



DEVELOPING CONTENTED LIVING

Annual financial report 2015



HOME INVEST
BELGIUM

Housing life

SUMMARY

ANNUAL FINANCIAL REPORT 2015

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The year 2015 was marked by several successes and new achievements. In this annual financial report, we invite you to discover our progress.

83.2%

RESIDENTIAL SHARE
OF THE PORTFOLIO

1500

NICE PLACES TO LIVE

8.4%

INCREASE OF THE
PORTFOLIO'S VALUE IN
2015

€ 4.00

DIVIDEND FOR THE YEAR 2015

(1) This chapter is part of the management report.

Home Invest Belgium is a safe choice in residential property investment

Who are we ?

Home Invest Belgium is a residential public Regulated Real Estate Company (GvV/SIR) founded in 1999 and listed since then on the regulated market of Euronext Brussels. At the end of fiscal year 2015, its market capitalisation stood at € 293 million.

Home Invest Belgium specialises in residential property investment. Over the years, it has built a portfolio comprising 43 sites and 3 projects with a total fair value estimated at ± € 348.6 million. The activities of Home Invest Belgium are supervised by the Financial Services and Markets Authority (FSMA).

Home Invest Belgium covers the four stages of the property life cycle:

- acquisitions;
- development and renovation of buildings;
- administrative, commercial and technical management;
- sales.

Our strategic priorities:

- The renting of urban residential units and the provision of **quality services** to our tenants, which differentiates us from other market players.
- The growth of our portfolio through the **acquisition** and **development** for own account of buildings whose concept is perfectly suited to the target market.
- **Creating value** through efficient and professional day-to-day management and proactive divestment of parts of our property portfolio.

The investment portfolio of properties in operation amounts to 147 000 sq.m., which is invested in the city centres of Belgium (68.7% in Brussels, 19.4% in Wallonia and 11.9% in Flanders).



ArchView

RISK FACTORS

**16 years of expertise working
for your peace of mind.**

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RISK FACTORS

As a real estate investor, Home Invest Belgium operates in a changing environment, which presents certain risks. The realisation of these risks could have an adverse effect on the company, its business, prospects, financial situation or results.

Home Invest Belgium takes this into account as part of the overall management of the company, its investment and divestment decisions, funding and optimal re-use of its funds.

These risks are therefore subject to regular monitoring. The Management, the Risk manager and the Board have adopted prudent policies to better protect the Regulated Real Estate company and its shareholders from their possible occurrence.

The main risks are identified below, as well as the various factors and measures to mitigate their potential negative impact. The list of risks in this report is not exhaustive.

There may be other risks that are unknown and/or unlikely today, whose influence could be detrimental to the business, prospects and financial situation of Home Invest Belgium.



1.6%

**SHARE OF THE
MOST IMPORTANT TENANT
IN THE OVERALL RENT**

1. Market risks

1.1 Inflation risk

Description of the risk

A change in inflation is related to changes in real interest rates. There is a risk that financial charges increase more rapidly than the indexation of income, which would result in a decline in the company's net result.

Risk mitigation

Home Invest Belgium has taken the following measures to cover this type of risk:

- lease agreements provide for indexation of the base rent, in accordance with the applicable legislation;
- the risk of rising real interest rates is mitigated by the implementation of a strict hedging policy of these rates, which is based, firstly, on fixed rate financing and secondly, on the conclusion of hedging contracts to exchange the variable rate into a fixed rate (Interest Rate Swap contract or IRS).

1.2 Deflation Risk

Description of the risk

If the general economic environment became deflationary or, in the event of a temporary blocking - full or partial - of rents introduced by the government, the increase in rental income growth could be curbed. Deflation can lead to lower interest rates, which would lead to a limited reduction in financial costs, due to recourse to the above-mentioned interest rate hedging instruments.

Risk mitigation

The current legislation on residential leases does not cater for a rent floor in the event of deflation.

1.3 Concentration risk

Description of the risk

In the event of a sudden default or departure of a major tenant, the turnover and the net result of the company could fall significantly.

Risk mitigation

Given the particularities of residential property and the type of properties in which Home Invest Belgium has invested, the risk of concentration has been spread over a large number of tenants (approximately 1 500). No significant property in the portfolio is leased to a single tenant. The largest tenant represents 1.6% of total rents.

2. Risks associated with the property portfolio

2.1 Inappropriate choice of investments or developments for own account

Description of the risk

An error in the choice of investments or developments for own account could result in a mismatch with market demand, with potentially the following negative effects: (i) an increase in rental vacancies, (ii) a decrease in the sale price of the property and, therefore, (iii) a decrease in company revenues.

Risk mitigation

This risk is mitigated by the following factors:

- strategic analysis of the property, accompanied by technical, legal, tax and accounting due diligence (audit) before each acquisition;
- for development projects, careful monitoring of demands on the rental market and the possible adaptation of the project being developed, so that it best meets the needs of the market;
- internal and external valuation (independent expert) of each property to be acquired or developed;
- and asset diversification
 - a property complex may not exceed 20% of the portfolio (Regulated Real Estate Company regulation);



Giotto

- limits set by the Board of Directors on development activity for own account;
 - o maximum 12.5% per project;
 - o maximum 25% for all projects.

2.2 Risks linked to mergers, de-mergers and contributions

Description of the risk

A significant number of buildings in the property portfolio of Home Invest Belgium, were acquired as part of mergers, de-mergers or share deals. It is possible that hidden liabilities could have been transferred to the company in connection with these transactions.

Risk mitigation

Home Invest Belgium takes precautions over these types of operations, including due diligence on the properties transferred and the companies acquired, and demands contractual guarantees in connection with these liabilities.

2.3 Risk of obsolescence in property portfolio

Description of the risk

The obsolescence of the property portfolio can result in: (i) reduced commercial attractiveness on the rental and/ or acquisition market, (ii) a negative impact on occupancy levels¹, (iii) an increase in maintenance and renovation costs of the property portfolio, (iv) a negative change in the fair value of properties and, consequently, (v) a negative impact on the net result, the net assets and the debt ratio of the company.

Risk mitigation

Home Invest Belgium mitigates this risk through:

- the regular maintenance, including constant renovation of the property portfolio and the investment in development projects for own account;
- the systematic policy of replacing obsolete equipment;
- and resale of less attractive buildings².

2.4 Negative change in the fair value of the building

Description of the risk

The potentially negative impact of a negative change in the fair value of the buildings are: a negative impact on the net income, the net assets and the company's debt ratio.

For example, a drop of 1% in the fair value of the investment properties in operation would lead to a reduction of € 3.1 million in the net income of the statutory accounts on 31 December 2015, without affecting the net current result or the distributable result. The net asset value would drop by € 3.1 million, or € 1 per share.

The statutory debt ratio would increase from 42.52% to 42.53%.

Risk mitigation

This risk is mitigated by the following measures:

- Home Invest Belgium regularly maintains and renovates its properties in order to maintain and even increase its rental income and facilitate new rentals;
- the property assets are valued by an independent expert on a quarterly basis which allows for corrective measures to be taken where necessary;
- the investment strategy is oriented towards qualitative properties and development projects that offer immediate high returns and a stable income;
- the portfolio is diversified, including on the geographical level;
- **and the company's principal asset only represents 9.2% of the buildings in operation.**

2.5 Risk of destruction of buildings

Description of the risk

There is a risk of buildings being destroyed (completely or partially) by fire, natural disaster, accident, terrorist attack, etc. In this case, there is a risk of a loss of the

(1) The occupancy rate expresses the percentage of rental income generated by occupied property, supplemented by rental guarantees on unoccupied property, relative to the sum of rents for occupied property and the estimated rental value of unoccupied property.

(2) For details of the sales in fiscal year 2015 reference is made to page 34 of the Management report.



Les Erables

company's rental income and hence net result.

Risk mitigation

The risk that properties owned by the Regulated Real Estate Company are destroyed by fire, explosion or other disasters is covered by appropriate insurance policies, insuring their new reconstruction value (excluding land), to a level of € 196.8 million at 31 December 2015 for buildings that are available for rent (the insurance premium paid in 2015 was € 0.1 million and the percentage of coverage of the fair value of these properties is 80%). Properties forming part of co-ownerships are, in turn, insured directly by these co-ownerships.

2.6 Risk linked to administrative permits

Description of the risk

As part of its real estate development activities, Home Invest Belgium is required to obtain a number of

administrative permits (urban, environmental etc.) prior to the realisation of any development, renovation or construction works. The analysis of permit applications by the competent administrative services requires a certain period of time which is not always controllable. Once issued, the administrative authorisations may be the subject of an appeal by third parties. This can lead to delays, additional costs or abandonment of projects whose studies have entailed costs, and can therefore have an adverse effect on the business and results of Home Invest Belgium.

Risk mitigation

This risk is limited by (i) the integration in the feasibility studies of prudent timeframes for obtaining permits, (ii) the daily monitoring by the teams of these permit files and (iii) the use of external advisors specialised in the field.



Florida



Colombus

2.7 Risks related to the execution of works (poor project management)

Description of the risk

Poor management of a renovation project or development may result in: (i) an increase in the company's operating costs, (ii) a decrease in the profitability of the project, and (iii) a delay in the reception time of the work or project and the collection of rent for these buildings (which has a negative impact on the earnings per share of the company).

Risk mitigation

The technical management of the buildings as well as the coordination of renovation and development works are tracked by specialised internal teams which ensure high quality monitoring of the different sites.

The risk of default is also mitigated by:

- the limits set by the Board of Directors on the development activity for own account as described above in section 2.1;
- the use of specialist consultants and companies;
- staggering the timing of development projects;
- and taking out an “all risks” insurance policy to cover all works in progress.

In the case of the purchase of a building in need of major renovation, the acquisition value of the property, upon entry in the portfolio, reflects the state of the building before renovation. As the cost of the renovation is planned in the financial plan before the investment decision that cost will in principle generate an increase in value of at least the same amount.

2.8 Risk of default of counterparties (contractors, etc.) other than tenants

Risk description

A default or the bankruptcy of a contractor with which the Regulated Real Estate company concluded a contract for works or provision of services, can have an impact on the timing of completion and, in certain cases, on the budget for the works.

Risk mitigation

The Regulated Real Estate company mitigates this risk by (i) a rigorous selection of contractors, (ii) using as far as possible various contractors for a site and (iii) establishing financial guarantees to offset the shortfall in the event of a default of the contractor.

3. Risks related to tenants and leases

The entire turnover of Home Invest Belgium consists of rents generated by renting to third parties (individuals, governments, retailers, companies, embassies and foreign delegations, operators of nursing homes).

3.1 Risk of reduced solvency or insolvency of tenants

Description of the risk

Delays or rent defaults are likely (i) to have a negative impact on results, (ii) give rise to an unexpected rental vacancy and (iii) to involve unforeseen costs and the conclusion of new leases on less favourable terms, or the granting of rent free periods.

Risk mitigation

To limit this risk, Home Invest Belgium takes the following measures:

- it has a diversified investment policy, both from the point of view of the sector as well as the type of tenants;
- it carefully selects tenants based on an analysis of their ability to pay rent regularly;
- it demands a bank guarantee of in principle two months' rent from each tenant;
- rents are payable in advance and almost always on a monthly basis;
- provisions for taxes and charges are payable in advance;

93.9%

OCCUPANCY RATE

- and it has a rigorous process for monitoring outstanding payments.

Concerning unpaid rent, the Regulated Real Estate company benefits from the multiplicity and quality of tenants it selects.

For fiscal year 2015, unpaid rents totalled just € 0.05 million or 0.3% of the issued rents.

3.2 Vacancy risk

Description of the risk

Home Invest Belgium is exposed to the risk of loss of rent caused by the departure of tenants. This can adversely affect financial results and decrease the fair value of the property, especially in a context of weak economic conditions, for the following reasons:

- this departure may involve unexpected costs (marketing costs and/ or renovation);
- the search for new tenants could take some time, during which charges and taxes for unrented properties are borne by the owner;
- new tenants could negotiate a lower rent or a rent free period.

Continued non-occupation of a property results in the decline in portfolio occupancy rates, which may adversely affect the results.

Risk mitigation

Given the large number of tenants, significantly rising demographic trends in Belgium and the fact that housing is, by definition, an essential need of the population, the risk of vacancies significantly increasing can be considered to be low.

The company has a proactive commercial management policy to maintain **a high occupancy¹ level (93.89% in 2015 against 94.01% in 2014).**

3.3 Risk linked to property turnover

Description of the risk

The normal duration of a lease is primarily related to the type of property and is usually established as follows:

- 1 or 9 year(s) for residential leases;
- 1 to 12 month(s) for furnished apartments;
- 9 years, renewable three times, for commercial leases;
- 3 years minimum for office space;
- and 9 or 27 years for retirement homes.

The lease agreements entered into by Home Invest Belgium are on average shorter than leases for professional properties. This more limited duration therefore generates a turnover higher than that recorded by a professional real estate asset, and thus higher management costs over the life of the property as well.

Risk mitigation

The Regulated Real Estate company overcomes this disadvantage by (i) incorporating this in its prior analysis of profitability and (ii) increasing the loyalty of tenant clientele through the presence of a team of managers and qualified *property managers*, as well using syndicates or experienced external managers.

4. Risks linked to regulation and political factors

4.1 The Regulated Real Estate company regime

Description of the risk

Since 2 September 2014, the company has been approved by the Financial Services and Markets Authority ("FSMA") as a "Public Regulated Real Estate Company under Belgian law", abbreviated to "GVV/ SIR" or "public GVV/SIR under Belgian law". As a Public Regulated Real Estate Company, and to maintain this status, the company is subject to the provisions of the Act of 12 May 2014 and the Royal Decree of 13 July 2014 relating to regulated property companies ("GVV/ SIR law"), which contain restrictions on (inter alia) its activities, debt ratio, the allocation of earnings, conflicts of interest and corporate governance. It could be that the company will not be able to meet these requirements

(1) The occupancy rate expresses the percentage of the rents generated by the occupied properties, including the rental guarantees on the unoccupied properties, compared with the total rents of the occupied properties and the estimated rental value (ERV) of the unoccupied properties.

42.5%

DEBT RATIO

in the event of significant changes of circumstances, financial or otherwise.

As a Public Regulated Real Estate Company, the company is exposed to the risk of changes in GVV/SIR legislation whose consequences are difficult to estimate. There is also a risk that the supervisory authority (FSMA) imposes sanctions for violations of applicable rules, including the loss of accreditation as a Public Regulated Real Estate Company (see also section 4.2 below). The loss of accreditation as a Public Regulated Real Estate Company is generally considered in the company's credit agreements as an event which makes loans entered into by the company payable in advance, and the loss of that status would also have a negative impact on activities, results, profitability, financial position and the prospects of the company.

Risk mitigation

The skills of the team members and respect for stringent internal control procedures enable the company to successfully manage its assets and debt, and thus meet these specific requirements.

Home Invest Belgium has also set up an Audit Committee, notwithstanding the exemption under Article 526 bis of the Companies Code.

The company cannot mitigate the risk of changes in the Public Regulated Real Estate Company law on its own. It overcomes this by closely following the planned legislative changes and being an active member of various professional associations, in particular the BE-REIT Association ASBL, one of whose objectives is to defend the interests of the Public Regulated Real Estate Company sector.

4.2 Taxation

Description of the risk

As a residential Public Regulated Real Estate Company, the company is subject to a special taxation regime: the exit tax is calculated in accordance with circular

Ci.RH.423 / 567 729 of 23 December 2004, whose interpretation or practical application can be changed at any time. The "real value" of a property, as provided in this circular, is calculated after deduction of registration duties or VAT. This "real value" is different from (and may be less than) the fair value of the property as stated in the company's IFRS financial statements.

Risks related to regulation include the effects of measures taken or envisaged by the legislator, particularly on taxation.

The -programme law of 27 December 2012 indicates that from 1 January 2013, the withholding tax on dividends will amount in principle to 25%. However, the company enjoys a reduced withholding tax rate of 15%, being a Public Regulated Real Estate Company and having directly invested at least 80% in real estate designed for or intended exclusively for residential use and located in a Member State of the European Economic Area, in accordance with Articles 171, 3^oquater and 269, § 1, 3^o of the income tax Code. Since the entry into force of the law of 26 December 2015 (published in the Belgian Official Journal on 30 December 2015) on measures to promote the creation of jobs and purchasing power, the special regime of residential Regulated Real Estate Company and the previous advantage linked to the level of withholding tax have been abolished. The dividends distributed in 2016 and the following years will be subject to withholding tax at a rate of 27%.

Risk mitigation

The company believes it has complied fully with the provisions of the circular for calculating the exit taxes for which it has been liable.

Throughout fiscal year 2015, the percentage of the property portfolio qualifying as "residential" has exceeded 80% (83.2% at 31 December 2015). Dividends distributed in 2015 have benefited from the reduced withholding tax rate of 15%.

4.3 Urban planning and environmental regulations

Description of the risk

A change in the urban and environmental regulations might (i) increase the costs to be incurred to maintain the buildings in operating condition, (ii) have an impact on the fair value of properties and therefore (iii) negatively impact the profitability of the company.

Risk mitigation

Home Invest Belgium watches closely the evolution of various laws on the subject and gradually adapts to legislative changes.

5. Financial risks

The funding policy of Home Invest Belgium aims to optimise the cost of funding, limit the liquidity risk of the company and the counterparty risk.

5.1 Debt ratio

Description of the risk

The debt ratio of Home Invest Belgium may not legally exceed 65%. The company risks losing its status as a Regulated Real Estate Company if it exceeds the 65% ratio.

The terms of the bond issue of 18 June 2014 include a consolidated debt ratio of maximum 65%. If Home Invest Belgium violates this covenant, each bond holder may by written notice to the company, demand repayment of the nominal value of the bonds plus accrued interest (if any) on the date of payment, the debt is immediately due and payable without further formality unless the default was remedied just before the receipt of the notice by Home Invest Belgium.

The provisions of two of the company's credit facilities (with BNP Paribas Fortis and KBC Bank NV) provide that there is an automatic step up in the margin on these credits if the debt ratio crosses certain thresholds.

Risk mitigation

When the consolidated debt ratio exceeds 50%, a financial plan should be established by the Board of Directors, in accordance with the legislation, with a timetable outlining measures to be taken to prevent the debt ratio exceeding 65%¹. On 31 December 2015, **the consolidated debt ratio stood at 42,5%**² (at 31 December 2014 the debt ratio stood at 34.33%). Home Invest Belgium has a consolidated debt capacity of about € 230 million before reaching the statutory maximum gearing of 65%, which corresponds to a possible growth of the property portfolio by 63% (additional fair value of the

property portfolio of € 230 million compared to total assets of € 363 million), entirely financed by debt.

5.2 Liquidity risk

Description of the risk

Liquidity risk implies that Home Invest Belgium does not have, at some point, the necessary financial resources and can no longer obtain the necessary financing to meet its current liabilities.

Credit lines

There is a risk of non-renewal of credit lines, even in the context of a review of credit conditions. On the other hand, credit margins may be increased at the renewal of maturing credit lines, if market conditions deteriorate compared to previous years.

In addition, there is a risk of cancellation of bilateral credit lines by the cancellation, termination or revision of financing contracts due to non-fulfilment of obligations ("covenants") that were negotiated at the time of the signing of the financing agreements. Home Invest Belgium is, in the event of non-compliance with its obligations and, more generally, in case of an event of default under the terms of these contracts, at risk of mandatory early repayment of these loans.

Bond issue for € 40 million

As part of its diversification of funding sources, Home Invest Belgium proceeded on 18 June 2014 to issue bonds with a nominal value of € 40 million. This 10 year bond expires on 18 June 2024. It is possible that Home Invest Belgium cannot repay the bonds at maturity.

The contractual documentation of the bond issue further provides that, in the event of a change in control of the company, bondholders can demand of Home Invest Belgium early repayment of the bonds issued.

€ 125 MILLION
CREDIT LINE

(1) Article 23 of law of 13 July 2014 relating to Regulated Real Estate Companies

(2) The debt ratio is calculated in accordance with article 13 of the law of 13 July 2014 relating to Regulated Real Estate Companies.

Risk mitigation

At 31 December 2015, Home Invest Belgium had a total of € 125 million in credit lines, of which € 108 million had already been drawn down. None of these credit lines will expire in 2016. To learn more about the structure of the financing of Home Invest Belgium, reference is made to the section “Financial Statements” of this report.

Home Invest Belgium has neither given nor received any mortgages, loans or deposits outside the above mentioned credit lines.

Taking into account the legal status of the Regulated Real Estate company and given the nature of the properties in which Home Invest Belgium invests (low risk and generating stable revenues), the risk of non-renewal of credit lines is limited, even in the context of a review of credit conditions.

Based on current conditions and outlook, Home Invest Belgium has no knowledge of elements that may indicate that one or more commitments it has made in the context of its financing agreements, would no longer be respected. This risk is considered theoretical, the company ensuring scrupulously to honour its obligations.

The liquidity risk to the Regulated Real Estate company is mitigated by:

- the diversification of funding sources: total financial debt drawn down excluding rental guarantees received (€ 148 million) amounts to € 108 million of credit lines, the bond representing 40 million;
- the diversification of credit lines with 5 large European financial institutions (Belfius, ING, KBC Bank, BNP Paribas Fortis, Banque Degroof Petercam), which ensures attractive financial conditions;
- the preservation of a sustainable relationship with strong banking partners with a good credit rating;
- the maturity of the debt, the average debt of the company amounts to 5 years and 5 months;
- a regular analysis of the company’s debt structure prior to the maturity of its credit lines in order to prepare a refinancing according to market conditions;
- various preparatory actions in order to be available to fund, at the right time, the growth of the portfolio.

5.3 Currency Risk

As the property portfolio of Home Invest Belgium consists only of buildings in Belgium, and all leases and credit lines are denominated in euros, the company is not exposed to currency risk.

5.4 Risk of bank counterparty

Description of the risk

The conclusion of a credit or a hedging instrument with a financial institution creates a counterparty risk in the event of the default of the financial institution.

This risk may result in a lack of liquidity of the financial institution or even the loss of cash deposits.

Risk mitigation

Although this risk can be considered remote, it cannot be ruled out that one or more of the banking counterparties of Home Invest Belgium are in default. To limit counterparty risk, Home Invest Belgium uses different leading banks in the market to ensure a certain diversification of its sources of financing and interest rate hedging, while paying special attention to the quality-price ratio of services provided. Note also that the cash available to the Regulated Real Estate Company is primarily utilised to reduce its debt and Home Invest Belgium never has significant sums deposited on account.

5.5 Risk related to changes in interest rates

Description of the risk

Interest rates on short and long-term financial markets (international) can fluctuate strongly.

Except for the bond issue, all financial debts of Home Invest Belgium are currently at variable rates (bilateral credit lines at EURIBOR rates). This allows Home Invest Belgium to benefit from any favourable rates.

Risk mitigation

To hedge the risk of rising interest rates, Home Invest Belgium’s policy is to use interest rate hedging instruments for a portion of its debt. This prudent policy is explained as follows: a possible rise in nominal interest rates without a corresponding increase in inflation would have the effect of driving up real interest rates. In such a situation, the increase in real interest rates would not be offset by the indexation of rental income. Moreover, there is still a delay between the rise in nominal interest rates and the indexation of rental income.

To this end, the Board of Directors sets a target of keeping the share of loans at variable rates (not covered by hedging instruments) below 15% compared to the fair value of the real estate portfolio.

The risk of rising interest rates is hedged by IRS (*Interest Rate Swaps*).

At 31 December 2015, the total debt drawn down at variable rates, or € 108 million, was covered up to a level of € 70 million by IRS type hedging with maturities between 2018 and 2022.

5.6 Risk of change in fair value of hedging instruments¹

Description of the risk

Each change in the interest rate curve affects the fair value of hedging instruments. Home Invest Belgium records negative changes on the fair value of interest hedging instruments when current rates are lower than those used to calculate the rates of IRS. These negative changes have no effect on treasury or the net current result but can lead to higher financial expenses and hence influence the result.

Risk mitigation

Comments 24 to the “Financial Statements” summarises the fair value of hedging instruments. An increase or decrease of one basis point in interest rates on variable rate debt would theoretically increase or decrease by € 0.01 million the market value of hedging instruments. Overall, at the end of fiscal 2015, the decline in interest rates seen in recent years has had a negative impact of € 7 million (value that should have been paid to cancel the coverage on 31 December 2015) on net asset value (NAV) of € 2.21 per share.

5.7 Risk related to the liquidity of the shares

Description of the risk

It is difficult for shareholders to quickly modify their position in Home Invest Belgium shares, upwards or downwards. For fiscal 2015, the total volume of company shares traded on the stock exchange amounted to 270 860, against 254 159 for the year 2014.

Risk mitigation

This risk is mitigated by the following:

- the Regulated Real Estate company actively works on its external communications (press releases, meetings with financial analysts participating in road shows) in

- order to improve its reputation among investors;
- the Regulated Real Estate company has a contract with the Banque Degroof Petercam as a *liquidity provider*.

6. Risk related to internal organisation and personnel

Description of the risk

The company is exposed to a certain risk at the level of the organisation, in the event of a departure of some members of its Management and the staff occupying key positions. The unexpected departure of certain staff could have adverse consequences on the development of the company and result in additional management fees.

Risk mitigation

This risk is mitigated by the constant monitoring of the internal organisation by Management, by ad hoc committees (Appointments & Remuneration Committee and Audit Committee) and the Board of Directors of the Regulated Real Estate company.

If a departure were to arise, Home Invest Belgium would make recourse to outsourcing of the function and/ or the rapid recruitment of a new staff member.

(1) The decrease in the fair value of the financial instruments is taken into account in company equity at 31 December 2015 for the effective portion and in the income statement for the ineffective part. See also “Financial Statements” “Annex 24.”

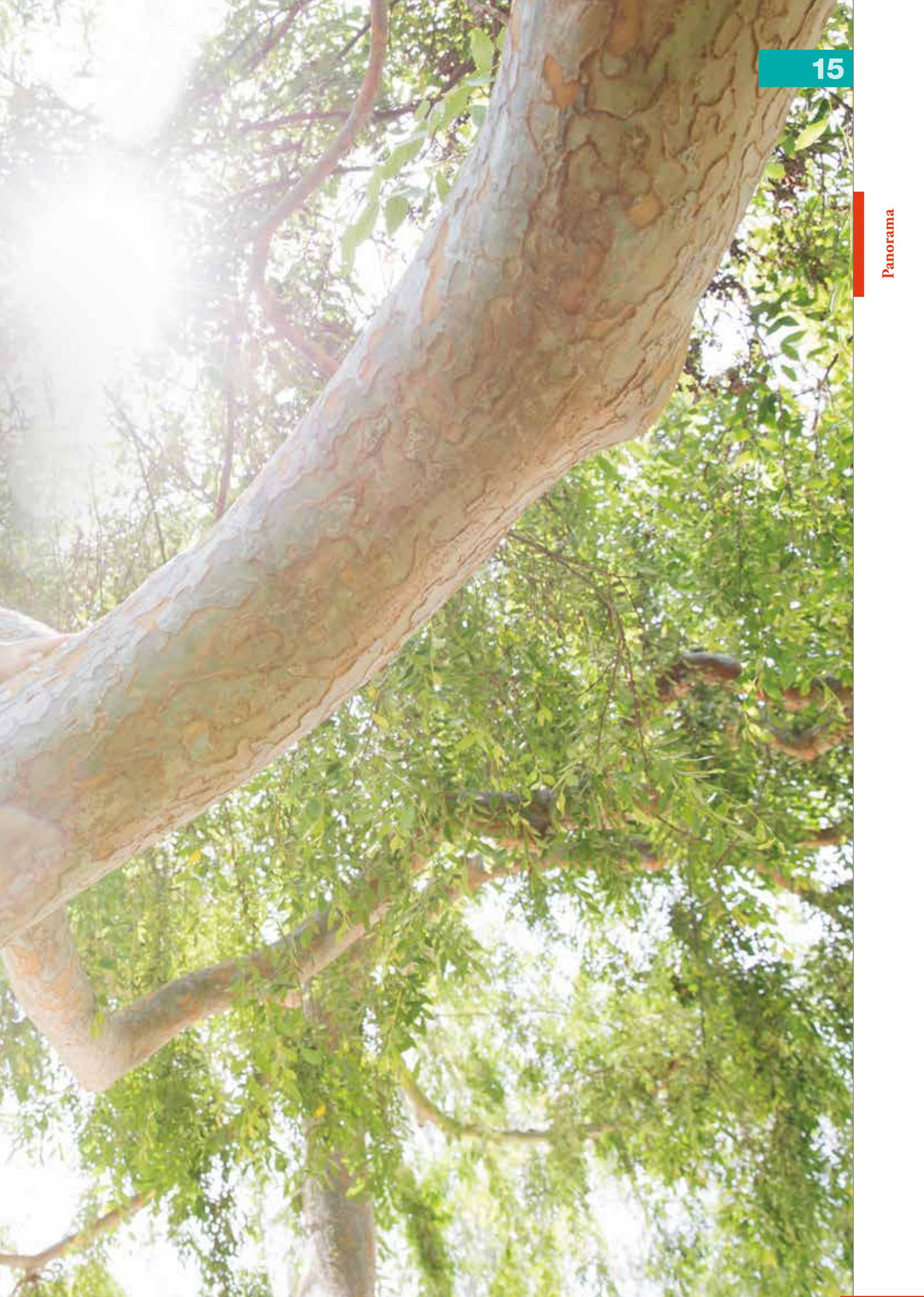
PANORAMA

2015 at a glance.

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LETTER TO THE SHAREHOLDERS

Ensuring stability in a changing environment: a pledge of confidence

In the real estate sector, 2015 was marked by numerous legislative and fiscal developments. In this turbulent context, Home Invest Belgium has shown a stable distributable result, achieving a balance between the two pillars that make up its DNA: letting and sales. The company has successfully pursued the commercialisation of its buildings, project developments and new acquisitions to guarantee the renewal of its portfolio for years to come.

An overview of 2015 with Guillaume H. Botermans, Chairman of the Board of Directors and Sophie Lambrighs, CEO.

What is your view the past year?

GHB: 2015 was a year of contrast between the internal workings of Home Invest Belgium and external developments in society. From our side, we knew we had a slight decrease in our revenues following the sales at the end of 2014 to reach the 80% threshold of residential properties in our portfolio, and we will be delivering projects that will only gradually offset this difference. And we closed the year in line with our forecasts. By contrast, our environment was marked by many changes affecting the sector: a new housing bonus scheme following the sixth state reform which attributed this competence to the regions; a Federal tax policy shift which, even if we do not directly benefit from it, nevertheless has an impact on real estate; an increase in the withholding tax on dividends, ending the special withholding tax of 15% that we enjoyed as a residential Regulated Real Estate company; changes in the VAT tax code that extends to ten years the period required for a building to benefit from the reduced rate of 6%, etc. And all this in a context of interest rates remaining very low.

What were your main achievements in 2015?

SLA: We have delivered our buildings Trône and The Link, with excellent results in terms of commercialisation. Furthermore, we completed two acquisitions: Livingstone, an existing building with 38 apartments that have just been provisionally accepted; and the Brunfaut project development in Molenbeek-Saint-Jean, for which we have applied for a permit. Finally, at the corporate level, we managed to significantly reduce our funding costs and we distributed, in December 2015, an interim dividend.

How is your portfolio developing?

SLA: **The fair value of our properties in operation increased from € 283 million to € 314 million, an increase of around 11%.** If we include the projects, we went from € 322 million to € 349 million, confirming the same percentage increase. This is a fairly significant growth over one year. The percentage of residential in this portfolio also continued to grow, since our projects and acquisitions are mainly residential. Even this figure,

around 83% at the end of the year, is not an objective in itself, we maintain our strategy and remain a residential specialist. **The change in legislation** has of course had an important impact for our shareholders; the withholding tax is now 27%, against 15% in 2015. By contrast, it **strengthens our investment freedom**, since we can now acquire non-residential properties (retail space, offices, semi-industrial) to reconvert over the medium to long term.

What about the results?

GHB: The sales at the end of 2014, realised to reach the 80% threshold of residential properties in our portfolio, resulted in a planned decrease - in our turnover of around 7%. Furthermore, we launched, on schedule, our The Link and Trône projects, resulting in marketing costs and commissions. But we made good sales during the year, allowing us to close with a stable net result, down 3,9% from the previous year. **We are maintaining a stable distributable result, which proves we have the right balance between our two pillars: rental income and income from sales.**

We can therefore consider that this is a good result because we have been steady and have demonstrated our capacity for analysis and anticipation. All this makes for a healthy company.

Based on these results and confident towards the future, the Board of directors proposes to distribute a dividend of € 4.00, which represents an increase for the 16th year in a row.

Are you satisfied with the occupancy rate of the properties?

SLA: Yes, absolutely. **It remains very high, around 94%.** We find that, regardless of the type of tenant and the type of property, we achieve a good performance. Of the 16 apartments at the Trône building, 13 have already found a tenant. As for The Link, we delivered the building mid-September and 124 studios for students were all rented in a few weeks. This is a great result, which proves that our product - innovative in terms of quality and featuring public areas, etc. - meets the needs of



Sophie Lambrighs

The fair value of our properties in operation increased from € 283 million to € 314 million, an increase of around 11%. If we include the projects, we went from € 322 million to € 349 million, confirming the same percentage increase. This is a fairly significant growth over one year.



students. The areas that we designed - shared kitchens, shared areas with study rooms, washing machines, fitness areas ... correspond to their lifestyle and are used.

Are you particularly targeting students as tenants?

GHB: No, our portfolio covers a diverse range of tenants, including students, older people, expatriate families in the European quarter ... For us it is a strategic choice that allows us to limit risks and avoid potential cyclical aspects that could affect a particular segment.

Does the tenant profile change?

SLA: Over time, we do not see a real change in the profile of our tenants. By contrast, I think we are witnessing gradually an evolution in society, with a tendency towards "use" rather than "ownership". Car sharing, music downloads - consumers act more and more to satisfy needs than to become owners. And if this trend is obvious in areas deemed less durable, it has also moved slowly into a very traditional sector such as residential real estate. Of course, we are seeing this evolution at the margin, with a limited public such as young professionals in cities.

What about your other projects?

SLA: The Ariane building, acquired in 2013, has made real progress. We are starting pre-acceptance, with the objective that tenants can occupy the place in June 2016. Our Marcel Thiry site is currently a building shell and is evolving according to plan. We have also advanced significantly with our renovation projects: our Arch View building, Avenue l'Yser, is almost finalised, as well as 20 houses located in Ghlin. **All these projects will be marketed in 2016.**

In the area of acquisitions, we have bought a new project, Brunfaut in Molenbeek-Saint-Jean on condition of obtaining a permit. We submitted the application at the end of 2015 for a hundred dwellings. **We are continuing our acquisitions**, so as to keep feeding our pipeline and plan to market, **as we did in 2015**, about 150 homes per year.

Do the extremely low interest rates work in favour of the property development?

GHB: Of course we have seen a sharp increase in the number of transactions, particularly in Wallonia.



Guillaume H. Botermans

Our decision to launch "project developments for own account" has allowed us to increase the size of our portfolio by some 10% and maintain growth.



because of the expected tax change. But **it is expected that the ownership rate will decrease**, because property prices continue to grow while the purchasing power stagnates. The banks require more equity from purchasers, and some young families are likely to remain tenants a little longer than before ... As for Brussels, from 2016, the reduction of registration fees and the exemption up to € 175 000 could boost the market, although analysts seem to confirm that this change will be offset by the unfavourable developments regarding the fiscal bonus.

Is your profession evolving?

SLA: Housing remains a basic need and studies show that population growth will continue until 2060. **We therefore maintain our mission of making available on the rental market quality properties with quality service, regardless of the segment.** But we are facing a more demanding public, to whom we offer a product of ever higher quality, with new services, greater added value. In this sense, our business is evolving.

Have your strategic choices been successful in 2015?

GHB: Absolutely. On the one hand, our decision to launch project developments for own account has allowed us this year to benefit from capital gains realised on sales to balance the temporary decrease in results from rentals. It is therefore **a strategic pillar which has borne fruit** even more significantly than before. Furthermore, the developments we have launched that we are in line with market expectations, both in estimating construction costs and rents. This strategic choice has allowed us to increase the size of our portfolio by some 10% and maintain growth.

What are the challenges for 2016?

SLA: We have a significant challenge in terms of our internal organisation. We will be implementing a new computer system that will support and **improve our operational excellence** and enable us to have more dynamic reporting so as to better meet the needs of our tenants and partners. Besides building operations, this new tool will integrate all the company's activities: acquisitions, selection processes and monitoring of tenants, sales, accounting, etc. So this is a big project for 2016.

The marketing of several buildings is also an important issue: Arch View, Ghlin and The Horizon (the Ariane building), an innovative concept with shared spaces and services. Finally, we will continue acquisitions of existing properties and projects, and hope to do so in a regulatory environment which is more stable.

GHB: It should also be noted that our market is characterised by a multitude of competitors: developers, but also individuals, both for the sale as the renting. Real estate remains a safe haven for all, particularly the residential segment. If we take the example of Brussels, 500 000 dwellings in the capital belong to approximately 250 000 different owners ...

What is your biggest challenge?

GHB: Continuing to increase the size of our portfolio in order to grow profitability. We are building a structure that will enable us to continue to grow by better controlling all operational and financial aspects. The goal? Continue the growth of our portfolio and thus the rate of earnings and dividends for our shareholders. This is the thrust of our business.

How do you see the evolution in your sector?

SLA: The real estate sector continues to become more professional; this is a very good thing. The authorities are also more sensitive to the need for quality housing and quality landlords. We also feel that the digital evolution is gaining ground. Digital tools are already clearly present in the commercial side of our business, but they will gradually move into the buildings. It's a slow change, but we are moving towards "smart" buildings. The generalisation of connected devices around the world will arrive

in residential real estate, just as it has already been installed in offices buildings.

GHB: Finally, there is in Brussels, like other big cities, a dichotomy between two contrasting types of population in terms of income, cultural level, etc. The socio-demographic gap, due to multiple fractures, is widening and this is a major challenge of which housing is a part. It is essential to continue to invest in all areas of the city and promote renovations that meet the needs of the people, while of course remaining within a reasonable economic logic.

Sophie Lambrighs

Chief Executive Officer

Guillaume H. Botermans

President of the Board of Directors

KEY FIGURES

Property portfolio	2015	2014	2013
Total fair value	348.6 M €	322.3 M €	316.2 M €
Investment properties in operation	313.6 M €	282.6 M €	290.4 M €
Development projects	32.5 M €	33.9 M €	16.3 M €
Buildings held for sale	2.5 M €	5.8 M €	9.4 M €
Details of investment properties in operation			
Surface	146 841 sq. m	142 200 sq. m	147 935 sq. m
Number of sites	43	42	44
Number of leases	1 503	1 311	1 318
Occupancy rate	93.89%	94.01%	94.96%
Gross return on rents received or guaranteed	5.79%	6.00%	6.11%
Consolidated results			
	2015	2014	2013
Net rental result	17.6 M €	18.8 M €	19.1 M €
Property result	16.6 M €	17.7 M €	17.8 M €
Operating result before portfolio result (EBIT)	10.4 M €	12.1 M €	12.4 M €
Portfolio result	7.3 M €	11.0 M €	14.9 M €
Operating result	17.7 M €	23.0 M €	27.3 M €
Net current result	15.4 M €	15.9 M €	24.9 M €
Net current return excluding IAS 39	7.0 M €	8.1 M €	8.5 M €
Distributable result	13.1 M €	13.1 M €	11.5 M €
Gross dividend for fiscal year	4.00 €	3.75 €	3.50 €
Operating margin ¹	62.85%	68.07%	69.53%

€ 4.00
GROSS DIVIDEND

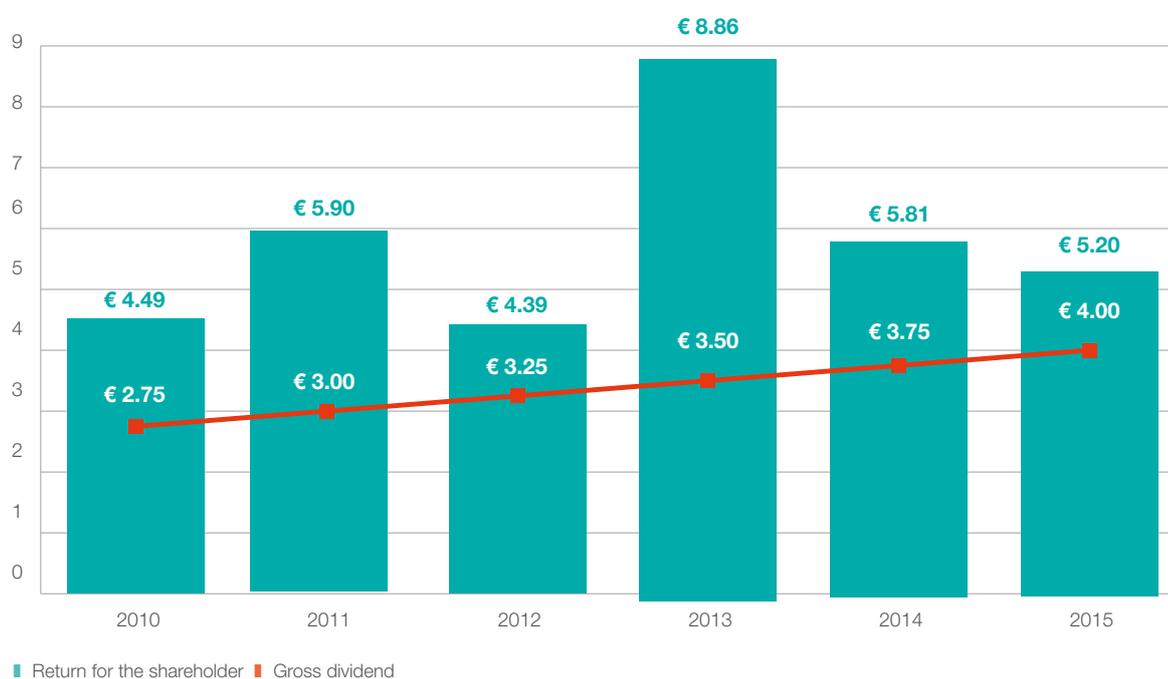
Increase in
the company's
dividend for the 16th
consecutive year



(1) Operating result before portfolio result / property result.

