential future slowdown of the UK economy could encourage or oblige British consumers to keep tight hold of the purse strings in response to declining purchasing power. Nor is the extent to which continental real-estate markets will be able to benefit from Brexit cut and dried. Contrary to perception, real-estate businesses are still managing to keep the average cost price of their debt finance low, and the capital values are generally determined fairly conservatively. We therefore anticipate a further decoupling between the underlying real-estate market and the performance of the stock market, in which individual elements will provide differentiation. In this context, we expect that companies will still be in a position to grow their cash flows and dividends.

It is anticipated that real-estate companies will be able to turn to the capital market once more in the months ahead to help fund the upcoming acquisitions. We do not expect, however, that real-estate firms in general will be tempted to raise their debt levels significantly, despite the fact that funding is still possible at fairly low levels. We anticipate that more and more real-estate certificates will actually be wound up in the future, due to the sale of their assets to larger groups. The weighting of certificates in the portfolio will more than likely continue to decline therefore, and will be replaced by exposure to more liquid real-estate firms in Belgium and, by extension, Europe.

At segment level, we expect retail property to remain under pressure for a while longer, even though there is generally no need for dramas in operational terms. The reason for this is that high-profile news reporting on e-commerce will continue to have a negative influence on sentiment towards retail property, as a result of which investors will be less willing to shell out for retail real estate and the derating will persist. Polarisation will intensify between high-quality and secondary portfolios.

The situation is different for logistical property, also referred to sarcastically as the 'new old retail'. This segment might just benefit from the acceleration of e-commerce. The handful of businesses active in this segment are seeing their order books grow with attractive returns.

### 2.1.9 SYNTHETIC RISK AND REWARD INDICATOR

4 on a scale of 1 (lowest risk) to 7 (highest risk).

The value of a share can decrease or increase and the investor may not get back the amount invested.

In accordance with Commission Regulation (EU) No. 583/2010, a synthetic risk and reward indicator has been calculated. This indicator provides a quantitative measure of the sub-fund's potential return and the risk involved, calculated in the currency in which the sub-fund is denominated. It is given as a figure between 1 and 7. The higher the figure, the greater the potential return, but also the more difficult it is to predict this return. Losses are possible too. The lowest figure does not mean that the investment is entirely free of risk. However, it does indicate that, compared with the higher figures, this product will generally provide a lower, but more predictable return.

The synthetic risk and reward indicator is assessed regularly and can therefore go up or down based on data from the past. Data from the past is not always a reliable indicator of future risk and return.



## 2.2 BALANCE SHEET

Balance sheet layout		28/02/2018 (in the currency of the sub-fundt)	28/02/2017 (in the currency of the sub-fund )
<b>TOTAL NET ASSETS</b>		155.984.638,79	172.080.536,93
<b>II. Securities, money market instruments, UCIs and derivatives</b>			
A. Bonds and other debt instruments			
a) Bonds			
a) Collateral received in the form of bonds		1.318.204,80	
C. Shares and similar instruments			
a) Shares		122.452.271,26	130.543.533,99
Of which securities lent		1.155.203,94	-2.213.280,00
b) Closed-end undertakings for collective investment		5.298.537,60	7.190.349,19
D. Other securities		28.843.994,96	31.039.881,44
<b>IV. Receivables and payables within one year</b>			
A. Receivables			
a) Accounts receivable			81.517,72
B. Payables			
a) Accounts payable (-)		-1,18	-13.766,74
c) Borrowings (-)		-593.554,36	-10.480,59
d) Collateral (-)		-1.318.204,80	
<b>V. Deposits and cash at bank and in hand</b>			
A. Demand balances at banks		42.150,38	3.166.408,03
<b>VI. Accruals and deferrals</b>			
A. Expense to be carried forward			96.958,71
B. Accrued income		186.238,90	253.651,30
C. Accrued expense (-)		-244.998,77	-267.516,12
<b>TOTAL SHAREHOLDERS' EQUITY</b>		155.984.638,79	172.080.536,93
A. Capital		157.767.406,60	180.228.499,35
B. Income equalization		-67.543,87	27.748,10
D. Result of the period		-1.715.223,94	-8.175.710,52

### Off-balance-sheet headings

I	Collateral (+/-)		
I.A	Collateral (+/-)		
I.A.A	Securities/market instruments	1.318.204,80	
IX	Financial instruments lent	1.155.203,94	-2.213.280,00

## 2.3 PROFIT AND LOSS ACCOUNT

<b>Income Statement</b>		<b>28/02/2018</b> (in the currency of the sub-fund)	<b>28/02/2017</b> (in the currency of the sub-fund)
<b>I. Net gains(losses) on investments</b>			
C. Shares and similar instruments			
a) Shares		-2.604.157,32	-7.269.050,98
b) Closed-end undertakings for collective investment		608.227,60	-169.215,31
D. Other securities		650.378,57	-325.384,26
H. Foreign exchange positions and transactions			
b) Other foreign exchange positions and transactions		-264.539,51	24.122,75
<b>Det.section I gains and losses on investments</b>			
Realised gains on investments		3.799.826,98	10.180.545,16
Unrealised gains on investments		-3.218.213,29	-16.591.307,14
Realised losses on investments		-2.423.410,83	-1.544.589,84
Unrealised losses on investments		231.706,48	215.824,02
<b>II. Investment income and expenses</b>			
A. Dividends		50.714,89	500.128,78
B. Interests			
a) Securities and money market instruments		8.829,79	3.044,50
b) Cash at bank and in hand and deposits		6,97	
C. Interest on borrowings (-)		-3.111,61	-1.278,35
F. Other investment income		1.293.983,21	562.610,00
<b>IV. Operating expenses</b>			
A. Investment transaction and delivery costs (-)		-13.153,12	-31.665,10
B. Financial expenses (-)		-684,91	-560,44
C. Custodian's fee (-)		-52.512,62	-44.068,21
D. Manager's fee (-)			
a) Financial management		-1.228.558,12	-1.249.237,42
b) Administration and accounting management		-81.903,93	-83.282,59
F. Formation and organisation expenses (-)		-8.180,45	-7.024,18
H. Services and sundry goods (-)		-3.439,15	-5.309,88
J. Taxes		-74.117,74	-71.980,78
K. Other expenses (-)		6.993,51	-7.559,05
<b>Income and expenditure for the period</b>			
Subtotal II + III + IV		-105.133,28	-436.182,72
<b>V. Profit (loss) on ordinary activities before tax</b>		-1.715.223,94	-8.175.710,52
<b>VII. Result of the period</b>		-1.715.223,94	-8.175.710,52

## 2.4 COMPOSITION OF THE ASSETS AND KEY FIGURES

### 2.4.1 COMPOSITIONS OF THE ASSETS OF KBC SELECT IMMO BELGIUM PLUS

Name	Quantity on 28/02/2018	Currency	Price in currency	Evaluation (in the currency of the sub-fund)	% owned by UCI	% portfolio	% Net assets
NET ASSETS							
SECURITIES PORTFOLIO							
<b>Investment funds</b>							
Closed-end funds							
Listed closed-end investment funds							
<u>Belgium</u>							
LEASINVEST REAL ESTATE -	19.472,00	EUR	96,800	1.884.889,60		1,20	1,21
VASTNED RETAIL BELGIUM NV -	60.958,00	EUR	56,000	3.413.648,00		2,18	2,19
Open-end funds							
UCITS registered with the FSMA							
<u>Belgium</u>							
WAREHOUSES ESTATES BELGIUM -	38.933,00	EUR	53,000	2.063.449,00		1,32	1,32
Total investment funds				7.361.986,60		4,70	4,72
<b>Shares</b>							
Exchange-listed shares							
<u>Belgium</u>							
AEDIFICA -	142.915,00	EUR	75,000	10.718.625,00		6,85	6,88
ASCENCIO -	59.255,00	EUR	52,200	3.093.111,00		1,98	1,98
ATENOR GROUP (BRU)	76.200,00	EUR	47,600	3.627.120,00		2,32	2,33
BANIMMO SA/NV -	53.469,00	EUR	3,270	174.843,63		0,11	0,11
BEFIMMO -	98.191,00	EUR	53,700	5.272.856,70		3,37	3,38
CARE PROPERTIES INVEST -	383.956,00	EUR	18,100	6.949.603,60		4,44	4,46
CIE IMMOBILIERE DE BELGIQUE SA (BRU)	46.200,00	EUR	50,800	2.346.960,00		1,50	1,51
COFINIMMO -	69.336,00	EUR	103,400	7.169.342,40		4,58	4,60
HOME INVEST BELGIUM -	26.278,00	EUR	84,600	2.223.118,80		1,42	1,43
IMMO MECHELEN CITY CENTER NV -	1.000,00	EUR	800,000	800.000,00		0,51	0,51
INTERVEST -	145.266,00	EUR	22,650	3.290.274,90		2,10	2,11
MONTEA SCA M	161.985,00	EUR	43,200	6.997.752,00		4,47	4,49
QRF COMM VA -	218.877,00	EUR	24,000	5.253.048,00		3,36	3,37
QRF COMM VA NOMINATIEF 3	43.226,00	EUR	24,000	1.037.424,00		0,66	0,67
RETAIL ESTATES -	107.705,00	EUR	70,900	7.636.284,50		4,88	4,90
VGP NV -	121.466,00	EUR	64,000	7.773.824,00		4,96	4,98
WAREHOUSE DISTR. DE PAUW -	96.056,00	EUR	97,800	9.394.276,80		6,00	6,02
WERELDHAVE BELGIUM -	43.555,00	EUR	93,200	4.059.326,00		2,59	2,60
XIOR STUDENT HOUSING NV -	216.974,00	EUR	37,500	8.136.525,00		5,20	5,22
<u>Canada</u>							
DREAM GLOBAL REAL ESTATE INVESTM -	205.945,00	CAD	12,340	1.626.159,01		1,04	1,04
<u>Finland</u>							
SUOMEN HOIVATILAT OYJ -	12.964,00	EUR	7,900	102.415,60		0,07	0,07
<u>France</u>							
GECINA REG	21.601,00	EUR	144,100	3.112.704,10		1,99	2,00

