

Anticipation and expansion



HOME INVEST
BELGIUM

Housing life

Annual Financial Report 2016

Profile

Home Invest Belgium Market leader in residential property investments

Who we are?

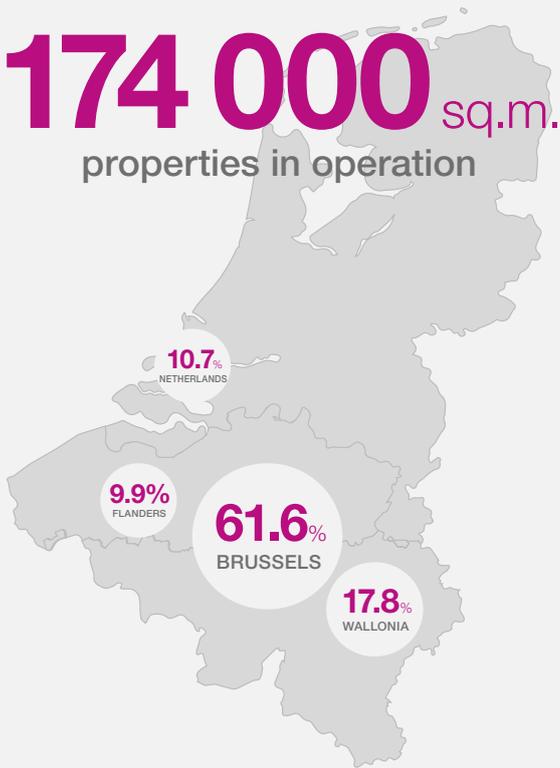
Since its creation in June 1999, Home Invest Belgium has been a listed Belgian real estate company specialising in residential property, in the broad sense, from studios for students to second homes, traditional apartments and new forms of housing.

With a portfolio in Belgium and The Netherlands valued at more than € 400 million, it provides quality properties to its tenants who benefit from a professional management. Home Invest Belgium also develops its own projects to ensure the growth of its portfolio and, in parallel, regularly divests part of it.

Home Invest Belgium is listed on Euronext Brussels [HOMI] and enjoys the Belgian tax status of a Regulated Real Estate Company (RREC) and its activities are controlled by the Financial Services and Markets Authority (FSMA).



174 000 sq.m.
properties in operation



Our strategic priorities:

The growth of our portfolio

The quality of service to our tenants

The value creation for our shareholders

Our team covers the entire property life cycle:



Summary

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Risk Factors

A photograph of a modern office interior. In the foreground, a white conference table is partially visible, with a small yellow object and a colorful object on its surface. Behind the table, there are several office chairs with brown and white upholstery. In the background, a green sofa is visible, adorned with a blue and white patterned pillow. The room has a wooden floor and a white wall with a door and a light switch. The overall atmosphere is clean and professional.



96%

OCCUPANCY RATE OF THE PROPERTIES IN OPERATION

48.5%

DEBT RATIO ON 31.12.2016

Managed by a proactive team

As a real estate investor, Home Invest Belgium operates in a constantly 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 the optimal re-use of its funds.

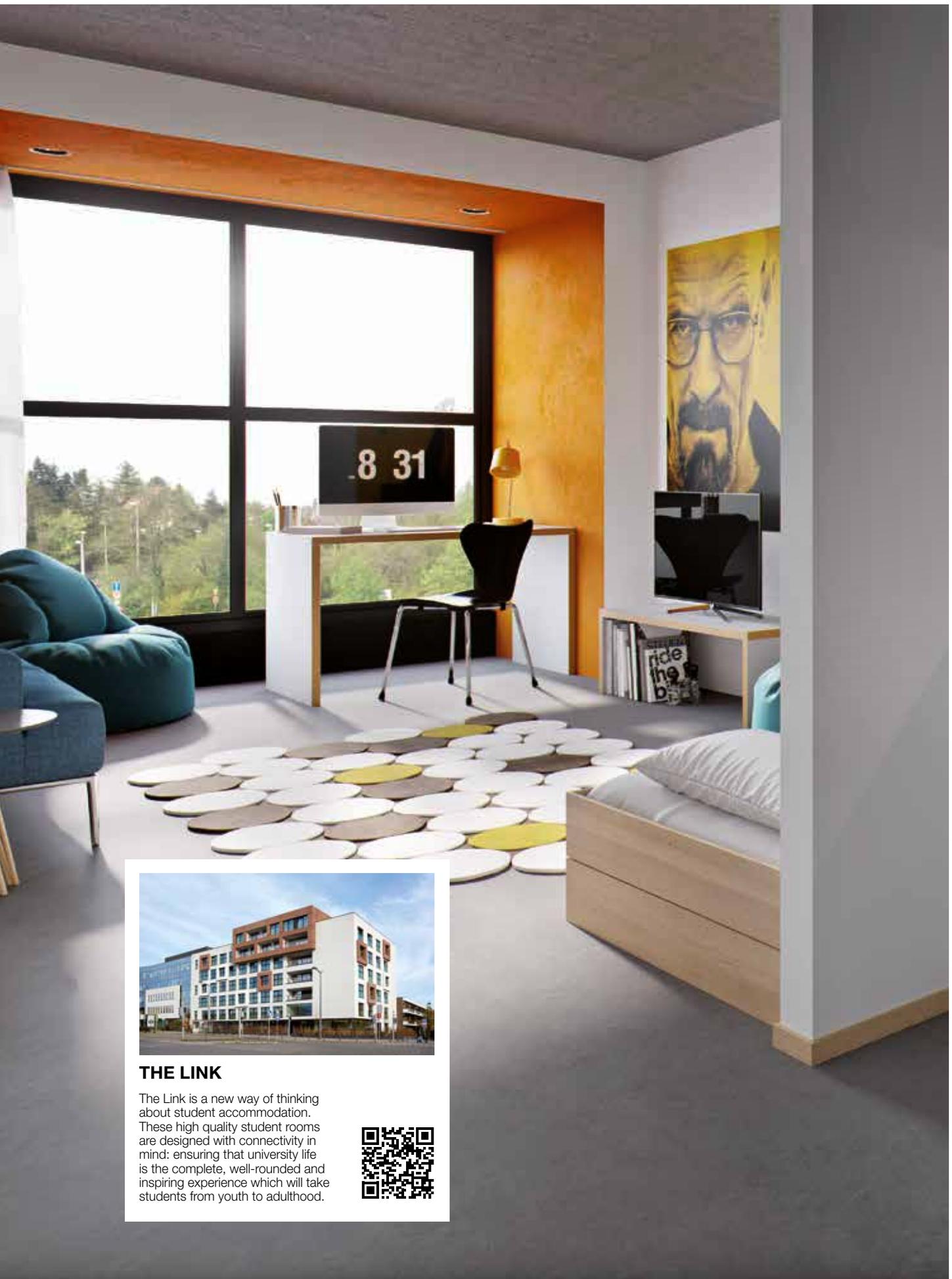
These risks are therefore subject to regular monitoring. The Management, the Risk Manager and the Board have adopted prudent policies to better protect the Regulated Real Estate Company and its shareholders from their possible occurrence.

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 and is based on information known in 31 March 2017.

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

Risk factors

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THE LINK

The Link is a new way of thinking about student accommodation. These high quality student rooms are designed with connectivity in mind: ensuring that university life is the complete, well-rounded and inspiring experience which will take students from youth to adulthood.