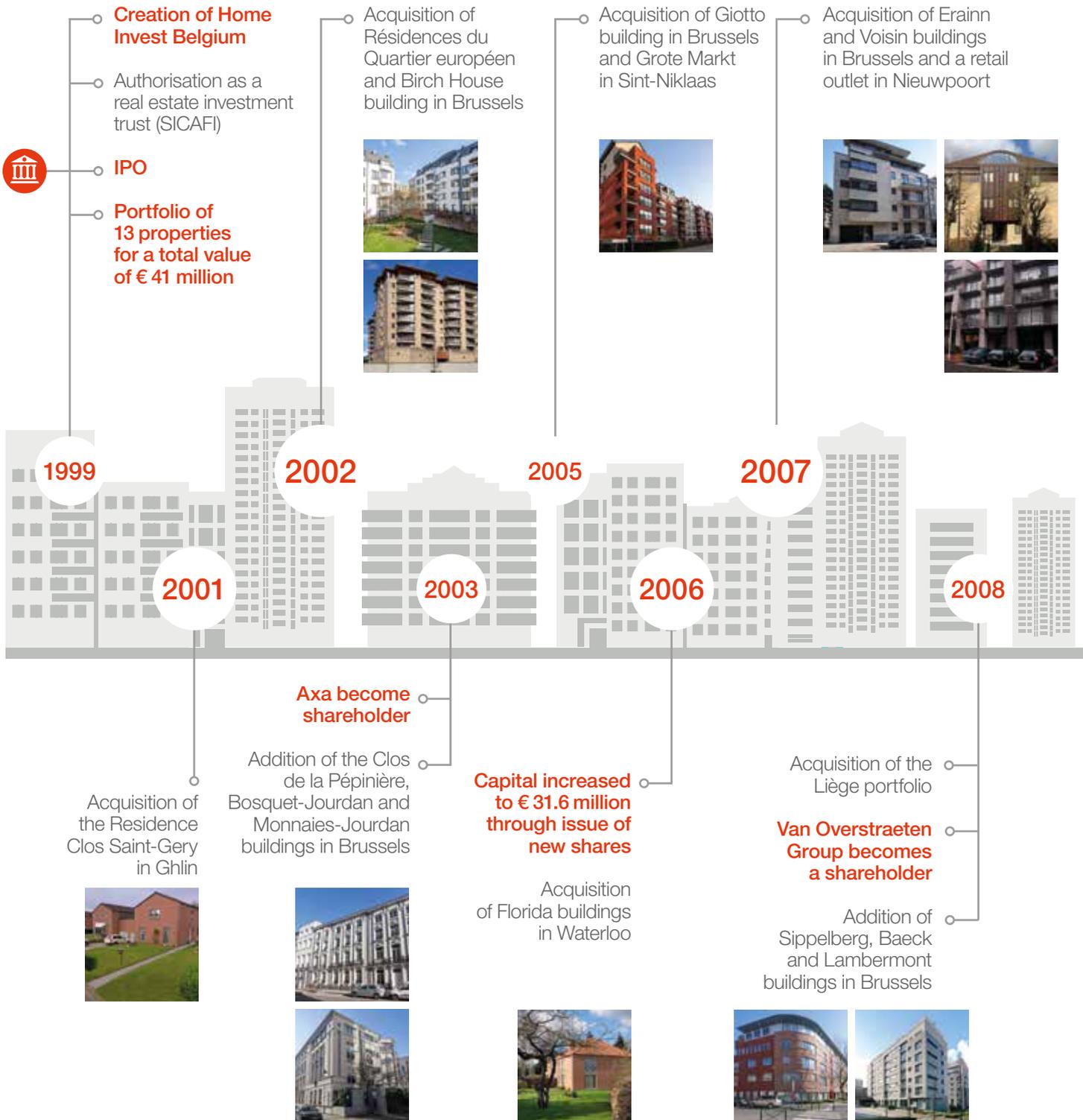
Data per share	2015	2014	2013
Net asset value (before distribution) ¹	€63.60	€66.15	€64.09
Net asset value after adjustment for the interim dividend (before distribution)	€67.35	€66.15	€64.09
Property result	€5.26	€5.71	€5.86
Operating result before result on the portfolio	€3.31	€3.89	€4.07
Portfolio result	€2.33	€3.53	€4.90
Net result	€4.86	€5.14	€8.18
Net current result excluding IAS 39	€2.23	€2.61	€2.79
Increase in value ²	€1.20	€2.06	€5.36
Gross dividend	€4.00	€3.75	€3.50
Distribution ratio	95.81%	88.93%	93.03%
Return to shareholders	€5.20	€5.81	€8.86
Return in% ³	7.86%	9.07%	15.09%

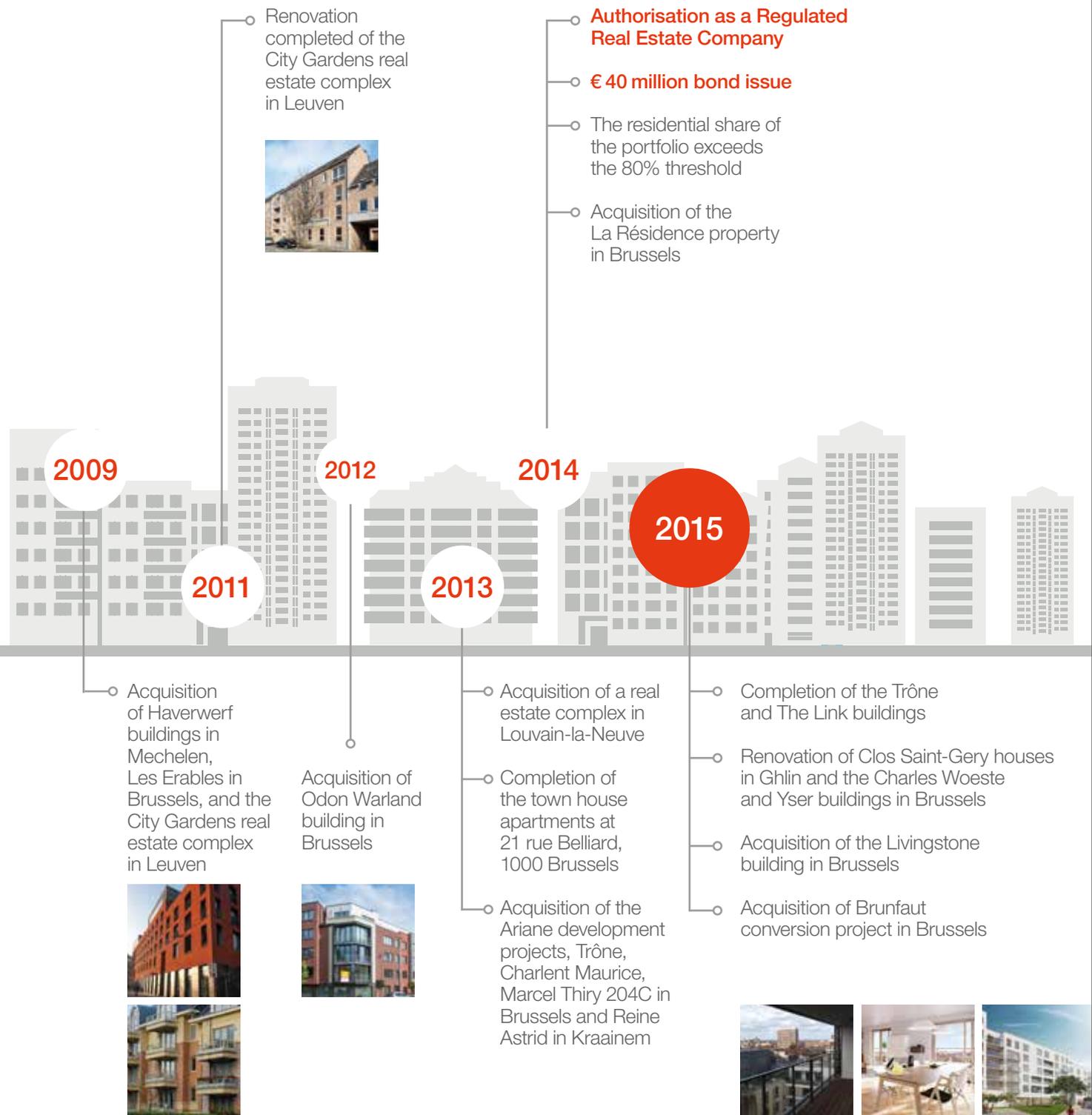
Gross dividend and return for the shareholder



(1) Decreasing following the distribution of the interim dividend of € 3.75.
(2) The difference between the value per share at the end and beginning of the year.
(3) Dividend / distributable result (based on the statutory accounts).

HIGHLIGHTS





MANAGEMENT REPORT

A strategy anticipating
future trends.

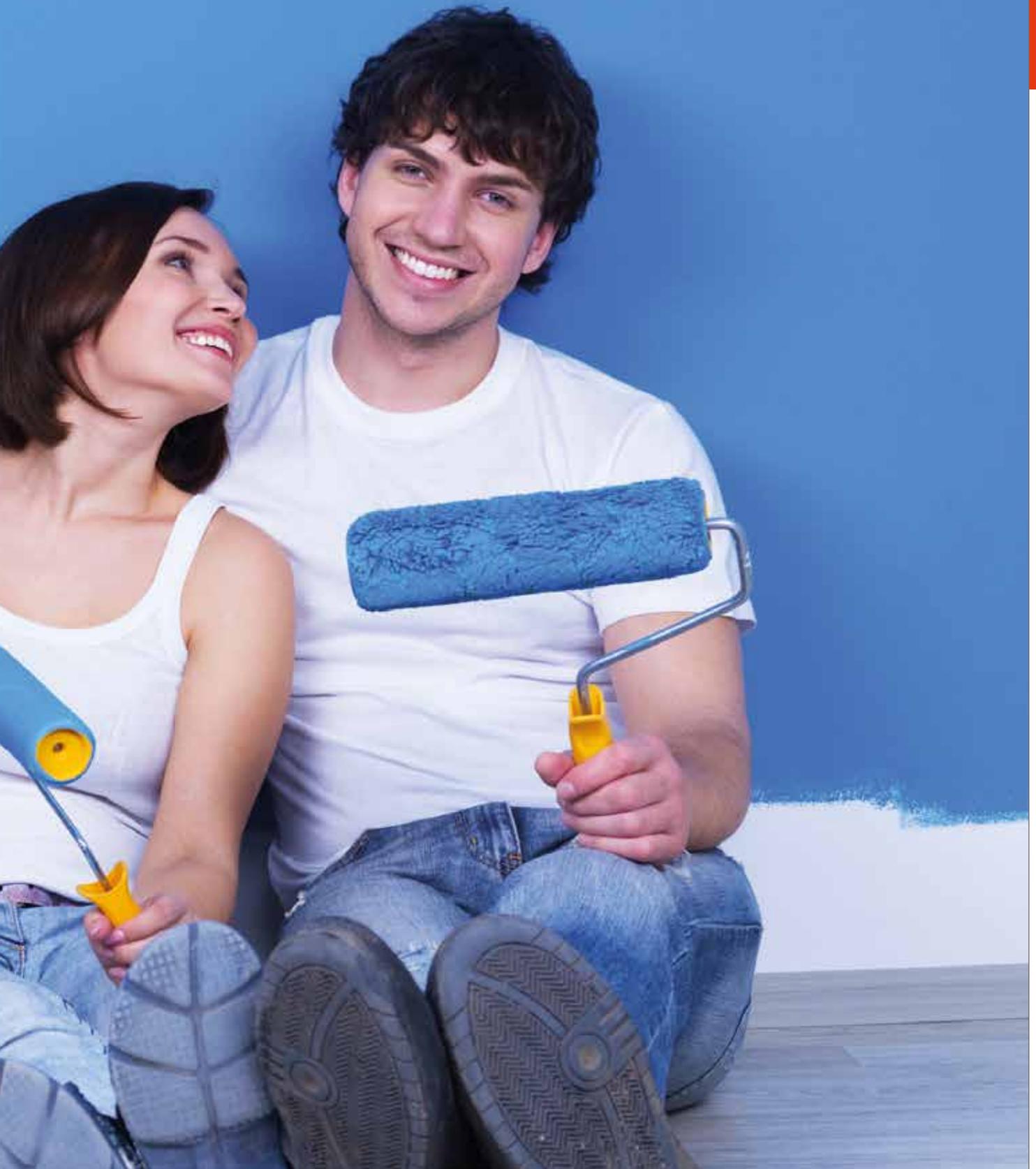
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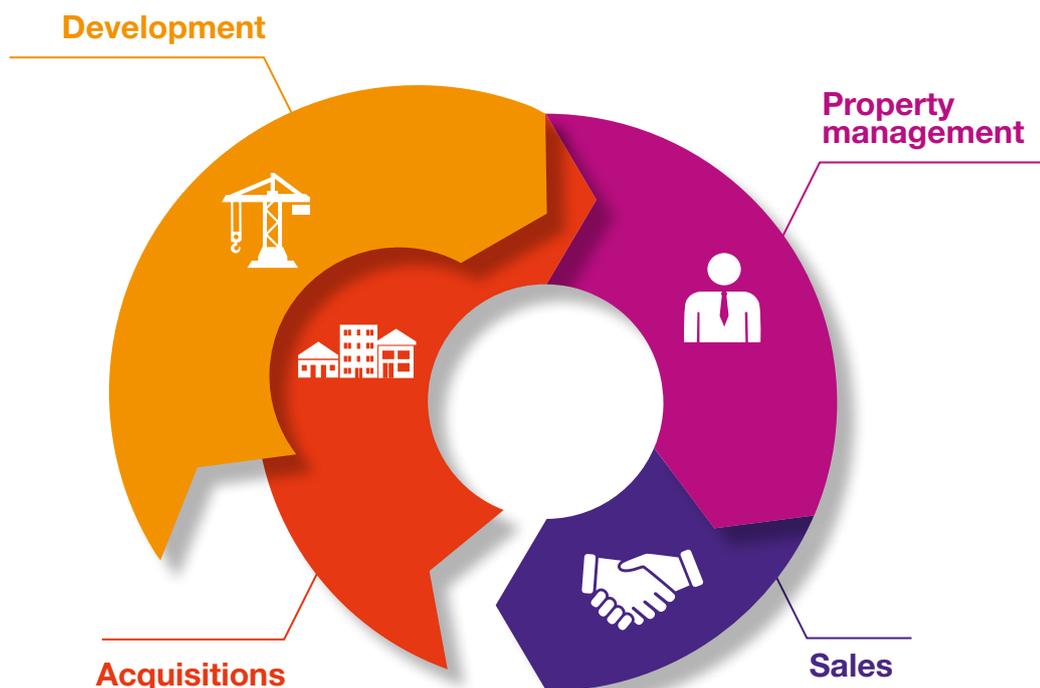


STRATEGY

Home Invest Belgium is a leading player in the field of qualitative affordable residential properties for rent.

“Our ambition is to maximise value creation and accelerate the growth of the company by being active at three levels:

- the acquisition of existing buildings and development projects;*
- the continuous improvement of our existing portfolio;*
- the selective divestment of parts of our portfolio leading to portfolio rejuvenation and realisation of capital gains.”*



It develops its activities in compliance with the legal framework applicable to Regulated Real Estate Companies (GVV/ SIR), whose main features can be summarised as follows:

- a maximum of 20% of the total value of the portfolio may be invested in the same building complex, unless there are exceptional circumstances;
- the debt ratio is limited to 65% of total assets;
- if the financial year closes with a profit, the distributed dividend corresponds to at least the positive difference between 80% of the adjusted result and the net debt reduction of the Regulated Real Estate Company during the current year, notwithstanding Article 617 of the Companies Code (Code des Sociétés).

Acquisitions

Priority for quality investments and capital gain potential



In the common interest of its tenants and shareholders, Home Invest Belgium looks for high quality residential properties capable of **generating high returns**

(as reflected by net rental income) and with the potential to **create value** (reflected by the change in fair value), particularly through the use of the real estate expertise of its team.

Each building is subject to the usual technical, legal, financial and tax due diligence. It is also subject to an assessment both of its intrinsic qualities such as its location, accessibility, immediate environment and energy performance.

The company strives to anticipate demographic changes and trends in society in general and in the residential property market in particular. It is in this context that it closely follows the market segments for student accommodation and for young professionals. These segments are indeed a response to the needs of younger generations looking for quality housing that meets current standards of sustainability, accessibility, living environment and flexibility.

Brussels and other Belgian cities remain the core markets of Home Invest Belgium. For Home Invest Belgium, the attractiveness of a city depends, firstly, on the activity on its rental market and, second, on the population size.

Developments

Priority for projects which are sustainable, generate capital gains and have innovative concepts



To accelerate the growth and the rejuvenation of its portfolio, Home Invest Belgium also seeks acquisition opportunities for **sizable development projects for its own account**, such as office building conversion projects or the transformation of industrial sites into residential buildings for rent.

Home Invest Belgium applies very demanding quality and sustainability criteria to its projects. It closely follows demographic changes and trends in the residential market, such as the decrease in the size of dwellings, the emergence of shared space, the demand for the provision of services in buildings, environmental concerns etc.

It thus develops new housing concepts which help the evolution of **“life in the city”**.

Its development projects have the following advantages:

- the control of the product from the point of view of its suitability for the rental market and its technical, commercial and environmental qualities;
- the ability to find important assets more easily, avoiding competition from unit per unit sales by developers and property dealers;
- the higher yield at launch, due to the lack of promotional margin;
- and, ultimately, the realisation of capital gains through the resale unit per unit.



Livingstone



Ariane - The Horizon

The management, monitoring and supervision of the development of new residential buildings is entrusted by Home Invest Belgium to its subsidiary - Home Invest Development SA.

Given the positive experience recorded for ongoing project developments, the Board of Directors has **defined the development activity as the major growth factor for the company in the years to come**. The company's ambition is to achieve substantial annual portfolio growth (potentially of the order of 10%) by incorporating in the portfolio the project developments it realises. To achieve this goal, given the relatively long lead times for obtaining the required permits, the company plans to acquire about two new development projects per year, while it continues developing the sites already underway.

The development of projects for its own account is subject to the following limitations:

- neither the Regulated Real Estate company nor any of its subsidiaries can operate as a property developer (Article 41 of the Royal Decree GVV/SIR);
- the total cost of development projects may not exceed **25%** of the total value of the portfolio (including projects). By project cost is understood the total cost (acquisition, work, fees, taxes, financial costs) for buildings with the necessary permits, and the acquisition cost plus the study costs for projects where permits must be obtained (decision of the Board);
- and one development project may not exceed 12.5% of the total value of the portfolio, including projects (decision of the Board).

Common criteria for acquisition and development

The **investment criteria** applicable to both the acquisition of buildings and the project developments are:

- an immediate net return or a net return after completion of the works, in line with the profitability goals of the Regulated Real Estate company, combined with a potential capital gain on the resale of the property;
- a minimum investment of € 3 million for a property (direct investment value or after completion of the works) and € 5 million for a portfolio;
- liquidity, both in relation to the rental market in the area considered and to divestment opportunities as a whole or unit per unit;
- the location, in principle strictly limited to Belgium; priority is given to cities with over 50 000 inhabitants, enjoying a healthy economy, favourable demographic trends and with potential for significant growth in real estate values;
- the intrinsic technical and commercial quality (no risk of structural vacancies);
- the consideration of the energy performance of the buildings;
- and the architectural quality and sustainability of the design and materials.



The Link

Administrative, technical and commercial management

Optimisation of rental management, occupancy rate and portfolio rejuvenation



At the end of December 2015, Home Invest Belgium was managing a very large number of leases - **more than 1 500**. The company aims to achieve

economies of scale and differentiate itself from the multitude of private investors active on the residential market by offering a quality professional service to its tenants. The quality of service, at administrative, technical and commercial levels, is an essential element for the success of the company, benefiting both tenants as shareholders.

Continuous efforts are made to standardise and automate management, while strictly controlling operating costs, particularly of staff.

At the **commercial** level, Home Invest Belgium is itself responsible for renting the properties in its portfolio, while also using specialised real estate agents to optimise occupancy levels.

The company deals in-house with the **technical, administrative and accounting** management of the majority of its buildings in the Brussels Region, leaving the management of properties outside the Brussels Region to carefully selected external managers and syndicates. Being in control of the technical management allows the company, in general, to provide better service to tenants, to get to know the property portfolio better, to anticipate their renovation requirements and closely monitor the re-invoicing of costs.

Home Invest Belgium is constantly working to develop the value of its existing assets. In this context, the company also conducts major renovation projects for buildings in its portfolio. Renovation requirements are revealed through the rigorous monitoring of the performance of each building. The renovation programmes are developed in close collaboration with the commercial and technical teams.

Sales

Selective divestment through unit per unit sales of portfolio assets



Each year the properties in the portfolio are subject to detailed evaluation, linked to the local property context. On this basis, a selection of buildings is identified

for divestment during the year.

This selective divestment of a portion of the portfolio contributes significantly, and on a regular and stable basis, to **an increase in the return on investment** via the substantial capital gains generated for the shareholders.

Since 2012, the Board of Directors has set a target of achieving a minimum annual sales volume of **4%** of the portfolio in operation. In this context, the priority for disposals are:

- buildings that have reached their peak valuation;
- buildings whose net return is insufficient, deemed too small in relation to the management fees they entail, or those whose energy performance is inadequate;
- and properties that no longer fit in the strategy and are therefore in principle destined for resale.



www.european-business.com

Sophie Lambrighs

We are not active in the luxury end of the market but focus on creating affordable yet comfortable accommodation.





SIGNIFICANT EVENTS OF THE FINANCIAL YEAR



Ariane - The Horizon

Strengthening the financial structure

Renegotiation of hedging instruments

During fiscal year 2015, Home Invest Belgium restructured several IRS (Interest Rate Swaps). This restructuring allowed the cancelation of the existing over-hedging at the end of fiscal year 2014 and a reduction, as early as May 2015, of the related financial costs. All things being equal, the savings in financial costs on a yearly basis amount to € 0.79 million.

Refinancing of bank credit with Bayerische Landesbank

On 13 November 2015 the company entered into a new credit facility agreement with KBC Bank NV pursuant to which KBC Bank provides the company with a € 30 million credit facility. This new credit line was used partly for the early repayment of the credit concluded with Bayerische Landesbank amounting to € 15 million, while the balance remains available for new projects or investments.

Overview of financial structure

Funding	Confirmed credit	Usage
Bank finance	125 M €	108 M €
Bond issuance	40 M €	40 M €
Total	165 M €	148 M €

The **weighted average maturity of the financing** was increased to 5 years and 5 months at 31 December 2015, against 5 years and 2 months at 31 December 2014.



Active hedging instruments at the date of closing

IRS

Total

70 M €

The **average maturity of interest rate hedging instruments** was increased to 5 years and 7 months at 31 December 2015, compared to 4 years and 8 months at 31 December 2014.

The complete list of credit lines and hedging instruments is given on page 132 of this report.

The **average financing rate** in 2015 amounted to 3.40%.

The company's **debt ratio** stood at 42.5%. The capacity for debt is still very significant; of the order of € 60 million to achieve the 50% debt level and € 230 million to reach the allowable legal limit of 65%.

Change in dividend policy

On the basis of the quarterly results as at 30 September 2015, the lower financing costs and the general outlook for the medium and long term evolution of the portfolio and the residential rental market, the Board of Directors decided on 28 October 2015 to review its dividend policy in line with trends in international markets.

On 7 December 2015 the company distributed an interim dividend payable in cash. Coupon No. 19 gave shareholders the right to an interim dividend of € 3.75

gross or € 3.1875 net per share (after deduction of 15% the withholding tax in effect on that date).

The company intends to continue - for several years - the payment of an interim dividend in December and a final dividend in May.



Brunfaut

Evolution of the property portfolio



Acquisitions

Livingstone – acquisition of new apartments

On 29 May 2015, the company acquired 38 apartments with parking spaces and cellars in the Livingstone building, located at number 6 Avenue Livingstone, 1000 Brussels.

The Livingstone building is located in the heart of the European quarter, near the Berlaymont, and offers easy access, both by public transport or car. The former office building has been successfully converted for residential use, in line with the project of the architectural bureau Archi 2000.

The 38 apartments (2 studios, 30 apartments with 2 bedrooms and 6 apartments with 3 bedrooms) all have large terraces and luxury finishings. With this acquisition, Home Invest Belgium has become the largest co-owner of the building, which consists of 122 apartments.

Home Invest Belgium has bought this from Cofinimmo SA (owner of the subsoil) and Cordeel (owner of the building) for an amount of € 14.7 million (including taxes and costs), in line with the fair value determined by Winssinger & Associates SA, Home Invest Belgium's appointed real estate valuation expert.

At the time of the acquisition, the apartments were in a state of provisional acceptance and all were free of occupation. During the second half of the year, 28 of the 38 apartments have already been let.

Brunfaut - acquisition of a development project in Molenbeek-Saint-Jean

On 2 September 2015, the company entered into a purchase agreement, subject to certain conditions including the granting of permits, for the redevelopment of a former industrial site located at rue Brunfaut and rue Fin at 1080 Molenbeek-Saint-Jean. This transaction consists of the purchase of 100% of the shares of a liability limited company, owner of the site; the shares will be sold and the price finally determined and paid at the moment all conditions are met.

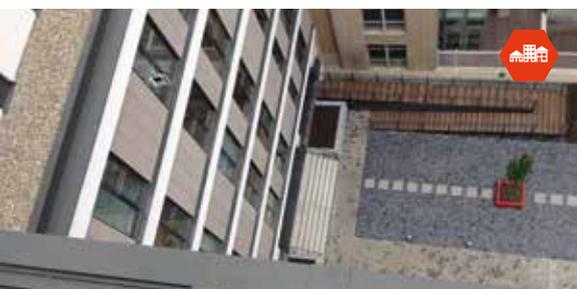
The company has appointed architectural firm DDS & Partners to undertake the architectural surveys. The permit application, allowing the reconversion of the site into a primarily residential project, was made during the 4th quarter 2015. It is currently being examined by the competent authorities.



Filip Van Wijnendaele Chief Operating Officer

The fact that 100% of the studios of The Link have been let immediately upon their delivery shows that we have made the right choices in terms of concept, marketing and branding of the building.





Livingstone



Developments

During the year, the development projects for the Regulated Real Estate company's own account experienced significant progress. Some (Trône and The Link) were delivered and became operational in accordance with the planned schedule.

Ariane - The Horizon project, located at 208 avenue Marcel Thiry, 1200 Woluwe-Saint-Lambert, comprises 167 apartments

Construction work continued throughout the year at a normal pace. At this stage, progress with both the façade work as well as the interior design, gives a good idea of the finished product. The Home Invest Belgium team is also developing a range of services to be offered to the building's tenants. Work will be completed at the end of the second quarter.

Marcel Thiry C project, located at 204 C avenue Marcel Thiry, 1200 Woluwe-Saint-Lambert, comprises 96 apartments

Partial demolition work has now been completed. The structural work, to locally reinforce the existing building, was initiated during the 4th quarter. Construction will be completed in the 1st quarter of 2017.

Work on the permit application to subdivide the land adjacent to the building continued; an amending application was submitted during the year.

Reine Astrid project, located at 278 avenue Reine Astrid, 1950 Kraainem

The initial permit application was refused by the competent authorities; Home Invest Belgium has sought to adapt its project to meet the objections from the authorities and local residents. A new permit was introduced in the 4th quarter 2015.



Ariane - The Horizon



Administrative, commercial and technical management

Occupancy rate¹

The average occupancy rate for the fiscal year 2015 remains at a high level of 93.89%, almost at status quo compared to fiscal year 2014 (94.01%). Rental activity was particularly intense in 2015 with the commercialisation of three new properties that have been added to the operational portfolio during this period, namely Livingstone, discussed above, and two development projects that have been provisionally accepted.

Trône, located at the corner of rue de la Pépinière and rue Brederode, 1000 Brussels, comprises 16 apartments and an office

Provisional acceptance of the building took place on 30 June 2015 and the building has since then welcomed its first occupants. By 31 December 2015, the company had already signed 13 leases. www.residencetrone.be

The Link, located at the corner of rue Maurice Charlent and Rue Jean Cockx, 1160 Auderghem, comprises 123 studios and 1 caretaker's studio

The Link project (formerly known as Maurice Charlent) was delivered in several phases between 15 September and 15 October. Its commercial success (occupation level of 100% of the studios at delivery) is proof of the correctness of the choices made in terms of concept, marketing and location of the building.

www.thelink.brussels

Rejuvenating the portfolio

Home Invest Belgium has undertaken large-scale renovation programmes in some of the buildings in its portfolio.

At Ghlin, the renovation of 20 houses in Clos Saint-Gery has progressed significantly. Two houses were provisionally accepted and have been occupied once

(1) The occupancy rate expresses the percentage of the rents generated by the occupied buildings, increased by the rental guarantees of the unoccupied buildings, in relation to the total amount of the rents of the occupied buildings and the estimated rental value (ERV) of the unoccupied buildings.



The Link

more since December. Provisional acceptance of the remaining houses will take place during the 1st quarter of 2016.

Avenue de l'Yser, the deep renovation of the building, renamed the Arch View (16 apartments), is nearing completion and provisional acceptance is foreseen in the 1st quarter 2016. The commercialisation of entirely renovated apartments has started.

www.archview.be

The renovation work on the **Charles Woeste** shopping centre, Jette, was provisionally accepted at the end of 2015 and work on the eponymous residential building continues. Work on the residential building will be provisionally accepted during the 1st quarter 2016.

In Liège, architectural studies are underway for a complete overhaul of the available apartments in the **Leopold** and **Saint Hubert** buildings. Applications for a building permits were submitted during the 2nd quarter of 2015 and are in progress.

Technical and administrative management

Internal teams are responsible for the **technical, administrative and accounting management** of the majority of the buildings in the Brussels Region, leaving the management of other properties to carefully selected external managers and syndicates who are carefully supervised.



Sales

In line with its fourth strategic axis for selective divestment of its portfolio, Home Invest Belgium also continued the unit per unit resale of some of its properties (usually apartment buildings). This year, the divestment activity once again helped ensure the liquidity of the company's portfolio and the accuracy of the appraised values.

In 2015, 23 apartments have been sold, including, inter alia, in the Quai de Rome, Mèlèzes and Birch House buildings, as well as 4 houses on the Ryckmans site, a building in Lasnes, a shop in Nieuwpoort and the Charles Woeste shopping mall.

In total for 2015 divestment activity represented a volume of 5.48% of the fair value of the investment properties at 31 December 2014, permitting a distributable result of € 6.1 million.

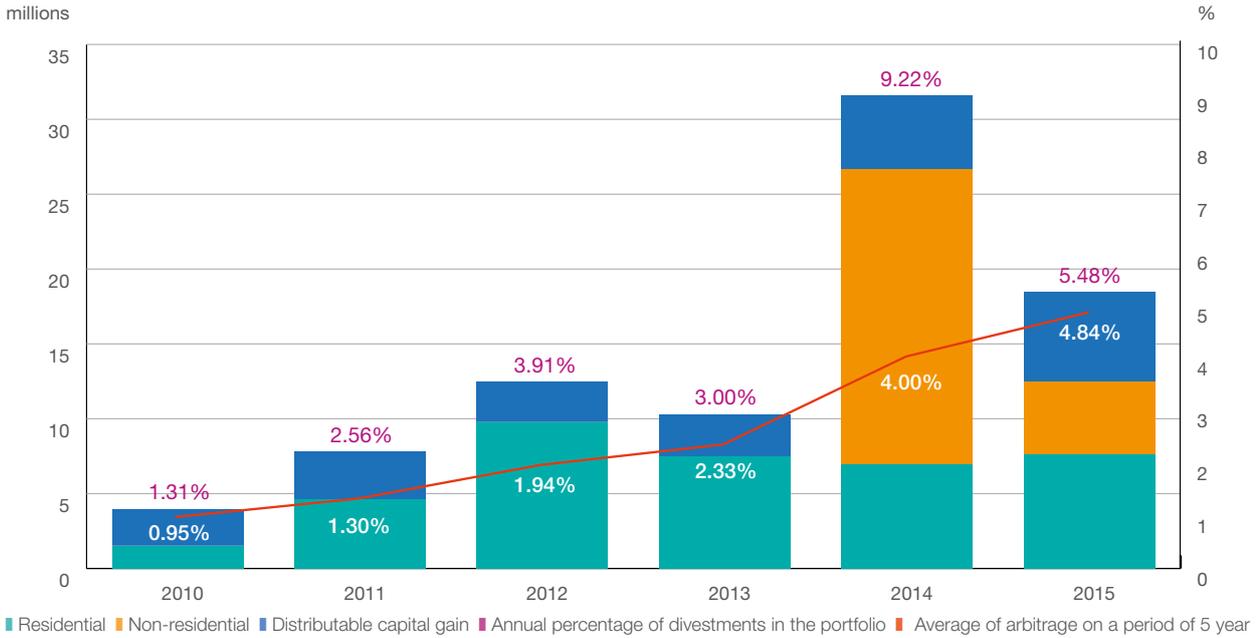
The different sales in fiscal year 2015 helped record a net capital gain of € 1.3 million compared to the last fair value of the properties sold.

This helped boost the distributable result to shareholders for the year 2015 and confirms the importance of divestment as a strategic axis of Home Invest Belgium.

Summary of sales

	2015	2014	2013	2012
Number of sites involving sales	10	9	13	17
Net selling price (excluding transaction costs)	18.5 M €	31.6 M €	10.3 M €	12.5 M €

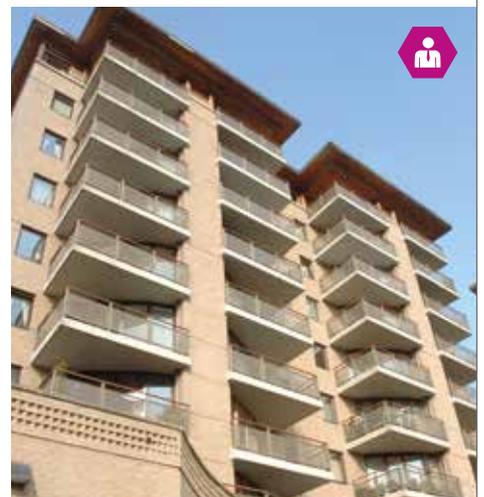
Sales volume



L'Echo

29/10/2015

Le taux d'occupation moyen du portefeuille de Home Invest Belgium pour les 3 premiers trimestres 2015 est resté élevé, à 94,31%. L'activité de location (...) a été particulièrement intense cette année avec la commercialisation de 3 nouveaux biens (...).



Birch House

SUMMARY OF THE CONSOLIDATED ANNUAL ACCOUNTS¹

(See also “Financial Statements” chapter)



Jean-Luc Colson
Chief Finance Officer

The restructuring of our financing allowed us to reduce the average cost of our debt to 3,40% and to improve our maturities.



(1) The current report is based on the consolidated financial statements. The detailed financial statements as well as the statutory management report can be obtained upon request by e-mail or letter to the company. The financial statements are included in the “Financial Statements” chapter of this annual report.

Balance sheet

ASSETS	2015	2014
I. Non-current assets	347 049 162	317 610 294
B. Intangible assets	7 733	11 891
C. Investment properties	346 100 301	316 492 961
D. Other tangible assets	149 060	190 973
E. Non-current financial assets	74 186	69 440
F. Finance lease receivables	717 882	845 029
II. Current assets	16 012 906	14 170 877
A. Assets held for sale	2 484 525	5 810 465
C. Finance lease receivables	127 147	119 486
D. Trade receivables	10 343 536	2 694 041
E. Tax receivables and other current assets	275 869	312 992
F. Cash and cash equivalents	2 487 426	4 925 898
G. Deferred charges and accrued income	294 403	307 995
TOTAL ASSETS	363 062 069	331 781 170
SHAREHOLDERS' EQUITY		
A. Capital	75 999 055	75 999 055
B. Share premium account	24 903 199	24 903 199
C. Reserves	95 782 145	91 384 022
D. Net result of the financial year	3 507 233	15 937 954
SHAREHOLDERS' EQUITY	200 191 632	208 224 230
LIABILITIES		
I. Non-current liabilities	154 617 936	117 633 818
B. Non-current financial debts	147 666 669	109 627 454
a. Credit institutions	108 000 000	70 000 000
c. Other	39 666 669	39 627 454
C. Other non-current financial liabilities	6 951 266	8 006 364
II. Current liabilities	8 252 501	5 923 123
B. Current financial debts	605 651	644 327
c. Other	605 651	644 327
D. Trade debts and other current debts	6 026 535	3 509 489
b. Other	6 026 535	3 509 489
E. Other current liabilities	85 861	119 654
F. Accrued charges and deferred income	1 534 454	1 649 654
LIABILITIES	162 870 436	123 556 941
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	363 062 069	331 781 170
Number of shares at the end of the period ¹	3 147 897	3 147 897
Net asset value	200 191 632	208 224 230
Net asset value per share	63.60	66.15
EPRA NAV²	65.80	68.69
Indebtedness	154 384 716	113 900 923
DEBT RATIO	42.52%	34.33%

(1) Number of shares at the end of the period is calculated with the exclusion of 12 912 own shares.

(2) "EPRA NAV" corresponds to the net asset value, adjusted in order to exclude, among others, the fair value of the financial hedging instruments.

Comments on the balance sheet

Assets

Intangible assets relate to the Winiris management software that is amortised over 5 years.

During the year, the fair value of the *investment properties* increased from € 316.5 million at 31 December 2014 to € 346.1 million at 31 December 2015, including development projects; an increase of 9.4%, mainly due to:

- the acquisition of various properties mentioned above;
- the reclassification or the actual sale of buildings;
- the continuation of development projects whose details are given above;
- various renovation work carried out in our buildings to maintain compliance with the demands of the current rental market;
- the balance from a positive variation during fiscal year 2015 of the fair value of the property portfolio (+ € 6 million).

At 31 December 2015, the investment properties in operation totalled € 313.6 million, while the ongoing development projects amounted to € 32.5 million (against € 282.6 million and € 33.9 million respectively at 31 December 2014).

Other tangible fixed assets include fixed assets for own use.

Non-current financial assets amounted to € 0.07 million, following the decline in fair value of hedging instruments pursuant to IAS 39 accounting standards.

The *finance lease receivables*, totalling € 0.8 million, represent the value of receivables arising from the property leasing of the building in rue de Belgrade and Résidence Lemaire, the long-term element being included in non-current assets and the short-term (less than one year) in current assets. The receivables decrease in accordance with the progress of the finance lease contracts.

The volume of *buildings held for sale* amounted to

€ 2.5 million; it represents the fair value at year end, of the buildings whose sale process had already been initiated at that date.

Commercial receivables, up to € 10.3 million against € 2.7 million last year, corresponding, for the most part, to the amounts receivable under the signed private asset sale agreement at the close of the 2015 financial year (€ 9.3 million) and for the remaining rental claims on the investment properties.

Tax receivables and other current assets stood at € 0.3 million.

Cash and cash equivalents amounted to € 2.5 million against € 4.9 million last year.

Accrued income amounted to € 0.3 million.

Equity and liabilities

At 31 December 2015, the *capital* of Home Invest Belgium, amounted to € 76 million, represented by 3 160 809 shares, of which 12 912 shares are held in treasury stock and are eliminated for per share calculations.

Reserves rose 5% to € 95,8 million against € 91,4 million a year earlier, following the appropriation of the 2014 results. Note also the *results carried forward from previous years*, which have now reached € 18.1 million or € 5.75 per share, compared to € 15.9 million last year (+ 13.6%).

Finally, the *net result for the year* amounted to € 3.5 million. It is the net result for the year before appropriation or € 15.3 million less the interim dividend paid in December 2015.

Non-current financial debts were € 147.7 million, compared with € 109.6 million a year ago. This increase is the result of the financing of acquisitions and development projects. The current debt is € 0.6 million, identical to 2014. Note that this item also includes rental guarantees received.

Commercial debts and *other current liabilities* amounted to € 6.0 million against € 3.5 million last year. They cover supplier liabilities of € 4.3 million, advance collection of rents amounting to € 1.2 million and, finally, tax and social security liabilities of € 0.5 million.

Other current liabilities amount to € 0.09 million and include inter alia dividends from previous years that have not been claimed by shareholders.

Accrued charges and deferred income have decreased to € 1.5 million and include € 1.2 million of interest - accrued but not due - from the bond offering completed in June 2014 and the remaining € 0.3 million of property income paid in advance.

Finally, the *net asset value per share*¹ amounted to € 63.6 against € 66.15 at 31 December 2014, a decrease of 3.9%. This decrease follows, for the first time, an interim dividend payment. The net asset value per share, calculated according to the EPRA Code (i.e. excluding the unrealised impact of hedging operations)

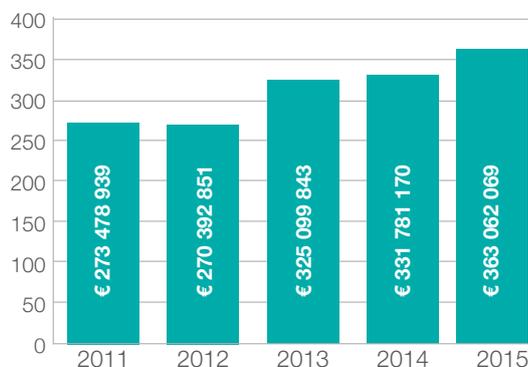
amounts, in turn, to € 65.8, against € 68.69 a year ago.

Debt ratio

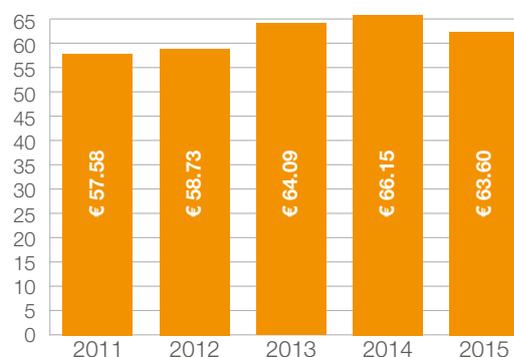
The debt ratio increased from 34.33% in 2014 to 42.52% in 2015. This increase resulted from part of the financing of new investment properties (from € 316.5 million in 2014 to € 346.1 million in 2015) and also the financing of the interim dividend paid in December 2015, notwithstanding the revenues generated by rents net of charges and divestment on the portfolio.