ICADE EMGP -	46.786,00	EUR	79,550	3.721.826,30		2,38	2,39
KLEPIERRE (CIE FONCIERE) -	44.331,00	EUR	33,930	1.504.150,83		0,96	0,96
UNIBAIL-RODAMCO SE -	5.488,00	EUR	191,750	1.052.324,00		0,67	0,68
<u>Germany</u>							
ADO PROPERTIES SA -	47.359,00	EUR	42,780	2.026.018,02		1,29	1,30
ALSTRIA OFFICE AG -	234.165,00	EUR	12,180	2.852.129,70		1,82	1,83
DEUTSCHE WOHNEN AG -	52.711,00	EUR	33,950	1.789.538,45		1,14	1,15
TLG IMMOBILIEN AG -	63.028,00	EUR	21,980	1.385.355,44		0,89	0,89
<u>Netherlands</u>							
VASTNED-RETAIL -	5.972,00	EUR	38,650	230.817,80		0,15	0,15
WERELDHAVE NV (AMS)	9.875,00	EUR	30,340	299.607,50		0,19	0,19
<u>Spain</u>							
INMOBILIARIA COLONIAL SOCIMI SA -	157.314,00	EUR	8,695	1.367.845,23		0,87	0,88
<u>Sweden</u>							
D CARNEGIE & CO AB -	141.684,00	SEK	116,600	1.634.804,60		1,04	1,05
FABEGE AB -	156.383,00	SEK	180,000	2.785.534,47		1,78	1,79
KLOVERN AB -	1.592,00	SEK	312,500	49.231,10		0,03	0,03
<u>Switzerland</u>							
PSP SWISS PROPERTY AG -	6.075,00	CHF	89,750	473.024,12		0,30	0,30
SWISS PRIME SITE -	6.317,00	CHF	88,400	484.468,66		0,31	0,31
Total shares				122.452.271,26		78,20	78,50
<b>Real estate certificates</b>							
<u>Belgium</u>							
BRUSSELS NORTH DISTRIBUTION OP NAAM	2,00	EUR	109.259,259	218.518,52		0,14	0,14
DIEGEM KENNEDY DIEGEM KENNEDY (TOONDER)	8.239,00	EUR	123,800	1.019.988,20		0,65	0,65
IMMO ANTARES ANTARES (OP NAAM)	9.339,00	EUR	55,500	518.314,50		0,33	0,33
IMMO ANTARES ANTARES (TOONDER)	19.212,00	EUR	55,500	1.066.266,00		0,68	0,68
IMMO BASILIX BASILIX (TOONDER)	18.578,00	EUR	16,100	299.105,80		0,19	0,19
IMMO BEAULIEU BEAULIEULAAN (TOONDER)	52.042,00	EUR	93,000	4.839.906,00		3,09	3,10
IMMO GENK ZUID GENK LOGISTICS (TOONDER)	19.901,00	EUR	103,500	2.059.753,50		1,32	1,32
IMMO ZENOBE GRAMME ZENOBE GRAMME	2.285,00	EUR	165,000	377.025,00		0,24	0,24
STE-GOEDELEPLEIN ST GOEDELEPLEIN	2.412,00	EUR	5,000	12.060,00		0,01	0,01
WOLUWE SHOPPING CENTER WOLUWE SHOPP.CENTER (TOONDER)	3.788,00	EUR	2.014,000	7.629.032,00		4,87	4,89
WOLUWE UITBREIDING WOLUWE UITBREIDING (TOONDER)	6.958,00	EUR	800,000	5.566.400,00		3,56	3,57
<u>Luxembourg</u>							
IMMO LUX-AIRPORT LUX AIRPORT	13.708,00	EUR	220,000	3.015.760,00		1,93	1,93
Total real estate certificates				26.622.129,52		17,00	17,07
<b>Rights</b>							
<u>Belgium</u>							
MONTEA SCA CP 18 14/09/2017	138.840,00	EUR	1,141	158.416,44		0,10	0,10
Total rights				158.416,44		0,10	0,10
TOTAL SECURITIES PORTFOLIO				156.594.803,82		100,00	100,39
COLLATERAL RECEIVED							
<u>Belgium</u>							
COLLATERAL ONTVANGEN SECURITIES LENDING	1.318.204,80	EUR	1,000	1.318.204,80			0,96
TOTAL RECEIVED COLLATERAL				1.318.204,80			0,96

CASH AT BANK AND IN HAND							
<b>Demand accounts</b>							
<u>Belgium</u>							
KBC GROUP CAD	64.439,14	CAD	1,000	41.233,13			0,03
KBC GROUP CHF	-2.615,21	CHF	1,000	-2.268,87			0,00
KBC GROUP EURO	-591.284,12	EUR	1,000	-591.284,12			-0,38
KBC GROUP GBP	-1,21	GBP	1,000	-1,37			
KBC GROUP SEK	9.269,21	SEK	1,000	917,25			0,00
Total demand accounts				-551.403,98			-0,35
<b>TOTAL CASH AT BANK AND IN HAND</b>				<b>-551.403,98</b>			<b>-0,35</b>
OTHER RECEIVABLES AND PAYABLES							
<b>Payables</b>							
<u>Belgium</u>							
COLLATERAL ONTVANGEN SECURITIES LENDING TEGENP	-1.318.204,80	EUR	1,000	-1.318.204,80			-0,96
KBC GROUP EUR PAYABLE	-1,18	EUR	1,000	-1,18			
Payables				-1.318.205,98			-0,96
<b>TOTAL RECEIVABLES AND PAYABLES</b>				<b>-1.318.205,98</b>			<b>-0,96</b>
OTHER							
Interest receivable		EUR		186.238,90			0,12
Expenses payable		EUR		-244.998,77			-0,16
<b>TOTAL OTHER</b>				<b>-58.759,87</b>			<b>-0,04</b>
<b>TOTAL NET ASSETS</b>				<b>155.984.638,79</b>			<b>100,00</b>

**Geographic breakdown (as a % of securities portfolio)**

	<b>31/08/2016</b>	<b>28/02/2017</b>	<b>31/08/2017</b>	<b>28/02/2018</b>
Belgium	52,89	69,69	76,99	81,15
Canada	0,00	0,00	0,00	1,04
Switzerland	1,91	1,94	1,74	0,61
Germany	16,46	8,23	4,91	5,14
Spain	1,06	1,09	1,29	0,87
Finland	1,47	1,38	0,28	0,07
France	14,41	11,29	8,49	6,00
Italy	0,09	0,00	0,00	0,00
Luxembourg	1,99	1,38	1,69	1,93
Netherlands	3,52	2,28	1,98	0,34
Sweden	6,20	2,72	2,63	2,85
<b>Total</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>

**Sector breakdown (as a % of securities portfolio)**

	<b>31/08/2016</b>	<b>28/02/2017</b>	<b>31/08/2017</b>	<b>28/02/2018</b>
Consum(cycl)	0,67	0,60	0,51	0,51
Financials	1,23	0,00	0,00	0,00
Real est.	90,16	99,40	99,49	99,49
Unit trusts	7,94	0,00	0,00	0,00
<b>Total</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>

**Currency breakdown (as a % of net assets)**

	<b>31/08/2016</b>	<b>28/02/2017</b>	<b>31/08/2017</b>	<b>28/02/2018</b>
CAD	0,00	0,00	0,00	1,07
CHF	1,82	1,90	1,82	0,61
EUR	92,24	95,43	95,49	95,46
SEK	5,94	2,67	2,69	2,86
<b>Total</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>

#### 2.4.2 CHANGES IN THE COMPOSITION OF THE ASSETS OF KBC SELECT IMMO BELGIUM PLUS (IN THE CURRENCY OF THE SUB-FUND)

	1st half of year	Year
<b>Purchases</b>	5.924.746,59	5.924.746,59
<b>Sales</b>	17.655.823,93	17.655.823,93
<b>Total 1</b>	23.580.570,52	23.580.570,52
<b>Subscriptions</b>	4.972.373,14	4.972.373,14
<b>Redemptions</b>	15.695.978,06	15.695.978,06
<b>Total 2</b>	20.668.351,20	20.668.351,20
<b>Monthly average of total assets</b>	164.843.176,23	164.843.176,23
<b>Turnover rate</b>	1,77 %	1,77 %

	1st half of year	Year
<b>Purchases</b>	5.924.746,59	5.924.746,59
<b>Sales</b>	17.655.823,93	17.655.823,93
<b>Total 1</b>	23.580.570,52	23.580.570,52
<b>Subscriptions</b>	4.972.373,14	4.972.373,14
<b>Redemptions</b>	15.695.978,06	15.695.978,06
<b>Total 2</b>	20.668.351,20	20.668.351,20
<b>Monthly average of total assets</b>	170.305.223,63	170.305.223,63
<b>Corrected turnover rate</b>	1,71 %	1,71 %

The table above shows the capital volume of portfolio transactions. This volume (adjusted to take account of total subscriptions and redemptions) is also compared to the average net assets at the beginning and end of the period.

A figure close to 0% implies that the transactions relating to the securities or transactions relating to the assets (excluding deposits and cash) in a given period only involve subscriptions and redemptions.

A negative percentage shows that subscriptions and redemptions entailed few, if any, transactions in the portfolio.

Active asset management may result in high turnover rates (monthly percentage >50%).

The detailed list of transactions is available for consultation free of charge at the registered office of the Bevek or fund at Havenlaan 2, 1080 Brussels.

### 2.4.3 AMOUNT OF COMMITMENTS IN RESPECT OF FINANCIAL DERIVATIVES POSITIONS

Nihil

### 2.4.4 CHANGES OF THE NUMBER OF SUBSCRIPTIONS AND REDEMPTIONS AND THE NET ASSET VALUE

Period	Change in number of shares in circulation						
Year	Subscriptions		Redemptions		End of period		
	Cap.	Dis.	Cap.	Dis.	Cap.	Dis.	Total
2016 - 08*	22.372,20		11.493,98		72.104,56		72.104,56
2017 - 08*	12.806,31		14.216,02		70.694,85		70.694,85
2018 - 02*	2.087,85		6.618,61		66.164,09		66.164,09

Period	Amounts received and paid by the UCI (in the currency of the sub-fund)			
Year	Subscriptions		Redemptions	
	Capitalization	Distribution	Capitalization	Distribution
2016 - 08*	49.942.689,20		24.601.752,06	
2017 - 08*	29.732.803,32		33.167.228,19	
2018 - 02*	4.994.279,25		15.785.428,04	

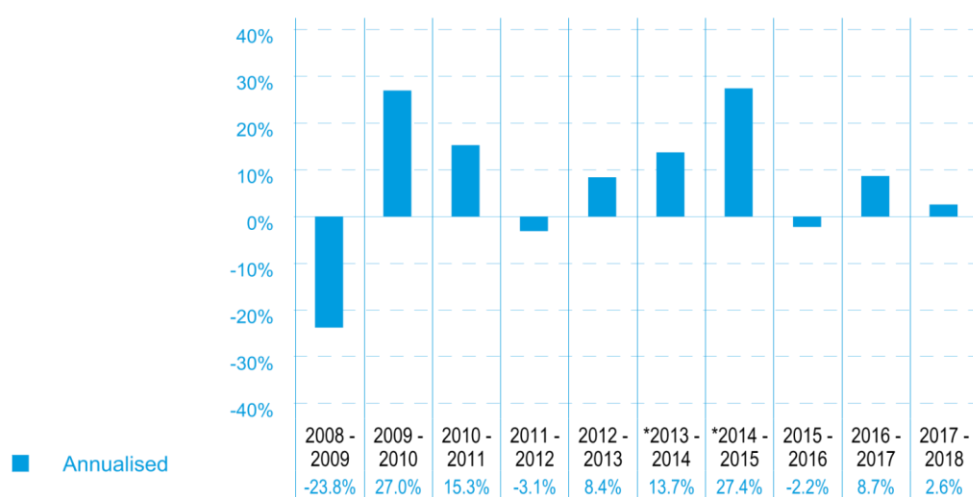
Period	Net asset value End of period (in the currency of the sub-fund)		
Year	Of the sub-fund	Of one share	
		Capitalization	Distribution
2016 - 08*	173.872.575,50	2.411,40	
2017 - 08*	168.491.011,52	2.383,36	
2018 - 02*	155.984.638,79	2.357,54	

\* The financial year does not coincide with the calendar year.



## 2.4.5. Performance figures

BE0153263034  
KBC Select Immo Belgium Plus CAP  
Annual performance on 28/02/2018 (in EUR)



\* These performances were achieved under circumstances that no longer apply.