1. MARKET RISKS

1.1 Risk of Inflation

DESCRIPTION OF THE RISK

A change in inflation is related to a change in real interest rates. There is 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 an indexation of the base rent (in function of the health index) and in accordance with the applicable legislation;
- the risk of an increase in real interest rates is mitigated by the introduction 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 agreement or IRS) (Annex 24 to the Financial Statements).

1.2 Deflation risk

DESCRIPTION OF THE RISK

If the general economic situation becomes deflationary, or in the event of a temporary freezing – full or partial – of the rents imposed 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.

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

RISK MITIGATION

The company closely monitors (through the real estate association UPSI) the intentions of the various competent authorities regarding the freezing of rents or setting ceilings. It also includes in its business plan very prudent assumptions in terms of inflation and the evolution of rents. Finally, it implements an active maintenance and renovation policy to ensure that rents for newly-concluded leases are at least equal to the last rent collected.

1.3 Concentration risk

DESCRIPTION OF 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 concentration risk has been spread over a large number of tenants - almost 1 700. Only one large property complex is leased to a single tenant. This, the largest tenant, accounts for 9.7% of total rents. The next largest tenant represents 1.8% of rents (see Real Estate Report page 60).

This concentration risk is also mitigated by the recent geographic diversification of the company. Operating exclusively in Belgium until 2016, Home Invest Belgium has strengthened its geographical diversification with its first acquisition in the Netherlands - 241 holiday homes in a holiday complex in Ouddorp in the province of Zeeland (NL).



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 demand on the rental market and the possible adaptation of projects 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 (RREC legislation);
 - limits set by the Board of Directors for development activity for own account:
 - o maximum 12.5% per project;
 - o maximum 25% for all projects.



ArchView, Etterbeek

2.2 Risks linked to mergers, de-mergers and share acquisitions

DESCRIPTION OF THE RISK

A significant number of properties 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 have been transferred to the company in connection with these transactions, which cannot be recuperated from the transferor.

RISK MITIGATION

Home Invest Belgium takes the usual precautions in this type of operations, in particular carrying out a due diligence on the properties to be transferred and on the companies acquired, and demands contractual guarantees concerning these liabilities.

2.3 Risk of obsolescence in property portfolio

DESCRIPTION OF RISK

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

RISK MITIGATION

Home Invest Belgium mitigates this risk through:

- a policy of regular maintenance, including the constant renovation of the property portfolio and investment in development projects for own account, which enables it to ensure the quality of the buildings with the long-term in mind;
- a systematic policy of replacing obsolete equipment;
- and the resale of less attractive buildings¹.

2.4 Negative change in the fair value of the building

DESCRIPTION OF RISK

The company is exposed to changes in the fair value of its portfolio resulting from independent quarterly appraisals. The potential negative effects of a negative change in the fair value of the buildings have a negative impact on the company's net result, net assets and debt ratio.

For example, a drop of 1% in the fair value of the investment properties in operation would lead to a reduction of € 3.8 million in the net result of the statutory accounts on 31 December 2016, without, however, impacting the net result of the core activities nor the distributable result. The net asset value would drop by € 3.8 million or € 1.2 per share.

Statutory debt ratio would increase from 48.4% to 48.8%.

RISK MITIGATION

This risk is mitigated by the following measures:

- Home Invest Belgium regularly maintains and renovates its properties to maintain or even increase its rental income, and facilitate new rentals or the sale of its assets;
- property assets are valued by an independent expert at quarterly intervals, which allows corrective measures to be taken where necessary;
- the company's investment strategy is oriented towards high-quality properties and development projects with immediate high returns and stable income;

¹ Details of sales for fiscal year 2016 can be found on page 40 of the Management Report.

- the portfolio is diversified, also at the geographical level (recent diversification towards the Netherlands following the acquisition in December 2016 of holiday homes located in Ouddorp in the province of Zeeland in the Netherlands);
- and the company's principal asset only represents 10.7% 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 reduction in the company's rental income and hence in the net result.

RISK MITIGATION

The risk that properties fully 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 € 205 million as of 31 December 2016 for buildings that are available for rent (the insurance premium paid in 2016 was € 0.1 million and the percentage of coverage of the fair value of these properties is 70%). The properties forming part of co-ownerships are, in turn, insured by these different co-ownerships.



Galerie de l'Ange, Namur



Brunfaut, Molenbeek-Saint-Jean

2.6 Risk linked to administrative permits

DESCRIPTION OF THE RISK

As part of its property 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, these administrative authorisations may be subject to appeal by third parties. This can lead to delays, additional costs or even the 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 into the feasibility studies of prudent timeframes for obtaining permits, (ii) daily monitoring of these permit files by the teams, and (iii) the use of external advisors specialised in this field.

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 cost (ii) a decrease in the profitability of the project, and (iii) a delay in the acceptance time of work or the project and the collection of rent for these buildings (which has a negative impact on the company's earnings per share).

RISK MITIGATION

The technical management of the buildings and the coordination of the renovation and development works are carried

out 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 development activity for own account as described above under 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 the works in progress.

In the case of an acquisition of a building in need of major renovation, the acquisition value of the building, upon entry in the portfolio, reflects the state of the building before renovation. As the cost of the renovation is provided for in the financial plan before the investment decision, this 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

DESCRIPTION OF THE RISK

A default or the bankruptcy of a contractor with which the Regulated Real Estate company has concluded a contract for works or the provision of services can have an impact on the timing of completion and, in certain cases, on the budget of 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 a variety of contractors for a site and (iii) establishing financial guarantees to offset the shortfall in the event of the default of the contractor.

2.9 Risk of imbalance between supply and demand in the rental market

DESCRIPTION OF THE RISK

Many property developers are building large residential projects, bringing to market several hundred new apartments in certain neighbourhoods. These apartments are mostly sold to private investors who then put them on the rental market, creating a large supply and potentially a risk of oversupply. This phenomenon is mainly observed in the Brussels region. So far, however, supply has been relatively stable, meeting the need for about 4 000 new homes per year.

RISK MITIGATION

The Regulated Real Estate company is constantly attentive to the supply-demand balance in the rental micro-market

of each of its buildings. It integrates this parameter in its investment and divestment decisions.

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, operators of holiday centres).

3.1 Risk of reduced solvency or insolvency of tenants

DESCRIPTION OF THE RISK

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

The amount of commercial receivables is shown in Annex 21 of the Financial Statements.

RISK MITIGATION

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

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



- provisions for charges and taxes are payable in advance;
- 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 the tenants it selects.

For fiscal year 2016, unpaid rent totalled just € 0.07 million, or 0.4% of the issued rents.

In the event of doubt as to the quality of a receivable, it is provisionally treated as a loss and is recorded as such in the income statement.

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 the financial result and decrease the fair value of the property, particularly 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.

Prolonged 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 an essential need of the population, the risk of vacancies significantly increasing is considered to be low.

The company has a proactive commercial management policy to maintain a high occupancy level¹ (90.18% in 2016 versus 93.89% in 2015).

3.3 Risk linked to property turnover

DESCRIPTION OF THE RISK

The normal duration of a lease is essentially a function of the type of property and is usually established as follows:

- 1 or 9 year(s) for the principal residence 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 to 27 years for nursing homes².

Lease agreements entered into by Home Invest Belgium are on average shorter than leases for professional properties. This more limited duration therefore generates a higher turnover than recorded by a professional property 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 preliminary analysis of profitability and (ii) by increasing the loyalty of tenant clientele, through the presence of a team of managers and qualified property managers, as well as using syndicates or experienced external managers.



Trône, Brussels

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 "GW/SIR" or "public GW/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

¹ This term is defined in the glossary.

² The split between the buildings in function of their nature are detailed in page 70 of the Real estate report.