5 years evolution

Total balance sheet (in €)



Net asset value per share (in €)



Debt ratio (in%)



Financial charges (-)



(1) Calculated after elimination of the 12 912 own shares (IAS 33, paragraph 20).

Consolidated results

CONSOLIDATED RESULTS	2015	2014
I. Rental income (+)	17 807 520	18 941 328
III. Rental-related expenses (+/-)	-161 024	-183 360
NET RENTAL RESULT	17 646 496	18 757 968
IV. Recovery of property charges (+)	89 279	125 760
V. Recovery of charges and taxes normally borne by the tenant on let properties (+)	683 551	735 818
VII. Charges and taxes normally borne by the tenant on let properties (-)	-1 852 164	-1 877 271
VIII. Other revenues and expenditures related to the renting (+/-)	0	-15 982
PROPERTY RESULT	16 567 162	17 726 293
IX. Technical costs (-)	-1 614 789	-1 240 741
X. Commercial costs (-)	-427 252	-256 272
XI. Taxes and charges on unlet properties (-)	-405 280	-113 423
XII. Property management costs (-)	-2 802 638	-2 922 621
XIII. Other property charges (-)	-66 207	-147 343
PROPERTY COSTS	-5 316 166	-4 680 401
PROPERTY OPERATING RESULT	11 250 996	13 045 891
XIV. General corporate expenses (-)	-814 043	-945 034
XV. Other operating income and charges (+/-)	-24 077	-34 553
OPERATING RESULT BEFORE PORTFOLIO RESULT	10 412 876	12 066 304
XVI. Result on sale of investment properties (+/-)	1 333 073	3 968 854
XVIII. Changes in fair value of investment properties (+/-)	5 991 869	6 990 080
OPERATING RESULT	17 737 817	23 025 238
XX. Financial income (+)	83 404	94 499
XXI. Net interest charges (-)	-3 326 445	-3 999 979
XXII. Other financial charges (-)	-57 228	-51 715
XXIII. Changes in fair value of financial assets and liabilities	963 443	-3 107 691
FINANCIAL RESULT	-2 336 826	-7 064 885
PRE-TAX RESULT	15 400 990	15 960 353
XXIV. Corporation tax (-)	-89 144	-22 400
TAXES	-89 144	-22 400
NET RESULT	15 311 847	15 937 954
NET RESULT ATTRIBUTABLE TO THE OWNERS OF THE MOTHER COMPANY	15 311 847	15 937 954
NET RESULT PER SHARE	4.86	5.14
Average number of shares ¹	3 147 897	3 101 729
NET CURRENT RESULT (excluding the items XVI. XVII. XVIII and XIX.)	7 986 906	4 979 019
NET CURRENT RESULT PER SHARE (excluding the items XVI. XVII. XVIII and XIX.)	2.54	1.61
NET CURRENT RESULT EXCLUDING IAS 39 (excluding the items XVI. XVII. XVIII XIX. and XXIII.)	7 023 462	8 086 711
NET CURRENT RESULT EXCLUDING IAS 39 PER SHARE (excluding the items XVI. XVII. XVIII XIX. and XXIII.)	2.23	2.61
PORTFOLIO RESULT (XVI. to XIX.)	7 324 941	10 958 934
PORTFOLIO RESULT PER SHARE (XVI. to XIX.)	2.33	3.53
DISTRIBUTABLE RESULT	13 144 051	13 120 205
DISTRIBUTABLE RESULT PER SHARE	4.18	4.23
Operating margin (Operating result before the portfolio result) / Property result	62.85%	68.07%
Operating margin before tax (Pre-tax result – portfolio result) / Property result	48.75%	28.21%
Net current margin (Net result – portfolio result) / Property result	48.21%	28.09%

(1) Number of shares at the end of the period is calculated with the exclusion of 12 912 own shares.

Comments on results

Net rental income

Rental income amounted to € 17.8 million against € 18.9 million in 2014 (-6%). This expected decrease is the anticipated consequence of the sales realised at the end of 2014, to achieve the 80% threshold of residential properties in the portfolio. In the second half of the year, this negative effect began to be compensated for by the contribution of new buildings being integrated in the operating portfolio.

Charges relating to the rentals decreased to € 0.2 million, under the influence particularly of write-downs on commercial receivables, which tended to decrease.

Net *rental income* thus totalled € 17.6 million compared to € 18.8 million a year earlier, down 5.9%.

Property result

Rental charges and taxes normally borne by tenants consist mainly of property taxes paid by the Registered Real Estate company and remain almost unchanged at € 1.9 million. A portion of the withholding taxes (€ 0.7 million), however, could be invoiced to certain tenants, in accordance with the applicable legislation (shops, offices, nursing homes). These recoveries were down compared to the fiscal year 2014 and this subsequent to the sale at the end of 2014 of non-residential assets - properties occupied by tenants who directly bear the fees and property withholding taxes.

Recovery of property charges corresponds to the damage costs charged to renters when leaving and is declining compared to 2014.

Consequently, the *property result* amounted to € 16.6 million against € 17.7 million a year earlier, slightly down by 6.6%.

Property charges

Technical costs cover the maintenance costs for the owner and the renovation costs. They total € 1.6 million, up 30% from € 1.2 million in 2014. This increase is due to the larger volume of work undertaken in line with the growth of the portfolio.

Marketing costs were up 67% and amounted to € 0.4 million. They include commissions paid to estate agents for the conclusion of new leases, the shared cost of inventory surveys, as well as legal fees incurred in the strict rental management of the portfolio. The increase this year is due to the marketing of some fifty apartments (Trône and Livingstone buildings).

Charges and taxes on unlet properties amounted to € 0.4 million and represent expenses that the Registered Real Estate Company must support for each vacancy. During 2015, several buildings were emptied to undergo major renovations, explaining the growth of this cost item.

Property management costs represent staff and operating costs, fees of the Executive Management as well as directors' fees and fees paid for outsourced management of various residences. They amount to € 2.8 million against € 2.9 million a year earlier, down 4.1%.

In total, the *property charges* rose 13.6% to € 5.3 million compared to € 4.7 million in 2014.

The property result amounts to € 11.3 million, a decrease of 13.8% against the € 13 million recorded in 2014.

Operating result before the portfolio result

The *general corporate expenses* of the Registered Real Estate company include all expenses that are not directly related to building operations and the management of the company. They mainly include costs related to the stock market listing and the special legal status of the Registered Real Estate company (Euronext Brussels, supervisory authority, registration tax for SPF Finances, etc.), fees to the auditors, advisors and the company's appointed real estate valuation expert. They have decreased compared to 2014 and amounted to € 0.8 million.

This results in an *operating result before portfolio result* of € 10.4 million, compared to the result recorded end 2014 of € 12.1 million.

Operating result

The *portfolio result* was once again positive and amounted to € 7.3 million, compared to € 11.0 million

in 2014. The 2015 result was partly due to the positive change in the fair value of the investment properties, amounting to € 6.0 million (€ 7.0 million in 2014), but also to the significant capital gains which rose to € 1.3 million in 2015 (against € 4.0 million in 2014).

This important achievement demonstrates once again the resilience of the valuation of the Home Invest Belgium portfolio and its ability to generate **recurring gains for the benefit of its shareholders**.

Note that in 2014, Home Invest Belgium had undertaken some exceptional divestment of its non-residential portfolio, explaining the larger value gains realised in 2014 (c.f. graph in the paragraph “Sales” in chapter above on “Evolution of the property portfolio”)

Operating result, after taking into account the portfolio result, thus amounted to € 17.7 million, compared to € 23.0 million in 2014.

The financial result

Financial revenues of € 0.08 million include accrued interest and finance-lease charges.

Interest costs are down significantly by 16.8%, despite the increase in debt, which rose from € 113.9 million at end 2014 to € 154.4 million at end 2015.

Changes in the fair value of financial assets and liabilities represent a purely latent benefit arising from changes in fair value of the ineffective hedging instruments within the meaning of IFRS Code.

The loss of € -3.1 million in 2014 becomes a profit of € 1.0 million in 2015.

In total, the *financial result* (negative) was € -2.3 million.

Net result - net current result - net current result excluding IAS 39 - distributable result

After deduction of financial expenses and taxes (which increased in fiscal 2015, consecutive to the tax paid by the subsidiary Home Invest Development SA), Home Invest Belgium's net result shows a decrease of 3.9% from € 15.9 million in 2014 to € 15.3 million in 2015. The net current result amounted to € 8.0 million. The net current result excluding IAS 39 reflects the operational profitability of the company, excluding purely latent factors, and reached € 7.0 million.

The distributable result remained stable at € 13.1 million (increase of 0.2%).

Appropriation of result

The consolidated *distributable result* amounted to € 13.1 million, against € 13.1 million a year ago.

It refers to the weighted average number of shares with full dividend rights, equal to 3 147 897 shares. No allocation to the legal reserves has been made. No events occurred during the year which would justify the creation of provisions within the meaning of the IFRS Code.

Accordingly, in the statutory accounts, the Board of Directors proposes to the Annual General Meeting of shareholders of Home Invest Belgium:

- to transfer to reserves and carry forward income totalling € 2 720 836,53;
- to ratify distribution of the interim dividend of 7 December 2015 of € 3.75 gross;
- to approve **the final dividend** in respect of capital remuneration of **€ 0.25 per share**; representing a total dividend for fiscal 2015 of **€ 4.00 per share**.

Since the entry into force of the law of 26 December 2015 (published in the Belgian Official Journal on 30 December 2015) on measures to promote the creation of jobs and purchasing power, the dividends distributed in 2016 and during the following years will be subject to withholding tax at a rate of 27%. The balance of the dividend distributed in 2016 will be subject to a withholding tax of 27%.

The dividend paid in May 2015 on the 2014 financial year was € 3.75 gross per share (or € 3.1875 net of the 15% withholding tax). The tax treatment of the dividend is described more fully in the “Permanent document”.

If the proposed dividend is approved by the General Assembly, it will be payable as from 13 May 2016 by automatic transfer to registered shareholders and to holders of dematerialised shares at the counters of the custodian bank.

Principal risks

The risk factors are described above in this annual financial report.

Structure - investments - own shares held

At the end of the fiscal year, Home Invest Development SA¹ held 12 912 shares in Home Invest Belgium.

The Registered Real Estate Company has entrusted to its subsidiary Home Invest Development the development of new projects for its own account and the management of major renovations. The daily management of Home Invest Development is entrusted to three **Executive Directors**, namely:

- HIRES Consult SPRL with as permanent representative Mr Toon Haverals;
- ZOU2 SPRL with permanent representative Ms Sophie Lambrighs;
- Cocky SA, with as permanent representative Mr Johan Van Overstraeten.

Information under article 119, 6° of the Companies code

Mr Eric Spiessens, independent director and chairman of the Audit Committee, has the independence and competence required by point 6, of article 119 of the Companies Code on accounting and auditing. He benefits from a specific academic training in finance (see “Corporate Governance Statement”).

Events occurring since the end of the fiscal year

On 10 February 2016 Home Invest Belgium SA acquired all the shares of HBLC SPRL which is currently undertaking a redevelopment project of a former office site located at 29-33 rue Célidée and 13 St. Joseph Schols, 1080 Molenbeek-Saint Jean. The acquisition of shares in HBLC is subject to various finalisation conditions.

Outlook 2016

Despite the uncertainty of the current economic situation and its effects on the activities of Home Invest Belgium, the Board confirms its confidence in the continued growth of the company's results. At the beginning of 2016, the company has continued its search activities for new acquisitions, development, portfolio management and divestment. The company's income comes from, on the one hand, renting out its properties and, on the other hand, regular selective divestment of part (\pm 4%) of its portfolio. The rental market is sustained by population growth which is evident in the major Belgian cities, but suffers from the disadvantage of very low inflation leading to the non-indexation of rents. The market for acquisition is supported by very low interest rates that favour the borrowing capacity of households.

(1) Previously operating under the name Home Invest Management.

SOCIAL RESPONSIBILITY

"Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control".

– Article 25 of the Universal Declaration of Human Rights



The right to housing is enshrined in the Universal Declaration of Human Rights as one of the elements of the right to an adequate standard of living.

Home Invest Belgium intends to modestly contribute to the realisation of this right, putting on the rental market quality, affordable homes, while ensuring, of course, the interests of its shareholders.

The Registered Real Estate Company recognises its responsibilities in the environmental and human contexts within which it fulfils its mission.



Odon Warland



Lambermont

Environmental context

The *responsible activity* of Home Invest Belgium is especially noticeable in the *management of its portfolio in operation, its investment decisions* and choices in the context of its *development projects*.

Owning a large property portfolio comprising buildings of varying lifespan, the company adopts a pragmatic policy to combine a rational and ongoing renovation programme with its financial imperatives; and sometimes it may be more appropriate to sell an aging building, rather than be exposed to significant costs to meet energy standards which are deemed insufficient. This policy of solid investments and active divestment of the portfolio is based on a detailed periodic evaluation of the portfolio.

In the event of decisions to acquire existing assets, the quality of the building capable of ensuring rental income over a long period, should meet the environmental standards of the day or be subject, in the short term, to work to enable it to achieve this performance.

Regarding development projects, the expertise of the team is used to design buildings for which each choice of material or technology is part of a long-term vision for sustainability.

In this respect, Home Invest Belgium considers it important to recall that sustainability goes far beyond just energy aspects and that factors such as the location of nearby buildings, public transport (in the broad sense), rational use of land, the development of green spaces, the provision of shared bicycles, etc. are essential for a sustainable city. Home Invest Belgium gives great attention to all these aspects and tries every day to implement them in all its projects and investment choices.

In the area of respect for the environmental, the Registered Real Estate company wants to demonstrate the same sense of responsibility *in the use of its own offices*. Like any business and/ or employer, it recognises the need to better manage, in close communication with his staff, the various aspects of its functioning, such as its energy consumption (heating, lighting, mobility), treatment of waste (selective sorting, paper consumption, various consumables) and water consumption (maintenance, cleaning). The adoption of these best practices - although limited in their impact - is likely to raise awareness among people working in Home Invest Belgium of the values that it intends to apply in its own activities.



Trône

Human context

In the human context considered broadly, Home Invest Belgium intends to apply in all the workings of its operation, a number of ethical values that are central to it, namely the values of honesty, integrity and fairness. Respect for these values is, in the company's view, essential to enable it to properly fulfil its mission to the benefit of all its *stakeholders*.

These values are recognised and followed, both at the level of the Board of Directors and Management and by all staff and therefore in all actions undertaken by the Registered Real Estate company.

The company recognises essentially two groups of individuals with whom it relates closely and to which it has responsibilities: its *tenants* and its *staff*.

Due to the relatively large number of tenants it deals with, representing more than 1 500 households, Home Invest Belgium is in a prime position to transmit a number of the values to which it subscribes. The company intends to treat tenants well and fairly within, of course, the limits of the contractual relationship between landlord and tenant.

In its buildings and projects, Home Invest Belgium tries to respond as practically as possible to the changing needs of the population, for example by taking into account the reduction in the average size of households or by offering shared spaces in buildings.

The company is very aware that its mission in the area of housing can only be completed effectively through daily and well motivated involvement of its staff; it certainly is its most valuable asset and the only one to allow it to excel in the market in which it operates. It intends therefore to implement all available tools to foster the personal development of its employees. As the team is relatively small, the focus is on short communication lines as well as on interactive and dynamic work; each team member is also the subject of a thorough annual assessment by Management or by the Appointments & Remuneration Committee, based on the previously defined tasks and objectives for the following year.

The Management (4 people) directed at 31 December 2015, a team of 30 people.

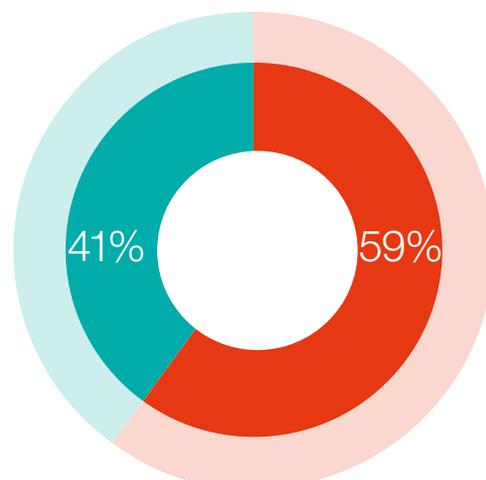
The teams are:

- the CEO and 1 assistant;
- the CCO (vacancy 31 December 2015) and his team, consisting of 2 persons (acquisitions and sales);
- the CFO and his team of 4 people (accounting - arrears management - IT)
- the COO and his team of 16 people (administrative, technical and commercial management of buildings);
- the CDO and his team of 6 people (development projects);
- a lawyer.

When setting up and strengthening its teams, Home Invest Belgium aims to hire profiles which are varied, complementary, and of different age and experience so as to make the most of this wealth of diversity while ensuring a high level of competence.

Split men-women:

■ Women ■ Men





Corporate governance statement

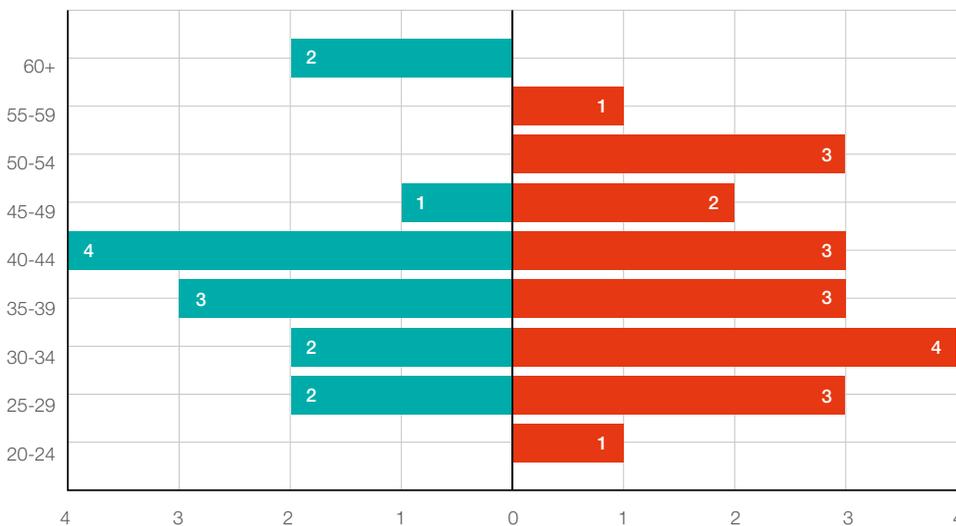
The Corporate Governance Statement (including the remuneration report and the description of the main characteristics of the control systems and risk management) is included in the section entitled “Corporate Governance Statement” on pages 82 to 105 of this annual financial report.

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PEOPLE WORKING FOR HOME INVEST BELGIUM

Age distribution:

■ Women ■ Men



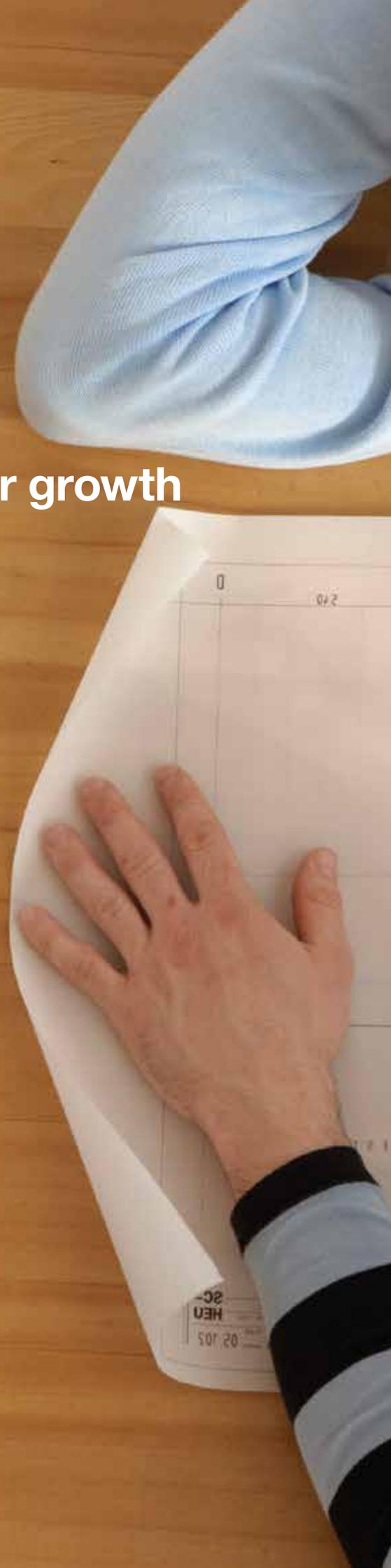
PROPERTY REPORT

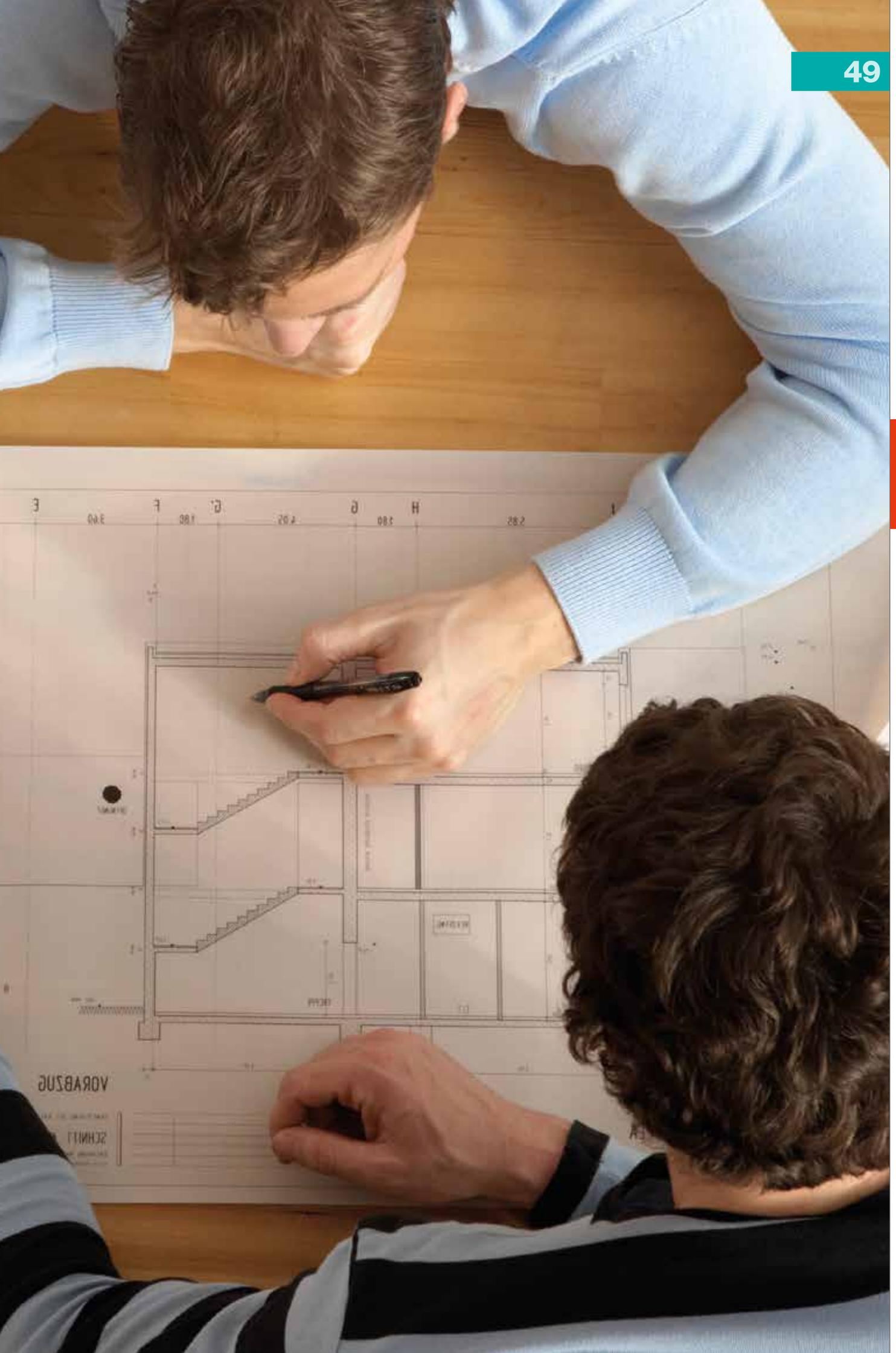
Varying the offer for better growth

| 50 THE REAL ESTATE PORTFOLIO

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THE REAL ESTATE PORTFOLIO

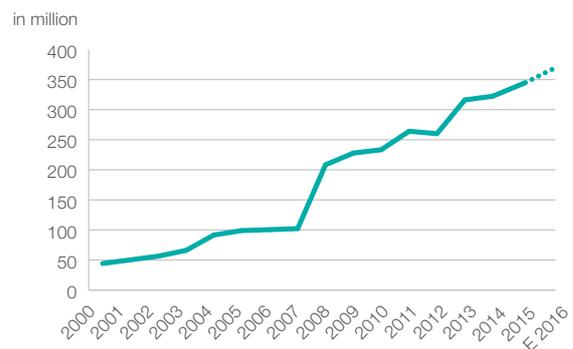
The real estate portfolio is obviously the most important asset of the company.

The **total portfolio** (€ 348.6 million in fair value at December 31) includes buildings that are at various stages of the property life cycle:

- the **investment portfolio** (€ 346.1 million)¹ is composed of
 - **development projects** (€ 32.5 million) that are being examined or in execution
 - **operating investment** properties (€ 313.6 million), some of which are under renovation
- buildings **held for sale** (€ 2.5 million). Are included in this section the buildings that will be sold entirely in the coming year.

Evolution of the portfolio

The fair value of the portfolio has grown steadily over the 16 years of existence of the company. In 2015 in particular, this growth was of the order of 10%, driven by acquisitions and by investments in development projects for own account. The graph below illustrates this progression and shows - all other elements being considered constant (no new investments, no sales, no portfolio changes) - the expected growth of the portfolio based on projects currently being developed .

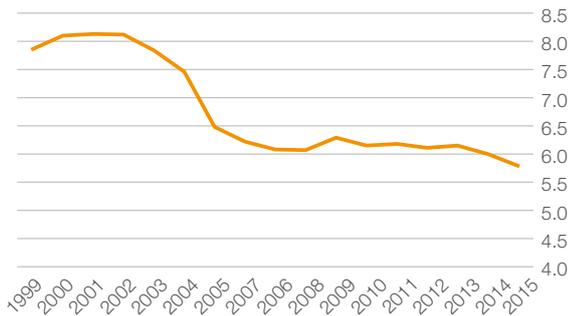


■ Total portfolio

(1) In this paragraph, all values are expressed in fair value (excluding registration duties) as at 31 December 2015 for the existing buildings and in costs for the project developments.

Yield

The gross yield on the portfolio (excluding the development projects), i.e. the gross rent reduced to the investment value, is down to 5.79%. This is the consequence of the valuation of the portfolio held by the Regulated Real Estate Company.



Gross yield



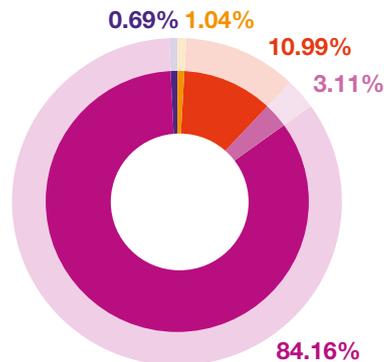
Brunfaut



Portfolio distribution

The strategy of Home Invest Belgium is based on 4 pillars (acquisition, development, operation and sale). This implies that the buildings in the portfolio are at different stages of the property cycle.

- Proposed projects: these are properties for which the necessary construction permits have not yet been obtained. They are presented in the chart below at their estimated cost until permits are obtained.
- Projects in progress: these are projects that have all the necessary permits and for which work has begun. They are presented in the chart below at estimated cost until delivery of the building.
- Properties in operation: this category includes all buildings with tenants. They are valued at fair value.
- Buildings under renovation: this category includes buildings that are temporarily out of operation to undergo a major renovation.
- Buildings held for sale: these are considered non-strategic buildings and up for sale in the short term.



- Proposed development projects
- Development projects in progress
- Investment properties under renovation
- Investment properties in operation
- Buildings held for sale

The investment portfolio¹ Brussels-Capital Region



www.european-business.com

Sophie Lambrighs

It currently has four projects under development in and around Brussels, including The Link, a student housing project with 124 studio flats which welcomed its first tenants in September 2015.



Brussels Capital-Region

Buildings in operation

n°	Name	Year ²	Units	Area	Gross rent ³	ERV ⁴	Effective rent ⁵	Occupancy rate ⁶
			N°	sq.m	€	€	€	%
	1. The Link	2015	124	4 353	730 180	766 136	712 320	97.56%
	2. Belliard 21	2013	6	278	48 814	48 461	48 975	100.0%
	3. Clos de la Pépinière	1993	25	3 275	455 650	445 072	414 998	91.7%
	4. Joseph II	1994	17	1 610	343 501	205 409	338 602	82.1%
	5. Lebeau	1998	12	1 153	260 375	197 157	252 833	98.5%
	6. Livingstone	2015	38	4 701	743 680	699 185	491 160	48.0%
	7. Résidences du Quartier Européen	1997	50	4 290	857 530	554 987	866 381	82.9%
	8. Trône	2015	16	1 913	344 240	319 098	277 620	61.1%
	9. Birch House	2001	18	1 939	279 172	271 015	274 387	99.2%
	10. Erainn	2001	12	1 252	217 810	216 462	210 305	92.3%
	11. ArchView	2015	16	1 961	273 690	273 690	0	0.0%
	12. Giotto	2005	85	8 647	1 163 523	1 091 521	1 127 657	95.2%
	13. Belgrade	1999	1	1 368	-	-	-	100.0%
	14. Les Jardins de la Cambre	1992	28	3 552	474 475	456 649	401 935	94.7%
	15. Charles Woeste	2015	92	5 091	600 782	586 865	551 455	93.7%
	16. Odon Warland - Bulins	2012	35	3 123	416 646	379 369	333 627	91.0%
	17. Baeck	2001	28	2 652	239 899	233 748	240 063	97.8%
	18. Lemaire	1990	1	754	-	-	-	100.0%
	19. La Toque d'Argent	1990	1	1 618	202 839	166 373	202 839	100.0%
	20. Sippelberg	2003	33	3 290	390 292	385 975	381 175	96.6%
	21. Bosquet - Jourdan	1997	27	2 326	291 306	280 586	272 311	95.8%
	22. Jourdan - Monnaies	2002	26	2 814	358 333	357 934	303 483	93.8%
	23. Jourdan 85	2010	24	2 430	377 225	375 126	368 065	96.7%
	24. Lambermont	2008	131	14 110	1 696 835	1 632 944	1 604 771	96.5%
	25. Melkriek	1998	1	1 971	306 179	216 878	306 179	100.0%
	26. Ryckmans	1990	4	1 044	132 495	125 280	134 775	91.2%
	27. Les Erables	2001	24	2 202	303 265	270 239	298 966	96.7%
	28. Les Mélézes	1995	26	3 456	422 623	404 914	333 862	81.3%
	29. Voisin	1996	9	923	147 305	141 306	144 255	93.3%
TOTAL			910	88 096	12 078 665	11 102 377	10 892 999	91.8%

Projects in progress

n°	Name	Estimate delivery date	Units	Area	Investment at 31/12/2015	Estimated total investment
			N°	sq.m	€	%
	30 Ariane - The Horizon	2016	167	13 165	17 601 168	23 500 000
	31 Marcel Thiry 204C	2017	96	8 928	11 140 487	19 500 000
TOTAL			263	22 093	28 741 655	43 000 000

-  Residential
-  Nursing homes
-  Shops
-  Offices

(1) Excluding buildings held for sale.

(2) Year of construction or last complete renovation.

(3) Annual gross rents in force on 31 December 2015, including rental guarantees and the estimated rental value on unoccupied surfaces.

(4) Estimated rental value as defined by the real estate surveyor.

(5) Gross rents in force on 31 December 2015.

(6) Average rate over the year 2015.

The investment portfolio¹ Flemish and Walloon Region



Flemish region

Buildings in operation

n°	Name	Year ²	Units	Area	Gross rent ³	ERV ⁴	Effective rent ⁵	Occupancy rate ⁶
			N°	sq.m	€	€	€	%
 33	Grote Markt	2004	17	2 752	390 849	371 635	372 815	97.0%
 34	City Gardens	2010	140	5 236	1 081 286	1 081 795	1 042 680	95.9%
 35	Haverwerf	2002	4	3 399	440 701	441 428	440 701	99.5%
 36	Gent Zuid	2000	18	2 346	206 334	215 324	206 334	82.0%
TOTAL			179	13 733	2 119 170	2 110 181	2 062 530	95.7%

Projects being analysed

n°	Name	Estimated delivery date	Investment at 31/12/2015	Estimated cost until permit
			€	%
 32	Reine Astrid	2016	3 723 519	3 750 000
TOTAL			3 723 519	3 750 000

Walloon region

Buildings in operation

n°	Name	Year ²	Units	Area	Gross rent ³	ERV ⁴	Effective rent ⁵	Occupancy rate ⁶
			N°	sq.m	€	€	€	%
 37	Clos Saint-Géry	2015	20	4 140	300 900	289 800	156 000	15.6%
 38	Quai de Compiègne	1971	1	2 479	252 520	161 135	257 080	100.0%
 39	Galerie de l'Ange (apartments)	1995	56	2 346	315 941	296 336	296 052	95.9%
 40	Galerie de l'Ange (retail)	2002	12	2 552	703 722	620 360	682 802	97.3%
 41	Léopold	1988	53	3 080	275 160	286 600	157 246	65.7%
 42	Mont-Saint-Martin	1988	6	335	29 949	29 600	26 749	90.3%
 43	Saint-Hubert 4	1988	14	910	74 874	72 850	24 144	45.4%
 44	Saint-Hubert 51	1988	4	360	31 672	32 280	27 052	97.3%
 45	Florida	1998	5	1 460	105 520	112 420	105 520	95.0%
 46	Louvain-la-Neuve CV9	1977	16	7 091	751 310	738 835	759 401	100.0%
 47	Louvain-la-Neuve CV10&18	1977	176	16 519	2 285 779	2 243 920	2 268 064	99.9%
 48	Colombus	2007	51	3 740	421 332	412 727	372 428	94.3%
TOTAL			414	45 012	5 548 678	5 296 863	5 132 538	98.0%

 Residential

 Nursing homes

 Shops

 Offices

(1) Excluding buildings held for sale.

(2) Year of construction or last complete renovation.

(3) Annual gross rents in force on 31 December 2015, including rental guarantees and the estimated rental value on unoccupied surfaces.

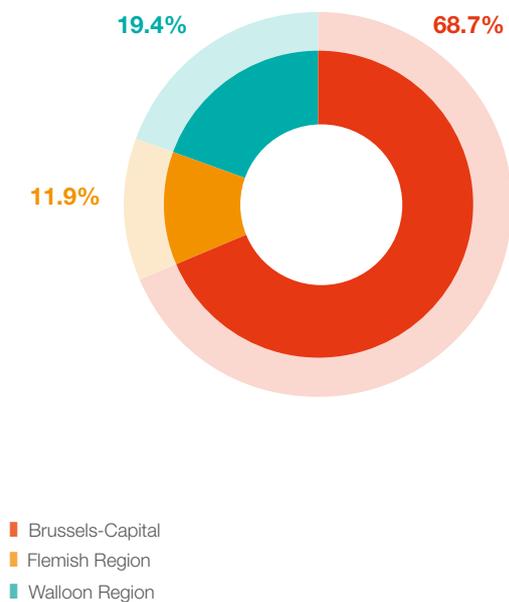
(4) Estimated rental value as defined by the real estate surveyor.

(5) Gross rents in force on 31 December 2015.

(6) Average rate over the year 2015.

Analysis of investment portfolio

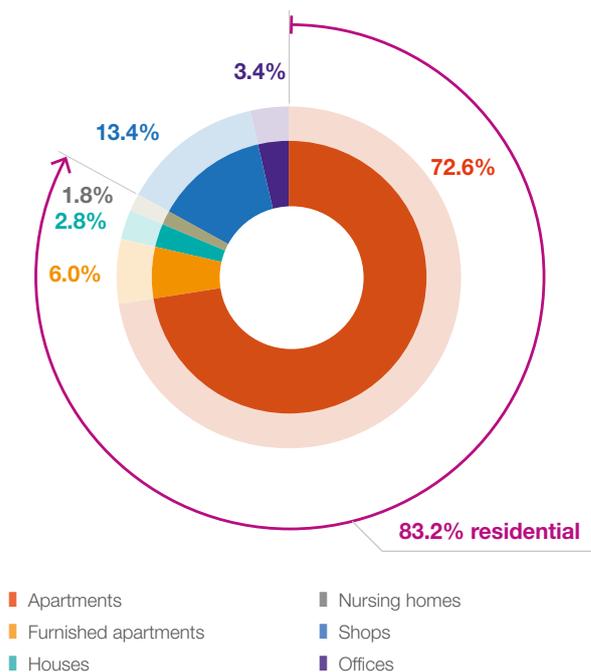
Geographical distribution



68.7% of the investment properties are located in the Brussels-Capital Region. The presence of the Regulated Real Estate company in the Flemish Region was 11.9% and 19.4% in the Walloon Region.

This distribution allows the Regulated Real Estate company to limit the risk of geographical concentration.

Distribution by type of property



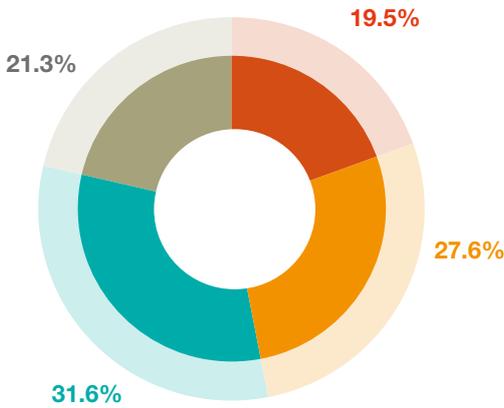
The programme-law of 27 December 2012 stated that from 1 January 2013 the withholding tax on dividends would be set at in principle 25%. Home Invest Belgium nevertheless benefited from a reduction of the withholding tax to 15%, being a residential Regulated Real Estate company and with at least 80% of its real estate assets invested directly in buildings converted or destined exclusively for residential use.

Throughout 2015, 83.2% of Home Invest Belgium's investment properties consisted of properties converted or intended exclusively for habitation. Dividends distributed by the Regulated Real Estate company in 2015 have therefore benefited from the reduced level of withholding tax.

This law-programme was repealed by the law on measures to promote the creation of jobs and purchasing power. From 1 January 2016, dividends paid by the Regulated Real Estate company will be subject to a withholding tax of 27%.

Analysis of the distribution of the portfolio in operation¹

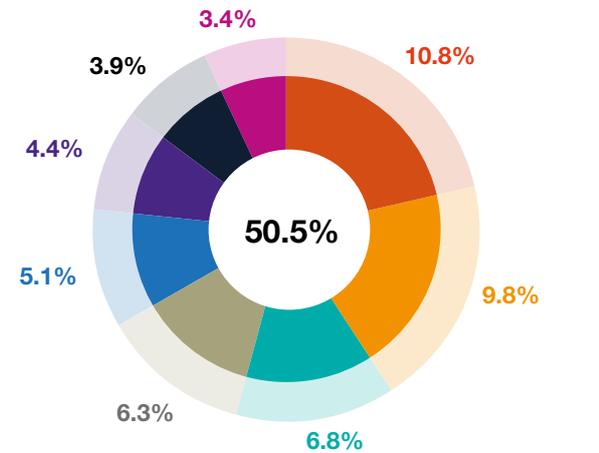
Distribution by age of buildings



- ≤ 5 years
- 6 to 10 years
- 11 to 20 years
- > 20 years

Almost half of the investment properties in operation have been built or thoroughly renovated over the past 10 years. Given the relatively low-tech nature of residential property, these buildings can be considered as perfectly adapted to the market for at least 20 years. In this perspective, more than three quarters of the buildings in the portfolio are under 20 years of age. This proportion has increased significantly over the last year due to the intense renovation programmes for certain of the buildings in the portfolio.

Distribution by building



- Louvain-la-Neuve
- Lambermont
- City Gardens
- Giotto
- Livingstone
- Galerie de l'Ange
- The Link
- Résidences du Quartier Européen

Regulations applicable to the Regulated Real Estate company industry oblige them to diversify their risks. Thus, Home Invest Belgium may not invest more than 20% of its assets in a single building complex.

As the largest site, consisting of three buildings located in Louvain-la-Neuve, represents only 10.8% of the total property portfolio available for rent - followed by the Lambermont building with 9.8% - diversification is fully effective. The top ten sites, over one more than 3% , represent 50.4% of the total portfolio.

(1) Calculation based on the fair value of operational buildings.

Breakdown of rents by segments



The portfolio of unfurnished residential property can be divided into four separate segments of rents:

- under € 600;
- between € 600 and € 950;
- between € 950 and € 1250;
- above € 1250.

These segments are presented in the chart above based on the rental situation at 31 December 2015.

The largest number of residential units (424) are present in the monthly income segment below € 600. This segment generates on a monthly basis just over € 200 000 of income (i.e. some 22% of the monthly income of all residential segments). The average rent in this tranche amounts to € 482.

The second largest segment consists of 409 residential units with monthly incomes between € 600 and € 950.



Pro Real Estate
28/10/2015

To demonstrate that student flats really are a mainstream investment sector, HIB points out that it intends to keep the building in its portfolio for at least 15 years.



This group represents the largest share of the monthly rental income (just over € 300 000 - 32.8% of all income segments). The average rent in this tranche amounts to € 745.