Cap Div	ISIN Code	Currency	1 year		3 years		5 years		10 years		Since Launch*	
			Share classes	Bench mark	Share classes	Bench mark	Share classes	Bench mark	Share classes	Bench mark	Starting date	Share classes
CAP	BE0153263034	EUR	2.57%		2.91%		9.57%		6.35%		24/03/1995	7.03%

Risk warning: Past performance is not a guide to future performance.

\* Return on annual basis.

- The bar chart shows the performance for full financial years.
- The figures do not take account of any restructuring..
- Calculated in EUR.
- The return is calculated as the change in the net asset value between two dates expressed as a percentage.
- Calculation method for date D, where NAV stands for net asset value:  
Capitalisation units (CAP)  
 Return on date D over a period of X years :  

$$[\text{NIW}(D) / \text{NIW}(Y)]^{1/X} - 1$$
 where Y = D-X  
 Return on date D since the start date S of the unit:  

$$[\text{NIW}(D) / \text{NIW}(S)]^{1/F} - 1$$
 where F = 1 if the unit has existed for less than one year on date D  
 where F = (D-S) / 365.25 if the unit has existed for longer than one year on date D
- If the interval between the two dates exceeds one year, the ordinary return calculation is converted into a return on an annual basis by taking the nth square root of 1 plus the total return of the unit..
- The return figures shown above do not take account of the fees and charges associated with the issue and redemption of units.
- These are the performance figures for capitalisation shares.

## 2.4.6 COSTS

### Ongoing charges: \*

Capitalization: 1.814%

\* The following are not included in the charges shown: entry and exit charges, performance fees, transaction costs paid when buying or selling assets, interest paid, payments made with a view to providing collateral in the context of derivative financial instruments, or commissions relating to Commission Sharing Agreements or similar fees received by the Management Company or any person associated with it.

### EXISTENCE OF COMMISSION SHARING AGREEMENTS

The Management Company, or where applicable, the appointed manager has entered into a Commission Sharing Agreement with one or more brokers for transactions in shares on behalf of one or more sub-funds. This agreement specifically concerns the execution of orders and the delivery of research reports.

For more information, please see the 'General' section of the annual report.

Broker	Commission gross in EUR paid during the period: 1-09-17 - 28-02-18	CSA Credits in EUR accrued during the period: 1-09-17 - 28-02-18	Percentage
CARNEGIE	64	18	28,57%
CITI	1.991	633	31,79%
EQ CSA GOLDMAN SACHS INTERNATIONAL	287	96	33,33%
HSBC	299	85	28,57%
MACQUARIE	1.439	411	28,57%
MERRILL	2.385	681	28,57%

### FEE-SHARING AGREEMENTS AND REBATES:

The management company may share its fee with the distributor, and institutional and/or professional parties.

In principle, the percentage share amounts to between 35% and 60% if the distributor is an entity of KBC Group NV or to between 35% and 70% if the distributor is not an entity of KBC Group NV. However, in a small number of cases, the distributor's fee is less than 35%. Investors may, on request, obtain more information on these cases.

If the management company invests the assets of the undertaking for collective investment in units of undertakings for collective investment that are not managed by an entity of KBC Group NV, and receives a fee for doing so, it will pay this fee to the undertaking for collective investment.

Fee-sharing does not affect the amount of the management fee paid by the sub-fund to the management company. This management fee is subject to the limitations laid down in the articles of association. The limitations may only be amended after approval by the general meeting of shareholders.

The management company has concluded a distribution agreement with the distributor in order to facilitate the wider distribution of the sub-fund's units by using multiple distribution channels.

It is in the interests of the holders of units, the sub-fund and of the distributor for the largest possible number of units to be sold and for the assets of the sub-fund to be maximised in this way. In this respect, there is therefore no question of any conflict of interest.

## 2.4.7 NOTES TO THE FINANCIAL STATEMENTS AND OTHER DATA

Fee for managing the investment portfolio: 1.5% per year calculated on the basis of the average total net assets of the sub-fund, no management fee is charged on assets invested in underlying undertakings for collective investment managed by a financial institution of the KBC group.

The administration agent's fee is payable at the end of each month and is calculated on the basis of the average total net assets of the sub-fund.

Auditor's fee: 1844 EUR per year. This fee is not including VAT and can be indexed on an annual basis in accordance with the decisions of the general meeting.

The custody fee is calculated on the value of the securities held in custody by the custodian on the final banking day of the preceding calendar year, except on those assets invested in underlying undertakings for collective investment managed by a financial institution of the KBC group. The custody fee is paid at the beginning of the calendar year.

### Exercising voting rights.

If necessary, relevant and in the interest of the shareholders, the management company will exercise the voting rights attached to the shares in the Bevek's portfolio.

The management company will adhere to the following criteria when determining how it stands relative to the items on the agenda that are put to the vote:

- Shareholder value may not be adversely affected.
- Corporate governance rules, especially with regard to the rights of minority shareholders, must be respected.
- The minimum standards with regard to sustainable business and corporate social responsibility must be met.

The list of companies for which voting rights are exercised is available at the registered office of the Bevek.

### Management fees

Name	Maximum management fee
KBC Select Immo-Belgium Plus	1,50

### Securities lending

Pursuant to the Royal Decree of 7 March 2006 on securities lending, the undertaking for collective investment in transferable securities (UCITS) has entered into securities lending transactions, whereby the title to the securities that have been lent has been transferred, without recognition of that transfer of ownership in the accounts. For the period from 01/09/2017 to 28/02/2018, the realised net income for the UCITS amounts to 5.739,36 EUR and for the Management Company 2.295,75 EUR. Direct and indirect costs and charges are deducted from the gross income. These are set at a flat rate of 35% of the fee received and consist of the charges for the clearing services provided by KBC Bank NV, the charges paid to the management company for setting up and monitoring the system for lending securities, the charges for margin management, the charges associated with cash and custody accounts and cash and securities transactions, the fee paid for any management of reinvestments and, if the sub-fund uses an agent, the fee paid to the agent. The undertaking for collective investment in transferable securities will thus receive 65% of the fee received for securities lent. The number of securities lent varied between 1 and 3, with a market value fluctuating between 116.421,60 and 4.081.723,92 EUR. The detailed list of securities lending transactions carried out may be obtained from the registered office of the undertaking for collective investment in transferable securities at Havenlaan 2, 1080 Brussels. During the reporting period, securities lending transactions were effected in relation to the following securities lending systems:

- Manager of the securities lending system: Goldman Sachs
  - Type of securities lending transactions effected: the lending transactions are effected through the agency of a Lending Agent.
  - Nature of the lent securities: the securities lending applies only to the equity portion of the portfolio.
  - Nature of the financial collateral: government bonds issued by Austria, Belgium, Germany, the Netherlands, Luxembourg, the UK, France, the US and Switzerland and supranational bonds denominated in EUR, USD or GBP issued by the EIB or the KfW.
  - Reinvestment of the financial collateral received: no reinvestment takes place.

### Overview of securities lent as at 29/03/2018

Name	Currency	Quantity	Price	Value in currency of the portfolio
BEFIMMO	EUR	16212	53,7	870.584,40
WERELDHAVE NV	EUR	9381	30,34	284.619,54
			Totaal	1.155.203,94

### Details of collateral received for securities lent

Name	Currency	Nominal value	Currency fund	Value in currency fund
UK(GOVT OF 4.75 STK 07/12/38 GBP10	GBP	779000	EUR	1.318.204,80
			Totaal	1.318.204,80

For the valuation of the collateral received, indicative prices have been used in this detail list by the Collateral Management Division of KBC Bank

The amount in securities lent on a traded basis, as given in the annual report, can differ from the amount in securities lent on a settled basis.

The position held as collateral is determined on the basis of the settled positions.

### Transparency of securities financing transactions and of reuse

#### Global data:

1) The amount of securities and commodities on loan as a proportion of total lendable assets defined as excluding cash and cash equivalents;	0,74	%
2) The amount of assets engaged in each type of SFTs and total return swaps expressed as an absolute amount (in the collective investment undertaking's currency) and as a proportion of the collective investment undertaking's assets under management (AUM).		
The amount of assets engaged in each type of SFTs and total return swaps expressed as an absolute amount (in the collective investment undertaking's currency)	1.155.203,94	EUR
proportion of the collective investment undertaking's assets under management (AUM)	0,74	%

Concentration data:

1) Ten largest collateral issuers across all SFTs and total return swaps (break down of volumes of the collateral securities and commodities received per issuer's name);

<u>name collateral issuer</u>	<u>Market value on a settled basis</u>	<u>currency</u>
UNITED KINGDOM OF GREAT BRITAIN	1.489.160,64	EUR

2) Top 10 counterparties of each type of SFTs and total return swaps separately (Name of counterparty and gross volume of outstanding transactions).

<u>type SFT (lending program)</u>	<u>name counterparty</u>	<u>Country of counterparty</u>	<u>Market value on a settled basis</u>	<u>currency</u>
equity (Goldman Sachs)	Goldman, Sachs International LTD	UK	1.155.203,94	EUR

Aggregate transaction data for each type of SFTs and total return swaps separately to be broken down according to the below categories:

1) Type and quality of collateral;	<u>equity (Goldman Sachs)</u>	<u>equity (KBC Bank)</u>	<u>bonds (Société Générale)</u>
type	bonds	Nil	Nil
quality – Bloomberg composite rating: see table below			
2) Maturity tenor of the collateral broken down in the following maturity buckets: less than one day, one day to one week, one week to one month, one to three months, three months to one year, above one year, open maturity: see table below;			
3) Currency of the collateral: see table below			
4) Maturity tenor of the SFTs and total return swaps broken down in the following maturity buckets: less than one day, one day to one week, one week to one month, one to three months, three months to one year, above one year, open transactions;	open maturity	Nil	Nil
5) Country in which the counterparties are established: see table above			
6) Settlement and clearing (e.g., tri-party, Central Counterparty, bilateral).	tri-party	Nil	Nil

<u>collateral</u>	<u>quality</u>	<u>Currency</u>	<u>Maturity tenor</u>
UK(GOVT OF 4.75 STK 07/12/38 GBP10	AA+	GBP	above one year

Data on reuse of collateral:

1) Share of collateral received that is reused, compared to the maximum amount specified in the prospectus or in the disclosure to investors;	Nil
2) Cash collateral reinvestment returns to the collective investment undertaking. (EUR)	Nil

Safekeeping of collateral received by the collective investment undertaking as part of SFTs and total return swaps:

1) Number and names of custodians and the amount of collateral assets safe-kept by each of the custodians.