ArchView, Etterbeek

of 13 July 2014 relating to regulated real estate companies (“GW/SIR law”), which contain restrictions on (inter alia) its activities, the debt ratio, the allocation of earnings, conflicts of interest and corporate governance. It could be that the company may not be able to meet these requirements in the event of a significant change of circumstances, financial or otherwise.

As a Public Regulated Real Estate Company the company is exposed to the risk of changes in GW/SIR legislation, whose consequences are difficult to estimate. There is also a risk that the supervisory authority (FSMA) imposes sanctions for violation of applicable rules, including the loss of accreditation as a Public Regulated Real Estate Company (see also section 4.2 below). Loss of accreditation as a Public Regulated Real Estate Company is generally considered in the company’s credit agreements as an event that renders the 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 the following of strict internal control procedures enable the company to successfully manage its assets and debts and thus meet these specific requirements.

Home Invest Belgium also set up an Audit Committee on 8 April 2009, notwithstanding the exemption under Article 526 bis of the Companies Code.

The company cannot mitigate the risk of changes in the Regulated Real Estate company law on its own. It overcomes this by closely following the planned legislative changes and by being an active member of various professional associations, in particular BE-REIT Association ASBL, one of whose objectives is to defend the interests of the 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 specific tax regime: the exit tax is calculated in accordance with the Circular Ci.RH.423/567.729 of 23 December 2004, whose interpretation or practical application of which 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.

As a Public Regulated Real Estate company, company profits from Belgium are subject to corporation tax but on a reduced taxable basis consisting of the non-admitted expenses, abnormal or gratuitous advantages received and unjustified remunerations and commissions. Company profits of foreign origin may be taxed in the State in which they arise according to the law applicable in that State and shall be exempt in Belgium. The net profits generated by Home Invest Belgium resulting from its property investments in The Netherlands are therefore subject to corporate tax at the rate of 25% and are exempt in Belgium.

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

Since the entry into force of the law of 26 December 2015 (published in the Moniteur belge on 30 December 2015) on measures to strengthen job creation and purchasing power, the status of the Regulated Real Estate company and the advantage previously attached to it with regard to withholding tax has disappeared. Dividends distributed in



Célidée, Molenbeek-Saint-Jean

2016 will be subject to withholding tax at a rate of 27%. Dividends that are distributed from 2017 will be subject to a withholding tax of 30%.

RISK MITIGATION

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

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 regulatory changes.

4.4 Risk related to a change in international accounting rules (“IFRS”)

DESCRIPTION OF THE RISK

A change in international accounting rules (IFRS) can affect reporting, capital requirements and the use of financial products.

RISK MITIGATION

Home Invest Belgium manages this risk through (i) constant monitoring of developments on the matter and assessment of their impact, (ii) frequent discussions and contacts with the statutory auditor.

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 ratio¹ of Home Invest Belgium's may not exceed 65% from a legal point of view. The company risks losing its Regulated Real Estate company status 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 bondholder 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, with its debt 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 the two company's credit facilities (with BNP Paribas Fortis and KBC Bank NV) provide that there is an automatic step up in the margin of these credits if the debt ratio crosses certain thresholds.

RISK MITIGATION

When the consolidated debt ratio exceeds 50%, a financial plan must be drawn up by the Board of Directors in accordance with the Regulated Real Estate company Act, with a timetable outlining the measures to be taken to prevent the debt ratio exceeding 65%². On 31 December 2016, the consolidated debt ratio stood at 48.5% (at 31 December 2015, the debt ratio stood at 42.5%).

Home Invest Belgium has a consolidated debt capacity of approximately € 200 million before reaching the statutory maximum gearing of 65%, which corresponds to a possible growth of the property portfolio by 48% (additional fair value of the portfolio of € 200 million compared to total assets of € 419), entirely financed by the debt.

5.2 Liquidity risk

DESCRIPTION OF THE RISK

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

Credit lines

There is a risk of the 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 the cancellation of bilateral credit lines through the cancellation, termination or revision of financing contracts due to a default under of the obligations (“covenants”) negotiated at the time of the signing of the financing agreements.

¹ This term is defined in the glossary.

² Article 23 of law of 13 July 2014 relating to Regulated Real Estate Companies.



Home Invest Belgium is, in the event of non-compliance with its obligations and, more generally, in the 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, ded, on 18 June 2014 Home Invest Belgium issued a bond with a nominal value of € 40 million. This 10 year bond matures on 18 June 2024.

It is possible that Home Invest Belgium cannot repay the bonds at maturity.

The contractual documentation for the bond issue further provides that, in the event of a change of control of the company, bondholders can ask for an early repayment of the bonds issued.



Giotto, Evere

RISK MITIGATION

As at 31 December 2016, Home Invest Belgium had a total of € 183 million in credit lines, of which € 152.5 million had already been drawn down. Of this total, none will expire in 2017.

For further information on the structure of Home Invest Belgium's financing, please refer to the "Financial Statements" section of this report.

Home Invest Belgium has neither given nor received any mortgages, loan 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 which it has made in the context of its financing arrangements would no longer be respected. This risk is considered theoretical as the company strives scrupulously to honour its obligations.

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

- the diversification of funding sources: the total financial debt drawn down (€ 192.5 million) consists of € 152.5 million of credit lines used, the bond loan representing € 40 million;
- the diversification of lines of credit with five major European financial institutions (Belfius, ING, KBC Bank, BNP Paribas Fortis and 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 3 months;
- a regular analysis of the company's debt structure before the maturity of its credit lines in order to prepare a refinancing according to market conditions;
- various preparatory actions in order to be able to fund, at the right time, the growth of the portfolio.

5.3 Currency Risk

Since Home Invest Belgium's property portfolio comprises only buildings in Belgium and the Netherlands, 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 default of that institution.

RISK MITIGATION

Although this risk can be considered as remote, it cannot be entirely ruled out that one or more of the banking counterparties of Home Invest Belgium are in default. To limit this 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 particular attention to the quality-price ratio of the services provided. Note also that the cash available to the Regulated Real Estate company is primarily used to reduce its debt and that Home Invest Belgium never has large sums deposited on account.



5.5 Risk related to changes in interest rates

DESCRIPTION OF RISK

Short- and long-term interest rates on financial markets (international) can fluctuate strongly.

Except for the bond issue, all financial debt of Home Invest Belgium is currently at variable rates (bilateral credit lines at EURIBOR rates). This allows Home Invest Belgium to take advantage of any favourable rates.

RISK MITIGATION

To hedge the risk of rising interest rates, Home Invest Belgium's policy is to use interest 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 has set 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 property portfolio.

The risk of rising interest rates is hedged by IRS (Interest Rate Swaps) (see Annex 24 to the Financial Statements).

At 31 December 2016, Home Invest Belgium does not have fixed-rate bank debt, all bank borrowings at variable rate are € 152.5 million. IRS-type hedging instruments which permit floating rates to be swapped against a fixed rate represent a total of € 143 million. The interest rate hedging therefore amounts to 93.7%.

In addition, Home Invest Belgium has a fixed-rate bond of € 40 million over 10 years (06/2014-06/2024).

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 rate hedging instruments when the current rates are lower than those used to calculate the IRS rates. These negative changes have no effect on treasury and the net current result, but may lead to higher financial expenses and hence influence the result.

RISK MITIGATION

Comment 24 to the "Financial Statements" summarises the fair value of hedging instruments. An increase or decrease of one basis point in interest rate on variable rate debt would theoretically increase or decrease by € 0.1 million the market value of hedging instruments.