The monthly income segment of € 950 to € 1250 totalled 149 residential rental units for a monthly income of some € 160 000 - representing 17.2% of the total monthly figure of the four segments. The average rent in this tranche amounts to € 1 072.

Finally the last segment exceeding € 1 250 monthly rent consists of 162 residential rental units for an income of € 260 000 or 27.9% of all units. The average rent in this tranche amounts to € 1 601.



Giotto



The Link

Evolution of occupancy rates

As for the average occupancy rate¹ throughout the year, it remained stable at 93.89%, against 94.01% in 2014. This stability is explained partly by the integration of new empty buildings in the portfolio (Trône and Livingstone) whose first marketing is spread over several months. Without the impact of these two buildings, the occupancy rate remains close to its historical level of 95%, indicating that the Regulated Real Estate company portfolio continues to meet market expectations.

	Occupancy rate
2015	93.89%
2014	94.01%
2013	94.96%
2012	94.16%
2011	95.38%
2010	94.61%

Remaining duration of lease agreements

At the end of the fiscal year, the remaining period of the lease agreements is 4 years and 2 months. This information is based on the theoretical end date of the rental contracts signed. Note, however, that in the

residential sector, the applicable law allows the tenant to end its lease at any time, or extend its lease at maturity. The average remaining period is therefore wholly theoretical.

Information in connection with the portfolio in operation

Situation of the investment properties on 31 December 2015 ²	Fair value	Acquisition value	Insured value ³	Gross yield ⁴
Brussels-Capital Region	208 864 759	145 947 356	119 257 821	5.19%
Flemish Region	37 457 162	30 971 695	18 547 642	5.21%
Walloon Region	66 997 203	64 358 929	58 998 436	7.81%
Total	313 319 124	241 277 979	196 803 899	5.73%

As the Regulated Real Estate company is active mainly in the rental of residential property, it is impossible to determine the sector(s) of activities in which the tenant(s) are active.

(1) The occupancy rate expresses the percentage of rents generated by occupied buildings, including rental guarantees on unoccupied properties, compared to the total rents of the occupied properties and the estimated rental value (ERV) of the unoccupied properties.

(2) Not including buildings currently being sold and development projects.

(3) The insured value is only known for fully owned properties as in fact the co-ownerships are insured by the external property managers.

(4) Current gross rent + estimated rental value (ERV) on unoccupied surfaces / Investment value.

Portfolio of properties in operation

Certain investment properties

BUILDINGS OF THE “LOUVAIN-LA-NEUVE 1976” CERTIFICATE

These buildings constitute the largest housing complex of the Regulated Real Estate company, they represent 10.8% of the investment properties in operation. Located in the centre of Louvain-la-Neuve, they were built in 1977 and acquired by the Regulated Real Estate company in 2013. They include ± 23.000 sq. m. of rental space, of which 32% is for residential use, 51% for commercial use, with the balance consisting of office space and lecture halls. This complex has the distinction of being built on plots owned by the university (UCL) and for which the Regulated Real Estate company has surface rights until 2026.

Home Invest Belgium is commercialising this site under the brand Louv'immo. During 2015, the site has enjoyed occupation levels of more than 99.9% and is subject to regular minor renovations to sustain this excellent performance.

LAMBERMONT

With nearly 130 apartments, this is the largest residential site in the portfolio.

The complex, receptioned and acquired by the Regulated Real Estate company in 2011, consists of four buildings located along Boulevard Lambert, next to the Kinetix sports centre. It includes a total of 127 apartments, two municipal libraries (FR and NL), a crèche and 108 parking spaces in the basement. This diversity of functions is the fruit of exemplary collaboration with local authorities.

CITY GARDENS

The biggest building situated in Flanders has 109 one bedroom apartments, 29 two bedroom apartments, two shops and 92 parking spaces in the basement. It was completely renovated by the company during 2010 to 2011. It welcomes both students and young professionals who appreciate its location in the heart of the student city.

GIOTTO

Avenue of Friuli, 2-10, 1140 Brussels (Evere)
Completed and acquired in 2005, this complex includes 85 apartments and 85 parking spaces in the basement.

CHARLES WOESTE

The building, located near Place Werrie in Jette in a mixed neighbourhood, is mainly for residential use.

It is part of a mixed residential and commercial complex and includes 92 apartments or studios, 10 lock-ups and 20 parking spaces. Integrated into the portfolio at the time of the constitution of the Regulated Real Estate company in 1999, the commercial building was sold end 2015, while the residential building has undergone a thorough renovation. New window frames and facade cladding, makeover of entrance halls and floors, full compliance with fire regulations, roof waterproofing: all this work in an occupied building have demonstrated the professionalism of the teams of the Regulated Real Estate company, both in terms of project management and of tenant management.



Louvain-la-Neuve



Lambert



ArchView

ARCHVIEW

Do not say Yser, say ArchView. Located opposite the Parc du Cinquantaire in Brussels, the 16-apartment building was built in 1974, making it the second oldest building in the portfolio. In 2015, it was the subject of a complete renovation: insulation, technical installations, finishing ... everything is brand new and the building will once again be available for rent in 2016.

www.archview.be

CLOS SAINT-GERY

An unusual site in the portfolio of the Regulated Real Estate company, this complex is located in Ghlin and has 20 semi-detached houses. Each of the homes was carefully renovated in 2015.

BELLIARD 21

This is the smallest of the Regulated Real Estate company's buildings. There are 6 apartments spread over 278 sq. m.

BIRCH HOUSE, LES MÉLÈZES AND RYCKMANS

In 2015, these three sites were the subject of a sales programme which will be continued in 2016.

THE LINK

This building is located at the corner of rue Maurice Charlent and Rue Jean Cockx, 1160 Auderghem. It comprises 123 studios and 1 caretaker's studio: The Link project (formerly known as Maurice Charlent) was delivered in several phases between 15 September and

15 October. Its commercial success (occupation level of 100% of the studios at delivery) is proof of the correctness of the choices made in terms of concept, marketing and location of the building. www.thelink.brussels

TRÔNE

This building is located at the corner of rue de la Pépinière and rue Brederode, 1000 Brussels, comprises 15 apartments and an office: provisional acceptance of the building took place on 30 June 2015 and the building has since then welcomed its first occupants. By 31 December 2015, the company had already signed 13 leases. www.residencetrone.be

LIVINGSTONE

The company acquired 38 apartments with parking spaces and cellars in the Livingstone building, located at number 6 Avenue Livingstone, 1000 Brussels. The Livingstone building is located in the heart of the European quarter, near the Berlaymont, and offers easy access, both by public transport or car. The former office building at this location has been successfully converted for residential use, in line with the project of the architectural bureau Archi 2000.

The 38 apartments (2 studios, 30 apartments with 2 bedrooms and 6 apartments with 3 bedrooms) all have large terraces and luxury finishings. With this acquisition, Home Invest Belgium has become the largest co-owner of the building, which consists of 122 apartments.



City Gardens

The portfolio of projects

ARIANE – THE HORIZON

208 Avenue Marcel Thiry, 1200 Woluwe-Saint-Lambert

Work continues at a normal pace. The main feature of this building will be to offer, in addition to 167 modern apartments, common areas accessible to building tenants. From a vegetable garden to a music room, each user should be able to fully flourish through this innovative concept.

The building will welcome its first guests in summer 2016. www.thehorizon.be



Ariane - The Horizon

MARCEL THIRY C

204 C Avenue Marcel Thiry, 1200 Woluwe-Saint-Lambert

The partial demolition work continued and the structural work on the 95 apartments was started in the 4th quarter.



Marcel Thiry

REINE ASTRID

278 Avenue Reine Astrid, 1950 Kraainem

The initial application was rejected and Home Invest Belgium submitted a new permit application in the 4th quarter. The project was revised to respond to criticism from the authorities and residents and to ensure that it “integrates perfectly into its environment”. The current procedure would lead to a permit being granted at the end of 1st quarter 2016.

PROJECT BRUNFAUT

Rue Brunfaut and rue Fin, 1080 Molenbeek

The permit application for the conversion of the site into a primarily residential project was submitted during the 4th quarter of 2015. It relates to the construction of 97 apartments and a ground floor that will host services for residents. Home Invest Belgium will become full owner of the site after obtaining the necessary permits for the demolition of the existing buildings and construction of the new complex. With time taken for administrative procedures currently lengthening, the permit could be issued at the end of 2016.



Reine Astrid



Brunfaut



Toon Haverals
Chief Development Officer

As a long term investor, Home Invest Belgium makes its investment decisions based on the "Life Cycle Cost", on the one hand, and the experience of its management team, on the other hand. This is reflected in the quality and sustainability of our realisations.



MARKET

Source: Independent surveyor's report of Winssinger & Associates SA

The macroeconomic fundamentals improved in 2015.

All macroeconomic indicators showed a positive trend throughout 2015. GDP grew while the unemployment rate decreased slightly. Prospects for 2016-2019 confirm this economic upturn.

Given these results, the consumer confidence index improved significantly in 2015 to reach its highest level since early 2011. Consumers are more confident in their financial capacity and their savings prospects.

Interest rates remained at historically low levels throughout 2015, making borrowing more attractive. Banks also slightly loosened the requirements for access to credit, even if the contribution required of borrowers remains significant. These low rates have encouraged significant mortgage activity throughout the year, an increase of 15% compared to 2014 for both new acquisitions and the refinancing of existing loans.

Activity was high throughout the year across the country.

The improved economic environment, especially the low interest rates, helped boost activity throughout 2015. Indeed, a 6.5% increase in the number of transactions across the whole of Belgium was recorded compared to 2014.

Unlike 2014, all three regions recorded growth in the property business:

- Flanders saw an increase of about 4.7% compared to 2014;
- Wallonia recorded the largest growth, with sustained activity throughout the year and an increase of over 10% compared to last year;
- activity in Brussels increased by almost 5% compared

to 2014. Thus, the sharp decline in activity observed in 2014 (7.8%) was only temporary and mainly due to delays in contract conclusions as a result of the new regulations.

All real estate indices confirm the strong activity recorded in Belgium. The barometer of notary publics, the Eurostat real estate index and the TREVI index are all at their highest level for several months, or even years.

Stable prices at national level; different trends across the regions.

In Belgium, prices were relatively stable in 2015, both for single family dwellings and apartments. The growth in the average price of a single family dwelling is 1% compared to 2014, apartments achieved 0.5% growth compared to the previous year.

Thus at the end of 2015, at national level, an ordinary house recorded an average price of € 235 000, while the average price of an apartment reached € 205 100.

The trends are different depending on the region or the type of property in question.

Thus, for the houses, the Brussels Region has the highest growth rate, at 6.7% compared to 2014. Flanders follows with a price increase of about 3.3%, while average prices rose only 0.2% in Wallonia.

The trend is different for the apartment market. Price growth is the largest in Flanders, of the order of 2.5% compared to 2014. Prices remained stable in Wallonia, + 0.2% compared to last year. In Brussels, in contrast to houses, the average price of apartments fell by 1% during the year.

Evolution of the average price of houses in €	2014	2015
Flanders	250 000	259 349
Walloon	176 000	176 478
Brussels	410 000	437 547
Belgium	233 000	235 502

Source: The notaries index

(1) The state of the residential market in Belgium reprints in full the text of the real estate report by the approved expert of Home Invest Belgium (Winssinger & Associates SA) and is reproduced with permission.

Evolution of the average price of apartments in €	2014	2015
Flanders	204 402	209 615
Walloon	155 000	155 373
Brussels	228 000	225 504
Belgium	204 101	205 125

Source: The notaries index

The slow but steady growth in residential prices in Belgium observed since 2010 is thus continuing.

The scarcity of building land is pushing up prices, mainly in Brussels.

The price of building land has shown continued growth for many years in the three regions of the country; the price per sq. m., however, varies greatly between regions.

Thus, the price per sq. m. of building land in Wallonia was around € 55. In Flanders, the price rose to more than € 180 /sq. m. while in Brussels, it stood at more than € 620 /sq. m. in 2015.

In addition to the increased price per sq. m., the scarcity of building land raises the question of its use over the coming years. Indeed, population pressure is high and densification appears to be a response to a growing need for housing in Belgium, especially Brussels.

The Brussels-Capital Region is also conducting several reviews of the recent intensified use of brownfield sites or building plots to accommodate the 10% population increase expected by 2030.

Evolution of the price of land per sq. m.	2014	2015*
Flanders	179	180 – 185
Walloon	50	50 – 55
Brussels	618	620 – 630
Belgium	117	120 – 125

Source: Ministry of Economy

* Estimates

In Brussels, the average rent for a dwelling is also trending upwards.

Not surprisingly, Brussels is the largest rental market in the country, particularly due to the large presence of expatriates, a lower inclination towards ownership and higher purchase prices, which encourages the population to rent.

The increase in the population of Brussels, and also the growing share of tenants in this population, has exerted strong pressure on rents in recent years.

Thus, rents have increased by more than 20% over the past 10 years. According to the “Observatory of rents”, the average rent in Brussels was around € 680 to € 700 per month in 2015.

Strong disparities were evident between the “communes”. The lowest rents are recorded in communes like Anderlecht, Saint-Josse-Ten-Noode or Molenbeek, at around € 600 /month while they easily reach over € 900 /month on average in communes such as Uccle, Woluwe-Saint-Pierre and Woluwe-Saint-Lambert.

The Belgian population will rise sharply, mainly in large cities.

The latest population projections released by the Federal Planning Bureau confirm previous forecasts, namely a positive growth of the Belgian population over the long term. These forecasts are based on assumptions which take into account the economic and financial crisis and its short-term impact on the outlook. Over the long term, this demographic outlook is part of an unchanged social scenario.

Note that these forecasts were made before the large influx of refugees into Europe. These will certainly have an impact on population growth Europe-wide in the coming years.

The Belgian population is continuing to rise following an increase in life expectancy, increasing fertility levels and significant net migration. Thus in 2030, the Belgian population is expected to reach 11.95 million people against the current 11.2 million, which represents an increase of over 6.5%. Belgium is among the most

dynamic European countries in terms of population growth.

It is in Brussels that growth is greatest compared to the country's other two regions:

- the population of Brussels should indeed increase by over 10% in the coming years to reach 1.3 million in 2030;
- in Flanders, growth of around 5% (400 000 inhabitants) is expected;
- Wallonia is between these two extremes, with a projected growth of around 7% by 2030, +270 000 inhabitants compared to today.

It is important to note that this demographic pressure is associated with a faster increase in the number of new households in Belgium following, in particular, the aging of the population (the dependency ratio of the elderly should indeed increase significantly in the coming years) and will lead to the emergence of new forms of living together.

The Planning Bureau has estimated that the number of households will grow from 4.8 million in 2013 to some 5.3 million in 2030 (+ 11%). This represents an annual growth of more than 33 000 households across the country.

The average household size is expected to decrease from 2.26 persons per household in 2013 to 2.17 in 2030. This is explained by an increase in the number of individual households and single-parent families. The number of households is increasing the least in the Brussels Region, 9% in 2030, against 10% in Flanders and 13% in Wallonia.

This sustained population growth and these societal changes will result in significant demand for additional housing at national level. They also imply a change in the style of living, and therefore call for new types of housing in the coming years.

The pressure is strongest in Brussels where over 3 500-5 000 new dwellings should be made available annually to accommodate the growing population. And this against a backdrop of limited land reserves. The situation is acute in Flanders also where measures have been announced several times to support residential intensification and curb classic suburban housing. The situation is less sensitive in Wallonia, which still has many plots for building, but

officials are calling for vigilance faced with increasing population pressure.

The market for apartments in Brussels-Capital Region.

In Brussels, although the demographic pressure is weaker than in 2010-2014 (where more than 6 000 new households were registered per year), it remains important. Demographic forecasts anticipate a steady increase in the number of households, and therefore the number of additional dwellings needed to accommodate this population. Thus, the order of 3 000 dwellings per year will be needed over the period 2016-2018, and this demand is expected to reach more than 4 000 units per year by 2030.

This demand contrasts with the new annual supply recorded on the territory of Brussels. While during 2003-2010, planning permission was conferred on some 4 000 new dwellings, since 2011 the number of new dwellings to be authorised is around 3 200-3 500 units per year. This decrease is partly explained by the often long and complex planning permit procedures, but also by the scarcity of land and the absorption capacity of such projects which are much more expensive than secondary properties, and have an impact.

Given the average annual growth of 3 500 in new households in Brussels, it will be important to maintain and even increase annual production levels to meet the demographic challenge, in an increasingly built up area.

In Brussels, the market for new residential property still arouses much interest but high prices are an obstacle for a large part of the population.

The market for new residential property continues to attract great interest on the part of developers and buyers, both at Belgium and Brussels level. Thus, the order of 45 000 new dwellings are accorded building permits annually at national level. Approximately 40% of these requests relate to single dwellings, the remaining 60% are buildings with at least two dwellings.

In Brussels in particular, given the aging of the current building stock and the increase in energy performance

requirements, there is a certain lack of interest in so-called “secondary” housing, often energy-inefficient and costly to renovate.

However, it appears that price differences between secondary and new properties are often an obstacle to a population consisting mainly of middle-income households.

Thus, for an average price of around € 2 200-2 300 per square meter in Brussels (new properties and mixed secondary properties), the price of new residential housing is higher:

- the average price of a new property in a standard location and a standard level of finish, runs at between € 2 500 and 3 000 per square meter;
- in the most sought after neighbourhoods and /or with quality projects, the average price is higher, in the range of € 3 000 to 3 500 per square meter;
- for the best locations and the top quality projects, the average price exceeds € 4 000 per square meter. Such projects are scarce and the time to market is longer.

The reconversion of office buildings continued at a slower pace

Announced in the past as a solution to population growth and also as a salvation for the office market (at one time with over 13% empty buildings) the conversion of offices into residential buildings continues.

However, it seems to have peaked 18 to 24 months ago. At present, there is of the order of 80 000 sq. m. of obsolete office space which is converted annually, primarily for residential purposes.

This type of project seems more suited to a wealthier clientele able to pay more than € 3 500 per square meter, because the conversion is a significant expense that is inevitably reflected in the selling price.

Conclusions

The Belgian residential market has demonstrated strong stability for many years. Prices have been increasing slowly and continuously since 2010 and the activity has been particularly strong for the past 18 months. 2015 has been able to take advantage of historically low interest rates and an economic upturn.

Several factors, both positive and negative, should be considered for the evolution of the residential market in 2016:

- population growth will continue in Belgium, at a steady pace;
- the refugee crisis raises many questions about their treatment and future accommodation prospects;
- interest rates are likely to rise in the coming months, which could lead to decreased residential activity;
- recent shocks observed in Asian stock markets, the evolution of the economic growth in China and the evolution of oil prices are also likely to impact European markets.

However, keep in mind that Belgium has always shown great stability faced with economic shocks. Given its clear framework, the absence of elections until 2019 and the high population growth are all elements that provide stability to the residential market.

Main features of the belgian residential market

In Belgium, tenants of residential property, using the property as their primary residence, are protected by the **Civil Code** (special rules for leases on the principal residence of the tenant renter).

The **amount of the rent** is negotiated and set between the tenant and the landlord. In principle, rents are adjusted annually (if indexing is provided for in the lease agreement). Communal expenses are borne by the tenant (if this is provided for in the lease).

The property tax related to the rented property is for the landlord. The law provides that it may not be charged to the tenant.

Each rental contract is covered by a **rental guarantee**. This can take several forms:

- either an individual account with a financial institution opened in the name of the tenant (for a maximum of two months’ rent);
- a bank guarantee or any other guarantee (for a maximum of three months’ rent).

Any rental contract for a primary residence is deemed to be concluded for a period of nine years. The tenant has the right to terminate the lease at any time upon three months' notice. However, if the tenant terminates the lease during the first three years, the landlord is entitled to compensation. This allowance is equal to three months, two months or one month of rent, depending whether the lease expires during the first, second or third year.

The landlord has the right to terminate the lease when it expires, with three months' notice. The landlord also can use other specific reasons for termination (for renovation work or if he wants to occupy the rented premises himself).

Limited term contracts have a maximum duration of three years. The tenant and the landlord have the right to terminate the contract at its expiry date, subject to a three-months' notice. In the absence of notification within that period, the rental contract is deemed to have a duration of nine years.

The regulations relating to the leases of primary residences have been regionalised since 1 July 2014 following the sixth State reform. Each region has announced that it is studying improvements which it would like to bring to this regulation, but there have been no concrete decisions to date. The existing regulations continue to apply until a community or a Region decides to make changes or introduce new rules.

(1) Which is the case for the lease agreements entered into by Home Invest Belgium
(2) Which is the case for the lease agreements entered into by Home Invest Belgium

REPORT OF REAL ESTATE EXPERT

In accordance with legal and statutory requirements, we are pleased to give you our opinion on the investment value of the assets of the Public Regulated Real Estate company, HOME INVEST BELGIUM, at **31 December 2015**.

We have undertaken our evaluation according to the method of assessing of rental products and in conformity with the IVS (International Valuation Standards) and RICS (Royal Institution of Chartered Surveyors).

As is usual, our mission is carried out on the basis of information provided by HOME INVEST BELGIUM regarding the rental status, charges and taxes borne by the landlord, works to be carried out and any other element that may influence the value of the buildings. We assume that this information is accurate and complete.

As stated explicitly in our valuation reports, these do not include, in any form, an evaluation of the structural and technical quality of buildings, nor an analysis of the possible presence of harmful materials. These elements are well known to Home Invest Belgium, which manages its portfolio professionally and conducts technical and legal due diligence prior to the acquisition of each property.

The Investment Value is defined as the most likely value that could reasonably be obtained under normal sales conditions between willing and well-informed parties, before the deduction of transaction costs.

“Fair Value” can be determined as follows:

- for residential or mixed buildings, whose nature and design makes them suitable for resale as separate units, by deducting from the investment value the transaction costs, which are **10%** in the Flemish Region and **12.50%** in the Brussels-Capital Region and the Walloon Region; for residential property, the fair value takes into account part of a potential capital gain when selling per apartment;
- for other buildings in the portfolio, by deducting from the Investment Value **2.5%** if the value exceeds € 2.5 million, all the transaction costs, at the above mentioned rates of 10% and 12.5%, if the Investment Value is less than € 2.5 million.

Analysis of the sales realised on the Belgian market between 2003 and 2005 shows an average rate of transaction costs of 2.5% for properties sold in a block with an Investment Value of more than € 2.5 million.

This 2.5% rate will be reviewed periodically and adjusted, provided that the difference found on the institutional market is greater than $\pm 0.5\%$.

During our portfolio analysis, we found that:

- 1) the assets consist of 82.40% residential buildings - of which 1.88% are retirement homes, 14.04% is retail space and 3.56% is office space¹
- 2) the occupancy rate for the real estate at 31 December 2015 was 90.31%²
- 3) the average level of rents collected or guaranteed is 2.34% higher than the average estimated rental value for the

(1) The calculations are drawn up on the basis of parameters that are different to those used by Home Invest Belgium. They are based on the investment value of the buildings in the portfolio and include the buildings held for sale.

(2) The occupancy rate diverges from that published by Home Invest Belgium, which represents an average occupancy rate over the entire financial year, excluding buildings held for sale, development projects and de buildings under renovation.

assets to date.

Based on the statements in the preceding paragraphs, we confirm that the Investment Value of the property portfolio of HOME INVEST BELGIUM, at 31 December 2015 was **€ 347 391 000** (three hundred and forty-seven million, three hundred and ninety-one thousand euros).

The estimated realisable value of the property portfolio of HOME INVEST BELGIUM, on 31 December 2015, corresponding to the fair value within the meaning of IAS / IFRS, would amount to **€ 315 804 000** (three hundred and fifteen million, eight hundred and four thousand euros).

Brussels, 15 January 2016

WINSSINGER & ASSOCIES S.A.

Christophe Ackermans¹ – MRICS – Director²



ArchView

(1) SPRL.

(2) Letter of the real estate surveyor of 15 January 20146 literally reproduced with his content.

Property and projects location

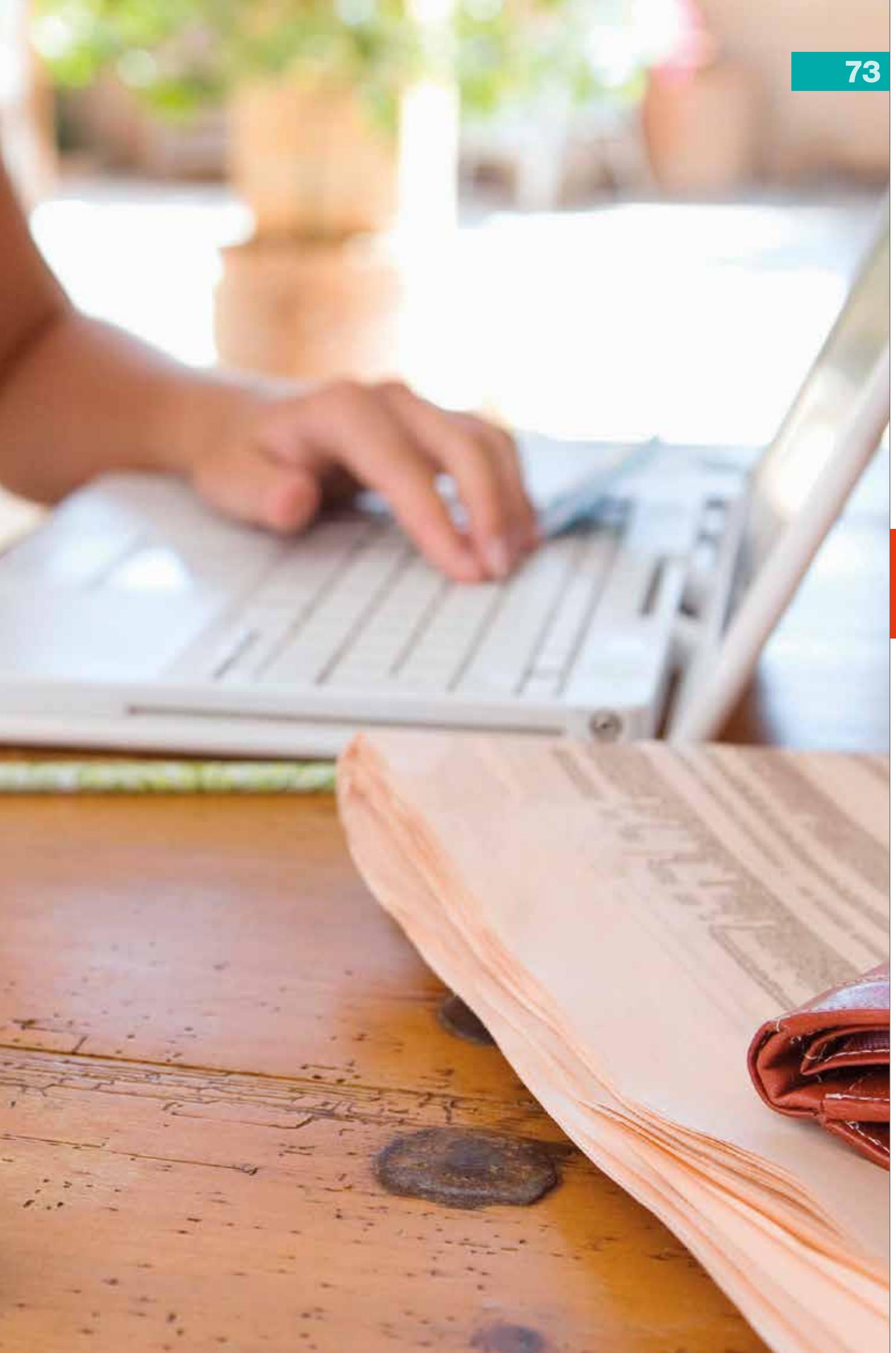
n°	Name	City	Address
1.	The Link	Auderghem	Rue Maurice Charlent, 51-53
2.	Belliard 21	Brussels	Rue Belliard, 21
3.	Clos de la Pépinière	Brussels	Rue de la Pépinière, 6-14 - Avenue Thérésienne, 5-9
4.	Joseph II	Brussels	Rue Joseph II,
5.	Lebeau	Brussels	Rue Lebeau, 55-57
6.	Livingstone	Brussels	Avenue Livingstone
7.	Résidences du Quartier Européen	Brussels	Rue Joseph II, 82-84 - Rue Lebon, 6-10 - Rue Stevin, 21
8.	Trône	Brussels	Rue du Trône
9.	Birch House	Etterbeek	Cours Saint Michel, 96
10.	Erainn	Etterbeek	Rue des Ménapiens, 29
11.	Yser-ArchView	Etterbeek	Avenue de l'Yser, 13
12.	Giotto	Evere	Avenue du Frioul, 2-10
13.	Belgrade	Forest	Rue de Belgrade, 78-84
14.	Les Jardins de la Cambre	Ixelles	Av. de l'Hippodrome, 96 - Rue des Echevins, 75
15.	Charles Woeste (appartements)	Jette	Avenue Charles Woeste, 296-306
16.	Odon Warland - Bulins	Jette	Rue Odon Warland, 205 - Rue Bulins, 2-4
17.	Baeck	Molenbeek-St-Jean	Rue Joseph Baeck, 22-46
18.	Lemaire	Molenbeek-St-Jean	Rue Joseph Lemaire, 13-15
19.	La Toque d'Argent	Molenbeek-St-Jean	Rue Van Kalcq, 30-32
20.	Sippelberg	Molenbeek-St-Jean	Avenue du Sippelberg, 3-5
21.	Bosquet - Jourdan	Saint-Gilles	Rue Bosquet, 72 - Rue Jourdan, 71
22.	Jourdan - Monnaies	Saint-Gilles	Rue Jourdan, 121-125
23.	Jourdan 85	Saint-Gilles	Rue Jourdan, 85
24.	Lambermont	Schaerbeek	Bd du Lambermont, 210-222 - Rue Desenfans 13-15,
25.	Melkriek	Uccle	Rue du Melkriek, 100
26.	Ryckmans	Uccle	Avenue Rijkmans, 5-19
27.	Les Erables	Woluwé-St-Lambert	Avenue de Calabre, 30-32
28.	Les Mélézes	Woluwé-St-Lambert	Avenue de Calabre, 34-38
29.	Voisin	Woluwé-St-Pierre	Rue Montagne au Chaudron, 13
30.	Reine Astrid	Kraainem	Avenue Reine Astrid, 278
31.	Marcel Thiry 204C	Woluwé-St-Lambert	Avenue marcel Thiry, 204C
32.	Ariane - The Horizon	Woluwé-St-Lambert	Avenue marcel Thiry, 208
33.	Grote Markt	Sint-Niklaas	Grote Markt, 32
34.	City Gardens	Leuven	Petermannenstraat, 2A-2B - Ridderstraat, 112-120
35.	Haverwerf	Mechelen	Haverwerf, 1-10
36.	Gent Zuid	Gent	Woodrow Wilsonplein, 4
37.	Clos Saint-Géry	Ghlin	Rue de Tournai, 4
38.	Quai de Compiègne	Huy	Quai de Compiègne, 55
39.	Galerie de l'Ange (appartements)	Namur	Rue de la Monnaie, 4-14
40.	Galerie de l'Ange (commerces)	Namur	Rue de la Monnaie, 4-14
41.	Léopold	Liège	Rue Leopold, 2-8
42.	Mont-Saint-Martin	Liège	Mont Saint Martin, 1
43.	Saint-Hubert 4	Liège	Rue Saint Hubert, 4
44.	Saint-Hubert 51	Liège	Rue Saint Hubert, 51
45.	Florida	Waterloo	Avenue Florida 75 -79
46.	Louvain-la-Neuve CV9	Louvain-la-Neuve	Angle des Rues des Wallons et Grand Rue
47.	Louvain-la-Neuve CV10&18	Louvain-la-Neuve	Rues Charlemagne, Grand Rue, Rabelais, Grand Place, Agora
48.	Colombus	Jambes	Rue de l'Orjo, 52-56

STOCK MARKET ACTIVITY

Your investment in good hands.

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THE SHARE ON THE STOCK MARKET

+8.8%

INCREASE IN 2015

Profile of investors in home invest belgium shares

Given the favourable regime for Regulated Real Estate companies, Home Invest Belgium is an interesting security for investors, individuals as well as institutions.

Compared to direct investment in residential buildings, investing in shares in Home Invest Belgium has several advantages:

- it helps to remove the growing constraints - particularly administrative and technical - resulting from the direct management of residential buildings;
- it helps to spread the risk of loss of income in the event of vacancies or payment default, that are also increasing;
- it helps benefit from the improved liquidity of one's assets, given the stock market listing of the Regulated Real Estate company's securities;
- it makes real estate investment accessible even for a very small amount.

The investor in Home Invest Belgium shares benefits from the professionalism of the management, and from the transparency of the Regulated Real Estate company through its corporate governance and favourable legal and tax provisions (for details see "Permanent document" chapter).



www.european-business.com

Sophie Lambrighs

Most of the properties owned by Home Invest Belgium are multi-occupancy residential buildings, enabling the company to spread the financial risk of its investments over more than 1 300 tenants.

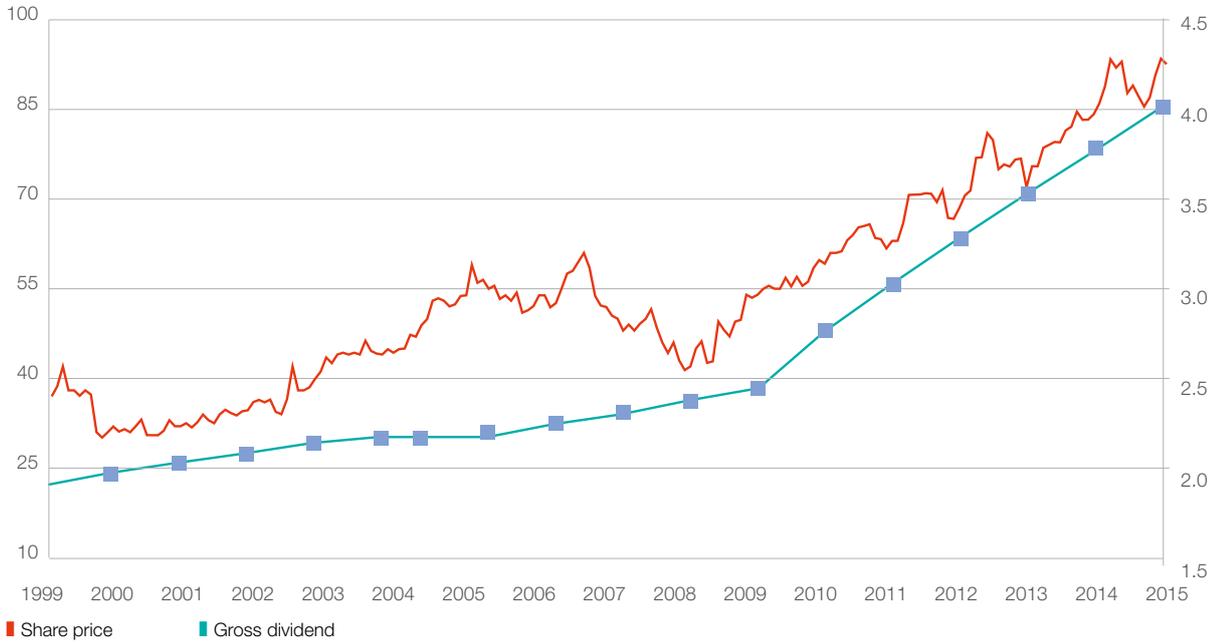


Evolution of share price

Home Invest Belgium shares have been listed on Euronext Brussels (HOMI) since 16 June 1999. During fiscal year 2015, Home Invest Belgium made strategic real estate operations, which have been well received by the markets and by investors. In 2015 Home Invest Belgium shares enjoyed a significant increase of 8.8% between 2 January 2015 (opening price of € 85.10) and 31 December 2015 (closing price € 92.59) irrespective of the dividend distributed in May 2015 and the interim dividend for the month of December 2015.

Home Invest Belgium shares recorded a significant increase from January to April 2015, peaking at € 95.50 on 11 March, before falling by the end of August under the influence of stock markets fluctuations and the effects of the announcement of the increase in withholding tax on dividends; it then experienced a continuing recovery period until the end of the year. The total average closing price for the fiscal year 2015 was € 89.58.

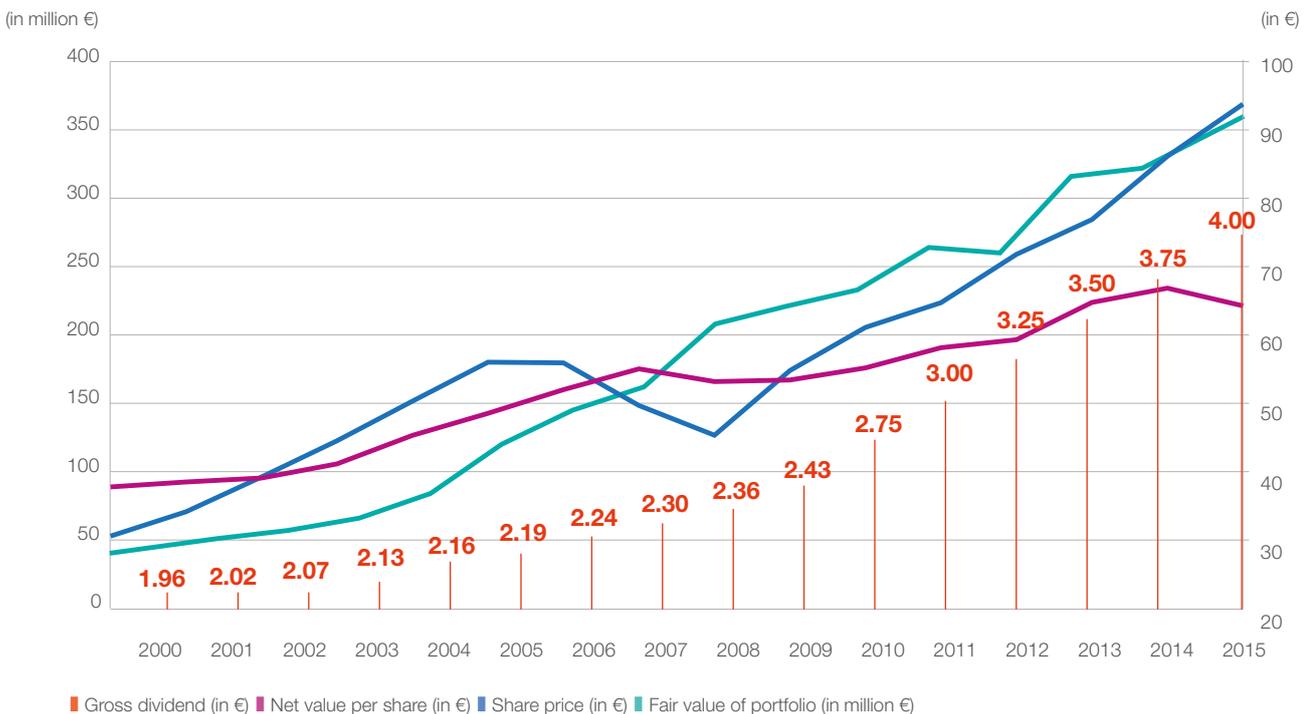
Evolution of share price and gross dividend



Based on the last closing price of 2015 (€ 92.59), the proposed dividend of € 4.00 represents a **gross yield of 4.32%** (compared to a yield of 4.41% in 2014) .

The liquidity of the shares is rising, with a daily average of **1 058** shares traded per trading session throughout fiscal year 2015 (vs. a daily average of 996 shares during 2014 and 703 shares during 2013).

Comparison of the gross dividend, the net value per share, the share price and the fair value of portfolio



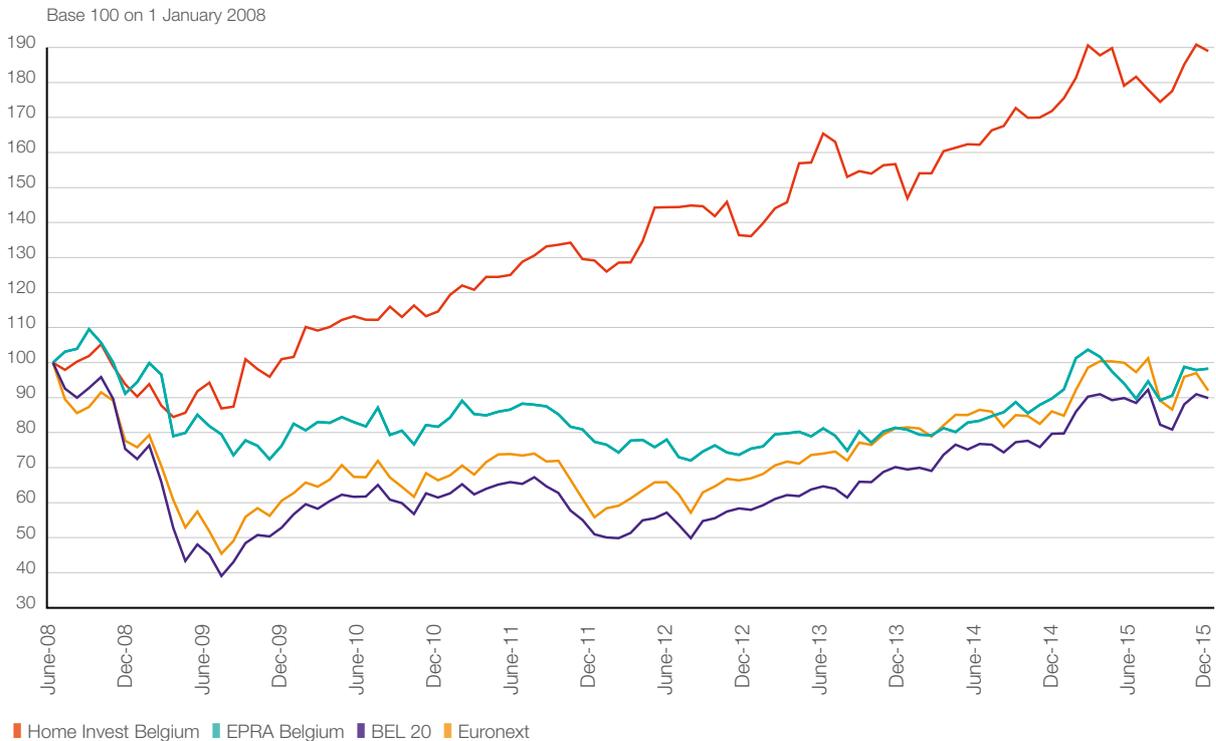
Evolution of the BEL 20 index - EPRA Belgium 1

The graph below illustrates the excellent stock performance of the Home Invest Belgium share compared to the EPRA Belgium or the BEL 20 indices, and this since January 2008.