<u>number</u>	<u>Name collateral custodian</u>	<u>Market value on a settled basis</u>	<u>currency</u>
1	Bank of New York	1.489.160,64	EUR

Safekeeping of collateral granted by the collective investment undertaking as part of SFTs and total return swaps:

1) The proportion of collateral held in segregated accounts or in pooled accounts, or in any other accounts.	Nil
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Data on return and cost for each type of SFTs and total return swaps:

1) Data on return and cost for each type of SFTs and total return swaps broken down between the collective investment undertaking, the manager of the collective investment undertaking and third parties (e.g. agent lender) in absolute terms and as a percentage of overall returns generated by that type of SFTs and total return swaps.
---

<u>Lending program: equity (Goldman Sachs)</u>	<u>collective investment undertaking</u>	<u>manager of the collective investment undertaking</u>	<u>agent lender</u>
return EUR	8.829,79	2.295,75	794,68
percentage of overall returns	100,00%	26,00%	9,00%
cost EUR	3.090,43		
percentage of overall returns	35,00 %		

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## 2. Information on KBC Select Immo Europe Plus

### 2.1. Management report

#### 2.1.1. Launch date and subscription price

##### **Classic Shares Distribution**

Launch date: 1 September 2014  
Initial subscription price: 1 037.98 EUR  
Currency: EUR

##### **Classic Shares capitalisation shares**

Launch date: 6 March 1998  
Initial subscription price: 20 000 BEF  
Currency: EUR

##### **Institutional B Shares capitalisation shares**

Launch date: 23 May 2017  
Initial subscription price: 1 288.32 EUR  
Currency: EUR

#### 2.1.2. Stock exchange listing

Not applicable.

#### 2.1.3. Goal and key principles of the investment policy

##### **Object of the sub-fund**

The main objective of this sub-fund is to generate the highest possible return for its shareholders by investing directly or indirectly in transferable securities. This is reflected in its pursuit of capital gains and income. To this end, the assets are invested, either directly or indirectly via correlated financial instruments, primarily in real estate certificates, shares in real estate companies and UCIs that invest in real estate.

##### **Sub-fund's investment policy**

###### **Permitted asset classes**

The sub-fund may invest in securities, money market instruments, units in undertakings for collective investment, deposits, financial derivatives, liquid assets and all other instruments insofar as permitted by the applicable laws and regulations and consistent with the object as described above.

The sub-fund shall invest no more than 10% of its assets in units of other undertakings for collective investment.

###### **Restrictions of the investment policy**

The investment policy will be implemented within the limits set by law and regulations.

The sub-fund may borrow up to 10% of its net assets, insofar as these are short-term borrowings aimed at solving temporary liquidity problems.

###### **Permitted derivatives transactions**

**Derivatives may be used to achieve the investment objectives as well as to hedge in risks.**

**It is possible to work with either listed or unlisted derivatives: these may be forward contracts, options or swaps on securities, indices, currencies or interest rates or other transactions involving derivatives.** Unlisted derivatives transactions may only be concluded with prime financial institutions specialised in such transactions. **Subject to the applicable laws and regulations and the articles of association, the sub-fund will always seek to conclude the most effective transactions. All costs associated with the transactions will be charged to the sub-fund and all income generated will be paid to the sub-fund.**

If the transactions result in a risk in respect of the counterparty, this risk can be hedged by using a margin management system that ensures that the sub-fund is the beneficiary of security (collateral) in the form of cash or investment grade bonds. When calculating the value of the bonds, a margin will be applied that varies depending on their residual term to maturity and the currency in which they are denominated. The relationship with the counterparty or counterparties is governed by standard international agreements.

Derivatives can also be used to hedge the assets of the sub-fund against open exchange risks in relation to the currency.

Where derivatives are used, they must be easily transferable and liquid instruments. The use of derivatives does not, therefore, affect the liquidity risk. Furthermore, using derivatives does not affect the portfolio's allocation across regions, industry sectors or themes. As a result, they have no effect on concentration risk. Derivatives are not used to protect capital, either fully or partially. They neither increase nor decrease capital risk. In addition, using derivatives has no effect on settlement risk, custody risk, exchange rate risk, flexibility risk, inflation risk or risk dependent on external factors.

### Strategy selected

The assets are invested primarily in real estate certificates, shares in real estate companies and real estate funds of European origin. Investments are also made in other securities linked to the European real estate sector.

### Volatility of the net asset value

The volatility of the net asset value may be high due to the composition of the portfolio.

### Securities Financing Transactions (SFTs)

#### General

**The sub-fund may lend financial instruments within the limits set by law and regulations.**

Lending financial instruments is a transaction where one the sub-fund transfers financial instruments to a counterparty subject to an undertaking on the part of that counterparty to supply the sub-fund with comparable financial instruments at some future date or on the sub-fund's request.

This takes place within the framework of a securities lending system managed by either a 'principal' or an 'agent'. If it is managed by a principal, the sub-fund has a relationship only with the principal of the securities lending system which acts as counterparty and to whom title to the loaned securities is transferred. If it is managed by an agent, the sub-fund has a relationship with the agent (as manager of the system) and with one or more counterparties to whom title to the loaned securities is transferred. The agent acts as intermediary between the sub-fund and the counterparty or counterparties.

The sub-fund uses the lending of financial instruments to generate additional income. This might consist of a fee paid by the principal or, in the event that the fund performs the securities lending through an agent, by the counterparty, as well as income generated through reinvestments.

**The sub-fund is not permitted to agree forms of SFTs other than lending financial instruments.**

#### General information on the SFTs used

Type of SFT	Types of asset that the SFT can involve	Maximum percentage of the assets under management that can be involved in the SFT	Anticipated percentage of the assets under management that will be involved in the SFT
Lending financial instruments	Only <b>shares</b> and <b>bonds</b> will be lent	When lending financial instruments a <b>maximum of 30% of the assets under management</b> will be involved.	<b>Depending on market conditions 0–30% of the assets under management</b> will be involved in the lending of financial instruments

### Criteria for the selection of counterparties

Lending financial instruments only occurs with high-quality counterparties. The management company selects which counterparties qualify for the lending of financial instruments.

The selected counterparties must meet the following minimum requirements to this end:

Legal status	Minimum rating	Country of origin
<p>The counterparty must belong to one of the following categories:</p> <ul style="list-style-type: none"> <li>a) A credit institution; or</li> <li>b) An investment firm; or</li> <li>c) A settlement or clearing institution; or</li> <li>d) A central bank of a member state of the European Economic Area, the European Central Bank, the European Investment Bank or a public international financial institution in which one or more European Economic Area member states participate.</li> </ul>	<p>Only counterparties rated as investment grade may be considered.</p> <p>An investment-grade rating means: a rating equal to or higher than BBB- or Baa3 according to one or more of the following accredited rating agencies:</p> <ul style="list-style-type: none"> <li>- Moody's (Moody's Investors Service);</li> <li>- S&amp;P (Standard &amp; Poor's, a division of the McGraw-Hill Companies); en</li> <li>- Fitch (Fitch Ratings).</li> </ul> <p>If the counterparty does not have a rating, the rating of the counterparty's parent company may be taken into consideration.</p>	<p>All geographical regions may be considered when selecting counterparties.</p>

The relationship with the counterparty or counterparties is governed by standard international agreements.

### Description of acceptable financial collateral and its valuation

When the sub-fund lends financial instruments, it receives financial collateral in return. This financial collateral protects the sub-fund fund from default on the part of the counterparty to which the financial instruments have been lent.

the sub-fund may accept the following forms of financial collateral:

- **Cash**; and/or
- **Bonds and other debt instruments**, issued or guaranteed by the central bank of a member state of the European Economic Area, the European Central Bank, the European Union or the European Investment Bank, a member state of the European Economic Area or the Organisation for Economic Cooperation and Development, or by a public international institution in which one or more member states of the European Economic Area participate, other than the counterparty or a person associated with it, and which are permitted to trade on a regulated market; and/or
- **Participation rights in a monetary undertaking for collective investment** that complies with Directive 2009/65/EC or which meets the conditions of Article 52(1:6) of the Royal Decree of 12 November 2012 on certain public institutions for collective investment which meet the conditions of Directive 2009/65/EC, and the net asset value of which is calculated and published daily.

Where the lending of securities is agreed within the framework of a securities lending system, the financial collateral can also take the form of bonds eligible for trading on a regulated market and which have been rated as at least investment grade as described under 'Criteria for the selection of counterparties'.

The valuation of the financial collateral occurs daily in accordance with the most applicable and accurate method: mark-to-market. A daily variation margin applies based on the daily valuation. Consequently, daily margin calls are possible.

There are no limits regarding the term of the financial collateral.



## Reuse of financial collateral

**the sub-fund receives collateral in the form of cash, it can reinvest this cash in**

- **deposits with credit institutions** which can be withdrawn immediately and which mature within a period not exceeding twelve months, provided that the registered office of the credit institution is situated within a member state of the EEA, or if the registered office is established in a third country, provided that it is subject to prudential supervisory rules which the FSMA considers as being equivalent to the rules under European Law.
- **short term money market funds** as described in the ESMA Guidelines CESR/10-049 dated 19 May 2010 on the common definition of European money market funds.
- **government bonds** that are denominated in the same currency as the cash received and that meet the terms and conditions set out in the Royal Decree of 7 March 2006 on securities lending by certain undertakings for collective investment.

**Reinvesting in this way can eliminate the credit risk to which the sub-fund is exposed concerning the collateral in respect of the financial institution where the cash account is held, but there is still a credit risk in respect of the issuer or issuers of the debt instrument(s). The management company may delegate implementation of the reinvestment policy to a third party, including the agent managing the securities lending system.**

Reinvestment in deposits at the same credit institution may not exceed 10% of the sub-fund's total assets. Reinvestment in bonds issued by the same public authority may not exceed 20% of the sub-fund's total assets.

## Policy on the diversification of collateral and the correlation policy

**The sub-fund is not permitted to accept financial collateral issued by the party offering them.**

The sub-fund's exposure to financial collateral issued by the same issuer may not exceed 20% of the sub-fund's net assets.

## Holding of the financial collateral

The financial collateral will be held in the following manner:

- for cash: held in a cash account; and
- for financial collateral that is not cash: registration in a custody account.

The custodian of the financial collateral and/or the entity to which certain tasks relating to the custody of the financial collateral has been delegated is not necessarily the same entity as the custodian of the Bevek's assets, as stated under 'B. Service providers to the Bevek'.

## Influence of SFTs on a sub-fundthe sub-fund's risk profile

**This lending does not affect a sub-fundthe sub-fund's risk profile since:**

- The choice of principal, agent and every counterparty is subject to strict selection criteria.
- The return of securities similar to the securities that have been lent can be requested at any time, which means that the lending of securities does not affect management of a sub-fund's assets.
- The return of securities similar to the securities that have been lent is guaranteed by the principal or the agent, as applicable. A margin management system is used to ensure that a sub-fund is at all times the beneficiary of financial security (collateral) in the form of cash or other or other specific types of securities with a low risk, such as government bonds, in case the principal or the counterparty (if a sub-fund uses an agent) does not return similar securities. The actual value of the collateral in the form of specific types of securities with a low risk must at all times exceed the actual value of the loaned securities by 5%. Furthermore, when calculating the value of the specific types of securities with a low risk provided as collateral, a margin of 3% is applied, which should prevent a negative change in price resulting in their actual value no longer exceeding the actual value of the securities. The value of the collateral in the form of cash must at all times exceed the actual value of the loaned securities.
- The criteria met by the collateral are such as to limit the credit risk. A rating of at least investment grade is required in the case of collateral in the form of bonds and other debt instruments. In the case of collateral in the form of participation rights in monetary undertakings for collective investment, the inherent diversification of these undertakings limits the credit risk. In the case of cash that is reinvested, a rating of at least investment grade is required when reinvesting in either deposits or government bonds. In the case of reinvestment in short-term money-market funds, the inherent diversification of these funds limits the credit risk.
- The criteria met by these types of collateral are such as to limit the liquidity risk. It must be possible to value the financial collateral on a daily basis by market price or to withdraw it on demand (on reinvestment of cash in deposits).
- In the case of reinvestment of cash, there are additional criteria to limit the market risk associated with the initial values in cash. When reinvesting bonds, only bonds with a remaining term to maturity of no more than one year may be considered. The shortness of this remaining term results in a low sensitivity to interest rate movements. In the case of reinvestment in short-term money-market funds, the low duration of these funds limits the market risk with respect to the initial value in cash.