Overall, at the close of the fiscal 2016, the decline in interest rates seen in recent years has had a negative impact of € 9.3 million (value that should have been paid to cancel the coverage at 31 December 2016) on net asset value or € 2.9 per share (see Annex 24 to the Financial Statements).

¹ The decrease in the fair value of the financial instruments is taken into account in company equity at 31 December 2016 for the effective portion and in the income statement for the ineffective portion. See also "Financial Statements" - "Annex 24".

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 year 2016, the total volume of the company's shares traded on the stock exchange amounted to 191 851, against 270 860 for 2015.

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 Banque Degroof Petercam as a liquidity provider.

5.8 Risk related to the distribution of the dividend (article 617 of the Companies Code)

DESCRIPTION OF THE RISK

Under the above-mentioned article, the distribution of dividends may be limited. No distribution may be made where, at the balance sheet date, the net assets as shown in the annual accounts are, or would become, as a result of such distribution, less than the amount of the paid-up capital or, if this amount is higher, the capital called up, plus any distributable reserves.

RISK MITIGATION

This risk is mitigated by the following factors:

- maintaining and increasing the profits of the company;
- regularly putting part of the profits realised into reserves.

For further information on the calculation of Article 617 and the remaining margin, refer to Annex 26 to the Financial Statements.



The Link, Auderghem

6. RISKS RELATED TO THE INTERNAL ORGANISATION

6.1 Reporting risk

DESCRIPTION OF THE RISK

Failure in reporting could compromise the relevance of the information available to decision-makers.

RISK MITIGATION

The company has developed an adequate internal and external reporting process, with cascaded reviews at various levels, both internal (personnel members, management team, audit committee and Board of Directors) and external (statutory auditor).

6.2 Risk related to information technology

DESCRIPTION OF THE RISK

IT is a key tool for a company the size of Home Invest Belgium. Loss or unavailability of data could result in (i) a disruption in commercial activity (the company is primarily active in the apartment building sector where input and output flows are the largest), ii) an interruption of investment activity, and/or (iii) an interruption of the internal and external reporting process.

RISK MITIGATION

The management of the IT infrastructure (hardware and software), access security and data sustainability has been entrusted to an external service provider on the basis of a "service agreement".

6.3 Risks related to team members

DESCRIPTION OF THE RISK

The company is exposed to some organisational risk in the event of the departure of certain members of the Management and key personnel. The unanticipated departure of certain staff members could have adverse consequences on the development of the company and result in additional management costs.

RISK MITIGATION

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



Léopold, Liège

If a situation does arise, Home Invest Belgium will resort to the outsourcing of this function and/or the rapid recruitment of a new staff member.

Panorama





€ 4.25

GROSS DIVIDEND
FOR THE YEAR 2016

+6.5%

INCREASE OF THE
RENTAL INCOME
IN 2016

Highlights of an exciting year

By pursuing an innovative approach centred on the added value and consistency of its portfolio, Home Invest Belgium achieved a very good year in 2016. In line with forecasts, turnover is growing by more than 6%, the net result by 16% compared to the previous year and the fair value of the portfolio reached the symbolic level of € 400 million.

Panorama

| | |
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Letter to the shareholders

Innovation, the engine of growth

Interview with Liévin Van Overstraeten, Chairman of the Board and Sophie Lambrighs, CEO.

If you were to summarize 2016 in a nutshell, what would you say?

LVO: "Innovation". 2016 was indeed marked by innovations and innovative developments for Home Invest Belgium.

First, we delivered and leased a ground-breaking building, The Horizon, in Woluwe-Saint-Lambert. In the rental market, this is a really new concept, a concrete offer of "Smart Living", with shared spaces and a variety of services that offer value to the occupants.

On the other hand, Home Invest Belgium acquired 241 cottages in Zeeland, thus for the first time moving across the Belgian border and also into an unusual segment of residential property: second homes.

What distinguishes the The Horizon building?

SLA: There are a number of communal areas shared by the tenants, which form a qualitative extension using relatively small private spaces which can be utilised according to needs: a fitness room, a working area with professional printer, a music corner with a grand piano, sky lounge with a terrace for enjoying a drink and even guest-rooms...

Next, various high quality services are made available to our tenants via an online platform: parcel delivery via *dropbox*, a bakery, laundry and ironing services, shared cars, bicycle rentals, hairdresser and beautician etc. For a very good price-service ratio, The Horizon offers a level of services not available elsewhere so far on the rental market in Brussels.

How have customers reacted?

LVO: We are very satisfied with the results. The building was delivered on 30 June 2016 and the first tenants entered on 1 August. Rentals are proceeding according to the forecast and budget, and more than half of the apartments are already rented out.

The Horizon offers a coherent offer, which seems to meet market expectations even if they are not necessarily expressed to start with. This proposal is part of a global evolution of our society. Consumers are more concerned about use rather than acquisition, in a context of better management of resources. It goes without saying that accessibility in terms of cost is a prerequisite for the success of such an offer.

What were your other development projects for own account?

SLA: We continued work on the MTC1 building next to The Horizon: a more conventional 95-apartment building, which will be delivered in the first quarter of 2017 and where the first tenants are expected to arrive in May.

We also acquired the mixed site (offices and warehouses) Célidée in Molenbeek, which we are converting into residential. This is a beautiful project that will include 91 apartments, four houses, a nursery, with a dynamic reach in the neighbourhood. Work has started and the commercialisation is scheduled for 2018.

“

We have all the elements in place to make the the year 2017 in place, acquisitions, portfolio management or the development of our projects.

Sophie Lambrighs, CEO



Another milestone in 2016 is the acquisition of 241 cottages in Zeeland...

LVO: Indeed, we have acquired 241 cottages in Ouddorp in the province of Port Zélande, in The Netherlands. This is a great opportunity for us, which represents a geographical diversification since we have chosen for the first time to invest outside Belgium.

Moreover, our objective is to make the portfolio as complete and consistent as possible. This acquisition allows us to diversify while maintaining our pure player strategy in residential property. With this segment of second homes, a priori a little atypical for us, we are broadening our activities. As we did with student studios or The Horizon.

Further acquisitions in 2016?

SLA: We have also acquired a building in Oudenaarde, with stable occupancy and well established in the city. The current occupancy rate allowed us to start the renovation of some free spaces and apartments. And this work will continue gradually as the apartments become available in the future.

How has your business evolved in 2016?

SLA: We performed very well. Gradually harvesting the fruits of our work in previous years, our turnover is growing at more than 6%.

The rental market is sustained in all segments, with a slight increase in rents, which had not happened in a very long time. This is a very positive indicator for us because our economic model is supported by inflation and rising rents. Several buildings (renovated, acquired or delivered in 2015) have reached their rhythm in terms of occupancy rates: Livingstone, Trône, Ghlin, ArchView, The Link,....

Finally, the decrease in the cost of credit enabled us to significantly improve our financing costs during the year.

What about sales?

SLA: Here too we have achieved our objectives. We had a good year in terms of sales. The changes affecting the sector in Brussels - a new housing bonus scheme and a reduction in registration duties - have not led to any frenzy or slowdown in sales activity.

How is your portfolio evolving?

LVO: In 2016, we have reached the € 400 million mark in fair value, this is a great step forward! We increased from € 349 million in 2015 to € 410 million in 2016, an increase of some 18%.

And your results?

LVO: The net result is in line with our budget and the distributable result is up by 5.4% compared to the previous

year. On the basis of these results, the Board of Directors is proposing to distribute a dividend of € 4.25, again rising for the 17th consecutive year.