The good performance of the Home Invest Belgium share during financial year 2015 (increase of 8.8%) is in

line with the evolution of the BEL20 index (up 12.6%) and the overall evolution of the Belgian RREC sector, reflected by the EPRA Belgium sectoral index (+7.4%) during the same period.

Comparison of the evolution of the return of Home Invest Belgium compared with several market indices



Evolution of share price relative to the net asset value per share

During fiscal year 2015, the net value per share decreased by 3.9% compared to its level at the beginning of the year, from € 66.15 to € 63.60 at 31 December 2015. This decrease is the consequence of the payment - for the first time - of an interim dividend, made in December 2015 and directly reducing equity.

Note that the net asset value per share is now 84.6% higher than its level of € 34.46 during the IPO in June 1999. This reflects the quality of real estate investments negotiated by Home Invest Belgium and the good management of its assets, both in terms of maintenance or renovation, and sales. Home Invest Belgium shares have enjoyed a premium in relation to the published net

(1) Supplementary information about the EPRA Belgium and BEL 20 indexes can be obtained from Euronext Brussels for the BEL 20 index and by referring to www.epra.com for the EPRA Belgium index.

value per share, and this for all of fiscal year 2015.

At 31 December 2015, the closing price stood at € 92.59 and had a premium of 45.58% over the net asset value per share at year end. This premium, calculated on the net asset value per share excluding IAS 39 (€ 65.80), amounted to 40.7%.

This premium once again illustrates the confidence that shareholders have in the significant performance generated by investing in Home Invest Belgium shares. It also reflects the added value created for a collection of buildings by a professional management team.



Degroof
04/06/2015

When using the actual cost of debt at 31 December 2014 and the current stock prices our ranking shows that the market is attributing the lowest risk to Home Invest Belgium which has the lowest beta.



Key figures per share

	2015	2014	2013	2012	2011	2010
Share price (in €)						
Highest	€95.50	€87.00	€82.35	€72.00	€67.99	€61.50
Lowest	€81.95	€73.50	€69.27	€62.90	€58.87	€53.00
On the last day of the financial year	€92.59	€85.10	€76.00	€71.00	€64.05	€60.50
Average price	€89.58	€80.91	€76.03	€68.59	€62.99	€56.60
Return of the gross dividend¹	4.32%	4.41%	4.61%	4.58%	4.68%	5.45%
Dividend (in €)						
Gross	€4.00	€3.75	€3.50	€3.25	€3.00	€2.75
Net ²	€3.3700	€3.1875	€2.9750	€2.7625	€3.00	€2.75
Volume						
Average daily volume	1 058	996	703	1 036	902	833
Annual volume	270 860	254 159	179 166	289 644	222 912	201 493
Total number of shares on 31 December	3 160 809	3 160 809	3 056 143	3 056 143	3 056 143	2 931 334
Market capitalisation on 31 December	293 M €	269 M €	232 M €	217 M €	197 M €	171 M €
Free float	47.08%	46.59%	50.24%	47.01%	46.83%	49.65%
Velocity³	18.20%	17.26%	11.67%	20.16%	15.40%	13.85%
Pay out ratio (statutory)	95.81%	88.93%	93.03%	88.37%	84.61%	89.06%

(1) Gross dividend of the financial year divided by the last share price of the financial year.

(2) As from 1 January 2016, the withholding tax amounts to 27%.

(3) Number of shares traded / free float.

DIVIDEND AND RETURN

Dividend

Home Invest Belgium endeavours to offer its shareholders, over a long period, a dividend which grows at least equal to, if not higher, than inflation. Between **2000 and 2015**, the gross dividend rose from € 1.96 to € 4.00 per share, an increase of 104.1% in the space of 16.5 years, or **an average annual increase of 6.5%**.

Based on the quarterly results at 30 September 2015, and given the lower financing costs and general medium and long term outlook in the evolution of the portfolio and the residential rental market, the Board of Directors decided on 28 October 2015 to review its dividend policy in line with trends in international markets.

The company distributed on 7 December 2015 an interim dividend payable in cash. Coupon No. 19 gave shareholders the right to the an interim dividend of € 3.75 gross or € 3.1875 net per share (after deduction of the then applicable current withholding tax of 15%).

The company intends to continue - for several years - the payment of an interim dividend in December and a final dividend in May.

At the Annual General Meeting of shareholders, to be held Tuesday, 3 May 2016, where the financial statements for 2015 will be presented for approval, the distribution of the final dividend of **€ 0.25 gross per share** will be proposed, which will result in a total dividend for fiscal 2015 of € 4.00 gross per share. This distribution demonstrates once again a remarkable growth of 6.7% compared to the gross dividend of € 3.75 paid in respect of fiscal 2014, with the distribution rate remaining at a sustainable level of 95.81%.

Achieving dividend growth which is significantly stronger since 2011, has been made possible by, inter alia, the increase in the volume of portfolio divestment, an objective set by the Board at 4% per annum.

Note that since the establishment of the Regulated Real Estate company, a significant portion of the profits of each fiscal year has been carried forward again, and now amounts to, on a consolidated basis, **€ 5.75 per share**, before the profit appropriation of the 2015 results. This reserve should result in a smooth “dividend curve” in the future, if real estate market conditions were to become more difficult.

Withholding tax

Under the new legislation in force since 1 January 2016 (law on measures to promote the creation of jobs and purchasing power), the dividend paid in 2016 by the Regulated Real Estate company will be subject to a **withholding tax of 27%**.

The interim dividend distributed in December 2015 however benefited from the regime applicable to residential Regulated Real Estate companies on that date, namely a withholding tax of 15%.

As a result, the proposed net dividend will amount to **€ 3.37**.

For further information on the tax treatment of dividends, see “Permanent document - the Regulated Real Estate company and its fiscal regime”



www.lecho.be
07/12/2015

Home Invest Belgium a eu la brillante idée en décidant (...) de revoir sa politique de distribution de dividendes en l'alignant sur les tendances observées sur les marchés internationaux.





The Link

Return

The profitability of an investment is measurable both by the immediate return that can be made, and the increase in the net asset value per share that the investment can have over the long term. The addition of these two components is the annual return of the investment.

In the case of a Regulated Real Estate company, the strength of the immediate yield is certainly important, but the **ability to generate capital gains is the true label of quality for the future.**

Thus, for shareholders who participated in the Initial Public Offering (IPO) in June 1999 and reinvested all dividends annually in Home Invest Belgium, the internal rate of return on its investment ("IRR"), calculated on a period of 16.5 years would amount to 13.87%, and this despite the weak performance recorded in fiscal 2008 and 2009.

Similarly, the return for shareholders in Home Invest Belgium, who did not reinvest dividends each year, nevertheless stood at a remarkable average of 9,65% per year for the period 1999-2015.

This return cannot be compared as such to those of the majority of other Regulated Real Estate companies, due to the fact that they are calculated before withholding tax on dividends whereas, until the end of 2012, Home Invest Belgium's dividends were exempt from withholding tax, and then subject to a reduced level of withholding tax of 15% until the end of 2015 (27% from 1 January 2016).

	Return (€) ¹	Net value per share excluding dividend	Value growth	Gross dividend	Return per share ²	Return in% for the shareholder ³
Consolidated accounts in IFRS	2015	63.35	0.96	4.00	4.96	7.95%
	2014	62.39	1.79	3.75	5.54	9.14%
	2013	60.60	5.12	3.50	8.62	15.54%
	2012	55.48	0.90	3.25	4.15	7.60%
	2011	54.58	2.65	3.00	5.65	10.88%
	2010	51.93	1.42	2.75	4.17	8.26%
	2009	50.51	0.16	2.43	2.59	5.14%
	2008	50.35	-2.17	2.36	0.19	0.36%
	2007	52.52	3.21	2.30	5.51	11.17%
	2006	49.31	3.35	2.24	5.59	12.16%
Statutory accounts in Belgian GAAP	2005	45.96	4.17	2.19	6.36	14.47%
	2005	46.91	4.24	3.47	7.71	11.41% ⁴
	2004	42.67	4.13	2.16	6.29	16.32%
	2003	38.54	1.15	2.13	3.28	8.77%
	2002	37.39	0.44	2.07	2.51	6.79%
	2001	36.95	1.19	2.02	3.21	8.98%
	2000	35.76	1.30	1.96	3.26	9.46%
	1999	34.46				

(1) Based on consolidated figures as from 2005.

(2) Dividend of the financial year plus net value per share growth during the financial year.

(3) Idem, divided by the net value per share at the beginning of the financial year.

(4) Rebassed to twelve months (12/19)

SHAREHOLDING STRUCTURE

The company operates a statutory 3% threshold for the transparency statement in application of the legal rules on the disclosure of major holdings in issuers whose shares are admitted to trading on a regulated market.

According to the transparency statements received by 31 December 2015, the shareholding structure of Home Invest Belgium is as follows:

Shareholders	Number of shares	As% of capital
Groupe Van Overstraeten*¹	737 553	23.33%
BMVO 2014 Bugarlijke Maatschap	510 960	16.17%
Stavos Luxembourg	118 455	3.75%
VOP SA	102 575	3.25%
Mr Hans Van Overstraeten	2 892	0.09%
Mr Johan Van Overstraeten	856	0.03%
Mr Bart Van Overstraeten	855	0.03%
Mr Liévin Van Overstraeten	850	0.03%
COCKY SA	110	0.00%
AXA Belgium SA*²	537 830	17.02%
Mr Antoon Van Overstaeten	121 916	3.86%
Federal Insurance*	105 296	3.33%
Spouses Van Overtveldt - Henry de Frahan*	102 792	3.25%
Mr S. Van Overtveldt	51 396	1.63%
Mrs P. Henry de Frahan	51 396	1.63%
Other registered shareholders	67 377	2.13%
Total known		52.92%
Free Float	1 488 045	47.08%
General total	3 160 809	100.00%

* Shareholders having filed a statement in accordance with the Transparency Act of 2 May 2007.

(1) Stavos Luxembourg SA is controlled by the "Stichting Administratiekantoor Stavos" foundation for 80% and the BMVO 2014 association for 20%. The BMVO 2014 association is controlled by Stichting Administratiekantoor Stavos for 47% and the Van Overstraeten Association for 53%. The Stichting Administratiekantoor Stavos is controlled by Liévin, Hans, Johan and Bart Van Overstraeten. Cocky NV is 99.9% controlled by the Van Overstraeten association, which in turn is controlled by Stichting Administratiekantoor Stavos for 99.9%. VOP is controlled by Stavos Luxembourg SA for 99.9%.

(2) AXA Belgium is a subsidiary of AXA Holdings Belgium, itself a subsidiary of AXA SA.

Forced sale of bearer shares

According to Article 11 of the Law of 14 December 2005, Home Invest Belgium proceeded to the sale of bearer shares whose holders had not made their presence known at the date of 17 July 2015. This sale took place on 3 August 2015 on Euronext Brussels (c.f. press release of 17 June 2015) and related to 260 shares. The average sale price amounted to € 87.504 per share. The sale was carried out with the involvement of BNP Paribas Fortis SA.



Degroof

04/06/2015

Aedifica and Home Invest Belgium have 100% of their financial debt that is (hedged) fixed rate and a duration of several years. This makes them less vulnerable to short to medium-term upswings in interest rates.



The Link



Trône

CORPORATE GOVERNANCE STATEMENT

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DECISION- MAKING BODIES

This corporate governance statement falls under the provisions of the Belgian Code of Corporate Governance 2009 (“Code 2009”) and the Act of 6 April 2010 amending the Companies Code.¹

Code of reference

The Royal Decree of 6 June 2010 has declared the “Code 2009” to be the single code applicable to listed companies. The Code 2009 is available on the website of the Belgian Official Gazette and on the website:

www.corporategovernancecommittee.be

Home Invest Belgium adheres to the principles of Code 2009, taking into account the specificities of the company. Home Invest Belgium considers that it complies with all the provisions of the aforementioned Code, with the following exceptions (application of the principle of “comply or explain”):

- the evaluation of the individual contribution of each director and member of the specialised committees (“assessment”) is continuous (not periodic), given the frequency of meetings of the Board, and during the renewals of mandates (exception from principle 4.11);
- the remuneration rules for the members of the

Effective management team can potentially deviate from the recommendations included in Code 2009; see below “Remuneration Report” (exception from principle 7.18).

The Corporate Governance Charter describes the corporate governance rules applicable to company. The Charter was drafted by the Board of Directors of Home Invest Belgium and can be found on the website of the company www.homeinvestbelgium.be

The Corporate Governance Charter is supplemented by the following documents, which form an integral part:

- the risk management regulations;
- and the internal audit regulations.

(1) The Corporate Governance Statement is an integral part of the Management report.



From left to right: Guillaume H. Botermans, Liévin Van Overstraeten, Sophie Lambrighs, Laurence de Hemptinne, Koen Dejonckheere, Johan Van Overstraeten, Eric Spiessens, Wim Arousseau

Board of directors

Events occurring in the current fiscal year 2015

The Annual General Meeting of 5 May 2015 decided to appoint, with the approval of the FSMA, **Ms Laurence de Hemptinne**, with immediate effect, as an independent director until the Annual General Meeting to be held 2019.

The Assembly also renewed, with the approval of the FSMA:

- the mandates of the independent directors **Mr Koen Dejonckheere** and **Mr Eric Spiessens**;
- the mandates of the non-executive directors **Mr Wim Arousseau** and **Mr Johan Van Overstraeten**; for a 4-year term ending at the Annual General Meeting 2019.

Current composition

The Board currently has eight directors. Of the seven non-executive directors, four directors are independent within the meaning of Article 526 of the Companies Code and three represent the shareholders.

The Board is well aware of the recommendations of the “corporate governance” Commission of 11 January 2011 and the provisions of Article 518bis of the Companies Code, that at least one third of the members of the Board shall be of a different gender than the other members.

The current proportion of women being 25%, the Board will ensure compliance for **financial year 2019**.

(2) The new regulation imposing the quota entered into force respectively on 1 January 2017 for listed companies whose financial year closes on 31 December and on 1 July 2017 for those whose financial year closes on 30 June. Smaller listed companies or listed companies with a free float of less than 50% have, unlike other companies, an additional two years to comply with the new legal requirements. Home Invest Belgium meets the first criterion, i.e. it is a “small listed company” as it has, on a consolidated basis, a) an average number of employees less than 250 during the year in question; and b) a lower annual net turnover lower or equal to EUR 50 million.



Guillaume H. Botermans



Liévin Van Overstraeten



Sophie Lambrighs



Wim Arousseau

The curriculum vitae of Directors can be summarised as follows:

Guillaume H. Botermans

Chairman, independent director

54 years old, Mr Botermans holds a degree in business and finance (ICHEC and Saint Louis), and a degree in European economics (ULB). He has held senior positions within the Paribas group, particularly in the management of real estate certificates. He is managing partner of Arm-Stones Partnership SPRL, Director of Pro Materia ASBL, director of Home Invest Development, Paribacert I*, Paribacert II*, Paribacert III*, Immorente*, Artesimmo*, Arm-Stones Partnership SPRL, M2 SA et Gemofi SA.

Liévin Van Overstraeten

Vice chairman, director (representative of the Van Overstraeten group)

59 years old, Mr Van Overstraeten has a law degree (KUL 1982) and a degree in advertising management (Vlerick 1983). He has wide experience in business management, particularly in the real estate sector, sports centres and wood processing, in Belgium and in Romania. He is managing director of VOP SA and a director of Immovo SA, Sippelberg SA, Rolem Belgium SA, Cocky SA, Stichting Administratiekantoor Stavos, Stavos Luxembourg SA, Burgerlijke Maatschap Van Overstraeten, Burgerlijke Maatschap BMVO 2014, Robelproduct SRL* (Romania), Robel Doors SRL* (Romania), Belconstruct SRL* (Romania), Immorobel SRL* (Romania) and C & C SRL* (Romania).²

Meanwhile, the company Robel SRL Doors - in which Mr. Liévin Van Overstraeten was respectively director and representative of a company that held a directorship - went bankrupt. However, from the checks made by the liquidator, as confirmed in its letter of 7 February 2014, it has not identified indications pursuant to which the company or its directors have committed irregularities.

No legal action has also been initiated by creditors against the directors. This bankruptcy occurred in 2010 in the context of the international financial crisis. To date, this process is not yet finalised.

Sophie Lambrighs

CEO, effective leader

44 years old, Ms Lambrighs obtained a masters degree in civil engineering (ULB) and executive masters degree in management (ULB). She began her career in construction, undertaking functions related to the design of buildings and infrastructure (at Spie, Bgroup and Ergon), and has held senior positions in the real estate sector in the companies Axa Belgium, Immoebel and Retail Estates.

She was also a lecturer at the ULB. She is a director of Retail Estates*, Parc de l'Alliance SA*, Immobilière de Corroye-le-Granbonpré SCRL*, Gateway SA*, Greendog SA*, as well as various real estate subsidiaries of AXA Belgium SA*. She is manager of Zou2 SPRL and Zou2 SPRL is managing director of Home Invest Development and a director of Immoebel.²

Wim Arousseau

Administrator (Representative of AXA)

44 years old, Mr Arousseau holds a degree in applied economics and finance (UA) and financial analysis (ICHEC). He has extensive experience in property management and business management, particularly in the banking and insurance sector in Belgium. He currently holds the position of chief investment officer at Axa Belgium.



Laurence de Hemptinne



Koen Dejonckheere



Eric Spiessens



Johan Van Overstraeten

Laurence de Hemptinne

Independent director

52 years old, Ms de Hemptinne holds a law degree from the ULB and was a lawyer at the Brussels Bar for many years. She was then an economic and legal journalist. Specialising in issues related to the property market, urban planning and real estate taxation, she worked for almost ten years with various publications and mainly with La Libre Belgique. She created Publishing & Seminars SA, a company dedicated to publishing books and organising real estate-related seminars. She is CEO of that company, a position she still currently holds.

Koen Dejonckheere

Independent director

47 years old, Mr Dejonckheere holds a degree in civil engineering (Ghent) and an MBA (IEFSI-FAIL, Lille, France). He is the CEO of Gimv nv, Noorderman nv, Invest at Value nv and is a director of CapMan Plc (Finland), TDP nv, AZ Delta vzw (hospital group), Roularta nv /sa, Enternext nv /sa, the Belgian Venture Capital & Private Equity Association vzw /asbl, Biotechfonds Vlaanderen nv, Gimv Arkiv Technology Fund nv, Voka-VEV. He is president of the Belgian Association of Listed Companies asbl and director of European Issuers aisbk /ivzw. He is a member of the executive committee VBO-FEB.²

Eric Spiessens

Independent director

55 years old, Mr. Spiessens holds a degree in social sciences and sociology (KU Leuven), a qualified secondary education teacher. He has held various senior positions, especially within the ARCO group. He is a member of the executive committee of Auxipar

NV. He is a director of Gimv NV* Auxipar NV, VEH CVBA, Publigras CVBA, Aspiravi NV, DG Infra+ NV*, EPC CVBA, Sint-Jozefskredietmaatschappij NV and Livingstones CVBA.²

Johan Van Overstraeten

Director

(Representative of the Van Overstraeten group)

54 years old, Mr Van Overstraeten has extensive experience in business management, particularly in the property development sector. He is a director of VOP SA, Immovo SA, Sippelberg SA, Rolem Belgium SA, Cocky SA, Stavos Luxembourg SA (Grand Duché de Luxembourg), Stichting Administratiekantoor Stavos NV (Netherlands), Burgerlijke Maatschap Van Overstraeten and Burgerlijke Maatschap BMVO 2014. As the permanent representative of Cocky BVBA, he is also CEO of Home Invest Development.²

(1) The mandates that have expired are indicated with an asterisk.

(2) These represent the mandates in other companies over the past five years.

(3) Vepar NV*, Transga SA*, La Tourmaline SA*, Cornaline House SA*, Beran SA*, Sodimco SA*, Leg II Meer BVBA*, Zaventem Properties SA*, Cabesa SA*, Brustar One SA*, Marina Building SA*, Messancy Réalisation SA*, Royaner SA*, Immobilière du Park Hotel SA*, Royawyn SA*, Mucc SA*, Wetinvest III SA*, Blauwe Toren SA*, Parc Louise SA*, Leg II Meer 15 SA*, Lex 65 SA*, Leg II Meer 22-23 SA*, Immo Instruction SA*, Instruction SA*, Treves Leasehold SA*, Treves Freehold SA*, Water-leau SA*, Evers Freehold SA*, Immo Jean Jacobs SA*, QB19 SA*, Immo RAC Hasselt SA*, Parc Léopold*.

Composition

Name	Position	Start of first mandate	End of mandate	Business address	Attendance rate at Board meetings during fiscal year 2015
Guillaume H. Botermans	Chairman	2 May 2007	Ordinary General Meeting to be held in 2016	Arm-Stones Partnership SPRL, avenue Louise 505, 1050 Brussels	100%
Liévin Van Overstraeten	Independent Director	23 May 2008	Ordinary General Meeting to be held in 2018	V.O.P. SA, avenue du Sippelberg 3, 1080 Brussels	100%
Sophie Lambrighs	Vice-Chair	22 July 2014	Ordinary General Meeting to be held in 2018	Home Invest Belgium SA, Boulevard de la Woluwe 60, box 4, 1200 Woluwé-Saint-Lambert	100%
Wim Arousseau	CEO	12 February 2014	Ordinary General Meeting to be held in 2019	AXA Belgium SA, boulevard du Souverain 25, 1170 Brussels	90%
Laurence de Hemptinne	Independent Director	5 May 2015	Ordinary General Meeting to be held in 2019	rue de Ferrière, 1470 Bousval	87.50%
Koen Dejonckheere	Independent Director	3 May 2011	Ordinary General Meeting to be held in 2019	Gimv NV, Karel Oomsstraat 37, 2018 Antwerp	100%
Eric Spiessens	Director	3 May 2011	Ordinary General Meeting to be held in 2019	ACW, Chaussée de Haecht 579, 1030 Brussels	100%
Johan Van Overstraeten	Director	18 August 2010	Ordinary General Meeting to be held in 2019	V.O.P. SA, avenue du Sippelberg 3, 1080 Brussels	100%

Honorary members of the Board of Directors

Michel Pleeck	Honorary Chairman
Guy Van Wymersch-Moons	Honorary Chairman
Xavier Mertens	Honorary CEO
Luc Delfosse	Honorary Independent Director

Activity report

The Board acts in the corporate interest (which implies taking into account interests other than exclusively the interests of shareholders, such as the interest of clients and users of buildings).

Its role is to:

- determine the company's strategy and take the final decisions on investments and divestments;
- establish the half-yearly and annual financial statements for the Regulated Real Estate company, the annual and half-yearly financial report and the interim statements;
- ensure the rigour, accuracy and transparency of communications to shareholders, financial analysts and the public;
- approve the merger reports, decide on the use of the authorised capital and convene the general and extraordinary general meetings of shareholders;
- delegate the daily operations to the Management, which regularly reports on its actions, and submits an annual budget and a quarterly statement.

Besides the general functions described above, the Board has during the past year decided on various issues including:

- the analysis and approval of investment and divestment dossiers;
- the study and the choice of guidelines for the development, diversification and strategy of Home Invest Belgium;
- the abolishment of the company's bearer securities;
- the report of the Nomination and Remuneration Committee;
- the financing structure, interest rate risk hedging policy and the restructuring of certain hedging instruments;
- the composition of the Board and its committees;
- the agreement with the real estate expert;
- the internal organisation of the Regulated Real Estate company inter alia the internal audit function, the risk management function and the compliance function;
- analysis of the 2015 and 2016 budgets;
- changes to the withholding tax regime applicable to dividends distributed by the residential Regulated Real Estate companies;
- analysis of the impact of government measures generally known as the "Tax Shift" on the company's business plan.

The Board meets at least seven times a year and whenever a particular or exceptional event requires it.

During fiscal year 2015, Home Invest Belgium's Board of Directors met 10 times.

Articles 17 and 18 of the articles of association provide for the quorum and decision-making rules for the board of directors:

- In accordance with article 17 of the statutes, "except in the event of force majeure, the Board of Directors may validly deliberate and take decisions only if half of its members are present or represented. If this condition is not met, a second meeting may be convened to deliberate and validly decide on the items that were foreseen in the agenda of the previous meeting, provided that at least two directors are present or represented".
- article 18 states that "save for exceptional circumstances, the deliberation and voting may only deal with the points included in the agenda. Any decision of the Board is taken by an absolute majority vote of the directors present or represented and, in the case of the abstention of one or more of them, by the majority of other voting directors".
- in exceptional circumstances, in accordance with article 521 of the Companies Code, when required by the urgent need and interests of the company, Board decisions can be taken by a unanimous written agreement of the directors. This procedure may not however be used for the approval of the annual accounts and the implementation of the authorised capital.

Specialised committees

The responsibilities and functioning of the specialised committees created within the Board are detailed in the Corporate Governance Charter of Home Invest Belgium. The Charter is available on the company's website:

www.homeinvestbelgium.be

Investment Committee

The Investment Committee is responsible mainly for the selection, analysis and preparation of investment and divestment projects, final approval being entrusted to the Board.

The Investment Committee met 10 times during the year and its members were:

- **Johan Van Overstraeten**, Chairman of the Investment Committee, director; Committee attendance during the year: 10/10;
- **Sophie Lambrighs**, CEO; Committee attendance during the year: 10/10;
- **Guillaume H. Botermans**, independent director; Committee attendance during the year: 10/10;
- **Alain Verheulpen**, representative of AXA Belgium; Committee attendance during the year: 8/10.

Audit Committee

Notwithstanding the fact that Home Invest Belgium is not obliged to establish an Audit Committee - as the Regulated Real Estate company meets 2 of the 3 exclusion criteria listed in article 526bis § 3 of the Companies Code¹ - the Board of the Regulated Real Estate company nevertheless decided to establish one.

The Audit Committee met 4 times during the year and its members were:

- **Eric Spiessens**, director and chairman of the Audit Committee; Committee attendance during the year: 4/4;
- **Guillaume H. Botermans**, independent director; Committee attendance during the year: 4/4;
- **Liévin Van Overstraeten**, director; Committee attendance during the year: 4/4.

The Statutory Auditor of the Regulated Real Estate company attended 3 meetings of the Audit Committee in 2015.

The missions undertaken by the Audit Committee were mainly:

- financial reporting, consisting in particular of monitoring the integrity and accuracy of the numerical data and the relevance of the accounting standards applied;
- assessment of internal control systems and risk management;
- monitoring the statutory audit of annual and consolidated accounts, including monitoring issues and recommendations made by the Statutory Auditor.

During fiscal year 2015, the following points were addressed:

- quarterly review of accounts and portfolio valuation;
- interest rate risk hedging policy (restructuring of certain hedging instruments);
- evolution of vacancy rates;
- monitoring the recommendations of the Statutory Auditor concerning internal control procedures;
- the company's IT platform and IT security.

Nomination and Remuneration Committee

One Committee, regrouping the competences on appointments and remuneration, was formed within Home Invest Belgium.

The Nomination and Remuneration Committee met twice during the year and consisted of the following members:

- **Guillaume H. Botermans**, independent director and chairman of the Appointments & Remuneration Committee; Committee attendance during the year: 2/2;
- **Eric Spiessens**, independent director; Committee attendance during the year: 2/2;
- **Liévin Van Overstraeten**, director; Committee attendance during the year: 2/2.

(1) Indeed, the average number of employees was less than 250 for the whole of fiscal 2015 and net annual turnover for fiscal 2015 is less than € 50 million.

The Nomination and Remuneration Committee reports regularly to the Board on the exercise of its duties. The Committee assists the Board in all matters relating to the composition of the Board (number, skills, “gender diversity”), the specialised committees and the remuneration of directors and members of Management of the Regulated Real Estate company.

The Nomination and Remuneration Committee is responsible in particular for:

- establishing profiles for directors and management positions within the Regulated Real Estate company and issuing opinions and recommendations on the candidates;
- making proposals to the Board on remuneration policy and the individual remuneration of directors and members of Management;
- assess the performance targets related to the individual remuneration of the CEO and the Management;
- prepare the remuneration report, in accordance with article 96§3 of the Companies Code for inclusion in the governance statement and review this report at the Annual General Meeting of shareholders.

During fiscal year 2015, it met primarily to discuss the following points:

- changes in the composition of the Board and the “gender diversity”;
- evaluation of the performance of members of Management in 2014 and the determination of their variable fees for the year;
- the determination of individual objectives for members of Management for 2015.



Ariane - The Horizon



Gent Zuid



Léopold



Résidence Mélodie

Management

The Board is supported the Management which executes the strategy adopted by the Board and reports to it.

Composition

Members of HIB Management are:

- Sophie Lambrighs, Chief Executive Officer (CEO);
- Jean-Luc Colson, Chief Finance Officer (CFO)¹;
- Filip Van Wijnendaele, Chief Operating Officer (COO)²;

– Toon Haverals, Chief Development Officer (CDO)³.

On 1 December 2015, Mr Alexander Hodac, Chief Commercial Officer (CCO) decided to leave the company. It was decided by the company's Board of Directors to proceed with the recruitment of a new Chief Investment Officer (CIO).



From left to right: Toon Haverals, CDO - Sophie Lambrighs, CEO - Filip Van Wijnendaele, COO et Jean-Luc Colson, CFO.

(1) In his capacity as permanent representative of Ylkatt SPRL.

(2) Previously known as Home Invest Management.

(3) In his capacity as permanent representative of FVW Consult SPRL.

(4) In his capacity as permanent representative of HIRES Consult .

The curriculum vitae of the Management team (or their permanent representatives) can be summarised as follows:



Jean-Luc Colson

Chief Finance Officer

Aged 41 years old, Mr Colson graduated in accounting (HEMES Sainte Marie). He has held various financial positions including Axa Belgium, ING Real Estate and Home Invest Development⁴.



Filip Van Wijnendaele

Chief Operating Officer

Aged 39, Mr Van Wijnendaele has a degree in commercial and consular sciences (HUB), and has a diploma in business communication (KUL) and a postgraduate degree in real estate (KULAK). He has held senior positions in, especially Immobiliën Hugo Ceusters and the Société des Centres Commerciaux de Belgique (SCCB).



Toon Haverals

Chief Development Officer

Aged 33 years, Mr Haverals obtained a masters degree in civil engineering architecture (KUL) and an executive masters in real estate management (AMS). He has worked as an engineer in special techniques in an engineering office as a project architect in several architecture offices and as a project manager with the real estate developer Extensa NV for residential projects.

For the exercise of their duties, members of the Management team are supported by the operational teams of Home Invest Belgium and Home Invest Development. They can also turn to the directors to utilise their expertise and to external consultants, if necessary within the limits set by the Board. They can also count on the assistance of the Audit Committee for all matters in its area of competence.

The members of the Management team carry out their duties under the responsibility and supervision of the Board, to which they report regularly.

At least once a year, the CEO reports to the Board, the Statutory Auditor and to the FSMA on the use

of independent control functions, on the main risks identified during the past year and on measures to address them.

Members of the Management team are subject to a formal annual evaluation by the Appointment and Remuneration Committee, as part of the determination of their variable fees, based on the objectives and criteria established at the beginning of the year, and the report on which is then submitted to the Board of Directors.



Ariane - The Horizon

Effective management

Home Invest Belgium has appointed an Effective management in the sense of article 14 of the law of 12 May 2014 on Regulated Real Estate companies. The responsibilities and function of the Effective Management team are detailed in the Corporate Governance Charter

of Home Invest Belgium. This Charter is available on the website of the company www.homeinvestbelgium.be

Currently the Effective management consist of:

	Sophie Lambrighs CEO	Jean-Luc Colson CFO	Filip Van Wijnendaele COO
Number of shares in HIB	N/A	N/A	N/A
Other mandates¹	Mrs Lambrighs's other mandates are listed above.	Director of Home Invest Development*.	N/A. Director of Home Invest Development SA and CEO of SPRL Charlent 53 Freehold. Member of the Board of Directors of SA Immobiliën Hugo Ceusters*.

The business address of the members of the Executive management is the compan'ys registered office.

(1) These are mandates held by the members of the Effective management in other companies in the last five years. Mandates that have since expired are indicated with an asterisk.

Internal control, risk management and internal audit

Internal control

Home Invest Belgium has set up internal control and risk management systems, identifying the principal risks it faces and putting in place the necessary measures to control and limit the potential impact of each risk, as well as ensuring the reliability of the reporting process and financial communication. The policy regarding integrity and the prevention of conflicts of interest (see below) also feature in this control.

Internal control environment

The system of internal control and risk management is implemented by the effective management under the supervision of the Board. It is based on:

- clear definition of the roles of the Board, specialised Committees, Management and the staff members of Home Invest Belgium and its subsidiary Home Invest Development;
- continuous verification by the above bodies, within their respective roles, of the conformity of any decision and /or action with the company's strategy;
- a risk culture: Home Invest Belgium adopts a due diligence approach to seeking stable and recurring revenues;
- strict enforcement of standards of integrity and ethics through a Corporate Governance Charter and a Code of Conduct dealing in particular with conflicts of interest, purchase and sale of shares and the prevention of misuse of company property, as well as through the existence of a Compliance Officer.

Control activities

Internal control of Home Invest Belgium is implemented through:

- the monitoring of key performance indicators (occupancy rate, debt ratio, etc.);
- a review of differences between the projected and realised budget is regularly examined by Management; furthermore, the Audit Committee and the Board examine every quarter the differences between the projected and realised budget;
- all investment decision are taken by the Board , after

- considering the opinion of the Investment Committee;
- each acquisition or disposal of real estate can be reconstructed according to its point of origin, the parties involved, its nature, and the time and place at which it was conducted, on the basis of written private conventions or notarial deeds; it is subject, prior to its conclusion, of a compliance check with the statutes of Home Invest Belgium and legal and regulatory provisions;
- periodic meetings of Management (in principle every 15 days) during which it addresses issues relating to the management of each department and cross-cutting issues;
- regular meetings between managers and their respective teams.

Risk Analysis

Identification and assessment of key risks are undertaken on a half-yearly basis by the Board and presented in the published annual and interim financial reports. The risks are also subject to punctual monitoring, outside of the periodic exercises, by the Board during its meetings, and continuously by the risk manager.

This risk analysis leads to remedial actions in relation to any identified vulnerabilities. For details of risks, see "Risk Factors" in this annual report.

Information and communication

Information and communication enable the company to manage, monitor and control ongoing operations.

The Regulated Real Estate company's communications is adapted to the company's size and is mainly based on daily internal communications between Management and email exchanges.

The preservation of computer data is assured by a system of continuous backup on hard disk and on a weekly backup outside the headquarters of the company.

Risk management function

The risk management function is performed by a risk manager, who is appointed by the Board with the prior approval of the FSMA. Mr Jean-Luc Colson was appointed as risk manager.

The risk management regulations describes the role, objectives and scope of Home Invest Belgium's risk management.

Independent internal audit function

The person responsible for the internal audit function within the company is **Mr Liévin Van Overstraeten** who possesses the skills required. He meets the standards of good reputation, experience and expertise required by the Regulated Real Estate company law and does not fall foul of any prohibitions in the Regulated Real Estate company legislation.

The function of internal auditor is, however, delegated to Mr Pierre-Hugues Bonnefoy of Deloitte. His term expires on 31 December 2016. The remuneration of the internal auditor is fixed at [€ 19 936 for fiscal year 2015].

The regulation on internal audit describes the role, objectives and scope of the internal audit of Home Invest Belgium.

Independent compliance function

Ms Caroline Maddens was appointed Compliance Officer by the Board on 18 June 2014. Ms Maddens meets the requirements for good reputation, experience and expertise required by the Regulated Real Estate company law and does not fall foul of any prohibitions in the Regulated Real Estate company legislation.

The Corporate Governance Charter describes the role, objectives and scope of the function of the Compliance Officer of Home Invest Belgium and can be found on the company's website.



Livingstone

REMUNERATION REPORT

The remuneration report was approved by the Board of Directors on 23 March 2016 and takes account of the recommendations of the Nomination and Remuneration Committee. It contains information recommended by the Belgian Corporate Governance Code (2009 edition) and article 96§3 paragraph 2 of the Companies Act, as introduced by the law of 6 April 2010.

Remuneration of non-executive directors

Mr William H. Botermans has a flat fixed remuneration of € 80 000 per annum, pro rata temporis, for the exercise of the function of Chairman of the Board of Directors of the company and the exercise of all other activities performed within the company (including, inter alia, attendance fees for meetings of the Board and committees, and fees for expenses incurred in the exercise of his mandate).

In 2015, Mr. William H. Botermans received a total remuneration of € 80 000.

No other non-executive director receives a fixed or variable payment of any kind. However, they can claim expenses reports for costs incurred in the exercise of their mandate.

Non-executive directors benefit from an attendance fee for meetings of the Board and of specialised committees.

Over the past year these amounted to € 1 000 per Board meeting and € 500 per committee meeting. The members of the Effective Management attending these meetings do not receive these benefits.

In €	Home Invest Belgium				Home Invest Development	Total
	BoD	Investment Committee	Audit Committee	Appointments and Remuneration Committee	BoD	
Guillaume H. Botermans	80 000 Chairman				-	80 000
Liévin Van Overstraeten	10 000 Vice-chair	-	2 000 Member	1 000 Member	-	13 000
Wim Arousseau	9 000 Member	-	-	-	-	9 000
Laurence de Hemptinne	7 000 Member	-	-	-	-	7 000
Koen Dejonckheere	10 000 Member	-	-	-	-	10 000
Eric Spiessens	10 000 Member	-	2 000 Chairman	1 000 Member	-	13 000
Johan Van Overstraeten	10 000 Member	5 000 Chairman	-	-	-	15 000
Cocky SA	-	-	-	-	1 500	1 500
Total Directors	136 000	5 000	4 000	2 000	1 500	148 500

Remuneration of the Effective Management

The basic principle: a fair basic remuneration, taking into account the weight of the function, the knowledge required, the size of the business, supplemented by a capped variable remuneration based on performance against agreed targets. The variable remuneration is determined according to the evaluation criteria, if possible measurable, agreed earlier this year by the Board on the advice of the Nomination and Remuneration Committee. The degree of achievement of these evaluation criteria is assessed by the Board of Directors on the recommendation of the Nomination and Remuneration Committee at the beginning of the following year, in the light of the financial statements for the year.

Relative importance of the different elements of remuneration: the Board has capped the variable compensation awarded to each member of the Effective Management.

There are no performance bonuses in the form of shares, options or other rights to acquire shares, excluding those attributed to the CEO.

Remuneration of the Chief Executive Officer (CEO), Sophie Lambrighs

The agreement between **Home Invest Belgium** and Ms Sophie Lambrighs provides for an annual base remuneration, payable in monthly instalments of € 122 000 for 2015 and a variable remuneration which can range from 0% to 20% of the annual basic remuneration for the year concerned.

Her variable remuneration is determined according to the following criteria:

- the occupancy rate of the portfolio's properties;
- portfolio growth;
- the current results
- the implementation of other strategic axes approved by the Board;
- "Corporate Management" in general;
- and external communication.

Ms. Lambrighs also benefits from a pension plan (annual premium of € 24 000 for 2015, and performance bonuses in shares, options or other rights to acquire shares, namely:

- provided that Ms Sophie Lambrighs still works for the company on 14 June 2017, she will be entitled to a 1 200 shares in the company or alternatively, she may request the company to pay the equivalent of these actions in cash (at share price of 13 June 2017).
- Ms Lambrighs also has the right (provided she still works for the company at that time) to:
 - in 2015, the amount of dividends declared by the company for fiscal year 2014 relating to company 400 shares,
 - in 2016, the amount of dividends declared by the company for fiscal year 2015 relating to 800 company shares,
 - in 2017, the amount of dividends declared by the company for fiscal year 2016 relating to 1 200 company shares.

Ms Lambrighs also benefits from a GSM, and payment of GSM expenses incurred on behalf of the Regulated Real Estate company.

Contractual provisions concerning notice and severance pay: the agreement between Ms Sophie Lambrighs and the company foresees that in the event of termination notified at the initiative of the company, it will respect a six month notice period starting on the 1st of the month following notification. At the discretion of the company, such notice can (in whole or in part) be replaced by the payment of compensation, the amount of which will be calculated in relation to the fixed remuneration for a period equal to six (6) completed months of service or for the balance of the notification period in force.

These contractual provisions comply with the Belgian Corporate Governance Code.

The agreement between the subsidiary **Home Invest Development** and Zou2 SPRL, represented by its manager Ms Sophie Lambrighs provides for an annual base remuneration, payable in monthly instalments of € 110 000 for 2015 and a variable remuneration ranging from 0% to 20% of the annual basic remuneration for the year concerned.

This variable remuneration is determined according to the following criteria:

- compliance with development project schedules;
- respect for worksite budgets;
- the development of the development team.

Supplementary insurance or other benefits: nil.
Performance bonuses in shares, options or other rights to acquire shares: nil.

Contractual provisions concerning notice and severance pay: in the event of dismissal notified at the initiative of Home Invest Development, the notice period will be six (6) months beginning on the 1st day of the month following notification. At the discretion of Home Invest Development, this notice could be replaced (in whole or in part) by the payment of compensation, whose amount would be calculated in reference to the fixed remuneration for a period corresponding to a full six months of service or to the balance of the notification period in force.

These contractual provisions comply with the Belgian Corporate Governance Code.

Remuneration of the Chief Finance Officer (CFO), Jean-Luc Colson

(as part of a business agreement concluded on 21 January 2010 with Ylkatt SPRL)

This agreement provides for an indexed annual basic remuneration, payable in monthly instalments, and a variable remuneration ranging from 5% to 16% of the annual basic remuneration for the year concerned. He also benefits from a GSM, and payment of GSM expenses incurred on behalf of the Regulated Real Estate Company.