- The custody of financial collateral consisting of securities occurs by placing the securities in custody accounts which, in the event of the custodian's bankruptcy, are held outside its insolvent estate. The custody of financial collateral consisting of cash occurs by holding it in cash accounts, whether or not segregated. The extent to which the custody of financial collateral consisting of cash occurs in non-segregated accounts has no influence, however, on the sub-fund's risk profile.
- Operational risks are limited by operational controls, in the shape of daily control of the market values of loaned securities and collateral and reconciliation of internal and external data.

### ***Distribution policy for returns on the utilised SFTs***

**By lending securities, the sub-fund can generate additional income, which might consist of a fee paid by the principal or the counterparty (if a sub-fund uses an agent) as well as income generated through reinvestments. After deducting the direct and indirect charges – set at a flat rate of 35% of the fee received** and consisting of the charges for the clearing services provided by KBC Bank NV, the charges paid to the management company for setting up and monitoring the system for lending securities, the charges for margin management, the charges associated with cash and custody accounts and cash and securities transactions, the fee paid for any management of reinvestments and, if a sub-fund uses an agent, the fee paid to the agent. This income is paid to a sub-fund. It should be noted in this regard that KBC Bank NV is an entity affiliated with the management company.

**More information is provided on the terms and conditions governing securities lending in the annual or half-yearly report for .**

### ***General strategy for hedging the exchange risk***

In order to protect its assets against exchange rate fluctuations and within the limitations laid down in the articles of association, may perform transactions relating to the sale of forward currency contracts, as well as the sale of call options and the purchase of put options on currencies. The transactions in question may relate solely to contracts traded on a regulated market that operates regularly, that is recognised and that is open to the public or, that are traded with a recognised, prime financial institution specialising in such transactions and dealing in the over-the-counter (OTC) market in options. With the same objective, may also sell currencies forward or exchange them in private transactions with prime financial institutions specialising in such transactions.

### ***Social, ethical and environmental aspects***

Investments may not be made in financial instruments issued by manufacturers of controversial weapons whose use over the past five decades, according to international consensus, has led to disproportionate human suffering among the civilian population. This involves the manufacturers of anti-personnel mines, cluster bombs and munitions and weapons containing depleted uranium.

In addition, as of 31 March 2014 no new investments may be made in financial instruments issued by companies that do not have an anti-corruption policy and that have been given a negative score in a thorough screening for corruption in the last two years. A company has no anti-corruption policy if it cannot be demonstrated that it has an acceptable policy concerning the fight against corruption. An acceptable policy should be made public and must at least state that bribery will not be tolerated and that the law will be followed in this respect. The screening will be based on a generally accepted and independent 'Social, ethical and environmental factors' database.

In this way, not only is a purely financial reality represented, but also the social reality of the sector or region.

## **2.1.4. Financial portfolio management**

There is no delegation of the management of the asset allocation.

## **2.1.5. Distributors**

KBC Asset Management S.A., 4, Rue du Fort Wallis, L-2714 Luxembourg.

## **2.1.6. Index and benchmark**

See 'Sub-fund's investment policy'.

### 2.1.7 POLICY PERSUED DURING THE FINANCIAL YEAR

The European listed real-estate market was pretty lively in the period under review, enabling the fund to post a profit. The expectation of higher interest rates led to accelerated rotation from relatively defensive sectors, which benefit from low or falling interest rates, to more cyclical sectors, which are favoured by rising interest rates. The real-estate sector lagged the broad equity market somewhat during the reporting period.

The gearing ratio of real-estate firms has been kept under control in an environment with low interest rates. Borrowing costs, which are the average for recent years, have generally declined a little further, while portfolio valuations rose slightly. As a result, real-estate companies continue to focus on refinancing and acquiring cheap capital to ensure their future growth.

In operational terms, we see that property companies are still generally doing well, with rising cash flows and dividends as a result. In regional terms, we note that increasing uncertainty continues to have its effect. The UK and the Scandinavian countries stand out, where mixed signals have coloured the recent period.

The valuation of the real-estate market had become a little less challenging in the past few quarters and is now on the fair side. Real-estate firms are generally making a little more profit than they were a year ago, while prices have not risen to the same degree. The reasons for this can be found in, amongst other places, an increased risk appetite on the part of investors. Besides real estate, investors detect alternatives in sectors that could benefit earlier in the cycle from rising interest rates and an economic upturn. Consequently, demand for real estate is lower compared to previous years, in terms of both the direct market and indirectly via a share.

Retail property companies generally performed less well, which resulted in a general derating. Polarisation continued to intensify between real-estate companies that can benefit from a multichannel sales strategy on the part of tenants (via both physical stores and online channels), and firms that are positioned weakly in this regard. All the same, the sector as a whole came under pressure from newspaper headlines that highlighted the polarisation. In the US, for instance, Amazon bought Whole Foods, bringing the retail property sector into question worldwide. Unibail-Rodamco's acquisition of Westfield also grabbed the attention. The takeover will be sealed in the first half of 2018, following which a dominant player will be created at world level, with a portfolio of extremely high quality. The logistical real-estate sector emerged as the winner of the trend towards increased online sales. The capacity to align the distribution network with growing online sales has so far been insufficient, resulting in scarcity. This certainly hasn't done the logistical property companies any harm: 2017 was the year of logistical real estate, with portfolios growing and end demand persistently strong, while the speculative supply is not unduly large.

The office market in continental Europe is showing signs of recovery, although this is not proceeding at a uniform rate: it is primarily the major cities like Paris, Barcelona and Berlin that are leading the way. The fund has positioned itself in part to take advantage of this. The effects of Brexit are trickling through, but the broadly based improvement in the economic climate is making a substantial contribution to reducing vacancy rates and increasing rents. The impact of Brexit on the Brussels office market has so far been minimal: we are chiefly looking at a replacement market, in which new, high-quality buildings are attractive to tenants. Brexit is having both a positive and a negative influence on end demand for office space. Rents are barely rising, at any rate, and a certain level of vacancies remains. Demand for top-end space is limited, but several construction projects are on hold until tenants signal their agreement to use the buildings in the future.

In the residential market, the fund invests primarily in niches like residential care facilities, old people's homes and student accommodation. Growth is currently to be found to a significant extent abroad, as the returns are still a little higher than in the Belgian domestic market. What's more, the international market is even more fragmented. German residential property shares made up in 2017 for all the ground they lost in 2016, and – as a segment sensitive to interest rates – managed to record decent earnings at the end of the year even at slightly higher interest rates. This was made possible by scarcity and fundamental undervaluation combined with their growth strategy and rising rental income.



### 2.1.8 FUTURE POLICY

The real-estate market promises to develop in an interesting way at any rate, in that it has to adapt to a new equilibrium in an environment of rising interest rates. It is becoming increasingly likely that the central banks will be confronted by an economy, the fundamentals of which have become sufficiently strong to withstand a further interest-rate hike or the tapering of stimulation.

The real-estate market is likely to be sufficiently resilient to absorb an increase in interest rates, provided that it does not have to contend with sharply rising rates over a short period. We can, however, expect the real-estate market to respond in a volatile way around any interest-rate increase or when expectations change towards current interest-rate policy. Overreactions certainly cannot be ruled out, and temporary imbalances in the property market could provide opportunities. In addition to the interest-rate policy that is pursued, there are wider factors that can shape the evolution of the real-estate market. Some property market niches could suffer more than others as a result.

The consequences of Brexit will become steadily clearer, and although the underlying value of British real estate has held up well so far, it is fair to say that the prospects for the UK property sector are not particularly rosy. Companies are relocating some or all of their activities to the European mainland, which is affecting the office market. The relative fall in the value of sterling and the potential future slowdown of the UK economy could encourage or oblige British consumers to keep tight hold of the purse strings in response to declining purchasing power. Nor is the extent to which continental real-estate markets will be able to benefit from Brexit cut and dried. Contrary to perception, real-estate businesses are still managing to keep the average cost price of their debt finance low, and the capital values are generally determined fairly conservatively. We therefore anticipate a further decoupling between the underlying real-estate market and the performance of the stock market, in which individual elements will provide differentiation. In this context, we expect that companies will still be in a position to grow their cash flows and dividends.

It is anticipated that real-estate companies will be able to turn to the capital market once more in the months ahead to help fund the upcoming acquisitions. We do not expect, however, that real-estate firms in general will be tempted to raise their debt levels significantly, despite the fact that funding is still possible at fairly low levels. We anticipate that more and more real-estate certificates will actually be wound up in the future, due to the sale of their assets to larger groups. The weighting of certificates in the portfolio will more than likely continue to decline therefore, and will be replaced by exposure to more liquid real-estate firms in Europe.

At segment level, we expect retail property to remain under pressure for a while longer, even though there is generally no need for dramas in operational terms. The reason for this is that high-profile news reporting on e-commerce will continue to have a negative influence on sentiment towards retail property, as a result of which investors will be less willing to shell out for retail real estate and the derating will persist. Polarisation will intensify between high-quality and secondary portfolios.

The situation is different for logistical property, also referred to sarcastically as the 'new old retail'. This segment might just benefit from the acceleration of e-commerce. The handful of businesses active in this segment are seeing their order books grow with attractive returns.

### 2.1.9 SYNTHETIC RISK AND REWARD INDICATOR

Classic Shares: 5 on a scale of 1 (lowest risk) to 7 (highest risk).

Institutional B Shares: 5 on a scale of 1 (lowest risk) to 7 (highest risk).

The value of a share can decrease or increase and the investor may not get back the amount invested.

In accordance with Commission Regulation (EU) No. 583/2010, a synthetic risk and reward indicator has been calculated. This indicator provides a quantitative measure of the sub-fund's potential return and the risk involved, calculated in the currency in which the sub-fund is denominated. It is given as a figure between 1 and 7. The higher the figure, the greater the potential return, but also the more difficult it is to predict this return. Losses are possible too. The lowest figure does not mean that the investment is entirely free of risk. However, it does indicate that, compared with the higher figures, this product will generally provide a lower, but more predictable return.

The synthetic risk and reward indicator is assessed regularly and can therefore go up or down based on data from the past. Data from the past is not always a reliable indicator of future risk and return.