At the end of 2015, we announced our intention to integrate the interim dividend into our dividend policy. In December 2016, we therefore distributed an interim dividend of € 3.75.

Do you feel your mission is changing?

LVO: Yes, I think it is evolving gradually. More and more, Home Invest Belgium intends to be an actor that anticipates market trends and is truly at the forefront of residential property. Our goal is to create innovative trends in our industry.

What changes should be expected in the market?

SLA: At the legal and tax level, in 2016 we observed fewer announcements of changes than in the previous year. 2017 will see the regionalisation of the residential lease, with regulations that will vary according to the three Regions of the country. We will therefore have to integrate the specificities of three regulations.

In the medium term, we must remain attentive to the supply-demand balance in the Brussels rental market. Many developers are working on major projects, bringing to market several hundred new apartments in certain neighbourhoods. These apartments are mainly sold to private investors who then put them on the rental market, creating a large offer. So far, supply has been relatively stable, meeting the need for about 4 000 new homes per year. But we must remain careful that this balance remains.

What are the challenges ahead for Home Invest Belgium?

LVO: Our main challenge remains the growth of our portfolio, maintaining our target of 8% to 9% per year. In the acquisition of new projects as well as existing buildings, we remain



In 2016, we have reached the € 400 million mark in fair value, this is a great step forward! We increased from € 349 million in 2015 to € 410 million in 2016, an increase of some 18%.

**Liévin Van Overstraeten,
Chairman of the Board of Directors**

in a very competitive niche with a rather rare product. The majority of the large complexes are condominiums and are therefore not eligible for us. And on the development side, we face a growing competition in the residential segment. But we prefer to remain reasonable rather than buy at any price, and thus guarantee our profitability. In the longer term, we would like to continue our geographic diversification and expand further outside of Brussels, in the context of new investments.

Another challenge: as soon as our new IT system is in place and in place, we will be able to work on a greater number of economies of scale in our management, repair and other costs, in order to increase our margin between gross and net rents as our portfolio grows.

How are you approaching 2017?

SLA: I think we have all the elements in place to make the 2017 positive: in terms of teams in place, acquisitions, portfolio management or the development of our projects.

The rental market remains favourable and stable, particularly in Belgium where this sector is evolving rather slowly. We intend to continue our development by continuing to innovate, bringing more added value to our tenants and ensuring the consistency of our portfolio.