His variable remuneration is based on the following criteria during the year concerned:

- current result;
- preparation of the company's IT transformation;
- control of operating margin.

Pension plan, supplementary insurance or other benefits: nil.

Performance bonuses in shares, options or other rights to acquire shares: nil.

Contractual provisions concerning notice and severance pay: the business agreement with the YLKATT SPRL foresees, in the event of the termination of the contract

by the Regulated Real Estate company, a nine-month period of notice, supplemented by severance compensation of three months. The notice period may be replaced by a compensation payment corresponding to the period of notice remaining.

Severance payment of three months will be supplemented by half a month per year of service and may not exceed a total of nine months.

This compensation will be calculated taking into account both the fixed and variable remuneration. These contractual provisions potentially¹ diverge from the recommendations on this topic contained in the Belgian Corporate Governance Code. However, given the level of pay, experience and seniority, the Board considers that these provisions are balanced.

Remuneration of the Chief Operating Officer (COO), Filip Van Wijnendaele

(as part of a business agreement on 5 March 2011 with the FWV Consult SPRL)

The agreement provides for an indexed annual basis remuneration, payable in monthly instalments, and variable remuneration ranging from 5% to 16% of the annual basic remuneration for the year concerned.

He also benefits from a GSM and payment of GSM expenses incurred on behalf of the Regulated Real Estate company.

His variable remuneration is based on the following criteria during the year concerned:

- current results;
- preparation of the company's IT transformation;
- commercialisation of the new Trône and The Link projects.

Pension plan, supplementary insurance or other benefits: nil.

Performance bonuses in shares, options or other rights to acquire shares: nil.

(1) In the event of conversion of the notice period, or part thereof, into severance pay, the maximum compensation of 12 months recommended by the Belgian Corporate Governance Code (2009 edition) could be exceeded.

Contractual provisions concerning notice and severance pay: the business agreement with the FWV Consult SPRL foresees, in the event of contract termination by the Regulated Real Estate company, a period of notice of three months, to be increased by one month per year of service up to a total of six months maximum, and a severance payment of four months, supplemented by

one month per year of services, up to a total maximum of six months.

The notice period may be replaced by compensation in proportion to the period of notice remaining. These contractual provisions comply with the Belgian Corporate Governance Code.

2015 fiscal year

The Effective Management¹ has benefited from the following remuneration in 2015:

In €	Fixed compensation	Variable compensation for the financial year	Pension plan	Other
CEO Home Invest Belgium *	122 000	25 900	24 000	1 500*
Managing Director Home Invest Development *	110 000	20 000	-	-
Effective management	473 288	54 946	-	-

* Dividends levied on 400 shares of the company.



ArchView

(1) The amount of the fixed and variable remuneration of the Effective Management also includes the remuneration paid to Mr Alexander Hodac in his capacity as permanent representative of AHO Consulting SPRL.

Other parties

Statutory Auditor

Karel Nijs, company auditor, of auditors Grant Thornton SCRL, located at 6 Potvlietlaan, 2600 Antwerp, operates as the Statutory Auditor of Home Invest Belgium. He is approved by the FSMA and certifies, notably, the annual accounts of the Regulated Real Estate company and reviews its half-yearly financial statements.

Meeting of 7 May 2013 and his salary was set at € 26 800 annually, (plus VAT and indexation). The mandate of the statutory auditor expires at the annual general meeting of shareholders of 3 May 2016. The company is consulting the market for a successor.

With the approval of the FSMA, his mandate was renewed for a period of 3 years at the Annual General

(€ - VAT included)	2015	2014
Fees of the Statutory Auditor (statutory basis)		
Fees for the year concerned	€ 33 638	€ 33 638
Fees for exceptional services or special missions		
Other approval services	€ 8 410	€ 7 260
Other missions outside the audit mandate	€ 907	€ 20 829
TOTAL	€ 42 955	€ 61 727

The Statutory Auditor has reviewed this report and confirmed that the information provided does not present any obvious inconsistencies with the information obtained over the course of his mandate.

His report is integrated into that of the consolidated financial statements, included in the “Financial Statements” below.

Real estate expert

Winssinger & Associés SA (RPM Brussels 0422.118.165), with registered office at 166 chaussée de La Hulpe, 1170 Brussels, Belgium, represented by Mr Christophe Ackermans, acts as the company’s independent property valuation expert and undertakes quarterly assessment of real estate assets, as well as valuation at the time of acquisition, upgrading, sale, or

the merger /demergers of real estate company (ies) with the Regulated Real Estate company, or yet again the integration of buildings in the scope of consolidation of the Regulated Real Estate company by other means. His mandate expires on 31 December 2017. Its annual remuneration is calculated as follows:

Appraisal of surfaces	per sq.m. appraised
≤ 125 000 sq.m.	€ 0.40
> 125 000 and ≤ 175 000 sq.m.	€ 0.35
> 175 000 sq.m.	€ 0.30

Financial services

BNP Paribas Fortis SA (RPM Brussels 0403.199.702), located at 3rue Montagne du Parc, 1000 Brussels (tel: +32 (0) 2 565 11 11) is the main bank responsible for the financial services relating to the shares of Home Invest

Belgium (payment of dividends, subscription of capital increases, convening General Meetings).

Its remuneration is determined as follows (plus VAT):

Dematerialized securities	0.12% of the net value of the coupon paid
Bearer securities	2% of the net value of the coupon paid + € 0.10 per coupon (excl. VAT)

Liquidity provider

Bank Degroof Petercam acts as Home Invest Belgium's "liquidity provider".

Remuneration for the "liquidity provider" amounts to € 20 000 (excluding VAT) per year.



Haverwerf

REGULATIONS AND PROCEDURES

Prevention of conflicts of interest

The legal rules for preventing conflicts of interest that apply to Home Invest Belgium are contained in **articles 523 and 524 of the Companies Code and articles 36 to 38 of the law of May 12, 2014.**

During the year, no operations have resulted in the application of article 523 and 524 of the Companies Code or the application of article 36 of the law of 12 May 2014.

Other rules on preventing conflicts of interest are provided for in the **Corporate Governance Charter**¹ of Home Invest Belgium to which all administrators of the Regulated Real Estate company adhere. In particular this Charter foresees in section 4.8:

"(...) If Home Invest Belgium proposes to conclude with a director or with a company related to him a transaction that is not covered by article 523 of the Companies Code (for example, because it is an habitual transaction concluded under normal market conditions and guarantees), Home Invest Belgium nevertheless requires that the director signals this intention to the other directors before discussion by the Board and refrains from participating in the deliberations of the Board on this transaction and taking part in voting. (...)"

The accumulation of mandates or functions may also give rise to conflicts of interest. Depending on the specific circumstances,

- if transactions occur between Home Invest Belgium SA and VOP SA of which Mr Liévin Van Overstraeten is Managing Director and Mr Johan Van Overstraeten is a director, VOP SA could have an interest counter to that of Home Invest Belgium;
- if transactions occur between Home Invest Belgium and Axa Belgium of which Wim Arousseau is the Chief Investment Officer, Axa Belgium could have



Lambermont



Lambermont



Jourdan

(1) The Corporate Governance Charter is available on the company's website: www.homeinvestbelgium.be

an interest that is counter to that of Home Invest Belgium.

The Effective Management is subject to the same rules regarding conflicts of interest as the Board of Directors. Similarly, Home Invest Belgium requires its main service providers to adhere to the Charter of Corporate Governance regarding the prevention of conflicts of interest and insider trading. Regarding specifically the approved property valuation expert of the Regulated Real Estate company, the agreement with Home Invest Belgium foresees that in the event of a conflict of

interest, the initial assessment of the property will be accorded to another real estate expert.

Preventing insider trading

Given Home Invest Belgium's reputation for integrity, the Board has established a **Code of Conduct**¹ applicable to share transactions and other financial instruments of the Regulated Real Estate company by directors and employees of the Regulated Real Estate company and its subsidiaries.

The Code provides for, inter alia:

- the setting of a calendar of periods during which the execution of stock exchange transactions of shares of the Regulated Real Estate company is not allowed: for example, between the time the directors review the financial results and the 5th working day following their date of publication ("closed periods");
- the obligation for written notification to the "Compliance Officer" within five working days of any transaction involving shares of the Regulated Real Estate company.

Research and development

Home Invest Belgium had no research and development activity during fiscal year 2015.

Information about the existence of circumstances that could have a significant influence on the development of the Regulated Real Estate Company

The Board has no indications of the existence of circumstances that could have a significant influence on the development of the Regulated Real Estate company within the meaning of article 119, 3 ° of the Companies Code.

The company's objectives and policy on financial risk management, the exposure of the company to credit, price, liquidity and treasury risks, as well as risks relating to financial instruments and their use are described in the "Risk factors" of this annual financial report.



ArchView



Lebeau



Leopold (Liège)

(1) The Code of Conduct is available on the company's website: www.homeinvestbelgium.be

Information under article 34 of the Royal Decree of 14 November 2007 regarding the duties of issuers of financial instruments admitted to trading on a regulated market²

The following information constitutes explanations about the issues likely to have a bearing on a takeover bid on the shares of Home Invest Belgium, as referred to in article 34 of the Royal Decree of 14 November 2007:

- December 31, 2015, the share capital of Home Invest Belgium is composed of 3 160 809 ordinary shares³, fully paid up, without designation of nominal value. The shareholder structure is included in the section “Stock market” activity;
- there are no legal or statutory restrictions on the transfer of securities;
- there are no holders of shares with special control rights;
- there is no employee share scheme;
- there are no legal or statutory restrictions on the exercise of voting rights;
- to the best knowledge of Home Invest Belgium, there are no agreements between shareholders which may result in restrictions on the transfer of securities or the exercise of voting rights;
- the rules governing the appointment and replacement of members of the Board are those included in the articles of association and the Corporate Governance Charter.
- the rules governing amendments to the articles of Home Invest Belgium are those included in the articles of association, which take into account the legislation applicable in this field (the Companies Code, the law of 12 May 2014 the Royal Decree of 13 July 2014 relating to Regulated Real Estate Companies);
- in accordance with article 6.2 of the statutes of Home Invest Belgium, the Board of Directors is authorised to:
 - increase, on one or more occasions, the share capital within the authorised capital up to a maximum of € 74 401 221.91. This authorisation was granted for a period of 5 years, beginning 17 January 2012. The share capital of the company amounts to € 76 949 294.75 and is represented by

3 160 809 shares. During fiscal year 2015, there was no use of the authorised capital.

At 31 December 2015, the authorised capital still available amounted therefore to € 74 401 221.91;

- proceed with the acquisition or taking as security of its own shares within the limits set out in section 6.3 of the statutes which foresee:
 - a) on the one hand, the possibility for a period of 5 years, which began on 17 January 2012, to acquire shares of the SIR to a minimum unit price of 80% of the last net asset value published, and maximum 105% of that value, with a maximum of 10% of the total issued shares;
 - b) secondly, the possibility, for a period of 3 years beginning on 17 January 2012, to acquire company shares, when such an acquisition is necessary to prevent serious and imminent damage.
- there are no significant agreements which Home Invest Belgium is a party to and which can take effect, have been modified or terminate upon a change of control in the context of a public tender, with the exception of a “change of control” clause in (i) the credit agreement with Bank Degroof Petercam, allowing Degroof Petercam Bank to prematurely terminate the credit agreement in the event of change of control and (ii) in the contractual documentation of the bond issue which provides that in the event of a change in the control of the company, bondholders can demand from Home Invest Belgium early repayment of the bonds issued.
- there are no agreements between Home Invest Belgium and the members of its Board of Directors or its personnel for the payment of compensation in cases of resignation or termination of activities as a result of a public procurement tender.

(2) Also see the law of 1 April 2007 on public takeover bids and article 21.2.6 of Annex I to Prospectus Regulation 809/2004.

(3) Of which 12 912 are treasury shares held by Home Invest Belgium SA, a 100% subsidiary of Home Invest Belgium.

FINANCIAL STATEMENTS

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CONSOLIDATED FINANCIAL STATEMENTS¹

BALANCE SHEET

ASSETS	Note	2015	2014
I. Non-current assets		347 049 162	317 610 294
B. Intangible assets	15	7 733	11 891
C. Investment properties	16	346 100 301	316 492 961
D. Other tangible assets	18	149 060	190 973
E. Non-current financial assets	24	74 186	69 440
F. Finance lease receivables	19	717 882	845 029
II. Current assets		16 012 906	14 170 877
A. Assets held for sale	20	2 484 525	5 810 465
C. Finance lease receivables	19	127 147	119 486
D. Trade receivables	21	10 343 536	2 694 041
E. Tax receivables and other current assets	21	275 869	312 992
F. Cash and cash equivalents	22	2 487 426	4 925 898
G. Deferred charges and accrued income	23	294 403	307 995
TOTAL ASSETS		363 062 069	331 781 170
SHAREHOLDERS' EQUITY			
A. Capital	26	75 999 055	75 999 055
B. Share premium account	26	24 903 199	24 903 199
C. Reserves	26	95 782 145	91 384 022
D. Net result of the financial year	26	3 507 233	15 937 954
SHAREHOLDERS' EQUITY		200 191 632	208 224 230
LIABILITIES			
I. Non-current liabilities		154 617 936	117 633 818
B. Non-current financial debts	24	147 666 669	109 627 454
a. Financial debts		108 000 000	70 000 000
c. Others		39 666 669	39 627 454
C. Other non-current financial liabilities	24	6 951 266	8 006 364
II. Current liabilities		8 252 501	5 923 123
B. Current financial debts	24	605 651	644 327
c. Others		605 651	644 327
D. Trade debts and other current debts	25	6 026 535	3 509 489
b. Others		6 026 535	3 509 489
E. Other current liabilities	25	85 861	119 654
F. Accrued charges and deferred income	23	1 534 454	1 649 654
LIABILITIES		162 870 436	123 556 941
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		363 062 069	331 781 170

(1) The 2015 consolidated annual accounts of Home Invest Belgium include those of its subsidiaries, Home Invest Development SA and Charlent 53 Freehold SPRL are presented in €, unless mentioned otherwise.

The accounting and valuation criteria set out in the "International Financial Reporting Standards" ("IFRS") have been applied since the annual accounts for the 2006 financial year. The annual financial reports (including the consolidated financial statements, with a shortened version of the statutory accounts, the consolidated management reports, the reports of the Auditor and the Surveyor), the interim statements, the half-year financial reports, the description of the financial situation, the information concerning the related parties and the historical financial information concerning the subsidiaries of the SIR, are included by reference in the present financial annual report.

INCOME STATEMENT

	Note	2015	2014
I. Rental Income (+)	4	17 807 520	18 941 328
III. Rental-related expenses (±)	4	-161 024	-183 360
NET RENTAL RESULT		17 646 496	18 757 968
IV. Recovery of property charges (+)	5	89 279	125 760
V. Recovery of charges and taxes normally payable by the tenant on let properties (+)	5	683 551	735 818
VII. Charges and taxes normally payable by the tenant on let properties (-)	5	-1 852 164	-1 877 271
VIII. Other incomes and expenses related to letting (±)	5	0	-15 982
PROPERTY RESULT		16 567 162	17 726 293
IX. Technical costs (-)	6	-1 614 789	-1 240 741
X. Commercial costs (-)	7	-427 252	-256 272
XI. Taxes and charges on unlet properties (-)	8	-405 280	-113 423
XII. Property management costs (-)	8	-2 802 638	-2 922 621
XIII. Other property costs (-)		-66 207	-147 343
PROPERTY COSTS		-5 316 166	-4 680 401
PROPERTY OPERATING RESULT		11 250 996	13 045 891
XIV. General corporate expenses (-)	9	-814 043	-945 034
XV. Other operating incomes and expenses (±)		-24 077	-34 553
OPERATING RESULT BEFORE PORTFOLIO RESULT		10 412 876	12 066 304
XVI. Result sale investment properties (±)	10-20	1 333 073	3 968 854
XVIII. Changes in fair value of investment properties (±)	10	5 991 869	6 990 080
OPERATING RESULT		17 737 817	23 025 238
XX. Financial income (+)	11	83 404	94 499
XXI. Net interest charges (-)	12	-3 326 445	-3 999 979
XXII. Other financial charges (-)	13	-57 228	-51 715
XXIII. Changes in fair value of financial assets and liabilities (±)	13	963 443	-3 107 691
FINANCIAL RESULT		-2 336 826	-7 064 885
PRE-TAX RESULT		15 400 990	15 960 353
XXIV. Corporation tax (-)	14	-89 144	-22 400
TAXES		-89 144	-22 400
NET RESULT		15 311 847	15 937 954
NET RESULT ATTRIBUTABLE TO THE PARENT COMPANY		15 311 847	15 937 954

Statement of comprehensive income	2015	2014
I. Net result	15 311 847	15 937 954
II. Other items of comprehensive income:		
B. Changes in the efficient part of the fair value of hedging instruments authorised as cash flow as defined in IFRS	91 655	-427 144
1. Effective hedging instruments	91 655	-592 845
2. Requalification according to IAS 39 §101	0	165 701
COMPREHENSIVE INCOME (I + II)	15 403 501	15 510 810

The net result of the fiscal (€ 15 311 847) is recorded in full under section D. Net Result of the financial year under the own funds after deducting the amount of the interim dividend distributed in December 2015 (€11 853 034).

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Capital	Capital increase expenses	Share premium	Legal reserve	Reserver from the balance of changes in fair value of investment properties
BALANCE AT 31/12/2013	74 401 222	-931 552	19 093 664	98 778	90 909 201
Transfert					
Capital increase AXA	2 548 073	-18 688	5 809 535		
Changers resulting from the sale of a building					-2 916 296
Dividend distribution					
Result of the financial year					
Changes in fair value of hedges					
Changes in fair value of property					15 524 054
BALANCE AT 31/12/2014	76 949 295	-950 240	24 903 199	98 778	103 516 959
BALANCE AT 31/12/2014	76 949 295	-950 240	24 903 199	98 778	103 516 959
Transfert					
Changers resulting from the sale of a building					-6 516 200
Dividend distribution					
Interim dividend					
Result of the financial year					
Changes in fair value of hedges					
Changes in fair value of property					8 543 550
BALANCE AT 31/12/2015	76 949 295	-950 240	24 903 199	98 778	105 544 309

Reserve from estimated transfer costs and rights	Reserve from the balance of changes in fair value of hedges reserve for treasury shares	Reserve for treasury shares	Other reserves	Result carried forward from previous financial years	Net result of the financial year	Total
-25 730 630	-671 198	-757 323	1 259 467	12 446 842	24 907 336	195 025 808
				1 868 626	-1 868 626	0
						8 338 920
1 305 670				1 610 626		0
					-10 651 309	-10 651 309
					15 937 954	15 937 954
	-427 144					-427 144
-3 136 652					-12 387 402	0
-27 561 611	-1 098 342	-757 323	1 259 467	15 926 094	15 937 954	208 224 230
-27 561 611	-1 098 342	-757 323	1 259 467	15 926 094	15 937 954	208 224 230
				-2 683 611	2 683 611	0
1 661 743				4 854 457		0
					-11 631 485	-11 631 485
					-11 804 614	-11 804 614
					15 311 847	15 311 847
	91 655					91 655
-1 553 471					-6 990 080	0
-27 453 339	-1 006 688	-757 323	1 259 467	18 096 940	3 507 233	200 191 632

CASH FLOW STATEMENT

	2015	2014
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4 925 898	3 882 740
1. Cash flow from operating activities	1 952 330	5 583 687
Result for the financial year	15 311 847	15 937 954
Result for the financial year before interest and taxes	17 737 817	23 025 238
Interest received	83 404	94 499
Interest paid	-3 383 674	-4 051 693
Change in fair value of financial assets and liabilities	963 443	-3 107 691
Taxes	-89 144	-22 400
Adjustment of profit for non-current transactions	-8 209 601	-7 748 765
Depreciation and write-downs	78 783	102 478
- Depreciation and write-downs on non-current assets	78 783	102 478
Other non-monetary elements	-6 955 312	-3 882 389
- Changes in fair value of investment properties (+/-)	-5 991 869	-6 990 080
- Other non-current transactions	-963 443	3 107 691
Gain on realization of assets	-1 333 073	-3 968 854
- Capital gains realized on the sale of non-current assets	-1 333 073	-3 968 854
Change in working capital needs	-5 149 915	-2 605 502
Movements in asset items:	-7 479 293	583 743
- Current financial assets	-7 661	-7 249
- Trade receivables	-7 522 347	624 918
- Tax receivables and other short-term assets	37 123	-16 022
- Deferred charges and accrued income	13 592	-17 904
Movements of liabilities items:	2 329 378	-3 189 245
- Trade and other current debts	2 478 370	1 176 197
- Other current liabilities	-33 793	-5 108 963
- Accrued charges and deferred income	-115 199	743 522
2. Cash flow from investment activities	-18 993 919	18 252 014
Investment properties - capitalized investments	-7 530 467	-1 724 410
Investment properties - new acquisitions	-14 767 277	-3 934 482
Divestments	18 507 785	31 625 911
Development projects	-15 166 500	-7 667 814
Other tangible assets	-32 713	-166 392
Other non-current financial assets	-4 746	6 572
Acquisitions of subsidiaries	0	112 630
3. Cash flow from financing activities	14 603 117	-22 792 542
Changes in financial liabilities and debts		
Increase (+) / Decrease (-) in financial debts	38 039 215	-12 122.546
Change of capital (+/-)	0	-18 688
Dividend of the previous financial year	-11 631 485	-10 651 309
Interim dividend	-11 804 614	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2 487 426	4.925.898

Notes to the consolidated financial statements

Note 1: GENERAL INFORMATION ON THE COMPANY

Home Invest Belgium SA is a SIR (Fixed Capital Real Estate Investment Trust). It is constituted in the form of a Belgian société anonyme (public limited liability company). Its registered office is at 60 Boulevard de la Woluwe, 1200 Brussels (Belgium). The company is listed on NYSE Euronext Brussels. The consolidated annual financial statements encompass those of Home Invest Belgium and its subsidiaries the public limited liability companies Home Invest Development and Charlent 53 Freehold.

Note 2: ACCOUNTING POLICIES

Declaration of conformity

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

In accordance with article 11 of the Royal Decree of 13 July 2014 with regard to the bookkeeping, annual financial statements and consolidated financial statements of real estate SIR (fixed capital investment trusts), Home Invest Belgium has made use of the option to draw up its annual financial statements in accordance with IFRS standards. The company drew up its opening IFRS balance sheet on 1 January 2005 (date of transition to IFRS). In accordance with IFRS 1 - First-time adoption of IFRS, the company decided not to restate acquisitions made prior to the IFRS transition date, in accordance with IFRS 3 - Business combinations.

Preparation basis

The financial statements are presented in euros unless otherwise stated. They are prepared on a historical cost basis, with the exception of investment properties and certain financial instruments, which are assessed at their fair value. The accounting policies have been applied consistently for the financial years presented.

Consolidation basis

The consolidated annual financial statements comprise the annual financial statements of Home Invest Belgium and its subsidiaries. Subsidiaries are entities controlled by the group. Control exists where Home Invest Belgium holds, directly or indirectly, the power on the entity. As Home Invest Belgium hold more than half the voting rights of the subsidiaries, these subsidiaries are controlled by Home Invest Belgium (IFRS 12 §7 (a))

The annual financial statements of subsidiaries are fully consolidated from the acquisition date until date on which control ends.

Subsidiaries' financial statements are prepared for the same accounting year as that of Home Invest Belgium. Uniform IFRS valuation rules are applied to the subsidiaries in question.

All intra-group transactions, as well as unrealised intra-group gains and losses on transactions between group companies are eliminated. Unrealised losses are eliminated except in the case of extraordinary capital losses.

Goodwill - Badwill

Goodwill is the positive difference between the price of the business combination and the group's share in the fair value of the acquired assets and liabilities of the acquired subsidiary, at the time of takeover. The price of the business combination consists of the acquisition price plus all directly attributable transaction costs.

Negative goodwill (badwill) is the negative difference between the price of the business combination and the group's share in the fair value of the acquired assets, and liabilities of the acquired subsidiary, at the time of takeover.

This negative goodwill is immediately recognised in the acquirer's income statement.

Intangible assets

Intangible assets having a limited life are initially valued at cost. After initial recognition, they are valued at cost less accumulated amortisation and any impairment losses.

Intangible assets are amortised on a straight-line basis based on a best estimate of their useful lives. The useful life and amortisation method of intangible assets are reviewed at least at the end of every financial year.

Investment properties

Investment properties in operation are investments in real estate assets held for long-term rental and/or to increase capital.

Investment properties are initially recognised at cost, including transfer rights and non-deductible VAT. Where buildings are acquired through mergers, demergers and contribution of a business segment, the taxes owed on the potential capital gains of the assets integrated in this way are included in the cost of the assets in question.

At the end of the first accounting period after their initial recognition, investment properties are valued at fair value. Every quarter an independent external real estate expert values the property portfolio, including costs, registration duty and fees (i.e. in terms of their "investment" value). The expert values properties on the basis of two methods: capitalisation of their estimated rental value and valuation per unit.

In order to determine the fair value of the real estate assets so valued, Home Invest Belgium makes the following adjustments:

- for residential or mixed properties, the design and structure of which make them suitable for resale in separate units, Home Invest Belgium deducts from this investment value the full amount of registration duties, depending on the applicable regional regulations (10% or 12.5%);
- for the other portfolio properties, the Sicafi corrects the investment value assessed by the expert by -2.5%, for properties with an investment value in excess of € 2 500 000; this correction has been defined at sector level, based on a wide sample of transactions, and corresponds to the average transaction costs effectively paid in Belgium on transactions of this kind between 2003 and 2005;
- however, where the investment value of these other properties is less than this amount of € 2 500 000, the full amount of the registration duties, depending on the applicable regional regulation, will be deducted from the valuation amount.

As long as the investment buildings are new according to the VAT Code, the above restatements are limited to the investment value of the plots of land on which they are built.

Accounting treatment of the valuation of investment properties in operation

Any gain or loss deriving from a change in fair value is recognised in the income statement under the item «XVIII. Changes in fair value of investment properties» on the lines "XVIII. A. Positive changes in fair value of investment properties" or under "XVIII. B Negative changes in fair value of investment properties".

Any variation (plus and minus) of the registration duties is recognized in the income statement under item "XVIII. Changes in fair value of investment properties» on the lines "C. Positive changes in the estimated transfer costs and rights intervening in case of hypothetical sale of the investment property" or "D. Negative changes in the estimated transfer costs and rights intervening in case of hypothetical sale of the investment property".

The allocation to shareholders' equity is recorded under the item «C. Reserves – b. Reserve of the balance of changes in fair value of investment properties» and c. Reserve of the in the estimated transfer costs and rights intervening in case of hypothetical sale of the investment property".

Works undertaken in investment properties in operation

Building works which are the owner's responsibility are recognised in the financial statements in three different ways, depending on the type of work in question:

- The cost of maintenance and repair work which does not add any additional functionality or which does not increase the level of comfort of the building is considered as current expenses of the period and as property charges.
- Improvement work: that is work undertaken on an occasional basis to increase the functionality of the building or dwelling concerned, or to significantly increase the standard of comfort, and so increasing the estimated rental value. The cost of this work is capitalised in so far and to the extent that the expert recognises, in the normal course of things, an appropriate appreciation in the estimated rental value. Examples: in-depth renovation of a dwelling, laying of parquet flooring, refurbishment of an entrance hall.
- Major renovation works: these are normally undertaken every 20 or 30 years and involve the waterproofing, structure or essential functions of the building (replacement of lifts, heating installation, window frames, etc.).

This type of renovation work is also capitalised.

The buildings where the costs are to be capitalised are identified according to the preceding criteria at the budget preparation stage. The costs that can potentially be capitalized relate to materials, contracting works, technical studies, fees (architects, engineers, project management), VAT, taxes, internal costs and interest charges during the construction period.

Development projects

Property that is being constructed or developed is recognized under investment properties at cost till the end of the construction or the development. At that time, the asset is transferred to investment properties in operation.

The costs that can potentially be capitalised relate to materials, contracting works, technical studies, fees (architects, engineers, project management), VAT, taxes, internal costs and interest charges during the construction period.

Other tangible assets

Other tangible assets are recorded at cost less accumulate depreciation and any impairment losses. Depreciation is recorded on a straight-line basis over the estimated useful life of the asset. The useful life and form of depreciation are reviewed at least at each year end.

The useful life is as follows for each asset category:

- IT hardware: 3 years;
- IT software: 5 years;
- furniture and office equipment: 10 years;
- office improvements: depending on the length of the lease, up to a maximum of 6 years.

Financial assets

Financial assets are presented in the balance sheet under current or non-current financial assets depending on the intention or the probability of realisation during the twelve months following the closing date.

A distinction can be made between:

- financial assets valued at fair value: the changes in fair value of these assets are recognised in the income statement;
- financial assets held for sale: shares and securities held for sale are valued at their fair value. Changes in fair value are recorded in shareholders' equity until sale or extraordinary impairment loss, at which time the accumulated revaluations are recognised in the income statement;
- financial assets held to maturity: financial assets held to maturity are recognised at amortised cost.

Financial liabilities

Financial liabilities are booked at amortized cost.

Financial derivatives

Home Invest Belgium uses financial derivatives to cover its exposure to the risk of interest rate changes in the context of the financing of its activities.

Financial derivatives are initially recorded at cost and then marked to fair value at the following period closing dates. Changes in the fair value of financial derivatives which do not meet the conditions for hedge accounting under IAS 39 are recognised in the income statement.

The effective portion of the profits or losses from changes in the fair value of financial derivatives which meet the conditions of hedge accounting under IAS 39, specifically designated and qualified as cash flow hedges of an asset or liability or planned transaction which is recorded in the balance sheet, is recognised in shareholders' equity. The non-effective part is recognised in the income statement. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any accumulated profit or loss shown at that time in shareholders' equity is recognised in the income statement.

Investment properties held for sale

An investment property is considered as held for sale if it can be sold immediately in its present state and such a sale is highly likely.

An investment property held for sale is valued in the same way as any other investment property.

Trade receivables

Trade receivables are stated at their nominal value less estimated non-recoverable amounts. This reduction in value is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents consists of cash and current accounts. Cash equivalents are short term and highly liquid investments, which can be easily convertible into a known cash amount, have a maturity of no more than three months, and present no major risk of change in value.

These items are recognised in the balance sheet at nominal value or cost.

Capital - Dividends

Ordinary shares are recognised in shareholders' equity. Costs directly linked to the issue of new shares or options are recognised in shareholders' equity, net of tax, as a deduction from the amount collected.

Treasury shares repurchased are presented at purchase price and deducted from shareholders' equity. A sale or cancellation of repurchased shares does not affect the income statement; gains and losses on treasury shares are recognised directly in shareholders' equity.

Dividends are recognised as liabilities only when approved by the General Meeting of shareholders. Any interim dividend is recorded as a liability as soon as the Board of Directors has taken the decision to proceed to pay such a dividend.

Provisions

A provision is recognised in the balance sheet when:

- an obligation (legal or implicit) exists resulting from a past event, and
- it is probable that resources will need to be spent in order to meet this obligation, and
- the amount of the obligation can be reliably estimated.

Taxes

Taxes on the earnings for the period consist of both current taxes and deferred taxes. These are recognised in the income statement except where they relate to items recognised directly in shareholders' equity, in which case they too are recognized in shareholders' equity.

Current taxes are the taxes payable on the taxable income of the past year as well as any adjustment to taxes paid (or recoverable) relating to past years. These taxes are calculated at the tax rate applicable at the closing date.

Deferred taxes are calculated using the liability method on temporary differences between the tax basis of an asset or liability and its accounting value as stated in the financial statements. These taxes are determined according to the tax rates expected at the time the asset will be realised or the obligation ends.

Deferred tax receivables are recognised for deductible temporary differences and on recoverable tax credits carried forward and tax losses, to the extent that it is probable that taxable profits will exist in the near future with which to use the tax benefit. The accounting value of deferred tax receivables is reviewed at every balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to absorb all or part of the deferred taxes.

Deferred tax debts and receivables are defined using the tax rates expected to apply in the years during which these temporary differences will be realised or settled, based on tax rates in effect or confirmed on the balance sheet date.

Exit tax is the tax on the capital gain resulting from the merger of a non-Sicafi company with a Sicafi. When a company without Sicafi status enters into the group's consolidation scope for the first time, a provision for exit tax is recorded simultaneously as an amount corresponding to the difference between the marked-to-market value of the property and the carrying value of the asset to be acquired in the merger, taking into account the planned merger date.

Income

Rental income from simple rental contracts is recorded as income on a straight-line basis over the life of the rental contract. Rent-free periods and other benefits granted to customers are recorded on a straight-line basis over the first firm rental period. Termination indemnities are recorded in full at the time of their invoicing under the item I.E. Rental Income.

Gain or loss on the sale of investment properties

The gain or loss on the sale of an investment property represents the difference between the sales income, net of transaction costs, and the latest fair value of the sold property on 31 December of the past financial year. That result is presented in item XVI "Income from sale of investment properties" of the income statement.

In the calculation scheme of article 27, para. 1, subpara. 1 of the RD of 7 December 2010, the distributable result comprises the item "± Capital gains or losses realised on property during the financial year (capital gains or losses compared with the acquisition value plus by capitalised investment expenses)", which thus allows the initial acquisition value to be taken into account.

The accounting policies have been applied consistently for the financial periods presented here.

Home Invest Belgium has not anticipated the application of the new or amended standards and interpretations issued prior to the date of authorisation of publication of the consolidated financial statements, but which come into effect after the financial period closed on 31 December 2015, namely:

- IFRS 9 Financial Instruments: classification and measurement, effective date is January 1, 2018
- IFRS 14 Regulatory Deferral Accounts, effective date is January 1, 2016
- IFRS 16 Leases, effective date is January 1, 2019
- Amendments to IAS 12: Recognition of deferred tax assets for unrealized losses, effective date is January 1, 2017
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities – applying the consolidation exception, effective date is January 1, 2016
- Amendments to IAS 27: Equity method in separate financial statements, effective date is January 1, 2016
- Amendments to IAS 1: Disclosure initiative, effective date is January 1, 2016
- Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortization, effective date is January 1, 2016
- Amendments to IFRS 11: Accounting for acquisitions of interests in joint operations, effective date is January 1, 2016
- Amendments to IAS 16 and IAS 41: Bearer plants, effective date is January 1, 2016

The future application of these standards and interpretations will have no material impact on the annual financial statements.

Note 3: SEGMENT INFORMATION

The investment properties held by Home Invest Belgium comprise three categories:

- properties valued by individual units;
- properties valued “en bloc” with individual values in excess of € 2 500 000;
- properties valued “en bloc” with individual values below € 2 500 000.

In terms of geographic breakdown, the majority of Home Invest Belgium’s investment properties are situated in Brussels.

The “unattributed” columns contain the amounts which cannot be attributed to any of these three categories:

- heading XII. covers primarily personnel and internal office costs;
- headings XXI., XXII., and XXIII. relate to unattributable credits and financial income specific to a property.

INCOME STATEMENT BY REGION

2015	Consolidated total	Brussels-Capital Region	Flemish Region	Walloon Region	Unattributed
I. Rental Income (+)	17 807 520	10 627 631	2 147 551	5 032 338	
III. Rental-related expenses (±)	-161 024	2 811	-9 119	-49 136	-105 580
NET RENTAL RESULT	17 646 496	10 630 442	2 138 432	4 983 202	-105 580
IV. Recovery of property charges (+)	89 279	74 242	8 237	6 800	
V. Recovery of charges and taxes normally payable by the tenant on let properties (+)	683 551	264 278	57 096	362 176	
VII. Charges and taxes normally payable by the tenant on let properties (-)	-1 852 164	-1 069 059	-164 454	-618 651	
VIII. Other incomes and expenses related to letting (±)					
PROPERTY RESULT	16 567 162	9 899 903	2 039 311	4 733 527	-105 580
IX. Technical costs (-)	-1 614 789	-1 330 459	-56 662	-227 668	
X. Commercial costs (-)	-427 252	-212 643	-44 008	-54 566	-116 035
XI. Taxes and charges on unlet properties (-)	-405 280	-284 228	-8 087	-112 964	
XII. Property management costs (-)	-2 802 638	-94 720	-7 020	-23 467	-2 677 430
XIII. Other property costs (-)	-66 207				-66 207
PROPERTY COSTS	-5 316 166	-1 922 051	-115 777	-418 666	-2 859 672
PROPERTY OPERATING RESULT	11 250 996	7 977 852	1 923 534	4 314 861	-2 965 252
XIV. General corporate expenses (-)	-814 043				-814 043
XV. Other operating incomes and expenses (±)	-24 077				-24 077
OPERATING RESULT BEFORE PORTFOLIO RESULT	10 412 876	7 977 852	1 923 534	4 314 861	-3 803 372
XVI. Result sale investment properties (±)	1 333 073	517 820	693 637	121 616	
XVIII. Changes in fair value of investment properties (±)	5 991 869	6 696 272	1 308 464	-2 012 868	
OPERATING RESULT	17 737 817	15 191 944	3 925 635	2 423 609	-3 803 372
XX. Financial income (+)	83 404				83 404
XXI. Net interest charges (-)	-3 326 445				-3 326 445
XXII. Other financial charges (-)	-57 228				-57 228
XXIII. Changes in fair value of financial assets and liabilities (±)	963 443				963 443
FINANCIAL RESULT	-2 336 826				-2 336 826
PRE-TAX RESULT	15 400 990	15 191 944	3 925 635	2 423 609	-6 140 198
XXIV. Corporation tax (-)	-89 144				-89 144
TAXES	-89 144				-89 144
NET RESULT	15 311 847	15 191 944	3 925 635	2 423 609	-6 229 342

INCOME STATEMENT BY REGION

2014	Consolidated total	Brussels-Capital Region	Flemish Region	Walloon Region	Unattributed
I. Rental Income (+)	18 941 328	11 498 518	2 103 760	5 339 050	
III. Rental-related expenses (±)	-183 360	-50 486	834	-22 982	-110 726
NET RENTAL RESULT	18 757 968	11 448 033	2 104 594	5 316 068	-110 726
IV. Recovery of property charges (+)	125 760	98 609	18 767	8 384	
V. Recovery of charges and taxes normally payable by the tenant on let properties (+)	735 818	266 804	62 366	406 647	
VII. Charges and taxes normally payable by the tenant on let properties (-)	-1 877 271	-1 142 167	-189 828	-545 276	
VIII. Other incomes and expenses related to letting (±)	-15 982	-15 982			
PROPERTY RESULT	17 726 293	10 655 297	1 995 899	5 185 823	-110 726
IX. Technical costs (-)	-1 240 741	-1 032 960	-49 256	-158 526	
X. Commercial costs (-)	-256 272	-172 832	-32 634	-50 806	
XI. Taxes and charges on unlet properties (-)	-113 423	-67 439	-7 575	-38 410	
XII. Property management costs (-)	-2 922 621	-77 276	-13 032	-18 506	-2 813 807
XIII. Other property costs (-)	-147 343				-147 343
PROPERTY COSTS	-4 680 401	-1 350 507	-102 497	-266 247	-2 961 150
PROPERTY OPERATING RESULT	13 045 891	9 304 790	1 893 402	4 919 576	-3 071 876
XIV. General corporate expenses (-)	-945 034				-945 034
XV. Other operating incomes and expenses (±)	-34 553				-34 553
OPERATING RESULT BEFORE PORTFOLIO RESULT	12 066 304	9 304 790	1 893 402	4 919 576	-4 051 463
XVI. Result sale investment properties (±)	3 968 854	3 168 328		964 116	-163 590
XVIII. Changes in fair value of investment properties (±)	6 990 080	6 975 122	204 781	-189 823	
OPERATING RESULT	23 025 238	19 448 239	2 098 182	5 693 869	-4 215 053
XX. Financial income (+)	94 499	85 401			9 099
XXI. Net interest charges (-)	-3 999 979				-3 999 979
XXII. Other financial charges (-)	-51 715				-51 715
XXIII. Changes in fair value of financial assets and liabilities (±)	-3 107 691				-3 107 691
FINANCIAL RESULT	-7 064 885	85 401			-7 150 285
PRE-TAX RESULT	15 960 353	19 533 640	2 098 182	5 693 869	-11 365 338
XXIV. Corporation tax (-)	-22 400				-22 400
TAXES	-22 400				-22 400
NET RESULT	15 937 954	19 533 640	2 098 182	5 693 869	-11 387 738

INCOME STATEMENT BY TYPE OF ASSETS

2015	Consolidated total	Properties valued by individual units	Properties valued "en bloc" >2 500 000€	Properties valued "en bloc" <2 500 000€	Unattributed
I. Rental Income (+)	17 807 520	12 461 871	4 700 520	645 129	
III. Rental-related expenses (±)	-161 024	-55 533	-973	1 061	-105 580
NET RENTAL RESULT	17 646 496	12 406 338	4 699 546	646 191	-105 580
IV. Recovery of property charges (+)	89 279	88 549	250	480	
V. Recovery of charges and taxes normally payable by the tenant on let properties (+)	683 551	148 546	472 516	62 489	
VII. Charges and taxes normally payable by the tenant on let properties (-)	-1 852 164	-1 279 358	-503 550	-69 256	
VIII. Other incomes and expenses related to letting (±)					
PROPERTY RESULT	16 567 162	11 364 075	4 668 763	639 903	-105 580
IX. Technical costs (-)	-1 614 789	-1 418 637	-179 408	-16 745	
X. Commercial costs (-)	-427 252	-298 189	-7 440	-5 588	-116 035
XI. Taxes and charges on unlet properties (-)	-405 280	-370 195	-30 434	-4 651	
XII. Property management costs (-)	-2 802 638	-101 740	-23 467		-2 677 430
XIII. Other property costs (-)	-66 207				-66 207
PROPERTY COSTS	-5 316 166	-2 188 760	-240 749	-26 985	-2 859 672
PROPERTY OPERATING RESULT	11 250 996	9 175 315	4 428 014	612 919	-2 965 252
XIV. General corporate expenses (-)	-814 043				-814 043
XV. Other operating incomes and expenses (±)	-24 077				-24 077
OPERATING RESULT BEFORE PORTFOLIO RESULT	10 412 876	9 175 315	4 428 014	612 919	-3 803 372
XVI. Result sale investment properties (±)	1 333 073	674 171	-34 735	693 637	
XVIII. Changes in fair value of investment properties (±)	5 991 869	5 698 833	-342 191	635 227	
OPERATING RESULT	17 737 817	15 548 318	4 051 088	1 941 783	-3 803 372
XX. Financial income (+)	83 404			80 273	3 131
XXI. Net interest charges (-)	-3 326 445				-3 326 445
XXII. Other financial charges (-)	-57 228				-57 228
XXIII. Changes in fair value of financial assets and liabilities (±)	963 443				963 443
FINANCIAL RESULT	-2 336 826			80 273	-2 417 099
PRE-TAX RESULT	15 400 990	15 548 318	4 051 088	2 022 055	-6 220 471
XXIV. Corporation tax (-)	-89 144				-89 144
TAXES	-89 144				-89 144
NET RESULT	15 311 847	15 548 318	4 051 088	2 022 055	-6 309 614