## 2.2 BALANCE SHEET

Balance sheet layout		28/02/2018 (in the currency of the sub-fund)	28/02/2017 (in the currency of the sub-fund )
<b>TOTAL NET ASSETS</b>		58.086.040,03	80.978.268,02
<b>II. Securities, money market instruments, UCIs and derivatives</b>			
<b>C. Shares and similar instruments</b>			
a) Shares		58.557.176,59	81.354.877,14
Of which securities lent			-1.073.820,00
<b>IV. Receivables and payables within one year</b>			
<b>A. Receivables</b>			
a) Accounts receivable			836.058,81
<b>B. Payables</b>			
a) Accounts payable (-)			-767.147,34
c) Borrowings (-)		-442.963,22	-800.011,54
<b>V. Deposits and cash at bank and in hand</b>			
<b>A. Demand balances at banks</b>		51.799,94	412.759,45
<b>VI. Accruals and deferrals</b>			
<b>A. Expense to be carried forward</b>			58.449,18
<b>B. Accrued income</b>		2.525,29	20.754,10
<b>C. Accrued expense (-)</b>		-82.498,57	-137.471,78
<b>TOTAL SHAREHOLDERS' EQUITY</b>		58.086.040,03	80.978.268,02
<b>A. Capital</b>		55.976.643,71	86.854.322,07
<b>B. Income equalization</b>		-5.608,83	117.575,82
<b>D. Result of the period</b>		2.115.005,15	-5.993.629,87

### Off-balance-sheet headings

<b>IX Financial instruments lent</b>		-1.073.820,00
--------------------------------------	--	---------------



## 2.3 PROFIT AND LOSS ACCOUNT

<b>Income Statement</b>		<b>28/02/2018</b> (in the currency of the sub-fund)	<b>28/02/2017</b> (in the currency of the sub-fund)
<b>I. Net gains(losses) on investments</b>			
C. Shares and similar instruments			
a) Shares		2.257.999,49	-5.310.477,54
H. Foreign exchange positions and transactions			
b) Other foreign exchange positions and transactions		235.123,89	-63.328,26
<b>Det.section I gains and losses on investments</b>			
Realised gains on investments		1.885.045,41	4.357.665,33
Unrealised gains on investments		1.045.016,62	-6.515.786,23
Realised losses on investments		-362.598,39	-3.034.717,79
Unrealised losses on investments		-74.340,26	-180.967,11
<b>II. Investment income and expenses</b>			
A. Dividends		186.111,41	347.718,08
B. Interests			
a) Securities and money market instruments		109,84	619,83
b) Cash at bank and in hand and deposits		154,83	90,75
C. Interest on borrowings (-)		-556,11	-826,56
F. Other investment income		1.880,63	
<b>III. Other income</b>			
A. Income received to cover the acquisition and realization of assets, to discourage withdrawals and for delivery charges		18.971,56	
B. Other		178,60	
<b>IV. Operating expenses</b>			
A. Investment transaction and delivery costs (-)		-53.390,43	-238.817,64
B. Financial expenses (-)		-391,44	-1.285,47
C. Custodian's fee (-)		-23.843,98	-45.488,21
D. Manager's fee (-)			
a) Financial management			
Classic Shares		-359.426,81	-600.299,12
Institutional B Shares		-88.936,09	
b) Administration and accounting management		-29.890,85	-40.019,88
E. Administrative expenses (-)		-940,85	0,69
F. Formation and organisation expenses (-)		-3.749,61	-7.069,11
H. Services and sundry goods (-)		-6.581,85	-3.668,86
J. Taxes			
Classic Shares		-23.953,65	-38.158,61
Institutional B Shares		-523,44	
K. Other expenses (-)		6.660,01	7.380,04
<b>Income and expenditure for the period</b>			
Subtotal II + III + IV		-378.118,18	-619.824,04
<b>V. Profit (loss) on ordinary activities before tax</b>		2.115.005,15	-5.993.629,87
<b>VII. Result of the period</b>		2.115.005,15	-5.993.629,87

## 2.4 COMPOSITION OF THE ASSETS AND KEY FIGURES

### 2.4.1 COMPOSITIONS OF THE ASSETS OF KBC SELECT IMMO EUROPE PLUS

Name	Quantity on 28/02/2018	Currency	Price in currency	Evaluation (in the currency of the sub-fund)	% owned by UCI	% portfolio	% Net assets
NET ASSETS							
SECURITIES PORTFOLIO							
<b>Shares</b>							
Exchange-listed shares							
<u>Austria</u>							
BUWOG - BAUEN UND WOHNEN GMBH -	108.167,00	EUR	28,900	3.126.026,30		5,34	5,38
<u>Belgium</u>							
AEDIFICA -	3.750,00	EUR	75,000	281.250,00		0,48	0,48
RETAIL ESTATES -	10.887,00	EUR	70,900	771.888,30		1,32	1,33
<u>Canada</u>							
DREAM GLOBAL REAL ESTATE INVESTM -	52.918,00	CAD	12,340	417.844,97		0,71	0,72
<u>Cyprus</u>							
AROUNDTOWN PROPERTY HOLD SA -	391.574,00	EUR	6,255	2.449.295,37		4,18	4,22
<u>France</u>							
GECINA REG	26.596,00	EUR	144,100	3.832.483,60		6,55	6,60
ICADE EMGP -	39.775,00	EUR	79,550	3.164.101,25		5,40	5,45
KLEPIERRE (CIE FONCIERE) -	6.982,00	EUR	33,930	236.899,26		0,41	0,41
UNIBAIL-RODAMCO SE -	14.712,00	EUR	191,750	2.821.026,00		4,82	4,86
<u>Germany</u>							
ADO PROPERTIES SA -	66.473,00	EUR	42,780	2.843.714,94		4,86	4,90
DEUTSCHE WOHNEN AG -	72.258,00	EUR	33,950	2.453.159,10		4,19	4,22
GSW IMMOBILIEN AG -	2,00	EUR	86,000	172,00			
TLG IMMOBILIEN AG -	30.561,00	EUR	21,980	671.730,78		1,15	1,16
VIB VERMOEGEN AG -	35.496,00	EUR	20,900	741.866,40		1,27	1,28
VONOVIA SE -	137.166,00	EUR	37,550	5.150.583,30		8,80	8,87
<u>Guernsey The Channel Islands</u>							
MEDICX FUND LTD -	39.503,00	GBP	0,828	36.950,39		0,06	0,06
<u>Ireland</u>							
GREEN REIT PLC -	1.115.924,00	EUR	1,536	1.714.059,26		2,93	2,95
IRISH RESIDENTIAL PROPERTIES R -	410.397,00	EUR	1,428	586.046,92		1,00	1,01
<u>Italy</u>							
BENI STABILI SPA -	1.435.751,00	EUR	0,658	944.724,16		1,61	1,63
IMMOBILIARE GRANDE DISTRIBUZIONE -	121.784,00	EUR	7,918	964.285,71		1,65	1,66
<u>Netherlands</u>							
NSI NV -	24.957,00	EUR	34,150	852.281,55		1,46	1,47
<u>Spain</u>							
HISPANIA ACTIVOS INMOBILIARIOS -	15.934,00	EUR	16,350	260.520,90		0,45	0,45
INMOBILIARIA COLONIAL SOCIMI SA -	222.718,00	EUR	8,695	1.936.533,01		3,31	3,33
MERLIN PROPERTIES SOCIMI SA -	176.484,00	EUR	11,765	2.076.334,26		3,55	3,58
<u>Sweden</u>							
D CARNEGIE & CO AB -	45.806,00	SEK	116,600	528.527,28		0,90	0,91

FABEGE AB -	156.813,00	SEK	180,000	2.793.193,74		4,77	4,81
HEMFOSA FASTIGHETER AB -	1.323,00	SEK	97,700	12.790,89		0,02	0,02
<u>Switzerland</u>							
PSP SWISS PROPERTY AG -	4.602,00	CHF	89,750	358.330,37		0,61	0,62
SWISS PRIME SITE -	14.245,00	CHF	88,400	1.092.489,48		1,87	1,88
<u>U.K.</u>							
DERWENT LONDON PLC -	57.576,00	GBP	28,730	1.868.683,33		3,19	3,22
HAMMERSON PLC -	275.953,00	GBP	4,470	1.393.481,60		2,38	2,40
LAND SECURITIES GROUP PLC -	20.388,00	GBP	9,270	213.507,41		0,37	0,37
LONDON METRIC PROPERTY PLC -	1.145.545,00	GBP	1,777	2.299.631,12		3,93	3,96
NEWRIVER REIT PLC -	333.591,00	GBP	2,955	1.113.603,03		1,90	1,92
SEGRO PLC -	673.575,00	GBP	5,716	4.349.474,36		7,43	7,49
TRITAX BIG BOX REIT PLC -	568.361,00	GBP	1,405	902.109,36		1,54	1,55
UNITE GROUP PLC -	346.331,00	GBP	7,615	2.979.338,64		5,09	5,13
WORKSPACE GROUP PLC -	29.700,00	GBP	9,485	318.238,25		0,54	0,55
Total shares				58.557.176,59		100,00	100,81
TOTAL SECURITIES PORTFOLIO				58.557.176,59		100,00	100,81
CASH AT BANK AND IN HAND							
<b>Demand accounts</b>							
<u>Belgium</u>							
KBC GROUP AUD	4.190,88	AUD	1,000	2.677,54			0,01
KBC GROUP CAD	2.143,43	CAD	1,000	1.371,53			0,00
KBC GROUP CHF	237,12	CHF	1,000	205,72			
KBC GROUP EURO	-432.868,54	EUR	1,000	-432.868,54			-0,75
KBC GROUP GBP	23.333,71	GBP	1,000	26.359,82			0,05
KBC GROUP HKD	1.712,15	HKD	1,000	179,39			
KBC GROUP JPY	195.703,00	JPY	1,000	1.503,76			0,00
KBC GROUP NOK	8.838,24	NOK	1,000	918,78			0,00
KBC GROUP SEK	-102.010,79	SEK	1,000	-10.094,68			-0,02
KBC GROUP SGD	22.543,29	SGD	1,000	13.972,54			0,02
KBC GROUP TRY	1.085,63	TRY	1,000	233,84			
KBC GROUP USD	5.338,43	USD	1,000	4.377,02			0,01
Total demand accounts				-391.163,28			-0,67
TOTAL CASH AT BANK AND IN HAND				-391.163,28			-0,67
OTHER							
Interest receivable		EUR		2.525,29			0,00
Expenses payable		EUR		-82.498,57			-0,14
TOTAL OTHER				-79.973,28			-0,14
<b>TOTAL NET ASSETS</b>				<b>58.086.040,03</b>			<b>100,00</b>

**Geographic breakdown (as a % of securities portfolio)**

	31/08/2016	28/02/2017	31/08/2017	28/02/2018
Austria	1,36	2,58	4,90	5,34
Belgium	4,47	3,17	1,85	1,80
Canada	0,00	0,00	0,00	0,71
Switzerland	4,26	2,82	2,43	2,48
Cyprus	0,00	0,47	4,15	4,18
Germany	22,51	21,52	21,80	20,26
Spain	5,13	7,17	7,25	7,30
Finland	0,00	0,48	0,00	0,00
France	23,23	17,80	17,77	17,17
U.K.	27,50	26,08	24,20	26,36
Ireland	0,82	3,19	3,09	3,93
Italy	0,00	2,66	3,54	3,26
Luxembourg	1,42	0,00	0,00	0,00
Netherlands	0,04	1,13	0,00	1,46
Norway	0,00	2,35	0,00	0,00
Sweden	9,21	8,53	8,96	5,69
Guernsey The Channel Islands	0,05	0,05	0,06	0,06
<b>Total</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>

**Sector breakdown (as a % of securities portfolio)**

	31/08/2016	28/02/2017	31/08/2017	28/02/2018
Cyclicals	0,00	0,26	0,00	0,00
Financials	4,81	0,05	0,07	0,07
Real est.	94,07	99,69	99,93	99,93
Unit trusts	1,12	0,00	0,00	0,00
<b>Total</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>