Sophie Lambrighs
Chief Executive Officer

Lévin Van Overstraeten
Chairman of the Board of Directors

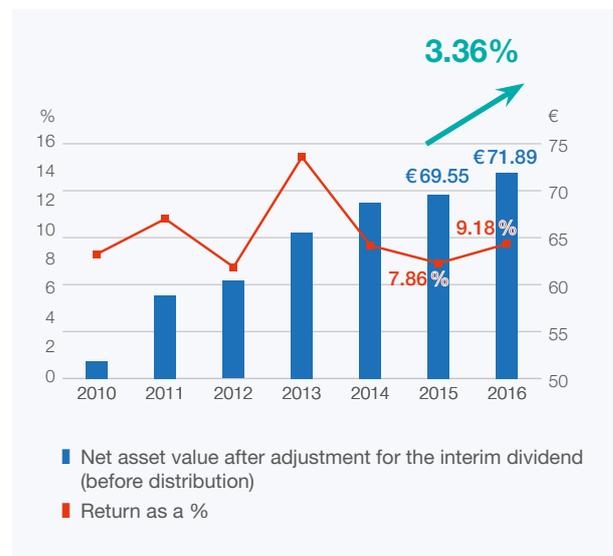


Key figures

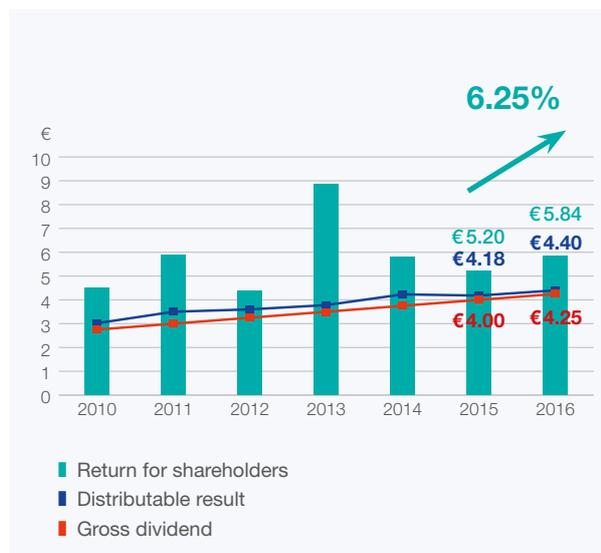
EVOLUTION OF THE PORTFOLIO



NET ASSET VALUE AND RETURN

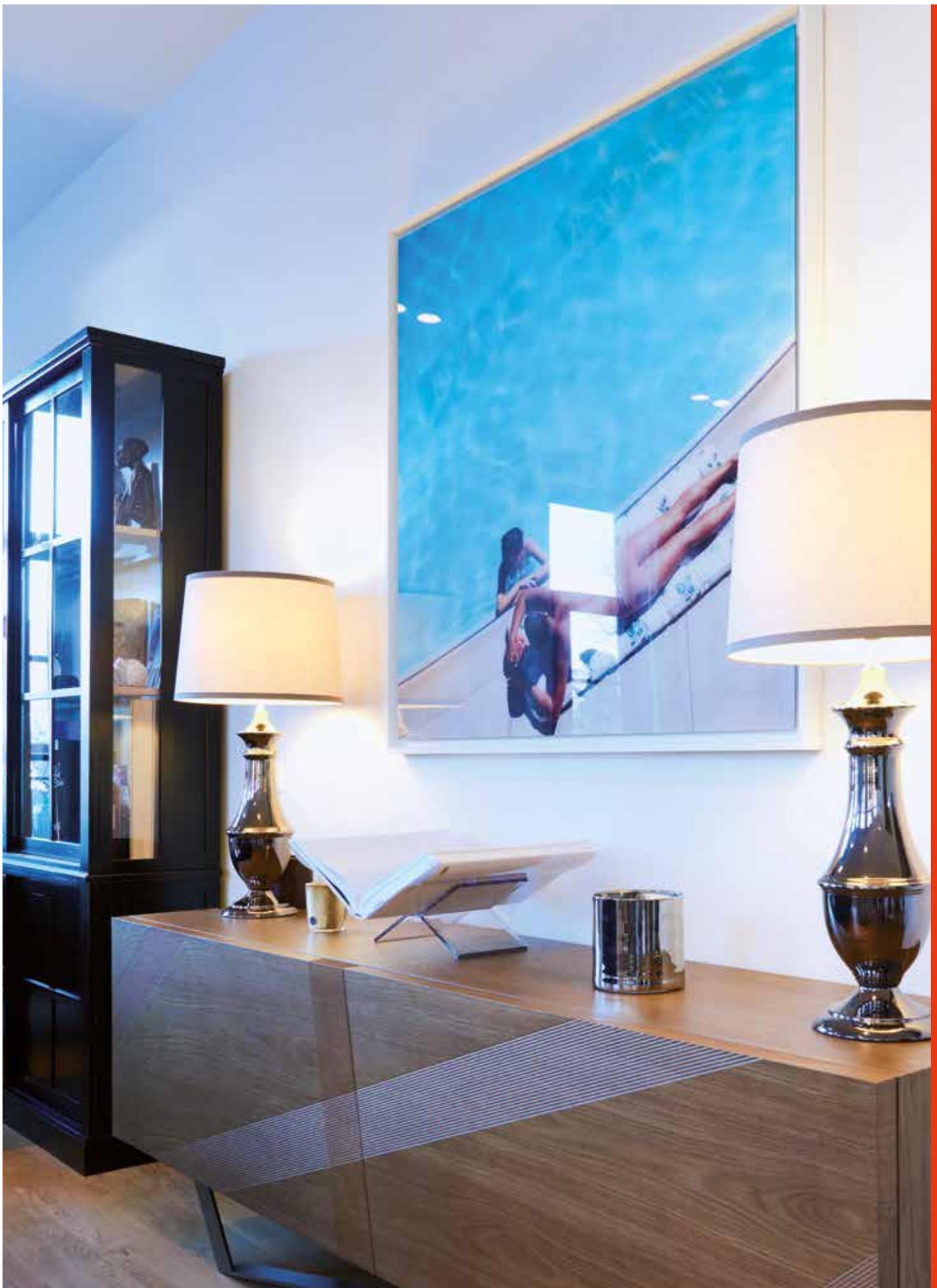


GROSS DIVIDEND, DISTRIBUTABLE RESULT AND RETURN FOR SHAREHOLDERS



6.25%

IN 2016,
THE GROSS DIVIDEND
INCREASED FOR THE 17th
CONSECUTIVE YEAR.



Highlights

1999

- **Creation of Home Invest Belgium**
- Approval as a real estate investment trust (SICAFI)
- **IPO**
- **Portfolio of 13 properties with a total value of € 41 million**



2001

Acquisition of the Residence Clos Saint-Gery in Ghlin

2003

- **Axa becomes shareholder**
- Contribution of the Clos de la Pépinière, Bosquet-Jourdan and Monnaies-Jourdan buildings in Brussels



2005

Acquisition of Giotto building in Brussels

2006

- **Capital increase of € 31.6 million through issue of new shares**
- Acquisition of Florida buildings in Waterloo



2007

Acquisition of Erainn and Voisin buildings in Brussels

2008

- Acquisition of the Liège portfolio
- **Van Overstraeten Group becomes a shareholder**
- Contribution of Sippelberg, Baeck and Lambermont buildings in Brussels



2009

Acquisition of Haverwerf buildings in Mechelen, Les Erables in Brussels, and the City Gardens real estate complex in Leuven

2011

Renovation completed of the City Gardens real estate complex in Leuven



2013

- Acquisition of a real estate complex in Louvain-la-Neuve
- Completion of the town house apartments at 21 rue Belliard, 1000 Brussels
- Acquisition of the development projects, Arian, Trône, Maurice Charlent, Marcel Thiry 204C in Brussels and Reine Astrid in Kraainem



2015

- Completion of the Trône and The Link buildings
- Renovation of Clos Saint-Gery houses in Ghlin and the Charles Woeste and Yser buildings in Brussels
- Acquisition of the Livingstone building in Brussels
- Acquisition of Brunfaut conversion project in Brussels



2012

Acquisition of Odon Warland building in Brussels



2014

- Approval as a Regulated Real Estate Company
- € 40 million bond issue
- The residential share of the portfolio exceeds the 80% threshold
- Acquisition of the La Résidence property



2016

- Delivery and commercialisation of the The Horizon building in Brussels
- Acquisition of the Célidée project in Brussels and start of works
- Acquisition of the Remparden building in Oudenaarde
- First investment in the Netherlands through the acquisition of holiday homes in Ouddorp (Port Zélande)

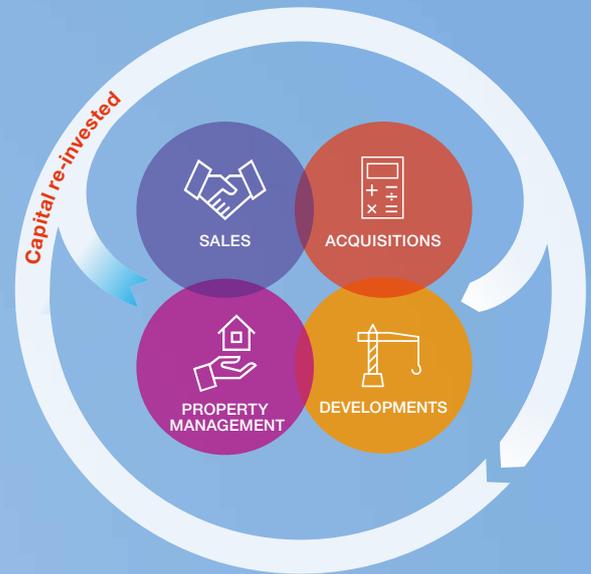
Strategy

Home Invest Belgium intends to be the leading player in residential property destined for renting, in the broad sense of the term, from student studios to secondary homes, including traditional apartments and new forms of housing.

The company's strategy is based on four pillars:

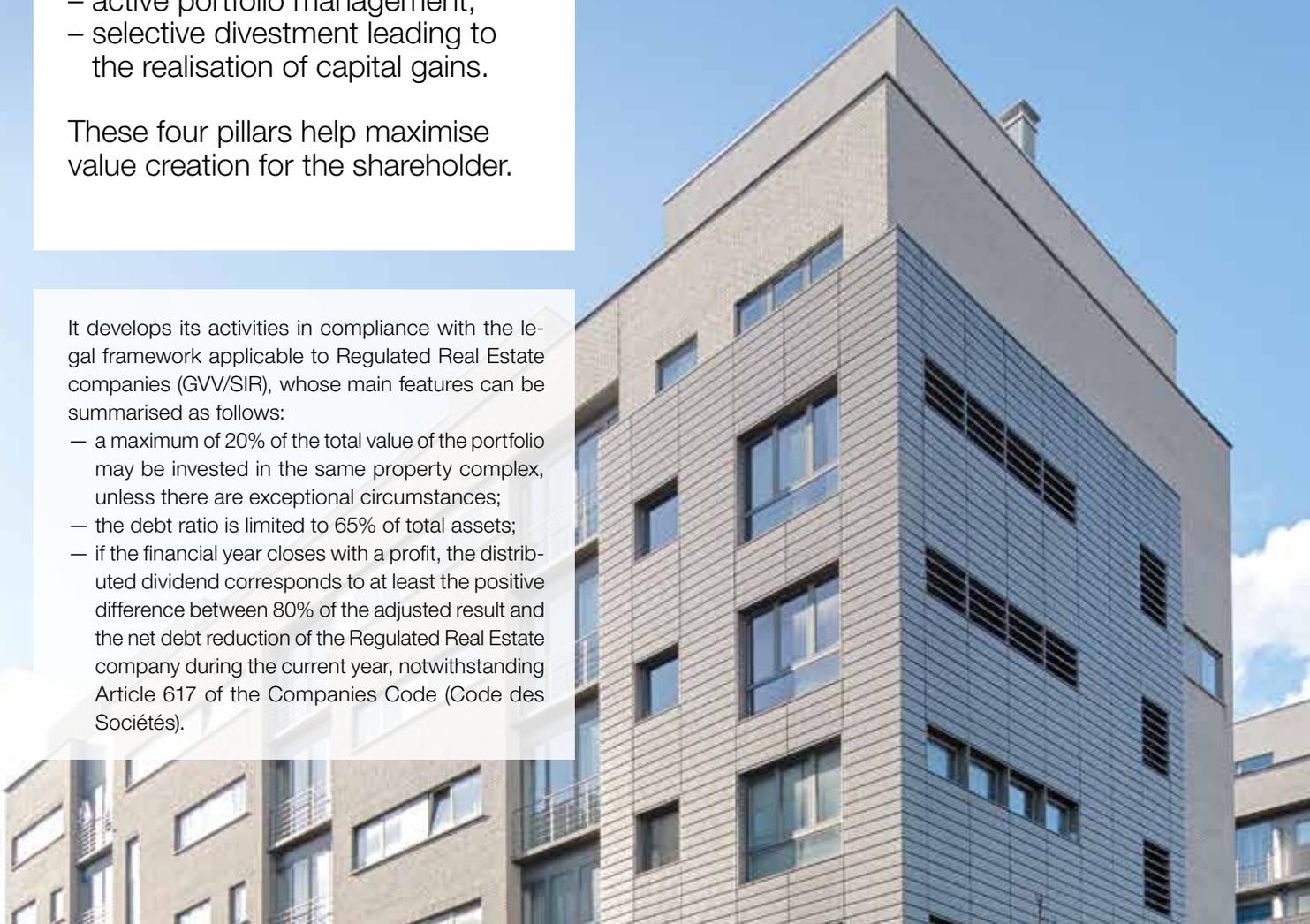
- the acquisition of existing buildings or projects;
- the implementation of development and renovation projects;
- active portfolio management;
- selective divestment leading to the realisation of capital gains.