INCOME STATEMENT BY TYPE OF ASSETS

2014	Consolidated total	Properties valued by individual units	Properties valued "en bloc" >2 500 000€	Properties valued "en bloc" <2 500 000€	Unattributed
I. Rental Income (+)	18 941 328	12 611 796	5 955 030	374 502	
III. Rental-related expenses (±)	-183 360	-38 701	-37 031	3 098	-110 726
NET RENTAL RESULT	18 757 968	12 573 095	5 917 999	377 600	-110 726
IV. Recovery of property charges (+)	125 760	124 198	1 385	177	
V. Recovery of charges and taxes normally payable by the tenant on let properties (+)	735 818	188 432	501 359	46 026	
VII. Charges and taxes normally payable by the tenant on let properties (-)	-1 877 271	-1 271 564	-547 823	-57 885	
VIII. Other incomes and expenses related to letting (±)	-15 982	-15 982			
PROPERTY RESULT	17 726 293	11 598 179	5 872 921	365 918	-110 726
IX. Technical costs (-)	-1 240 741	-1 125 673	-85 349	-29 719	
X. Commercial costs (-)	-256 272	-256 126	10 086	-16 525	6 293
XI. Taxes and charges on unlet properties (-)	-113 423	-84 252	-27 735	-1 436	
XII. Property management costs (-)	-2 922 621	-90 509	-18 215		-2 813 898
XIII. Other property costs (-)	-147 343				-147 343
PROPERTY COSTS	-4 680 401	-1 556 559	-121 213	-47 681	-2 954 948
PROPERTY OPERATING RESULT	13 045 891	10 041 620	5 751 708	318 237	-3 065 674
XIV. General corporate expenses (-)	-945 034				-945 034
XV. Other operating incomes and expenses (±)	-34 553				-34 553
OPERATING RESULT BEFORE PORTFOLIO RESULT	12 066 304	10 041 620	5 751 708	318 237	-4 045 261
XVI. Result sale investment properties (±)	3 968 854	1 885 126	982 468		1 101 260
XVIII. Changes in fair value of investment properties (±)	6 990 080	7 653 972	-289 742	-374 151	
OPERATING RESULT	23 025 238	19 580 718	6 444 434	-55 913	-2 944 001
XX. Financial income (+)	94 499			85 401	9 099
XXI. Net interest charges (-)	-3 999 979				-3 999 979
XXII. Other financial charges (-)	-51 715				-51 715
XXIII. Changes in fair value of financial assets and liabilities (±)	-3 107 691				-3 107 691
FINANCIAL RESULT	-7 064 885			85 401	-7 150 285
PRE-TAX RESULT	15 960 353	19 580 718	6 444 434	29 487	-10 094 287
XXIV. Corporation tax (-)	-22 400				-22 400
TAXES	-22 400				-22 400
NET RESULT	15 937 954	19 580 718	6 444 434	29 487	-10 116 686

BALANCE SHEET BY ASSET TYPE

2015	Consolidated total	Properties valued by individual units	Properties valued "en bloc" >2 500 000€	Properties valued "en bloc" <2 500 000€	Unattributed
Investment properties in operation	313 635 127	253 348 276	56 197 073	4 089 778	
Investment properties - Development projects	32 465 174	32 465 174			
Assets held for sale	2 484 525	2 484 525			
Finance lease receivables	845 029			845 029	
Other assets	13 632 214				13 632 214
TOTAL ASSETS	363 062 069	288 297 975	56 197 073	4 934 806	13 632 214
Percentage by sector	100.00%	79.41%	15.48%	1.36%	3.75%
Shareholders' equity	200 191 632				200 191 632
Liabilities	162 870 436				162 870 436
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	363 062 069				363 062 069

OTHER INFORMATION BY ASSET TYPE

2015	Consolidated total	Properties valued by individual units	Properties valued "en bloc" >2 500 000€	Properties valued "en bloc" <2 500 000€	Unattributed
Investment properties					
Investments	7 530 467	6 965 396	695 304	27 257	
Other tangible assets					
Investments	509 429				509 429
Depreciation	-360 369				-360 369
Intangible assets					
Investments	43 778				43 778
Depreciation	-36 045				-36 045

BALANCE SHEET BY REGION

2015	Consolidated total	Brussels-Capital Region	Flemish Region	Walloon Region	Unattributed
Investment properties in operation	313 635 127	209 180 762	37 457 162	66 997 203	
Investment properties - Development projects	32 465 174	28 741 655	3 723 519		
Assets held for sale	2 484 525	1 240 889	1 243 636		
Finance lease receivables	845 029	845 029			
Other assets	13 632 214				13 632 214
TOTAL ASSETS	363 062 069	240 008 334	42 424 317	66 997 203	13 632 214
Percentage by sector	100.00%	66.11%	11.69%	18.45%	3.75%
Shareholders' equity	200 191 632				200 191 632
Liabilities	162 870 436				162 870 436
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	363 062 069				363 062 069

BALANCE SHEET BY ASSET TYPE

2014	Consolidated total	Properties valued by individual units	Properties valued "en bloc" >2 500 000€	Properties valued "en bloc" <2 500 000€	Unattributed
Investment properties in operation	282 557 321	217 683 469	60 560 195	4 313 657	
Investment properties - Development projects	33 935 640	30 408 323	3 527 317		
Assets held for sale	5 810 465	5 810 465			
Finance lease receivables	964 515			964 515	
Other assets	8 513 230				8 513 230
TOTAL ASSETS	331 781 170	253 902 257	64 087 512	5 278 171	8 513 230
Percentage by sector	100.00%	76.53%	19.32%	1.59%	2.57%
Shareholders' equity	208 224 230				208 224 230
Liabilities	123 556 941				123 556 941
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	331 781 170				331 781 170

OTHER INFORMATION BY ASSET TYPE

2014	Consolidated total	Properties valued by individual units	Properties valued "en bloc" >2 500 000€	Properties valued "en bloc" <2 500 000€	Unattributed
Investment properties					
Investments	1 724 410	1 427 358	168 932	128 120	
Other tangible assets					
Investments	476 716				476 716
Depreciation	-285 743				-285 743
Intangible assets					
Investments	43 778				43 778
Depreciation	-31 887				-31 887

BALANCE SHEET BY REGION

2014	Consolidated total	Brussels-Capital Region	Flemish Region	Walloon Region	Unattributed
Investment properties in operation	282 557 321	178 543 837	36 914 257	67 099 226	
Investment properties - Development projects	33 935 640	30 408 323	3 527 317		
Assets held for sale	5 810 465	1 850 667	1 310 909	2 648 889	
Finance lease receivables	964 515	964 515			
Other assets	8 513 230				8 513 230
TOTAL ASSETS	331 781 170	211 767 342	41 752 483	69 748 115	8 513 230
Percentage by sector	100.00%	63.83%	12.58%	21.02%	2.57%
Shareholders' equity	208 224 230				208 224 230
Liabilities	123 556 941				123 556 941
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	331 781 170				331 781 170

Note 4: RENTAL INCOME AND CHARGES

INCOME STATEMENT	2015	2014
I. Rental income (+)		
A. Rent	17 817 112	18 918 956
C. Rent-free periods	-109 319	-92 206
E. Early lease termination indemnities	99 726	114 578
III. Rental-related expenses (±)		
A. Rent payable on leased premises	-106 350	-111 801
B. Impairments on trade receivables	-170 970	-182 285
C. Reversal of impairments on trade receivables	116 296	110 726
NET RENTAL INCOME	17 646 496	18 757 968

The rental income decrease under the influence of the sales realized in the end of 2014 and the rent vacancy of some investments which will be deeply renovated at short term.

Note 5: PROPERTY RESULT

	2015	2014
NET RENTAL INCOME	17 646 496	18 757 968
IV. Recovery of property charges (+)		
A. Indemnities for tenant damage	89 279	125 760
V. Recovery of charges and taxes normally paid by the tenant on let properties (+)		
A. Re-invoicing of rental-related charges paid by the owner	107 477	79 257
B. Re-invoicing of property and other taxes on let properties	576 074	656 560
VII. Rental-related charges and taxes normally paid by the tenant on let properties (-)		
B. Property and other taxes on leased buildings	-1 852 164	-1 877 271
VIII. Other rental income and expenses (±)	0	-15 982
TOTAL	-1 079 334	-1 031 676
PROPERTY RESULT	16 567 162	17 726 293

The recovery of rental-related charges relates mainly to the invoicing of insurance premiums concerning the abandonment of recourse which are contained in most of the fire policies of the buildings, as well as certain expenses related to the supply of telephone lines.

In the residential sector, the property tax is paid by the lessor for all main place of residence leases. Invoicing of property tax and taxes relates therefore mainly to commercial spaces and offices.

NOTE 6: TECHNICAL COSTS

	2015	2014
IX. Technical costs (-)		
A. Recurrent technical costs		
1. Repairs	-1 285 319	-1 117 322
3. Insurance premiums	-147 442	-133 947
B. Non-recurrent technical costs		
1. Major repairs (companies, architects, engineering,...)	-223 813	-7 774
2. Indemnification of accidents by insurers	41 785	18 302
TOTAL	-1 614 789	-1 240 741

In the light of its annual estimated budget, Home Invest Belgium identifies a specific maintenance and renovation policy for its buildings, in order to bring them in line with the demands on the rental market. Technical costs are usually borne when tenants vacate the premises. Due to the growth of the portfolio, these costs have increase with 30% following an increase volume of works realized compared to 2014.

Note 7: COMMERCIAL COSTS

	2015	2014
X. Commercial costs (-)		
A. Agency and experts' fees	-288 291	-222 681
B. Publicity	80 360	0
C. Lawyers' fees, legal costs	-58 600	-33 591
TOTAL	-427 252	-256 272

The commercial costs have increased due to the delivery of new buildings.

Note 8: TAXES AND CHARGES ON UNLET PROPERTIES - MANAGEMENT COSTS

	2015	2014
XI. Taxes and charges on un-let properties (-)	-405 280	-113 423
XII. Property management costs (-)		
A. Managers' fees	-104 149	-106 791
B. (Internal) property management costs	-2 698 489	-2 815 830
XIII. Other property charges (-)	-66 207	-147 343
TOTAL	-3 274 125	-3 183 388
PROPERTY CHARGES	-5 316 166	-4 680 401
PROPERTY OPERATING RESULT	11 250 996	13 045 891

Internal property management expenses comprise primarily personnel costs incurred during the year.

Note 9: GENERAL CORPORATE EXPENSES

	2015	2014
PROPERTY OPERATING RESULT	11 250 996	13 045 891
XIV. General corporate expenses (-)	-814 043	-945 034
XV. Other operating income and charges (±)	-24 077	-34 553
TOTAL	-838 120	-979 587
OPERATING RESULT BEFORE PORTFOLIO RESULT	10 412 876	12 066 304

General corporate expenses mainly relate to cost for publications, the valuation of the portfolio, technical assessments and the subscription tax.

Note 10: RESULT ON SALE OF INVESTMENT PROPERTIES - CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES IN OPERATION

	2015	2014
OPERATING RESULT BEFORE PORTFOLIO RESULT	10 412 876	12 066 304
XVI. Result on sale of investment properties (±)		
A. Net sales of properties (sales price – selling costs)	18 507 785	31 625 911
B. Accounting values of the properties sold	-17 174 713	-27 657 056
XVIII. Changes in fair value of investment properties (±)		
A. Positive changes in the fair value of investment properties	14 253 108	10 501 249
B. Negative changes in the fair value of investment properties	-3 913 699	-1 957 699
C. Positive changes in the estimated transfer costs and rights intervening in case of hypothetical alienation of investment property	0	178 988
D. Negative changes in the estimated transfer costs and rights intervening in case of hypothetical alienation of investment property	-4 347 540	-1 732 459
TOTAL	7 324 941	10 958 934
OPERATING RESULT	17 737 817	23 025 238

We remind that the result on the sale of investment properties is accounted for as the difference between the sales price minus the expenses related to the conclusion of these sales (heading XVI.A.) and the latest fair value recorded for the asset in question (heading XVI.B.)

In accordance with article 13 §1 - § 1 of the Royal Decree of 13 July 2014 and Annex C, the distributable capital gains realized on property during the financial year are calculated in comparison with the acquisition value increased by the capitalized investment expenses. On 31 December 2015, the realized distributable capital gain thus amounted to € 6 065 915 (compared to the acquisition value), while the realized capital gain compared to the latest fair value amounted to € 1 333 073.

Note 11: FINANCIAL INCOME

	2015	2014
XX. Financial income (+)		
A. Interest and dividends received	3 131	9 099
B. Lease-financing and similar payments	80 273	85 401
TOTAL	83 404	94 499

Interest and dividends received come exclusively from the short-term deposit of cash surpluses.

The lease-financing payments relate to the leasings described in Note 19.

Note 12: INTEREST CHARGES

	2015	2014
XXI. Net interest charges (-)		
A. Nominal interest on borrowings	-2 289 698	-2 431 097
C. Income from allowed hedges		
1. Allowed hedges to which hedge accounting as defined by IFRS is applied	-1 036 747	-1 568 881
TOTAL	-3 326 445	-3 999 979

The charges resulting from hedging instruments relate to the difference between the fixed interest rate paid for the IRS purchased subsequently and the variable interest rates in effect during the course of the financial year.

The variable interest rates are based on the interbank rates between Euribor 7 days and Euribor 1 year, augmented by the margin. For more detail on the financial debt structure, please refer to Note 24 hereafter.

Note 13: OTHER FINANCIAL CHARGES

	2015	2014
XXII. Other financial charges (-)		
A. Bank charges and other fees	-57 182	-49 732
D. Other	-46	-1 983
XXIII. Changes in fair value of financial assets and liabilities (±)		
A. Allowed hedges		
1. Allowed hedges to which hedge accounting as defined by IFRS is applied	963 443	-3 107 691
TOTAL	906 215	-3 159 406
FINANCIAL RESULT	-2 336 826	-7 064 885
PRE-TAX RESULT	15 400 990	15 960 353

The changes in fair value of financial assets relate to hedges considered as ineffective according to the application of IAS 39, and are consequently accounted for in the income statement. This change in fair value of the hedges is purely latent, which does only count in the hypothesis that the RREC or the banks does not proceed to an early liquidation of these products and is excluded in the calculation of the distributable result. Following the decrease of the interest rates on the market and restructuring of the hedges in 2015, we have recorded a positive variation in the fair value of our hedging instruments of around € 1 million. During fiscal year 2014, we have recorded a loss of € 3.1 million. These variations are purely latent and have no impact on the distributable result.

Note 14: INCOME TAXES

	2015	2014
PRE-TAX RESULT	15 400 990	15 960 353
XXIV. Corporation tax (-)	-89 144	-22 400
TAXES	-89 144	-22 400
NET RESULT	15 311 847	15 937 954

RREC enjoy a specific tax regime. Only benefits in kind, abnormal and benevolent advantages as well as certain specific charges are subject to corporation tax. The subsidiaries do not enjoy this specific tax regime. The increase of income taxes in financial year 2015 is due to the income tax paid by the subsidiary Home Invest Development SA.

Note 15: INTANGIBLE ASSETS

	2015	2014
Intangible assets, beginning of the financial year	11 891	16 049
1. Gross value	43 778	43 778
2. Accumulated amortization (-)	-31 887	-27 729
Amortizations (-)	-4 158	-4 158
Intangible assets, end of the financial year	7 733	11 891
1. Gross value	43 778	43 778
2. Accumulated amortization (-)	-36 045	-31 887

Intangible assets consist solely of the Winlris real estate software. This asset is amortized on a straight-line basis over a 5-year useful life. The amortization is accounted for under heading XII "Property management costs" of the income statement.

Note 16: INVESTMENT PROPERTIES

	2015	2014
C. Investment properties, balance at the beginning of the financial year	316 492 961	306 753 952
a. Investment properties		
Balance at the beginning of the financial year	282 557 321	290 438 658
Completion of buildings under construction	16 636 966	
Acquisition of buildings	14 767 277	3 934 482
Capitalized subsequent expenses	7 530 467	1 724 410
Gains (losses) from fair value adjustments	5 991 869	6 990 080
Transfer to assets held for sale	-13 848 773	-20 530 309
Balance at the end of the financial year	313 635 127	282 557 321
b. Development projects		
Balance at the beginning of the financial year	33 935 640	16 315 294
Investments – development projects	15 166 500	16 025 422
Other withdrawals		-3 535 151
Completion of development projects	-16 636 966	
Acquisition of buildings via merger		5 130 075
Balance at the end of the financial year	32 465 174	33 935 640
c. Investment properties for own use		
	-	-
d. Other		
	-	-
C. Investment properties at the end of the financial year	346 100 301	316 492 961

	2015	2014
Investment properties	313 635 127	282 557 321
Development projects	32 465 174	33 935 640
Investment properties, closing balance at the end of the financial year	346 100 301	316 492 961

The development projects at the closing of the financial year 2014 are commented in detail in the Management report and the Property report.

IFRS 13 is applied to IFRS standards that demand or allow fair value measurements or disclosures on fair value and, consequently, IAS 40 Investment properties. IFRS 13 foresees a hierarchy in fair values under 3 data input levels (levels 1, 2 et 3).

As recorded in the table above, the fair value of the investment properties at 31 December 2015 amounts to € 346 100 301, and all fair values are level 3 fair. Having no other levels than level 3, Home Invest Belgium has not adopted a follow-up policy for transfers between hierarchy levels.

The valuations are made based on 2 methods:

- the capitalization of estimated rental values
- the valuation per unit

The valuations take into account the rental state, the charges and taxes to be borne by the landlord and potential works to be carried out. The valuations are also based on market transactions, and this taking into account the values per square meter.

Reconciliation between the financial years 2014 and 2015

Investment properties at 31/12/2014	316 492 961
Acquisitions and investments	37 464 245
Transfer to assets held for sale	-13 848 773
Profits resulting from fair value adjustments	5 991 869
Investment properties at 31/12/2015	346 100 301

As mentioned above, all these fair values are level 3 and no transfer to or from level 3 took place.

	Properties valued by individual units	Properties valued "en bloc" > € 2 500 000	Properties valued "en bloc" < € 2 500 000"
Rents per m ² per year	Weighted average of € 113 m ² (range between: € 21 m ² and € 168 m ²)	Weighted average of € 145 m ² (range between: € 105 m ² and € 348 m ²)	Weighted average of € 91 m ² (range between: € 47 m ² and € 170 m ²)
Estimated rental value per m ² per year	Weighted average of € 114 m ² (range between: € 46 m ² and € 168 m ²)	Weighted average of € 131 m ² (range between: € 99 m ² and € 275 m ²)	Weighted average of € 92 m ² (range between: € 65 m ² and € 200 m ²)
Capitalization rate	Weighted average of 5.27% (range between 3.70% and 7.35%)	Weighted average of 6.68% (range between 5.75% and 7.65%)	Weighted average of 7.50% (range between 4.70% and 10.50%)

Sensitivity analysis for the level 3 fair values:

A decrease or an increase of the estimated rental value and/or the rents obtained will potentially have a downward or upward impact of the fair value of the investment properties.

A decrease or an increase of the actualization rate and/or capitalization rate will potentially have an upward or downward impact of the fair value of the investment properties. These rates are defined by the conditions in the financial markets.

Valuation process used for the level 3 fair values:

The valuations of investment properties are realized four times a year by an independent and qualified real estate surveyor. These reports are realized based on information communicated by the company with regard to the rental state, the charges and taxes to be borne by the landlord, the rents, the works to be carried out,... This information is extracted from the database of the company's IT-system and is part of the administrative organization and internal control of the company. The real estate surveyor uses market parameters (actualization rate, ...) that are based on his judgements and his professional experience. The information communicated to the real estate surveyor, the parameters and the valuation models used by the real estate surveyor are controlled by the Executive Management and by the Audit committee.

Note 17: DEVELOPMENT PROJECTS

We remind that the development projects are included among the investment properties in Note 16.

Note 18: OTHER TANGIBLE ASSETS

	2015	2014
Other tangible assets, balance beginning of period	190 973	46 259
1. Gross value	476 716	310 325
2. Accumulated depreciation (-)	-285 743	-187 422
Investments	32 713	166 392
Transfer depreciation (-)	-74 626	-98 321
Other tangible assets, closing balance end of period	149 060	190 973
1. Gross value	509 429	476 716
2. Accumulated depreciation (-)	-360 369	-285 743

The other tangible assets relate exclusively to the operating assets, comprising the design of the offices, the office furniture and IT. The decrease in the other tangible assets is due to the amortisation accounted for on these assets in accordance with the method described in Annex 2.

D. Other tangible assets	2015	2014
a. Tangible assets for own use	149 060	190 973

Note 19: FINANCE LEASE RECEIVABLES

	2015	2014
Receivables after 5 years	333 062	391 187
Receivables after one year and within 5 years	384 820	453 841
Receivables within one year	127 147	119 486
TOTAL	845 029	964 515

The finance lease receivables relate to the Rue de Belgrade building in Forest and Résidence Lemaire in Molenbeek.

Brief description of the contracts:

Rue de Belgrade: blong-term lease (Sept. 1999-Aug. 2026);

Operation treated for accounting purposes as a real estate leasing contract;

Valuation on 31 December 2015:

– short and long-term receivables: € 599 955.44

– purchase option: € 852 444.44 (fair value)

Résidence Lemaire: real estate leasing contract (Dec. 2003-Nov. 2018);

Valuation on 31 December 2015:

– short and long-term receivables: € 245 073.19

– purchase option: € 333 333.33 (fair value)

Note 20: ASSETS SOLD

	2015	2014
Net sales prices (excl. costs)	18 507 785	31 625 911
Latest fair value	-17 174 713	-27 657 056
Realized capital gain	1 333 073	3 968 854
Distributable realized capital gain	6 065 915	4 961 935

The saldo of the assets hold for sale is as follow:

A. Assets held for sale	2015	2014
a. Investment properties	2 484 525	5 810 465

Note 21: TRADE, TAX AND OTHER RECEIVABLES

	2015	2014
Tenants	894 198	1 412 639
Others	121 825	-98 020
Realized sales	9 327 513	1 379 422
TOTAL	10 343 536	2 694 041

Trade receivables consist of rental payments still receivable from tenants. These rents are payable in advance.

Furthermore, following the signing of different sales agreements at the end of 2015; on 31 December 2015 Home Invest Belgium had receivables of € 9 327 513 that will be paid beginning of 2016, upon enactment of the notarized deeds of sale.

E. Tax receivables and other current assets	2015	2014
a. Taxes	21 995	14 509
c. Others	253 874	298 483
TOTAL	275 869	312 992

Working capital payments are the funds made available to building managers and agents (syndics) to enable them to financially assume the management of the common expenses of the investment properties.

Note 22: CASH AND CASH EQUIVALENTS

	2015	2014
Cash in hand	57	10 564
Bank balances	2 487 370	4 915 334
TOTAL	2 487 426	4 925 898

Note 23: DEFERRALS AND ACCRUALS

	2015	2014
Accrued and not due property income	9 032	9 735
Prepaid property charges	58 748	9 423
Others	226 623	288 837
TOTAL ASSETS	294 403	307 995
Property income received in advance	356 757	337 882
Interest and other charges accrued and not due	1 178 507	1 307 003
Others	-810	4 769
TOTAL LIABILITIES	1 534 454	1 649 654

Note 24: FINANCIAL ASSETS AND LIABILITIES

E. Non-current financial assets	2015	2014
a. Assets hold until the maturity		
5. Others	2 000	2 000
e. Others	72 186	67 440
TOTAL	74 186	69 440

I. Non-current liabilities	2015	2014
B. Non-current financial debts		
a. Financial debts	108 000 000	70 000 000
c. Others		
1. Other debts	36 666 669	39 627 454
C. Other non-current financial liabilities		
a. Hedging	6 951 266	8 006 364

II. Current liabilities	2015	2014
B. Current financial debts		
c. Others		
2. Bank guarantee	605 651	644 327

The other financial debt of € 39 666 669 represent the bond issue (net of costs). The non-current financial debts relate to the IRS described below. Their negative fair value amounts to € 6 951 266 at the end of the financial year.

I. Non-current liabilities	2015	2014
D. Trade debts and other current debts		
b. Others		
1. Suppliers	4 311 169	1 580 699
2. Tenants	1 174 184	1 417 167
3. Tax, salary and social security	541 182	511 623

The figures in the table below relate solely to debts to financial institutions:

	2015	2014
Current financial liabilities at up to 1 year	0	0
Non-current financial liabilities at 1 to 5 years	90 000 000	50 000 000
Non-current financial liabilities at more than 5 years	57 666 669	59 627 454
TOTAL	147 666 669	109 627 454

The table below shows the credit lines of credit opened with each bank (contracted and withdrawn amounts), the average maturity and the credit lines maturing in 2016.

Financial debts	Amount of credit line	Amount drawn	Average duration
Bank debts	125 000 000	108 000 000	4 years en 5 months
Belfius	40 000 000	38 000 000	5 years en 8 months
BNP Paribas Fortis	25 000 000	25 000 000	2 years en 5 months
ING	20 000 000	20 000 000	4 years en 7 months
KBC Bank	30 000 000	15 000 000	4 years en 11 months
Degroef	10 000 000	10 000 000	2 years en 4 months
Bond issue	40 000 000	40 000 000	8 years en 6 months
Issue of 2014, 18 June	40 000 000	40 000 000	8 years en 6 months
TOTAL	165 000 000	148 000 000	5 years en 5 months

Interest rate hedging instruments are exclusively IRS (Interest Rate Swaps), which exchange floating interest rates for fixed rates. As at 31 December 2015, total IRS hedges amounted to € 70 million, as recorded in the table below.

Hedging instruments	Amount of active hedges	Average duration
Belfius	35 000 000	5 years en 11 months
BNP Paribas Fortis	25 000 000	5 years en 8 months
ING	10 000 000	4 years en 4 months
Hedging type IRS	70 000 000	5 years en 7 months

Following a restructuring in 2015, Home Invest Belgium benefits various IRS with staggering commencement dates as described below:

Hedging instruments with staggering commencement dates	Amount	Start Date
ING	25 000 000	14/06/2018
ING	39 000 000	15/06/2019
ING	6 000 000	17/06/2019
ING	10 000 000	15/04/2020
ING	15 000 000	14/11/2021

Home Invest Belgium's prudent hedging policy enabled it to obtain **an average interest rate of 3.40%** for the year, including bank margin and hedging costs, compared with 3.63% and 3.52% for the previous financial year.

Given the prudent financial structuring of its debt, combined with its very low debt ratio, Home Invest Belgium has only a limited exposure to fluctuations in market interest rates.

Accounting:

In accordance with IAS39, the negative value of financial instruments as at 31 December 2015 is recognised in liabilities under heading I.C. "Other non-current financial liabilities" at a total amount of - € 6 951 266. The counterpart is recognized as follows:

Fair value of financial instruments as at 31/12/2015	In shareholders' equity under the heading "d. Reserve from the balance of changes in fair value of authorised hedges to which hedge accounting according to IFRS is applied (±)"	In the income statement under heading XXIII. "Changes in fair value of financial assets and liabilities (±)"	In shareholders' equity under the heading "n. Income brought forward from previous years (±)"
Effective instruments	-1 006 688		
Ineffective instruments (change in 2014)		963 443	
Ineffective hedges (previous year) ¹			-6 908 022
TOTAL	-1 006 688	963 443	-6 908 022
OVERALL TOTAL		-6 951 266	

Credit lines are recognised in "Non-current and current financial debts".

IFRS 13 is applied to IFRS standards that demand or allow fair value measurements or disclosures on fair value and, consequently, IAS 39. IFRS 13 foresees a hierarchy in fair values under 3 data input levels (levels 1, 2 et 3).

With regard to financial instruments, all these fair values are level 2. As Home Invest Belgium has no other level than level 2, it has not developed a follow-up policy for transfers in hierarchy levels.

The valuation is made by banks based on the present value of estimated future cash flows.

Note 25: TRADE DEBTS AND OTHER CURRENT LIABILITIES

TRADE DEBTS AND OTHER CURRENT DEBTS	2015	2014
Suppliers	4 311 169	1 580 699
Tenants	1 174 184	1 417 167
Tax, salary, social security	541 182	511 623
TOTAL	6 026 535	3 509 489

OTHER CURRENT LIABILITIES	2015	2014
Dividends	43 435	36 346
Others	42 426	83 308
TOTAL	85 861	119 654

(1) The changes in fair value in previous financial years recognised in the income statement have since been assigned to earnings brought forward from previous years.

Note 26: CAPITAL, SHARE PREMIUM ACCOUNT AND RESERVES**Evolution of Issued Capital:**

Date	Evolution of company capital	Nature of the operation	Issue price	Number of shares
04/07/1980	1 250 000	Constitution of SA Philadelphia	BEF 1 000	1 250
05/06/1983	6 000 000	Capital increase	BEF 1 000	6 000
13/04/1999	-	New representation of capital (by division)	-	26 115
01/06/1999	1 373 650 000	Contribution of properties and ...	-	-
01/06/1999	10 931	increase of capital in cash (rounded)	BEF 1 411.89	972 919
01/06/1999	1 500 000	Merger of SA Socinvest	-	97 078
01/06/1999	-71 632 706	Capital reduction to discharge debts	-	-
Total on 01/06/1999	32 493 343			1 103 362
09/04/2001	62 000	Capital reduction to discharge debts	32.00	35 304
Total on 31/05/2001	32 555 343			1 138 666
31/05/2002	151 744	Merger of SA Les Résidences du Quartier Européen	34.78	4 471
Total on 31/05/2002	32 707 087			1 143 137
Total on 31/05/2003	32 707 087			1 143 137
15/12/2003	5 118 338	Contribution of properties by AXA Belgium	44.13	178 890
15/12/2003	4 116 713	Contribution of properties by TRANSGA	44.13	143 882
15/12/2003	7 861	Incorporation of part of the Share Premium account	-	-
Total on 31/05/2004	41 950 000			1 465 909
12/05/2005	3 472	Merger with SA 205 Rue Belliard	51.01	3 220
12/05/2005	4 738	Merger with SA Patroonshuis	51.01	3 324
Total on 31/12/2005	41 958 210			1 472 453
22/05/2006	915 214	Merger with SA Immobilière du Prince d'Orange	50.32	76 000
05/10/2006	9 978 110	1 st capital increase	51.00	360 378
13/10/2006	7 171 221	2 nd capital increase	51.00	259 002
Total on 31/12/2006	60 022 756			2 167 833
24/05/2007	275 043	Merger with SA Immobilière Van Volxem	57.90	5 000
24/05/2007	3 186	Merger with SA Investim	57.90	5 824
Total on 31/12/2007	60 300 985			2 178 657
23/05/2008	10 062 486	Partial demerger of SA VOP	50.00	622 632
23/05/2008	29 000	Merger with SA JBS	50.00	2 088
Total on 31/12/2008	70 392 471			2 803 377
29/05/2009	1 246 938	Merger with SA Les Erables Invest	49.55	25 165
Total on 31/12/2009	71 639 409			2 828 542
Total on 31/12/2010	71 639 409			2 828 542
31/01/2011	122 709	Partial demerger of SA Masada	59.72	102 792
23/12/2011	5 585	Mixed demerger of SA Urbis	63.32	6 318
23/12/2011	2 633 519	Partial demerger of SA VOP	62.91	118 491
Total on 31/12/2011	74 401 222			3 056 143
Total on 31/12/2012	74 401 222			3 056 143
Total on 31/12/2013	74 401 222			3 056 143
11/06/2014	2 548 073	Contribution of properties by AXA Belgium	79.85	104 666
Total on 31/12/2014	76 949 295			3 160 809
Total on 31/12/2015	76 949 295			3 160 809

On 31 December 2015, 12 912 treasury shares were held by Home Invest Development and these shares were accounted for at € 757 322.67 or € 58.65 per share, i.e. at the same level as their acquisition value.

Shareholders' equity	2015	2014
A. Capital		
a. Capital	76 949 295	76 949 295
b. Capital increase expenses	-950 240	-950 240
B. Share premium account	24 903 199	24 903 199
C. Reserves		
a. Legal reserve (+)	98 778	98 778
b. Reserve from the balance of changes in fair value of investment properties (±)	105 544 309	103 516 959
c. Reserve from estimated transfer costs and rights resulting from hypothetical disposal of investment properties (-)	-27 453 339	-27 561 611
d. Reserve from the balance of changes in fair value of allowed hedges to which hedge accounting according to IFRS is applied (±)	-1 006 688	-1 098 342
h. Reserve for treasury shares (-)	-757 323	-757 323
m. Other reserves (±)	1 259 467	1 259 467
n. Result carried forward from previous financial years (±)	18 096 940	15 926 094
D. Net result of the financial year	3 507 233	15 937 954
TOTAL EQUITY	200 191 632	208 224 230

Note 27: CONSOLIDATION SCOPE

Name	Company nr.	Country of origin	Direct or indirect shareholding	Annual accounts dd.
In 2015				
Home Invest Belgium N.V.	0420.767.885	Belgium	-	31/12/2015
Home Invest Development N.V.	0466.151.118	Belgium	100%	31/12/2015
Charlent 53 Freehold Bvba	0536.280.237	Belgium	100%	31/05/2015
In 2014				
Home Invest Belgium N.V.	0420.767.885	Belgium	-	31/12/2014
Home Invest Development N.V.	0466.151.118	Belgium	100%	31/12/2014
Charlent 53 Freehold Bvba	0536.280.237	Belgium	100%	31/05/2014

All the companies that are part of the consolidation scope are domiciled in Belgium at Bd. de la Woluwe, 60, 1200 Brussels.

At 31 December 2015 there are no minority interests.

With the exception of the remuneration of the Managing director (see "Management report" - "Corporate Governance Statement") there have been no transactions with related parties within the meaning of IAS 24.

STATUTORY ACCOUNTS¹

BALANCE SHEET

ASSETS	2015	2014
I. Non-current assets	347 022 989	317 584 120
B. Intangible assets	7 733	11 891
C. Investment properties	345 784 298	316 176 958
D. Other tangible assets	149 060	190 973
E. Non-current financial assets	364 016	359 269
F. Finance lease receivables	717 882	845 029
II. Current assets	16 960 119	15 396 766
A. Assets held for sale	2 484 525	5 810 465
C. Finance lease receivables	127 147	119 486
D. Trade receivables	10 365 297	2 970 243
E. Tax receivables and other current assets	1 379 550	1 426 159
F. Cash and cash equivalents	2 309 197	4 762 418
G Comptes de régularisation	294 403	307 995
TOTAL ASSETS	363 983 108	332 980 886
SHAREHOLDERS' EQUITY		
A. Capital	75 999 055	75 999 055
B. Share premium account	24 903 199	24 903 199
C. Reserves	96 569 077	92 205 592
D. Net result of the financial year	3 511 039	15 951 735
SHAREHOLDERS' EQUITY	200 982 370	209 059 581
LIABILITIES		
I. Non-current liabilities	154 617 936	117 633 818
B. Non-current financial debts	147 666 669	109 627 454
a. Financial debts	108 000 000	70 000 000
c. Others	39 666 669	39 627 454
C. Other non-current financial liabilities	6 951 266	8 006 364
II. Current liabilities	8 382 803	6 287 487
B. Current financial debts	687 651	644 327
c. Others	687 651	644 327
D. Trade debts and other current debts	6 156 667	3 873 683
b. Others	6 156 667	3 873 683
E. Other current liabilities	86 031	119 823
F. Accrued charges and deferred income	1 452 454	1 649 654
LIABILITIES	163 000 738	123 921 305
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	363 983 108	332 980 886

(1) Home Invest Belgium's statutory annual financial statements have been prepared in accordance with IFRS standards since 1 January 2005. They are presented in an abridged version, in accordance with article 105 of the Company Code. The detailed statutory financial statements will be lodged with National Bank following the Ordinary General Meeting. They are also available upon request from the company's registered.

STATUTORY

RESULTATENREKENING	2015	2014
I. Rental Income (+)	17 805 520	18 941 328
II. Rental-related expenses (±)	-161 024	-183 360
NET RENTAL RESULT	17 644 496	18 757 968
IV. Recovery of property charges (+)	89 279	125 760
V. Recovery of charges and taxes normally payable by the tenant on let properties (+)	683 551	735 818
VII. Charges and taxes normally payable by the tenant on let properties (-)	-1 852 164	-1 877 271
VIII. Other incomes and expenses related to letting (±)	0	-15 982
PROPERTY RESULT	16 565 162	17 726 293
IX. Technical costs (-)	-1 614 789	-1 240 741
X. Commercial costs (-)	-427 252	-256 272
XI. Taxes and charges on unlet properties (-)	-405 280	-113 423
XII. Property management costs (-)	-2 827 686	-2 945 380
XIII. Other property costs (-)	-66 207	-147 343
PROPERTY COSTS	-5 341 213	-4 703 160
PROPERTY OPERATING RESULT	11 223 948	13 023 132
XIV. General corporate expenses (-)	-813 696	-945 034
XV. Other operating incomes and expenses (±)	-24 077	-34 553
OPERATING RESULT BEFORE PORTFOLIO RESULT	10 386 176	12 043 545
XVI. Result sale investment properties (±)	1 333 073	3 968 854
XVIII. Changes in fair value of investment properties (±)	5 991 869	6 990 080
OPERATING RESULT	17 711 117	23 002 479
XX. Financial income (+)	115 733	129 704
XXI. Net interest charges (-)	-3 326 445	-3 999 979
XXII. Other financial charges (-)	-55 586	-50 379
XXIII. Changes in fair value of financial assets and liabilities (±)	963 443	-3 107 691
FINANCIAL RESULT	-2 302 855	-7 028 344
PRE-TAX RESULT	15 408 262	15 974 135
XXIV. Corporation tax (-)	-44 189	-22 400
TAXES	-44 189	-22 400
NET RESULT	15 364 073	15 951 735

Appropriation and withdrawals	2015	2014
A. Net result	15 364 073	15 951 735
B. Transfer to/from reserves (±)		
1. Transfer to/from reserves of the balance (positive or negative) of changes in fair value of investment properties (±)		
- financial year	-10 339 409	-8 543 550
- realization of real estate	4 854 457	995 540
2. Transfer to/from reserves of estimated transfer rights and costs resulting from hypothetical disposal of investment properties (±)		
11. Transfer to/from result from previous financial years carried forward (±)	-1 583 425	1 722 709
C. Remuneration of capital according to art.27, § 1, lid 1	-10 557 021	0
D. Remuneration of capital – other than C	-2 086 215	-11 679 905

Scheme for calculation of result according to art. 27, § 1, § 1	2015	2014
Corrected result (A)		
Net result	15 364 073	15 951 735
+ Depreciations	170 970	182 285
- Write-back of depreciations	-116 296	-110 726
± Other non monetary items	-963 443	3 107 691
± Result on sale of property	-1 333 073	-3 968 854
± Changes in fair value of property	-5 991 869	-6 990 080
Corrected result (A)	7 130 362	8 172 051
Net capital gains on the sale of property not exempt from distribution (B)		
± Capital gains and losses on property realized during the financial year (capital gains or losses compared with the acquisition value plus capitalised investment expenses)	6 065 915	4 941 935
= Net capital gains on the sale of property not exempt from distribution (B)	6 065 915	4 961 935
TOTAL (A + B)	13 196 277	13 133 986
80% according to art. 13, §1, al. 1	10 557 021	10 507 189
Net reduction in debt	0	-11 769 162
Minimum distribution required by art. 13.	10 557 021	0

In accordance with art. 617 of the Belgian Company Code, the net assets, after distribution of the proposed dividend, must not be less than the called-up capital, plus all reserves which the law or the articles of association do not permit to be distributed. The margin remaining after distribution is € 16.3 million.

Net statutory assets after distribution of the dividend:	200 192 168
Method of calculation of the amount referred to in art 13 § 1er al. 6	
Paid-up capital or, if greater, called-up capital (+)	75 999 055
Share premiums not available pursuant to the articles of association (+)	24 903 199
Reserve from the positive balance from changes in the fair value of real estate assets (+)	115 746 538
Reserve for transfer rights and costs estimated to arise on the hypothetical disposal of investment properties (-)	-31 800 879
Reserve from the balance from change in the fair value of authorised hedging instruments to which hedge accounting according to IFRS is applied (±)	-1 006 688
Legal reserve (+)	98 778
TOTAL	183 940 003
Difference	16 252 164

AUDITOR'S REPORTS

ON THE CONSOLIDATED FINANCIAL STATEMENTS

As required by law, we provide you with this report pursuant to our appointment as auditor. The report includes our opinion on the consolidated financial statements and the required additional declaration. These consolidated financial statements comprise the financial position at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the financial year ending on 31 December 2015 and the notes.

Report on the consolidated financial statements – unqualified audit opinion

We have audited the consolidated financial statements of the company Home Invest Belgium for the financial year ending on 31 December 2015, prepared on the basis of International Financial Reporting Standards as adopted by the European Union and in which the consolidated balance sheet total is € 363.062.069 and the consolidated income statement for the financial year shows earnings of € 15.951.735.

Responsibility of the management board in relation to the preparation of the consolidated financial statements

The management board is responsible for the preparation of consolidated financial statements presenting a true picture in accordance with International Financial Reporting Standards as adopted by the European Union, and for establishing the internal control procedures which it considers necessary for the preparation of consolidated financial statements that are free from significant anomalies, whether resulting from fraud or error.