**Currency breakdown (as a % of net assets)**

	31/08/2016	28/02/2017	31/08/2017	28/02/2018
CAD	0,00	0,00	0,00	0,72
CHF	4,41	2,84	2,51	2,49
EUR	56,79	60,26	64,32	64,39
GBP	29,05	25,94	24,26	26,65
NOK	0,00	2,36	-0,08	0,00
SEK	9,72	8,57	8,96	5,72
SGD	0,02	0,02	0,02	0,02
USD	0,01	0,01	0,01	0,01
<b>Total</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>

#### 2.4.2 CHANGES IN THE COMPOSITION OF THE ASSETS OF KBC SELECT IMMO EUROPE PLUS (IN THE CURRENCY OF THE SUB-FUND)

	1st half of year	Year
<b>Purchases</b>	14.802.971,44	14.802.971,44
<b>Sales</b>	17.935.965,96	17.935.965,96
<b>Total 1</b>	32.738.937,40	32.738.937,40
<b>Subscriptions</b>	9.661.013,86	9.661.013,86
<b>Redemptions</b>	12.381.043,00	12.381.043,00
<b>Total 2</b>	22.042.056,86	22.042.056,86
<b>Monthly average of total assets</b>	60.151.427,58	60.151.427,58
<b>Turnover rate</b>	17,78 %	17,78 %

	1st half of year	Year
<b>Purchases</b>	14.802.971,44	14.802.971,44
<b>Sales</b>	17.935.965,96	17.935.965,96
<b>Total 1</b>	32.738.937,40	32.738.937,40
<b>Subscriptions</b>	9.661.013,86	9.661.013,86
<b>Redemptions</b>	12.381.043,00	12.381.043,00
<b>Total 2</b>	22.042.056,86	22.042.056,86
<b>Monthly average of total assets</b>	61.671.262,84	61.671.262,84
<b>Corrected turnover rate</b>	17,34 %	17,34 %

The table above shows the capital volume of portfolio transactions. This volume (adjusted to take account of total subscriptions and redemptions) is also compared to the average net assets at the beginning and end of the period.

A figure close to 0% implies that the transactions relating to the securities or transactions relating to the assets (excluding deposits and cash) in a given period only involve subscriptions and redemptions.

A negative percentage shows that subscriptions and redemptions entailed few, if any, transactions in the portfolio.

Active asset management may result in high turnover rates (monthly percentage >50%).

The detailed list of transactions is available for consultation free of charge at the registered office of the Beveik or fund at Havenlaan 2, 1080 Brussels.

### 2.4.3 AMOUNT OF COMMITMENTS IN RESPECT OF FINANCIAL DERIVATIVES POSITIONS

Nihil

### 2.4.4 CHANGES OF THE NUMBER OF SUBSCRIPTIONS AND REDEMPTIONS AND THE NET ASSET VALUE

Classic Shares

Period	Change in number of shares in circulation						
Year	Subscriptions		Redemptions		End of period		
	Cap.	Dis.	Cap.	Dis.	Cap.	Dis.	Total
2016 - 08*	29.294,61	9.045,11	69.405,02	5.798,47	46.346,92	16.481,03	62.827,95
2017 - 08*	19.515,12	1.607,00	40.528,00	6.732,85	25.334,04	11.355,18	36.689,22
2018 - 02*	788,00	3.277,00	3.996,98	1.373,38	22.125,07	13.258,80	35.383,86

Period	Amounts received and paid by the UCI (in the currency of the class)			
Year	Subscriptions		Redemptions	
	Capitalization	Distribution	Capitalization	Distribution
2016 - 08*	37.138.208,31	11.154.944,18	87.582.305,52	7.050.194,12
2017 - 08*	23.535.940,40	1.787.852,42	50.447.630,46	7.805.938,98
2018 - 02*	1.047.771,70	4.054.922,82	5.417.275,22	1.722.731,30

Period	Net asset value End of period (in the currency of the class)		
Year	Of the class	Of one share	
		Capitalization	Distribution
2016 - 08*	81.293.133,89	1.305,55	1.261,15
2017 - 08*	46.729.088,93	1.299,55	1.215,85
2018 - 02*	45.949.164,07	1.344,33	1.222,27

\* The financial year does not coincide with the calendar year.

Institutional B Shares

Period	Change in number of shares in circulation						
Year	Subscriptions		Redemptions		End of period		
	Cap.	Dis.	Cap.	Dis.	Cap.	Dis.	Total
2017 - 08*	10.085,22		486,00		9.599,22		9.599,22
2018 - 02*	3.266,32		3.838,00		9.027,55		9.027,55

Period	Amounts received and paid by the UCI (in the currency of the class)			
Year	Subscriptions		Redemptions	
	Capitalization	Distribution	Capitalization	Distribution
2017 - 08*	13.032.514,93		630.641,60	
2018 - 02*	4.564.512,94		5.278.030,38	

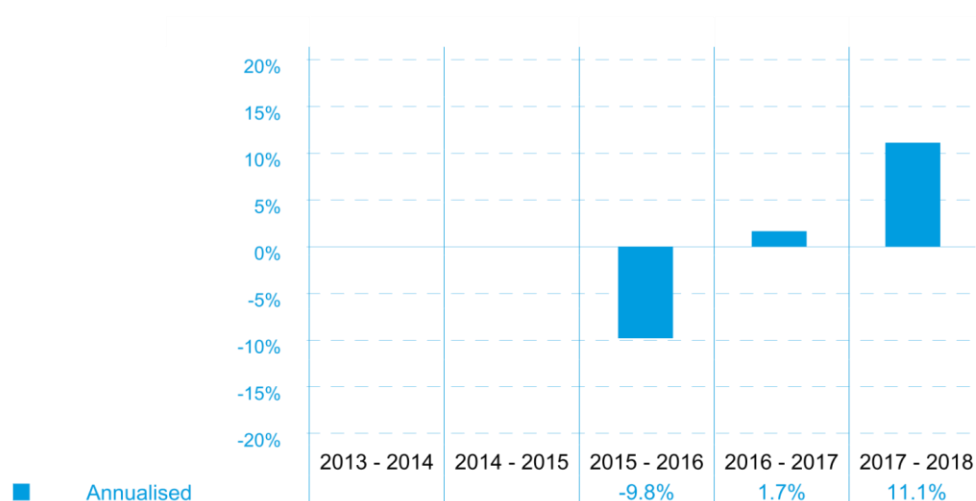
Period	Net asset value End of period (in the currency of the class)		
Year	Of the class	Of one share	
		Capitalization	Distribution
2017 - 08*	12.472.136,90	1.299,29	
2018 - 02*	12.136.875,96	1.344,43	

\* The financial year does not coincide with the calendar year.

## 2.4.5. Performance figures

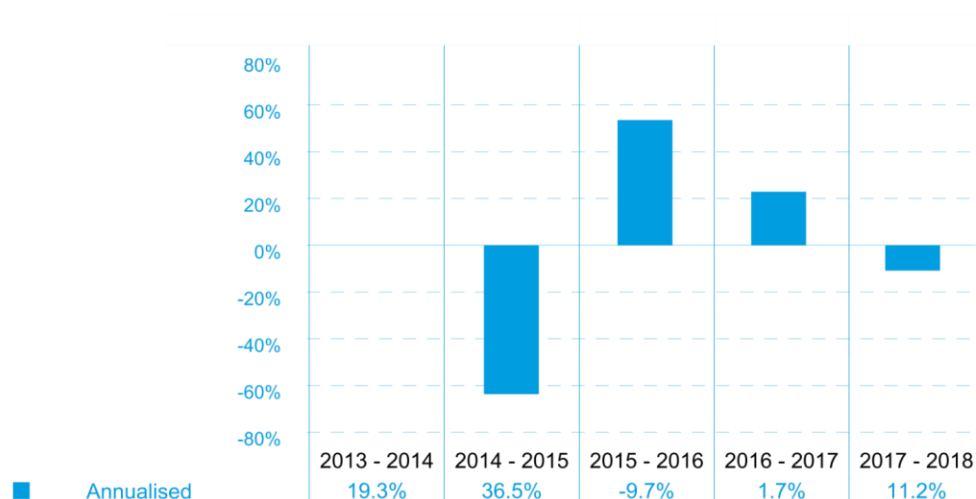
### Classic Shares

BE6270119397  
KBC Select Immo Europe Plus Classic Shares DIS  
Annual performance on 28/02/2018 (in EUR)



### Classic Shares

BE0166978412  
KBC Select Immo Europe Plus Classic Shares CAP  
Annual performance on 28/02/2018 (in EUR)



Cap Div	ISIN Code	Cur-rency	1 year		3 years		5 years		10 years		Since Launch*	
			Share classes	Bench mark	Share classes	Bench mark	Share classes	Bench mark	Share classes	Bench mark	Starting date	Share classes
DIS	BE6270119397	EUR	11.13%		0.63%						01/09/2014	8.53%
CAP	BE0166978412	EUR	11.18%		0.66%		10.68%		1.78%		06/03/1998	5.12%

Risk warning: Past performance is not a guide to future performance.

\* Return on annual basis.

### Classic Shares

- The bar chart shows the performance for full financial years.
- The figures do not take account of any restructuring..
- Calculated in EUR.
- The return is calculated as the change in the net asset value between two dates expressed as a percentage. In the case of units that pay dividends, the dividend is incorporated geometrically in the return.
- Calculation method for date D, where NAV stands for net asset value:  
Capitalisation units (CAP)  
 Return on date D over a period of X years :  

$$[\text{NIW}(D) / \text{NIW}(Y)]^{1/X} - 1$$
 where  $Y = D - X$   
 Return on date D since the start date S of the unit:  

$$[\text{NIW}(D) / \text{NIW}(S)]^{1/F} - 1$$
 where  $F = 1$  if the unit has existed for less than one year on date D  
 where  $F = (D - S) / 365.25$  if the unit has existed for longer than one year on date D  
Distribution units (DIV)  
 Return on date D over a period of X years :  

$$[C * \text{NIW}(D) / \text{NIW}(Y)]^{1/X} - 1$$
 where  $Y = D - X$   
 Return on date D since the start date S of the unit:  

$$[C * \text{NIW}(D) / \text{NIW}(S)]^{1/F} - 1$$
 where  $F = 1$  if the unit has existed for less than one year on date D  
 where  $F = (D - S) / 365.25$  if the unit has existed for longer than one year on date D  
 where C is a factor that is determined for all N dividends between the calculation date D and the reference date.  
 For dividend i on date Di with value Wi:  

$$C_i = [W_i / \text{NIW}(D_i)] + 1$$

$$i = 1 \dots N$$
 from which  $C = C_0 * \dots * C_N$ .
- If the interval between the two dates exceeds one year, the ordinary return calculation is converted into a return on an annual basis by taking the nth square root of 1 plus the total return of the unit..
- The return figures shown above do not take account of the fees and charges associated with the issue and redemption of units.
- These are the performance figures for capitalisation and distribution shares



Institutional B Shares

BE6294997851  
KBC Select Immo Europe Plus Institutional B Shares CAP  
Annual performance on 28/02/2018 (in EUR)

The cumulative returns are shown where they relate to a period of at least one year.