These four pillars help maximise value creation for the shareholder.



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 property 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, but also by being present in the market for second homes.

Brussels and the other Belgian cities remain the historic markets of Home Invest Belgium. Since 2016, the company has invested in the Netherlands, in Zeeland. It is above all the dynamism of the rental market and then the size of its population that determine the attractiveness of a location for Home Invest Belgium.



Port Zélande, Netherlands



Developments

PRIORITY FOR PROJECTS WHICH ARE SUSTAINABLE, GENERATE CAPITAL GAINS AND HAVE INNOVATIVE CONCEPTS

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



Reine Astrid, Kraainem

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, and environmental concerns. 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 real estate development margin;
 - and, ultimately, the realisation of capital gains through the unit per unit V.

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 on-going project developments, the Board of Directors has defined 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 its 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 real estate 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 development projects are linked to the size of the property, its short and long term profitability and its intrinsic qualities (location, technical quality, etc.).

They are detailed in the chapter Real estate report.



Administrative, technical and commercial management

OPTIMISATION OF RENTAL MANAGEMENT, OCCUPANCY RATE AND PORTFOLIO REJUVENATION

Home Invest Belgium manages a very large number of rental units and at the end of December 2016 was leasing more than 1 700. The company aims to achieve economies of scale and to differentiate itself from the multitude of private investors active in the residential market by offering its tenants a qualitative professional service. The quality of service at the administrative, technical and commercial levels is essential to the success of the company, benefiting both tenants and shareholders.

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

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 generally allows the company to provide better service to tenants, to get to know the property portfolio better, to anticipate their renovation requirements and to 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 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 the 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 priorities for disposal 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.



Les Mélézes, Woluwe-Saint-Lambert



Management report





4%

ANNUAL SALES
OBJECTIVE
SINCE 2012

A strategy of anticipating on future trends

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.

Management report

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Significant events during the year

CONSIDERABLE REDUCTION IN FINANCING COSTS

Average financing rate and debt ratio

Thanks to the renegotiation of various IRS (*Interest Rate Swaps*) in 2015 and early 2016, on the one hand, and the financing of acquisitions during the year by new lines of credit granted on very attractive terms, on the other, the average cost of financing (after converting floating-rate debt into fixed-rate debt via IRS) decreased significantly to 2.53% (compared with 3.40% in 2015 and 3.63% in 2014).

Following various acquisitions and in particular the one in the Port Zélande, the company's **debt ratio** stands at 48.5%, leaving the Registered Real Estate company with a debt capacity of around € 62 million to reach the 55% debt level and € 200 million to reach the legal limit of 65%.



Overview of the financial structure

| Funding | Confirmed credit lines | Usage |
|---------------|------------------------|------------------------|
| Bank finance | € 183 million | € 152.5 million |
| Bond issuance | € 40 million | € 40 million |
| Total | € 223 million | € 192.5 million |

The **weighted average term of financing** is 5 years and 3 months as of 31 December 2016, compared with 5 years and 7 months as of 31 December 2015. At 31 December 2016, € 30.5 million of credit lines was still available.

| Active hedging instruments at 31 December 2016 | IRS |
|--|----------------------|
| Total | € 143 million |

The **average term of the interest rate hedging instruments** was 5 years and 7 months at 31 December 2016, equal to that at 31 December 2015.

DIVIDEND POLICY

In line with the decision taken in 2015, the company distributed, on 5 December 2016, an interim dividend payable in cash. Coupon n° 21 gave shareholders an interim dividend of € 3.75 gross or € 2.7375 net per share (after deduction of the withholding tax of 27% in force at that date).



Sippelberg, Molenbeek-Saint-Jean

EVOLUTION OF THE PROPERTY PORTFOLIO



Acquisitions

CÉLIDÉE

Acquisition of a development project in Molenbeek

On 10 February 2016, the company acquired all the shares of HBLC SPRL, owner of a former office site located at rue de la Célidée 29 – 33 and rue Joseph Schols 13 at 1080 Molenbeek, and holder of the necessary permits for the redevelopment of the site.

The site is to be an ambitious reconversion project, which consists of the construction of a building complex composed of 96 apartments, 80 parking spaces and a crèche, covering a total gross surface area of 8,995 sq.m.

The site was released by Toshiba at the end of May 2016, and work commenced at that time.

With this acquisition, the company is confirming its ability to take on the type of projects that will ensure the growth of its portfolio and its revenues in the coming years. This demolition-reconstruction project also confirms the capacity of the Registered Real Estate company to participate in urban renewal and responds, in particular, to the need for housing in a municipality experiencing strong population growth.

REMPARDEN

Acquisition of a residential building in Oudenaarde

The company acquired on 12 April 2016 a building consisting of 80 studios, 15 apartments, 1 office space (leased long-term to Solidariteit voor het Gezin) and 74 parking spaces. The complex is located in the province of East Flanders in Oudenaarde, 12 Remparden, on the edge of the city centre and 200 meters from the banks of the river Scheldt.

The building will undergo a renovation programme carried out by the teams of Registered Real Estate company in the years to come. In addition to the balconies and railings, work will be carried out on the interior finishings of the apartments, which will be renovated as they are released by the occupants. The apartments, which are currently empty, are temporarily not being re-let to allow the renovation work to be completed in the shortest possible time.

This acquisition has boosted the share of the portfolio located in the Flemish Region by adding a new location on the map for the Registered Real Estate company. The city has derogated from the usual size criterion (30 000 inhabitants instead of the 50 000 fixed as the minimum), but the size of the building (nearly 100 units), its location and its excellent rental history were decisive in the analysis of this opportunity.

“The particularity of Home Invest Belgium is to be a residential “pure player” ... Few Belgian institutional investors are active in this sector, which allows us to have the ambition of becoming the leader in this market. Our DNA is housing in the broadest sense of the term: traditional housing, for students, with services and resorts. The scope of this market is surprising ...”

Nicolas Vincent, Chief Investment Officer





Remparden, Oudenaarde

PORT ZÉLANDE

Acquisition of 241 holiday homes

Home Invest Belgium acquired on 30 November 2016, 241 holiday homes in the Center Parcs Port Zélande complex located in Ouddorp (in the Dutch province of Zeeland).