Responsibility of the auditor

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with international standards on auditing (ISA). These standards require us to comply with ethical requirements and to plan and perform the audit with a view to obtaining reasonable assurance that the consolidated financial statements do not contain significant anomalies. An audit involves implementing procedures designed to gather items of proof relating to the figures and information provided in the consolidated financial statements.

The auditor is responsible for the choice of procedures implemented, including the assessment of the risks that the consolidated financial statements contain significant anomalies, whether resulting from fraud or error. In making this risk assessment, the auditor takes into account the entity's internal controls in relation to the preparation of consolidated financial statements presenting a true picture, in order to identify appropriate control procedures depending on the circumstances, and not with the aim of expressing an opinion on the effectiveness of the entity's internal controls. An audit also involves assessing the appropriateness of the accounting policies adopted, the reasonableness of the accounting assumptions made by the management board and the overall presentation of the consolidated financial statements.

The management board and executive officers of the entity provided us with the explanations and information necessary for our audit.

We believe that the items of proof gathered are sufficient and appropriate to provide a basis for our opinion

Unqualified audit opinion

In our opinion, the consolidated financial statements of the company Home Invest Belgium SA as at 31 December 2015 give a true picture of the assets and financial position of the consolidated entity, and of its consolidated earnings and consolidated cash flow for the financial year ending on that date, in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory obligations

The Board of Directors is responsible for the preparation and content of the management commentary on the consolidated financial statements.

Our responsibility pursuant to our appointment, and according to the Belgian additional standard to the international audit standards (IAS) applicable in Belgium, is to check compliance with all significant aspects of certain legal and regulatory obligations. Based on this, we make the following supplementary statement, which does not alter the scope of our opinion on the consolidated financial statements:

- The management report on the consolidated financial statements and the chapter on the risk factors of the 2014 annual financial report, which form part of the management report on the consolidated financial statements, deal with the information required by law, are in agreement with the consolidated financial statements and do not contain any significant inconsistencies with the information which we have found pursuant to our appointment.

Antwerp, 8 March 2016

Karel Nijs
Company auditor and auditor certified by the FSMA for the UCI's
Auditor

ON THE STATUTORY FINANCIAL STATEMENTS

According to article 105 of the Company Code, the auditor's report on the statutory accounts is not published in this report as only an abridged version of the statutory accounts is presented. The auditor gave an unqualified opinion on the statutory accounts.

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PERMANENT DOCUMENT

GENERAL INFORMATION

Company name	Home Invest Belgium SA, a Belgian public Regulated Real Estate Company
Legal form	A Belgian public limited liability company ("Société anonyme" - SA)
Register of Legal entities (RPM)	La société est immatriculée au RPM de Bruxelles sous le numéro 0420.767.885.
Registered office	B - 1200 Bruxelles, Boulevard de la Woluwe, 60 - Box no. 4
Telephone number	0032 (0)2 740 14 50
Website	www.homeinvestbelgium.be
Incorporation	The company was established on 4 July 1980 under the name of "Philadelphia SA", by a deed received by Notary Daniel Pauporté in Brussels, published in the annexes of the Belgian Official Gazette on 12 July 1980 under No. 1435-3. The articles of association were amended on several occasions, most recently by minutes drawn up by Notary Louis-Philippe Marcelis on 25 September 2014, published in the annexes of the Belgian Official Gazette on 23 October 2014 under Nos. 0194102 and 0194103.
Term	The company is established for an unlimited period of time.
Company purpose	The company purpose is reproduced hereafter in full, in article 3 of the coordinated articles of association. The company's exclusive purpose is to make available buildings to users, directly or indirectly through a company in which it holds a stake pursuant to the provisions of the legislation relating to public Regulated Real Estate Companies.
Changes to the company purpose	The company can only make any changes to its company purpose in accordance with its articles of association and provided that said changes are consistent with the laws and regulations applicable to RRECs.
Financial year	The financial year begins on 1 January and ends on 31 December.
Places where the documents accessible to the public can be consulted	<ul style="list-style-type: none"> — The company's articles of association can be consulted at the registry of the Brussels commercial court and on the company's website. — The company's articles of association can be consulted at the registry of the Brussels commercial court and at the company's registered office. — The company's deed of incorporation can be consulted at the registry of the Brussels commercial court and at the company's registered office. — The annual financial statements are filed with the National Bank of Belgium and can be consulted at the registry of the Brussels commercial court. — Decisions concerning the appointment and dismissal of members of the Board of Directors are published in the annexes to the Belgian Official Gazette. — The annual financial reports are available at the registered office or can be consulted on the website. These reports include the real estate expert's report and the auditor's report and are sent every year to the registered shareholders and to anyone who requests them. <p>Other publications can be obtained at the registered office or by consulting the company's website. Whoever wishes to do so can register free of charge on the website www.homeinvestbelgium.be in order to receive press releases and mandatory financial information by e-mail.</p>

SHARE CAPITAL

Issued share capital	The share capital on 31 December 2015 stands at € 76 949 294.75. It is represented by 3 160 809 shares without designation of par value. The company capital is fully paid-up.
Authorised capital	The Board of Directors is authorised to increase, on one or more occasions, the share capital for an amount of € 74 401 221.91. Under the same conditions, the Board of Directors is authorised to issue convertible bonds or subscription rights. This authorisation has been conferred for a period of 5 years, beginning on 17 January 2012. These capital increases can be made by subscriptions in cash, contributions in kind or via the incorporation of reserves or issue premiums. On 31 December 2015, the balance of the authorised capital amounted to € 74 401 221.91.

CO-ORDINATED ARTICLES OF ASSOCIATION – EXCERPTS

The complete coordinated articles of association of Home Invest Belgium can be consulted at the Registry of the Brussels commercial court, at the company's registered office and on the website www.homeinvestbelgium.be.

Company purpose (article 3 of the articles of association)	<p>3.1. The company's exclusive purpose is:</p> <ul style="list-style-type: none"> (a) to make available buildings to users, directly or through a company in which it holds a stake, pursuant to the provisions of the legislation relating to RRECs and (b) own this real estate, within the limitations set out in the legislation relating to RRECs, in Article 2, 5°, vi through x of the Law on RRECs. <p>Real estate shall be understood as:</p> <ul style="list-style-type: none"> i. real estate as defined in articles 517 ff. of the Civil Code as well as real rights exercised on buildings, excluding buildings for agriculture, mining and forestry; ii. shares with voting rights issued by real estate companies, exclusively or jointly controlled by the company; iii. option rights on real estate; iv. shares of public RRECs or institutional sicafi, provided that in the latter case, the company has joint or exclusive control of these shares; v. the rights deriving from contracts granting one or more assets to the company in the form of a finance lease, or similar rights of use; vi. the shares of public sicafi; vii. shares in foreign undertakings for collective investment in real estate as registered on the list referred to in Article 260 of the Law of 19 April 2014 relating to alternative foreign undertakings for collective investment and their managers; viii. shares in undertakings for collective investment in real estate established in another Member State of the European Economic Area, and not included on the list referred to in Article 260 of the Law of 19 April 2014 relating to alternative foreign undertakings for collective investment and their managers, as far as they are subject to a similar supervision as a public Sicafi; ix. shares issued by companies (i) having legal personality, (ii) under the law of another Member State of the European Economic Area; (iii) whose shares are admitted to trading on a regulated market and/or which are subject to prudential supervision; (iv) whose primary activity is the acquisition or construction of buildings to be made available to users, or direct or indirect participations in certain types of entities whose company purpose is similar; and (v) which are exempt from income tax on the profits derived from the activities referred to under (iv) above, subject to compliance with the various requirements, having at least the legal duty to distribute part of their earnings to their shareholders (the "Real Estate Investment Trusts", or "REITs"); x. real estate certificates, as foreseen in Article 5, § 4, of the Law of 16 June 2006; In the framework of the provision of buildings the company may in particular perform all activities related to the building, conversion, renovation, development, acquisition, sale, management and operation of buildings.
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- 3.2. On a temporary or ancillary basis, the company may invest in securities that do not constitute real estate within the meaning of the legislation relating to RRECs.
These investments will be made in compliance with the risk management policy adopted by the company and will be diversified in order to ensure ensure risk diversification. The company may also hold unallocated cash in any currency, in the form of cash or term deposits or any money market instruments that could be easily mobilised.
It can also perform operations on hedging instruments, designed exclusively to hedge the exposure to interest rate and currency exchange risks in the framework of the financing and management of the company's real estate and excluding any speculative operations.
- 3.3. The company may also rent or let one or more buildings itself under a financelease agreement. The finance-lease activity of buildings with theoption to purchase can only be carried out as a secondary activity unless thesebuildings are intended for public purposes including social housingand education (in which case the activity may be exercised as the company'sprimary activity).
- 3.4. The company may be interested in any business, undertakings or companies with a similar or related company purpose and which are conducive to the company's development and, in general, carry out all the operations that are directly or indirectly related to its purpose and all acts deemed necessary or useful for the realisation of its purpose, by merger or otherwise.
The company is required to perform all of its business and operations in accordance with the rules and within the limits set by the RREC regulations and other applicable legislation.

**Prohibitions
(article 4 of the articles
of association)**

- The company may not:
- a. act as a real estate developer within the meaning of the regulations for RRECs with the exception of occasional transactions;
 - b. participate in an underwriting syndicate or guarantee;
 - c. lend financial instruments, except for loans under the conditions and pursuant to the provisions of the Royal Decree of 7 March 2006 on loans of securities by certain collective investment bodies;
 - d. acquire financial instruments issued by a company or an association of private law, which has been declared bankrupt, which enters into a mutual agreement with its creditors, which is the subject of a judicial reorganisation procedure, which obtained a suspension of payment or which has seen similar measures imposed on it in a foreign country.

**Authorised capital
(article 6.3 of the
articles of association)**

The Board of Directors is expressly authorised to increase the company's share capital, in one or more instalments, to a maximum of € 74 401 221.91 at dates and according to arrangements to be set by itself, pursuant to Article 603 of the company Code.
Under the same conditions, the Board of Directors is authorised to issue convertible bonds or subscription rights.
This authorisation is conferred for a period of five years from the date of publication in the annexes to the Belgian Official Gazette of the minutes of the extraordinary general meeting of 23 December 2011.
Whenever the share capital is increased, the Board of Directors will set the price, the issue premium and the issue conditions of the new shares, unless the general meeting decides otherwise.
The preferential right of the shareholders can either be limited or cancelled in accordance with article 6.5. of the articles of association.
The capital increases decided in this way by the Board of Directors may be undertaken by subscription in cash or by contributions in kind or by incorporation of reserves or issue premiums, with or without the creation of new securities, or following the distribution of an optional dividend, in each case with due respect for the legal provisions, such increases being able to lead to the issue of voting or non-voting shares. Such capital increases may also take the form of the conversion of convertible bonds or the exercise of subscription rights – attached or not to another security – which can lead to the creation of voting or non-voting shares.
Where the capital increases decided by virtue of this authorisation include an issue premium, the amount of such premium, after imputation of any expenses, will be placed in an unavailable account named "issued premium". This will constitute, in the same way as capital, the guarantee towards third parties and may be reduced or abolished only a decision of the general meeting under the conditions for quorum and majority as required for a capital reduction, except if incorporated into capital.

Acquisition of own shares (article 6.4. of the articles of association)

The company may acquire its own shares by purchase or accept them as a security under the conditions provided for by law.

By decision of the extraordinary general meeting of 23 December 2011, the Board of Directors is authorised to acquire company shares on behalf of Home Invest Belgium, at a price per share equal to at least 80% of the most recent Net Asset Value published prior to the transaction date, and to no more than 105% of said Value, for a period of five years from the date of the publication in the annexes to the Belgian Official Gazette of the minutes of the extraordinary general meeting of 23 December 2011, on the understanding that the company may not at any time hold more than 10% of all issued shares.

The company is also authorised, without the requirement of any additional prior approval of the general meeting, to acquire company shares by purchase, should such acquisition be necessary to avoid serious and imminent damage to the company.

This authorisation is granted for a period of three years from the date of publication in the annexes to the Belgian Official Gazette of the minutes of the general meeting of 23 December 2011, and may be extended for equal periods.

It is authorised to dispose of the shares acquired by the company, on or off the stock exchange, at conditions set by the Board of Directors, without prior authorisation of the general meeting.

The above authorisations extend to acquisitions and disposals of shares in the company by one or more of its direct subsidiaries, within the meaning of the legal provisions relating to the acquisition by subsidiaries of the shares of their parent companies.

Capital increase (article 6.5.– 6.7. of the articles of association)

Article 6.5. – Capital increases by contribution in cash

In the event of a capital increase by cash contribution and without prejudice to the application of Articles 592 to 599 of the company Code and the legislation of RRECs, the preferential subscription rights of existing shareholders may not be suppressed or limited unless an irreducible allocation right is granted to them when allocation new shares. This irreducible allocation right must fulfil the following conditions, under the legislation relating to RRECs:

1. it extends to all newly issued shares;
2. it is granted to shareholders in relation to the share in the capital represented by their shares at the time of the capital increase;
3. the maximum price per share is announced at the latest on the eve of the opening of the public subscription period which must last for at least three days of trading.

Without prejudice to the application of Articles 595 to 599 of the company Code and the legislation relating to RRECs, said irreducible allocation rights must not be granted in case of contribution in cash with limitation or lifting of the preferential rights, as an accessory to a contribution in kind within the framework of the distribution of an optional dividend, provided that this dividend is effectively granted to all shareholders.

Article 6.6. – Capital increase by contribution in kind

The issue of shares as consideration for a contribution in kind has to fulfil the conditions of Articles 601 and 602 of the company Code.

6.6.1. Furthermore, the following conditions have to be respected pursuant to the legislation on RRECs:

- 1° l'identité the contributor's identity must be mentioned in the report of the Board of Directors foreseen in Article 602 of the company Code, and in the notice convening the general meeting called about the capital increase;
- 2° the issue price cannot amount to less than the lowest value of (a) a net asset value per share of at the very most four months prior to the date of the contribution agreement or, depending on the company's choice, prior to the date of the capital increase deed, and (b) the average closing price during thirty calendar days prior to that same date.
If necessary, it can be decided to deduct from the amount mentioned under paragraph 2 (b), an amount that corresponds to the part of the undistributed gross dividends to which the holders of the new shares are potentially not entitled, providing that the Board of Directors specifically motivates the amount to be deducted from the accumulated dividend in its special report, and explains the financial conditions of the operation in its annual financial report;
- 3° except if the issue price, or in the case of the situation foreseen in Article 6.6.3, the exchange rate, as well as the applicable modalities are, at latest on the working day following the conclusion of the contribution agreement, defined and communicated to the public, mentioning the period during which the capital increase will effectively take place, the capital increase deed will be recorded within a maximum term of four months; and

4° the report mentioned in 1° should also mention the impact of the proposed contribution on the situation of existing shareholders, more specifically with regard to their share in the profit, in the net asset value and in the capital, as well as the impact with regard to voting rights.

6.6.2. The conditions of art. 6.6.1. do not apply in the case of a contribution of the entitlement to a dividend within the framework of the distribution of an optional dividend, as far as this is effectively payable to all shareholders.

6.6.3. Article 6.6.1 of these articles of association applies mutatis mutandis to the mergers, demergers and similar operations mentioned in the articles 671 till 677, 681 to 758 and 772/1 of the company Code, pursuant to the legislation relating to RRECs.

Article 6.7. – Capital increase of a subsidiary having the status of an institutional sicafi

In line with the legislation relating to RRECs, in the case of a capital increase of a subsidiary having the status of a listed institutional Sicafi through a contribution in cash for a price of 10% or more below the lowest value of (a) a net asset value of at the very most four months prior to the start of the issue, or (b) the average closing price during thirty calendar days prior to the start date of the issue, the Board of Directors establishes a special report; in this report it elaborates on the economic motivation for the applied discount, the financial consequences of the operation for the shareholders and the importance of the capital increase for the company. This report, and the valuation rules and methods, are explained by the auditor in a separate report. For the calculation of the contribution price the company deducts an amount from the amount mentioned in point (b) of the aforementioned paragraph, that corresponds to the part of the undistributed gross dividend to which the new shares are potentially not entitled, providing that the Board of Directors specifically motivates the amount to be deducted from the accumulated dividend and explains the financial conditions of the operation in the annual financial report.

In the case of a capital increase of a subsidiary having the status of an unlisted institutional Sicafi, the discount mentioned in subparagraph 1 is only calculated based on a net asset value of at latest four months; all other obligations apply.

This article does not apply to capital increases fully subscribed by the company or its subsidiaries, whose capital is, directly or indirectly, entirely held by the company.

Article 6.8. Capital reduction

The company can reduce its capital in compliance with the applicable legal provisions.

Shares (article 7.1 of the articles of association)

The shares are registered shares, bearer shares or dematerialised shares.

They are all fully paid up and without designation of par value.

The company may issue dematerialised shares by capital increase or by exchange of existing bearer or registered shares.

Each shareholder can, at his own expense, request an exchange into registered or dematerialised shares.

The company may create several categories of shares.

The registered shares are listed in the shareholders' register held at the company's registered office.

Ownership of these shares is exclusively proven by registration to the shareholders' register.

Each transfer of these shares can only take effect after registration of the transfer of these shares in the shareholders' register, dated and signed by the seller and buyer or their proxies, or after having fulfilled the formalities required by law for the transfer of these receivables. Registered registration certificates are issued to the shareholders.

The shares are indivisible and the company only recognises one owner per security.

If different persons have rights with regard to the same share, the execution of the related rights will be suspended until one single person is indicated as the owner of the security with regard to the company.

Other securities (article 7.2. of the articles of association)

At the exception of profit-sharing bonds and similar securities, and subject to specific related legal provisions, among others resulting from the legislation relating to RRECs, the company can issue other securities in accordance with Article 460 of the company Code.

Declaration of transparency (article 8 of the articles of association)

The company's shares must be admitted to trading on a Belgian regulated market, pursuant to the provisions of the legislation relating to RRECs.

Pursuant to the provisions of the law of 2 May 2007 on the publication of important participations in issuers of shares admitted to trading on a regulated market containing various provisions and pursuant to the legislation relating to RRECs, any legal or natural person acquiring shares or other financial instruments giving entitlement to a vote, whether or not these represent capital, is required to communicate to the company and to the Financial Services and Markets Authority (FSMA), the percentage and the number of existing voting rights held by it each time the voting rights attached to these securities reach either 3% or 5% or a multiple of 5% of the total number of voting rights existing at such time or at the time that circumstances making such communication mandatory present themselves. This declaration is also mandatory in the event of disposal of securities when, as a result of this disposal, the number of voting rights falls below the thresholds referred to in sub-paragraph two.

Composition of the Board of directors (article 9 of the articles of association)	<p>The company is governed by a Board. It consists of at least three and no more than nine directors, who may or may not be shareholders, and who are appointed for a term of, in principle, four years, by the general shareholders' meeting. The duration of their mandate may never exceed six years. The mandate is revocable at any given time.</p> <p>Among the members of the Board of Directors the general meeting must appoint at least three independent directors. An independent director is defined as one meeting the criteria set out in article 526 ter of the company Code.</p> <p>In the event that one or more positions become vacant, the remaining directors are entitled to fill the vacancy until the next general meeting, which will proceed to the definitive appointment. This right becomes an obligation whenever the number of directors effectively exercising their mandate no longer reaches the statutory minimum.</p>
Effective management (article 12 of the articles of association)	<p>Without prejudice to the transitional provisions, the effective leaders are exclusively natural persons. They must meet the requirements of good repute and expertise as provided by the legislation relating to RRECs and can not fall within the application of the prohibitions referred to in said legislation.</p> <p>The appointment of effective leaders is subject to the prior approval of the Financial Services and Markets Authority (FSMA).</p>
Representation of the company (article 13 of the articles of association)	<p>The company is validly represented in deeds and in law, including deeds requiring the intervention of a public official or a notary public, either by two directors acting jointly or, in the context of day- to-day management, by a person mandated to such management, or, where an executive committee exists, and within the limits of the powers conferred on such an executive committee, by two members of the same acting jointly.</p> <p>The company is also validly represented by special representatives acting within the framework of their mission.</p> <p>The company may be represented abroad by any individual who has been expressly appointed by the Board of Directors to do so.</p> <p>Copies or extracts of the minutes of the general meetings of shareholders and of meetings of the Board of Directors, including extracts intended for publication in the annexes to the Belgian Official Gazette, are validly signed either by one director, or by a person charged with day-today management or who has been expressly mandated by the Board of Directors.</p>
General meeting (article 23 of the articles of association)	<p>A general meeting, known as the "annual meeting" will be held every year on the first Tuesday of May at 3 p.m. In the event that this date coincides with a public holiday, the annual meeting will take place on the next working day, at the same time.</p> <p>An extraordinary general meeting may be convened every time this is required in the company's interest.</p> <p>General meetings may be convened by the Board of Directors or by the statutory auditor(s), and must be convened when requested by shareholders representing one fifth of the company's capital. General meetings are held at the company's registered office or at any other place indicated in the letter convening the meeting or in any other way.</p>

General meeting invitation and participation (article 24)

General meetings and extraordinary general meetings are convened by means of an announcement published once-only in the Belgian Official Gazette at least 30 days before the meeting. Except for the annual general meetings taking place at the place, date and time indicated in the articles of association and the agendas of which are limited to the customary subjects, the notice convening the meeting must be published 30 days prior to the meeting in a nationally distributed newspaper and on the company website within the same term. Where a second convening notice is required, and in so far as the date of the second meeting has been indicated in the first convening notice, the deadline for this second meeting is reduced to 17 days before the meeting. The convening notice will state the agenda of the meeting and the proposed resolutions. Registered shareholders will receive convening notices by recorded delivery mail thirty days prior to the meeting. One or more shareholders representing jointly at least 3% of the registered capital of the company can, in accordance with Article 533 ter of the company Code, introduce items to be added to the agenda of the meeting, and proposals for decision with regard to items on or to be added to the agenda.

A shareholder taking part in or represented at the meeting is deemed to having been regularly invited. A shareholder may also, before and after the general meeting that he has not attended, renounce from availing himself of the absence or irregularity of the convocation of the meeting.

To be admitted to the meeting and cast their vote, shareholders must register their shares no later than the fourteenth day prior to the general meeting, at midnight (Belgian time), or by subscription to the register of nominative shareholders, or by subscription in a securities account by an authorised account holder or a provider of settlement services, regardless of the amount of shares held by the shareholder on the day of the general meeting.

The owners of dematerialised shares wishing to take part in the meeting must provide a certificate issued by their financial intermediary or approved account holder, which certifies the number of dematerialised shares registered in the shareholder's name in its accounts on the registration date and with which the shareholder wishes to participate in the meeting. This certificate must be delivered to the company's registered office or to the establishment designated in the convocation, at the latest on the sixth day prior to the meeting date.

Owners of nominative shares shall communicate their wish to participate in the meeting to the company within the same term by ordinary mail, fax or e-mail.

The company ensures that a register is kept at its office, listing all identified shareholders, by name, address or registered office, the number of shares in their possession at the registration date, and with which they have indicated wanting to participate in the meeting, accompanied by the related proof.

Voting by proxy – voting by mail (article 25 of the articles of association)

Any shareholder may have himself represented at a general meeting by a mandated agent, shareholder or not. Mandates have to be communicated to the company in writing, at latest on the sixth day prior to the meeting. This can be done electronically, within the same term, by e-mail to the address mentioned in the convocation.

Co-owners, usufructuaries and bare owners, secured creditors and pledgees must be represented respectively by one and the same person.

The company can provide for the possibility to vote in writing or electronically, according to forms and methods that it has established; in any case, any such vote must reach the meeting no later than six days prior to the meeting.

Number of votes – abstention (article 29 of the articles of association)

A share entitles its holder to one vote.

Dissolution – liquidation (article 39 of the articles of association)

If the company is dissolved, for whatever reason or at whatever point in time, one or more liquidators appointed by the general meeting or, in the absence of such appointment, the directors in function at that time and acting jointly, are charged with liquidating it. The liquidator(s) only take(s) up office after the confirmation of his (their) appointment by the commercial court.

In the absence of other provisions in the deed of appointment, the persons charged with the liquidation enjoy the widest possible powers to this end, in accordance with the company Code.

The shareholders' meeting determines the form of liquidation and the remuneration of the liquidator(s).

The liquidation is concluded according to the provisions of the company Code.

STATEMENTS

Financial forecast

This annual financial report contains financial forecasts that are based on estimates and forecasts of the company and on reasonable expectations related to outside events and factors. Financial forecasts by their nature are subject to risks and uncertainties that could cause the results, financial position, performance and current achievements to differ from the results, financial position, performance and achievements expressed or implicitly communicated by these forecasts. In view of these uncertain factors, the forward-looking statements are not subject to any guarantee.

Persons in charge

The Board of directors and the Effective management of Home Invest Belgium SA¹ are responsible for the information communicated in this annual financial report. They did everything in their power to verify the information contained in the report and declare that after having taken all reasonable measures in this connection, the information contained herein reflects, to the best of their knowledge, reality and that no information likely to alter the scope of this annual financial report has been omitted.

To the best of their knowledge:

- the annual financial statements, drawn up in accordance with applicable accounting standards, provide a faithful image of the assets, financial position and results of Home Invest Belgium and of the companies included in the consolidation;
- the management report contains an accurate description of the business developments, results and the position of Home Invest Belgium and of the companies included in the consolidation, as well as a description of the principal risks and uncertainties facing them.

Statement concerning third-party information

The third-party information published in this annual financial report, such as the real estate expert's report and the auditor's report, have been included with their consent. The Board of directors and the Effective Management of Home Invest Belgium² declare that third-party information has been faithfully reproduced in this annual financial report and insofar as the RREC is aware of it and is able to assure it based on the information published by these third parties, no fact has been omitted that would cause the information reproduced to be inaccurate or misleading.

Historical financial information

The annual financial reports from 2001 onwards (which include the consolidated financial statements, with an abbreviated version of the statutory financial statements, the management report, the auditor and surveyor reports) and the half-year reports can be consulted on the website www.homeinvestbelgium.be.

All financial reports since the financial year 2001 are included by reference in the current annual financial report.

Governmental or other strategy or factor

As regards any governmental, economic, budgetary, monetary or political strategy or factor having had a significant impact or that could have a significant impact, whether directly or indirectly, on the operations of Home Invest Belgium, see the "Risk factors" chapter.

Judicial proceedings and arbitration proceedings in progress

No proceedings have taken place recently, or that could have significant effects on the financial position or profitability of the company.

(1) The composition of the Board of directors and the Executive management are recorded in the "Management report – Corporate governance statement".
 (2) The composition of the Board of directors and the Executive management are recorded in the "Management report – Corporate governance statement".

Statements with regard to the Directors and Effective management³

The Board of directors of Home Invest Belgium declares that to the best of its knowledge:

- during the past five years, none of its Directors or members of Effective Management has been found guilty of fraud, or has been the subject of any official offence and/or public penalty and no penalty has been levied by a legal authority or supervisory authority and that, in their capacity as director, they were not placed under compulsory administration or liquidation and that none of its Directors and members of the Effective Management have been prohibited by a court from acting as a member of the Board of directors or Effective Management, or from participating in the management or administration of Home Invest Belgium's affairs. Also, in the course of the last five years, no Director has been involved in a bankruptcy, except for Mr Liévin Van Overstraeten, who was involved in the bankruptcy of a company (Robel Doors SRL), in which he acted both as a director and as a representative of a company with a director's mandate. It is however proven by the inspections conducted by the liquidator – as confirmed in his letter of 7 February 2014 – that he found no indications that there could have been irregularities by the company or its directors. Besides, no claim was submitted by the creditors against the directors. This relates to a bankruptcy that took place in 2010 within the framework of the international financial crisis. At present, the bankruptcy has not yet been settled;
- no employment contract has been concluded with the directors that provides for the payment of compensation at the end of the contract. However, service agreements concluded with the Effective Management contain provisions governing notice and termination compensation (see "Management Report - Corporate Governance Statement" chapter);
- to date, no options have been granted on Home Invest Belgium shares;
- there are no family ties between the directors, with the only exception of those between Messrs Johan and Liévin Van Overstraeten (brothers).

Pro forma financial information

During the financial year under review no transaction was executed that had an impact of more than 25% on the company's activity indicators, according to the meaning of paragraphs 91 and 92 of the CESR's recommendation on the implementation of European Commission Directive No. 809/2004 on prospectuses. Thus, the publication of pro forma financial information is not required.

Significant changes since the end of the financial year

Apart from the events described in the "Management report" above, no significant changes of the financial or commercial position of Home Invest Belgium have taken place since the end of the financial year 2014.

Additional information communicated pursuant to Annex I to Commission Regulation (EC) No. 809/2004

There are no restrictions to be reported concerning the use of capital, that has had a significant effect or that could have a significant effect, whether directly or indirectly, on the company's operations.

Except for the contracts concluded with the members of the Effective Management (see "Management report" – "Corporate Governance Statement"), there are no other service contracts binding the members of the administrative, management or supervisory bodies to the company or to any one of its subsidiaries and providing for the granting of benefits at the end of such a contract.

There have not been any operations with affiliated companies according to the meaning of article 19 of the Commission Regulation (EC) No. 809/2004.

Any major contracts concluded during the past two financial years of the RREC are identified in the Management Report of this annual financial report, or in that of the year 2013, which can be consulted on the company's website (www.homeinvestbelgium.be).

(3) The composition of the Board of directors and the Executive Management are recorded in the "Management report – Corporate governance statement".

RREC AND ITS TAX REGIME

The information provided below is based on tax legislation and tax practices in force at the time of the drafting of this annual report. It is therefore subject to modification in the future, including with retroactive effect, and is offered on a purely informative basis. Each shareholder and each potential investor is invited to obtain information on their tax situation from their advisers concerning the tax implications in Belgium and abroad with respect to acquiring, owning and disposing of shares in Home Invest Belgium, and with respect to receiving dividends and proceeds from the company's shares.

RREC

Adoption of the RREC regime

On 1 September 2014 the Financial Services and Markets Authority (FSMA) approved Home Invest Belgium as a public Regulated Real Estate company (RREC) as well as approving all the documents drawn up by the company in this framework, subject to the approval of this change in status by the company's extraordinary general meeting.

The extraordinary general meeting of shareholders of 14 September 2014 approved this change of status.

Home Invest Belgium was the first Belgian sicafi to obtain RREC status.

Description of the new RREC regime

The RREC is supervised by the Financial Services and Markets Authority (FSMA) and governed by the Law of 12 May 2014 and the Royal Decree of 13 July 2014 relating to Regulated Real Estate Companies.

The Regulated Real Estate company is defined under law by its activity, which consists of the provision of buildings – directly or through a company in which it owns a stake – to users and possibly, within the limitations specified for this purpose, to hold other types of “real estate property” (shares in public sicafi, stakes in certain foreign undertakings for collective investment in real estate, shares issued by other REITs and real estate certificates). In this framework the RREC can perform all activities related to the building, conversion, renovation, development (for its own portfolio), acquisition, sale, management and operation of buildings.

The public Regulated Real Estate company has the following main characteristics:

- a stock exchange listing;
- debt ratio limited to 65% of the market value of the company's assets;
- statutory and consolidated annual accounts are drawn up in accordance with IFRS rules;
- diversified portfolio: no more than 20% of total consolidated assets invested in a single property, unless the FSMA grants a derogation;
- strict rules governing conflicts of interest;
- quarterly assessment of assets by an independent expert;
- profit is subject to corporate income tax (“ISOC”) – on reduced taxable basis of non-deductible expenses and exceptional or gratuitous advantages or unjustified remunerations and commissions
- As from 1 January 2016, the withholding tax on dividends distributed by the company is levied at 27% save for exemptions provided by law (and the Royal Decree executing the Income Tax Code) or by double tax treaties.

Those companies that apply to the FSMA for a change of status as a RREC or which merge with a RREC are subject to a tax (exit-tax¹), which is treated as a liquidation tax to be paid on the net unrealised gains and on tax-free reserves at the rate of 16.5%, plus the 3% supplementary crisis contribution, totalling 16.995%.

(1) The method for calculating the exit tax is described in the administrative circular of 23 December 2004 (Reference: AFER No. 43/2004).

Dividends – tax regime effective as of 1 January 2016¹

Belgian natural persons	For Belgian individuals who act in a private capacity and are subject to personal income tax, dividends distributed by Home Invest Belgium are subject to a 27% withholding tax. For Belgian individuals who act in a professional capacity, received dividends are taxable at the normal tax rate of the personal income tax for natural persons. The withholding tax is in that case deductible
Belgian legal entities	For taxpayers subject to corporate tax, dividends distributed by Home Invest Belgium are subject to a 27% withholding tax.
Belgian companies or permanent establishments of foreign companies	Dividends distributed are subject to a 27% withholding tax. Belgian companies or permanent establishments of foreign companies in Belgium are taxed on the dividends distributed by Home Invest Belgium at the corporate tax rate, without applying the "RDT" or revenues already taxed. Thus, the dividend will be taxable in accordance with the corporate tax regime or the tax on non-residents, at the rate of 33.99% (corresponding to the base rate, plus the additional 3% crisis contribution). A reduced rate could be applicable under certain conditions. The 27% withholding tax levied at source can give rise to a tax credit that can be refunded via the tax returns if the amount exceeds the tax due.
Non-resident natural persons and non-resident companies without a permanent establishment in Belgium	The dividends distributed by Home Invest Belgium are exempt from the Belgian levy at source (withholding tax) of 27%, which may, as the case may be, be reduced, at the request of the shareholder, based on the tax treaties for the avoidance of double taxation.

Capital gains and losses

Belgian natural persons	In Belgium, the capital gains made by an individual from the sale of shares as part of the normal management of his private assets are not taxable, and capital losses are not tax-deductible. However, Belgian individuals can be subject to taxation of 33%, in addition to additional municipal taxes, the rate of which depends on the district of residence, if the capital gains made are deemed to fall outside the normal management of a private estate. Capital gains realized by an individual on its Home Invest Belgium shares will, in principle, be exempt as being in the normal management of a private estate. The minimum holding condition of six months is not applicable on shares in a RREC (such as Home Invest Belgium). They can also be subject to taxation of 16.5%, plus additional municipal tax, the rate of which depends on the district of residence, if the shares are sold to a company that does not have its registered office, its principal place of business or headquarters or central office in a Member State of the European Economic Area and the selling shareholder has held more than 25% of the rights over the past five years in the company whose shares have been sold. Belgian individuals holding these shares within the scope of a professional activity are taxed on the capital gains they make on the sale of shares at the ordinary progressive rates of personal income tax, or at 16.5%, if the shares are held for more than five years.
Belgian legal entities	For Belgian legal entities subject to tax on legal entities, the capital gains made on the sale of Home Invest Belgium shares are not, in principle, taxable in Belgium. Capital losses on shares are not tax-deductible.
Belgian companies and permanent establishments of foreign companies	Capital gains realised by a Belgian company on Home Invest Belgium shares, or on a foreign company's shares that are allocated to its permanent establishment in Belgium, are fully taxable in Belgium. Capital losses (expressed or realised) are not tax deductible.
Non-resident natural persons and non-resident companies without a permanent establishment in Belgium	The citizens of the countries with which Belgium has concluded a double taxation treaty are not, in principle, subject to taxation on such capital gains in Belgium. Capital gains made by non-resident natural persons or companies on Home Invest Belgium shares are not taxable in Belgium, in principle. In exceptional cases, a nonresident natural person may be liable to taxation on capital gains made on a family participation of 25% and over, when the shares are sold to a company established outside the European Economic Area. Capital losses are not tax deductible in Belgium.

³) As from 1 January 2016, the withholding tax rate for dividends distributed by residential RREC (as Home Invest Belgium) has increased from 15% to 27%. There is no difference anymore in terms of withholding tax between residential and other RREC's.

Tax on stock market transactions

The subscription to new shares (primary market) is not subject to the Tax on Stock Market Transactions (TOB). However, the purchase and sale and any other acquisition and sale for valuable consideration in Belgium, via a “professional intermediary”, of existing shares (secondary market) is subject to a tax on stock market transactions, currently amounting to 0.09% of the transaction price. The amount of the TOB is at present limited to € 650 per transaction and per party.

The following persons, regardless of the circumstances, are exempted from TOB:

- the professional intermediaries referred to in Article 2, 9° and 10° of the Law of 2 August 2002 concerning the supervision of the financial sector and financial services, acting for their own account;
- the insurance firms referred to in Article 2 § 1, of the Law of 9 July 1975, on the supervision of insurance companies, acting for their own account;
- the pension funds referred to in Article 2 § 3, 6°, of the Law of 9 July 1975 concerning the supervision of insurance firms, acting for their own account;
- the collective investment bodies referred to by the Law of 4 December 1990, acting for their own account; or
- non-residents (provided that they submit an attestation certifying that they do not reside in Belgium).

Tax on physical delivery of bearer securities

Starting on 1 January 2008, in accordance with the law of 14 December 2005, Home Invest Belgium shares can no longer be physically delivered.

(1) The composition of the Board of directors and the Effective management are recorded in the “Management report – Corporate governance statement”..

GLOSSARY

Year of construction

The year the property was built or of its last major renovation.

Roll-over credit

Credit in the medium or long term that can be withdrawn under the form of one or more advances that can or cannot be renewed in the short term. The duration of the advances is spread out over consecutive interest rate periods, each with their defined interest rate. That way, investments in the medium or long term can be financed with interest rates that are variable in the short term, and consequently more favourable.

EPRA

"European Public Real Estate Association". This is an association that brings together stock-listed European real estate companies with the aim of promoting the industry and making it more attractive compared with direct real estate investment thanks by enhancing the liquidity, accessibility and transparency of the companies (www.epra.com).

EPRA NAV

"EPRA NAV" corresponds to the Net Asset Value (NAV) adjusted to exclude, among others, the fair value of hedging financial instruments.

IRS

An Interest rate swap (IRS) is an exchange of interest rates between two parties in view of the exchange of their exposure to the risk of changes in interest rates.

Fair value

The fair value of a building or a portfolio of buildings is equal to its investment value, after deduction of transfer costs, calculated as follows:

- 10 or 12.5%, depending on the region where the building is situated, for all buildings with the potential of being sold as individual units, based on their type or design;
- 10 or 12.5%, depending on the region where the building is situated, for all buildings which do not have the potential of being sold as individual units, based on their type or design, and have an investment value of less than € 2.5 million;
- 2.5% for all buildings which do not have the potential of being sold as individual units, based on their type or design, and have an investment value of more than € 2.5 million.

Gross passing rent

The gross passing rent represents the last gross rental income, paid either monthly or quarterly, on 31 December 2015, converted into an annual total and including where necessary rental guarantees and the estimated rental value of unoccupied premises. It takes into account furniture if available. It can therefore differ from the rent received during the financial year and included in the income statement, e.g. if there was a vacant period or if there has been an index-linked change in the meantime.

Effective rent

Is the rent applying on 31 December 2015, on an annual basis, excluding rental guarantees and the estimated rental value on unoccupied spaces.

Operating margin

(Operating result before the portfolio result) / property result.

Net current margin

(Net result – portfolio result) / property result.

Operating margin before tax

(Pre-tax result – portfolio result) / property result.

Net current result

The net current result is equal to the net result minus the portfolio result.

Net current result excluding the impact of IAS 39

The net current result excluding the capital gains or losses on hedges that are ineffective according to IAS 39.

Return

Shareholders' return is equal to the dividend of the financial year plus the growth of the net asset value during the financial year.

Rental surfaces

The surfaces are those taken into account by the RREC's real estate surveyor. They include 50% of terraces and 10% of private gardens.

Pay out ratio

The pay out ratio corresponds to the appropriated dividend in comparison with the distributable result, calculated on a consolidated basis.

Velocity

Velocity is the ratio between the yearly traded volume and the total number of shares comprised in the free float.

Occupancy rate

The occupancy rate is the percentage of the rents generated by the occupied properties, including the rental guarantees on the unoccupied properties, compared with the total rents of the occupied properties and the estimated rental value (ERV) of the unoccupied properties. All investment properties of the portfolio are taken into account for the calculation, excluding the development projects and the assets held for sale.

(gross) Estimated rental value (ERV)

The (gross) estimated rental value is the rental value which the real estate surveyor sees as corresponding to a market rent.

Net asset value

The net asset value or intrinsic value, in total or per share, is the value of the net assets, in total or per share, taking into account the latest fair value of the property portfolio, as defined by the real estate surveyor of the RREC. In IFRS, the net asset value comprises the year-end dividend, awaiting the approval by the ordinary general meeting of shareholders.

SHAREHOLDER'S CALENDAR

2016	
Ordinary shareholder's meeting of the 2015 financial year	Thursday 3 May 2016
Interim statement: results on 31 March 2016	Thursday 3 May 2016
Dividend Ex Date	Woensday 11 May 2016
Dividend Record Date	Tuesday 12 May 2016
Dividend payment for the 2015 financial year	Friday 13 May 2016
Half-year financial report: results on 30 June 2016	Tuesday 8 September 2016
Interim statement: results on 30 September 2016	Tuesday 27 October 2016
2017	
Annual press release about the 2016 financial year	Tuesday 23 February 2017
Online publication of the annual financial report on the website	Friday 31 March 2017
Ordinary shareholder's meeting of the 2016 financial year	Thursday 2 May 2017
Interim statement: results on 31 March 2017	Thursday 2 May 2017
Dividend payment for the 2016 financial year	Friday 12 May 2017
Half-year financial report: results on 30 June 2017	Tuesday 7 September 2017
Interim statement: results on 30 September 2017	Tuesday 28 October 2017

Investor relations

This annual report is a registered document in the sense of article 28 of the law of 16 June 2006 on public offers of investment instruments and on the admission of investment instruments to trading on regulated markets.

It has been approved by the FSMA, in accordance with article 23 of the above-mentioned law on 22 March 2015. Home Invest Belgium having opted for the French as official language, the annual financial report in French is the sole official version.

The Dutch and English versions are translations established under Home Invest Belgium's responsibility.

Le rapport financier annuel en français est disponible au siège de la société.

Het financieel jaarverslag in het Nederlands is beschikbaar op de zetel van de vennootschap.

The annual financial report in English is available at the head office of the company.

Design: The Crew Communication

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