NaN%						
NaN%						
NaN%						
NaN%						
NaN%						
NaN%						
NaN%						
NaN%						
NaN%						
■ Annualised	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	

## 2.4.6 COSTS

### Ongoing Charges: \*

Classic Shares Distribution: 1.846%

Classic Shares Capitalization: 1.804%

Institutional B Shares Capitalization: Not applicable

\* The following are not included in the charges shown: entry and exit charges, performance fees, transaction costs paid when buying or selling assets, interest paid, payments made with a view to providing collateral in the context of derivative financial instruments, or commissions relating to Commission Sharing Agreements or similar fees received by the Management Company or any person associated with it.

### EXISTENCE OF COMMISSION SHARING AGREEMENTS

The Management Company, or where applicable, the appointed manager has entered into a Commission Sharing Agreement with one or more brokers for transactions in shares on behalf of one or more sub-funds. This agreement specifically concerns the execution of orders and the delivery of research reports.

For more information, please see the 'General' section of the annual report.

Broker	Commission gross in EUR paid during the period: 1-09-17 - 28-02-18	CSA Credits in EUR accrued during the period: 1-09-17 - 28-02-18	Percentage
CARNEGIE	681	195	28,57%
CARNEGIE	212	61	28,57%
CITI	738	266	36,09%
CITI	152	101	66,67%
CSFBSAS	336	101	30,17%
DEUTSCHE	93	27	28,57%
DEUTSCHE	187	53	28,57%
EQ CSA GOLDMAN SACHS INTERNATIONAL	412	118	28,57%
EQ CSA GOLDMAN SACHS INTERNATIONAL	1.806	806	44,65%
HSBC	1.114	393	35,26%
HSBC	604	213	35,24%
INSTINET	595	170	28,57%
INSTINET	314	90	28,57%
MACQUARIE	1.004	334	33,25%
MACQUARIE	841	313	37,27%
MERRILL	1.496	463	30,93%
MERRILL	584	197	33,68%
MORGAN STANLEY	148	42	28,57%
MORGAN STANLEY	779	223	28,57%
SOCGEN	345	98	28,57%
SOCGEN	153	44	28,57%
UBSWDR	435	137	31,46%
UBSWDR	1.305	522	40,00%

#### **FEE-SHARING AGREEMENTS AND REBATES:**

The management company may share its fee with the distributor, and institutional and/or professional parties.

In principle, the percentage share amounts to between 35% and 60% if the distributor is an entity of KBC Group NV or to between 35% and 70% if the distributor is not an entity of KBC Group NV. However, in a small number of cases, the distributor's fee is less than 35%. Investors may, on request, obtain more information on these cases.

If the management company invests the assets of the undertaking for collective investment in units of undertakings for collective investment that are not managed by an entity of KBC Group NV, and receives a fee for doing so, it will pay this fee to the undertaking for collective investment.

Fee-sharing does not affect the amount of the management fee paid by the sub-fund to the management company. This management fee is subject to the limitations laid down in the articles of association. The limitations may only be amended after approval by the general meeting of shareholders.

The management company has concluded a distribution agreement with the distributor in order to facilitate the wider distribution of the sub-fund's units by using multiple distribution channels.

It is in the interests of the holders of units, the sub-fund and of the distributor for the largest possible number of units to be sold and for the assets of the sub-fund to be maximised in this way. In this respect, there is therefore no question of any conflict of interest.

#### **2.4.7 NOTES TO THE FINANCIAL STATEMENTS AND OTHER DATA**

Fee for managing the investment portfolio: 1.5% per year calculated on the basis of the average total net assets of the sub-fund, no management fee is charged on assets invested in underlying undertakings for collective investment managed by a financial institution of the KBC group.

The administration agent's fee is payable at the end of each month and is calculated on the basis of the average total net assets of the sub-fund.

Auditor's fee: 1844 EUR per year. This fee is not including VAT and can be indexed on an annual basis in accordance with the decisions of the general meeting.

The custody fee is calculated on the value of the securities held in custody by the custodian on the final banking day of the preceding calendar year, except on those assets invested in underlying undertakings for collective investment managed by a financial institution of the KBC group. The custody fee is paid at the beginning of the calendar year.

#### Exercising voting rights.

If necessary, relevant and in the interest of the shareholders, the management company will exercise the voting rights attached to the shares in the Bevek's portfolio.

The management company will adhere to the following criteria when determining how it stands relative to the items on the agenda that are put to the vote:

- Shareholder value may not be adversely affected.
- Corporate governance rules, especially with regard to the rights of minority shareholders, must be respected.
- The minimum standards with regard to sustainable business and corporate social responsibility must be met.

The list of companies for which voting rights are exercised is available at the registered office of the Bevek.

### Securities lending

Pursuant to the Royal Decree of 7 March 2006 on securities lending, the undertaking for collective investment in transferable securities (UCITS) has entered into securities lending transactions, whereby the title to the securities that have been lent has been transferred, without recognition of that transfer of ownership in the accounts. For the period from 01/04/2017 to 31/03/2018, the realised net income for the UCITS amounts to 5.625,78 EUR and for the Management Company 2.250,31 EUR. Direct and indirect costs and charges are deducted from the gross income. These are set at a flat rate of 35% of the fee received and consist of the charges for the clearing services provided by KBC Bank NV, the charges paid to the management company for setting up and monitoring the system for lending securities, the charges for margin management, the charges associated with cash and custody accounts and cash and securities transactions, the fee paid for any management of reinvestments and, if the sub-fund uses an agent, the fee paid to the agent. The undertaking for collective investment in transferable securities will thus receive 65% of the fee received for securities lent. The detailed list of securities lending transactions carried out may be obtained from the registered office of the undertaking for collective investment in transferable securities at Havenlaan 2, 1080 Brussels. During the reporting period, securities lending transactions were effected in relation to the following securities lending systems:

- Manager of the securities lending system: Goldman Sachs
  - Type of securities lending transactions effected: the lending transactions are effected through the agency of a Lending Agent.
  - Nature of the lent securities: the securities lending applies only to the equity portion of the portfolio.
  - Nature of the financial collateral: government bonds issued by Austria, Belgium, Germany, the Netherlands, Luxembourg, the UK, France, the US and Switzerland and supranational bonds denominated in EUR, USD or GBP issued by the EIB or the KfW.
  - Reinvestment of the financial collateral received: no reinvestment takes place.

### Overview of securities lent as at 29/03/2018

Name	Currency	Quantity	Price	Value in currency of the portfolio
IMMOBILIARE GRANDE DISTRIBUZIONE SIIQ SP	EUR	136.000,00	7,59	1.031.968,00
<b>Total</b>				<b>1.031.968,00</b>

### Details of collateral received for securities lent

Name	Currency	Nominal value	Currency fund	Value in currency fund
REPUBLIC OF AUSTRIA 3.9 15JUL20 144A	EUR	109900	EUR	1.232.876,4
UK 2008 4.25% 07/12/2049	GBP	4	EUR	75,0
NETHERLANDS GOVER 0.75 15JUL28 144A	EUR	30	EUR	304,4
<b>Total</b>				<b>1.233.256,1</b>

For the valuation of the collateral received, indicative prices have been used in this detail list by the Collateral Management Division of KBC Bank

The amount in securities lent on a traded basis, as given in the annual report, can differ from the amount in securities lent on a settled basis.

The position held as collateral is determined on the basis of the settled positions.

### Transparency of securities financing transactions and of reuse

#### Global data:

1) The amount of securities and commodities on loan as a proportion of total lendable assets defined as excluding cash and cash equivalents;	1,78	%
2) The amount of assets engaged in each type of SFTs and total return swaps expressed as an absolute amount (in the collective investment undertaking's currency) and as a proportion of the collective investment undertaking's assets under management (AUM).		
The amount of assets engaged in each type of SFTs and total return swaps expressed as an absolute amount (in the collective investment undertaking's currency)	2.063.936,00	EUR
proportion of the collective investment undertaking's assets under management (AUM)	1,75	%

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Concentration data:

1) Ten largest collateral issuers across all SFTs and total return swaps (break down of volumes of the collateral securities and commodities received per issuer's name);

<u>name collateral issuer</u>	<u>Market value on a settled basis</u>	<u>currency</u>
REPUBLIC OF AUSTRIA	2.465.753,04	EUR
KINGDOM OF THE NETHERLANDS	609,16	EUR
UNITED KINGDOM OF GREAT BRITAI	171,10	EUR

2) Top 10 counterparties of each type of SFTs and total return swaps separately (Name of counterparty and gross volume of outstanding transactions).

<u>type SFT (lending program)</u>	<u>name counterparty</u>	<u>Country of counterparty</u>	<u>Market value on a settled basis</u>	<u>currency</u>
equity (Goldman Sachs)	Barclays Capital Securities Ltd. London	UK	2.063.936,00	EUR

Aggregate transaction data for each type of SFTs and total return swaps separately to be broken down according to the below categories:

1) Type and quality of collateral;	<u>equity (Goldman Sachs)</u>	<u>equity (KBC Bank)</u>	<u>bonds (Société Générale)</u>
type	bonds	Nil	Nil
quality – Bloomberg composite rating: see table below			
2) Maturity tenor of the collateral broken down in the following maturity buckets: less than one day, one day to one week, one week to one month, one to three months, three months to one year, above one year, open maturity: see table below;			
3) Currency of the collateral: see table below			
4) Maturity tenor of the SFTs and total return swaps broken down in the following maturity buckets: less than one day, one day to one week, one week to one month, one to three months, three months to one year, above one year, open transactions;	open maturity	Nil	Nil
5) Country in which the counterparties are established: see table above			
6) Settlement and clearing (e.g., tri-party, Central Counterparty, bilateral).	tri-party	Nil	Nil

<u>collateral</u>	<u>quality</u>	<u>Currency</u>	<u>Maturity tenor</u>
UK 2008 4.25% 07/12/2049	AA+	GBP	above one year
REPUBLIC OF AUSTRI 3.9 15JUL20 144A	AA+	EUR	above one year
NETHERLANDS GOVER 0.75 15JUL28 144A	NR	EUR	above one year

Data on reuse of collateral:

1) Share of collateral received that is reused, compared to the maximum amount specified in the prospectus or in the disclosure to investors;	Nil
2) Cash collateral reinvestment returns to the collective investment undertaking. (EUR)	Nil

Safekeeping of collateral received by the collective investment undertaking as part of SFTs and total return swaps:

1) Number and names of custodians and the amount of collateral assets safe-kept by each of the custodians.

<u>number</u>	<u>Name collateral custodian</u>	<u>Market value on a settled basis</u>	<u>currency</u>
1	Bank of New York	2.466.533,29	EUR

Safekeeping of collateral granted by the collective investment undertaking as part of SFTs and total return swaps:

1) The proportion of collateral held in segregated accounts or in pooled accounts, or in any other accounts.	Nil
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Data on return and cost for each type of SFTs and total return swaps:

1) Data on return and cost for each type of SFTs and total return swaps broken down between the collective investment undertaking, the manager of the collective investment undertaking and third parties (e.g. agent lender) in absolute terms and as a percentage of overall returns generated by that type of SFTs and total return swaps.

<u>Lending program: equity</u> <u>(Goldman Sachs)</u>	<u>collective investment</u> <u>undertaking</u>	<u>manager of the collective</u> <u>investment undertaking</u>	<u>agent</u> <u>lender</u>
return EUR	8.655,04	2.250,31	778,95
percentage of overall returns	100,00%	26,00%	9,00%
cost EUR	3.029,26		
percentage of overall returns	35,00 %		