The cottages are part of a complex of some 700 holiday homes surrounded by “central facilities” (such as an aquafun pool, restaurants, shops, playgrounds etc.), which are operated by Center Parcs, a subsidiary of the French group Pierre & Vacances. Home Invest Belgium thus becomes the largest owner of holiday homes in the complex. The cottages will be renovated and then leased for a period of 15 years by Center Parcs based on a ‘triple net’ rental agreement.

This acquisition, the first acquisition outside the borders of Belgium, fits perfectly within Home Invest Belgium’s strategy.

Indeed, the Registered Real Estate company intends to be a leading player in residential real estate in the broad sense; the changes in lifestyles make the distinction between primary residences and second homes increasingly tenuous. An investment in second homes thus complements the range of types of assets held by the Registered Real Estate company.

On the other hand, the geographical diversification of the portfolio, which has always been a focus of the company, is greatly improved.

Finally, the cottages can be sold individually to private individuals and this corresponds to the Registered Real Estate company’s selective divestment policy.



Developments

During the year, the Registered Real Estate company’s own development projects have made significant progress. One of them, The Horizon, was delivered and went into operation in line with the announced schedule.

MARCEL THIRY C1

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

The partial demolition work continued and the construction work on the façade and the finishing of the 96 apartments continued throughout 2016. The commercialisation of the apartments will start during the 2nd quarter of 2017.

MARCEL THIRY C2

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

The appraisal of the permit application for the subdivision of the MTC2 land, adjacent to the previous project, continued throughout 2016. The meeting of the consultative committee (*commission de concertation*) took place in November and gave a favourable opinion. The subdivision permit should therefore be issued shortly.

CÉLIDÉE

Rue de la Célidée 29 – 33, and rue Joseph Schols 13, 1080 Molenbeek-Saint-Jean

Work has been started. The demolition is now complete and the foundations are being laid.

REINE ASTRID

Avenue Reine Astrid, 278, 1950 Kraainem

Following the rejection by the Flemish Brabant authorities of the appeal lodged against the permit issued by the municipality in April 2016, this permit became final and the asbestos removal and demolition work on the old post office building was started.

BRUNFAUT

Rue Brunfaut and rue Fin, 1080 Molenbeek-Saint-Jean

The application for a permit allowing the conversion of the site into a mainly residential project had been introduced during the 4th quarter of 2015. The meeting of the consultative committee (*commission de concertation*) took place in November and the latter gave a favourable opinion with certain conditions attached. Following the introduction of the modified plans following their remarks, the permit should be issued during the first half of 2017. Home Invest Belgium will become the full owner of the site after obtaining the permits necessary for the demolition of the existing buildings and the construction of the new complex.



Zoom in on ...

THE HORIZON

Residential property is usually regarded as a conservative sector. However, with The Horizon, Home Invest Belgium is demonstrating that it is possible to integrate on a large scale the evolutions of our way of life in a single building.

The geometry of the building, which was a constraint at the start, led the company to develop an innovative project. It responds to changes in the residential rental market, but also to the changing attitudes and needs of people living in cities. Sharing, sustainability, mobility ... are all themes that regularly make headlines in the media, and their evolution is accelerated by means of communication.

All these themes are reflected in The Horizon which introduces a new concept in the rental market. Comfortable and medium-sized apartments are rented privately. To work, to receive friends and other leisure activities, spaces are available by reservation or available to all residents. Want to watch a movie? To play the piano? To do sport? To let the children have fun in a space that is entirely dedicated to them? Invite some friends over to have a drink or share a meal in the skylounge? All this is possible in the same building.

In addition to common areas, tenants can benefit from à la carte services on an online platform. For example, by logging in, they can rent a bike or a car via Cambio, reserve a room or a carwash, order a breakfast, call a service voucher (*titres-services*) company or do some shopping.

Of course, the sharing of certain equipment reduces installation costs and optimises the usage costs. In addition, the use of a digital platform reduces staff costs while providing 24-hour service. This approach helps maintain the cost of apartments and services at a market price. The Horizon offers a concrete and intelligent alternative to those who wish to live in an urban environment without compromising their comfort and enjoying an exceptional quality of life. This is a project that has no equal on the Belgian market.



THE HORIZON IS:

Firstly, 160 apartments with large terraces,
But also 4 "guest rooms",
A grand piano and fitness equipment,
One cinema and another meeting room,
A web platform where to book a car
or your breakfast,
A panoramic terrace,
And so much more ...





Administrative, commercial and technical management

OCCUPANCY RATE¹

The average occupancy rate for the whole of 2016 is 90.18%, down from 2015 (93.89%).

This decrease is explained by the progressive renting out of the new developments that the Registered Real Estate company is putting on the market. Payment of rent does not start until the work is fully completed (prospective tenants, unlike purchasing clients, do not anticipate their future needs) and the situation of the rental market (sustained demand but no pressure) explains why the first rentals are spread over several months.

The occupancy rate of residential properties currently in operation remains at the very high level of 96%, demonstrating the robustness of the rental market and the suitability of properties owned by Registered Real Estate company in this market.

The four properties, which were first commercialised, had an average occupancy rate of 58% in 2016. They are the Clos Saint Géry in Ghlin, Livingstone and ArchView, all three of which are now fully rented, and finally The Horizon, whose commercialisation began in early August 2016 and in which 100 of the 160 apartments have already been rented.

In the future, given the constant share of developments in the portfolio, the Registered Real Estate company expects that the occupancy rate will stabilise at the level of 2016.

PORTFOLIO REJUVENATION

Home Invest Belgium has continued a major renovation programme in some of the buildings in its portfolio.

In Ghlin, the renovation of the 20 houses at Clos Saint-Géry was completed. The provisional acceptance of the houses took place during the first quarter of 2016. The 20 houses have been rented again since the second half of 2016.

At Avenue de l'Yser, the deep renovation of the building renamed ArchView was completed and accepted in the first quarter of 2016. The 16 fully refurbished apartments have all been re-let www.archview.be.

Work on the Charles Woeste residential building was accepted in the first quarter of 2016.

In Liège, planning permits were obtained for a complete overhaul of the facilities of the apartments in the Léopold and Saint Hubert buildings. Implementation studies are underway with a view to starting work in 2017.

TECHNICAL AND ADMINISTRATIVE MANAGEMENT

The company's internal teams are in charge of the technical, administrative and accounting management of the majority of buildings in the Brussels Region, leaving the management of the other properties to carefully selected and carefully managed external managers and syndicates.

“Day after day the world changes and this change creates new needs, new expectations, how we work, move, communicate, relax, ... living together changes gradually. This is what makes The Horizon Exceptional.”

Filip Van Wijnendaele, Chief Operating Officer



¹ This term is defined in the glossary.



Sales

In line with its fourth strategic axis of selective divestment of its portfolio, Home Invest Belgium has also continued to actively sell properties (usually apartment buildings) on a piecemeal basis. This divestment activity has once again made it possible to ensure the liquidity of the company's portfolio and the accuracy of the appraised values.

In 2016, 40 properties were sold: apartments located in the Mélézes, Birch House and Wetteren buildings, 4 houses on the Ryckmans site and the entire Sint-Niklaas building.

The various divestments undertaken during fiscal 2016 made it possible to record a net realised gain of € 0.3 million compared to the last fair value of the properties sold.

In total for 2016, divestment activity represented 5.66% of the fair value of investment properties at 31 December 2015, resulting in a distributable result of € 5.4 million.

This amount increased the distributable income to shareholders for 2016 and confirms the importance of divestment as a strategic axis of Home Invest Belgium.

SUMMARY OF SALES

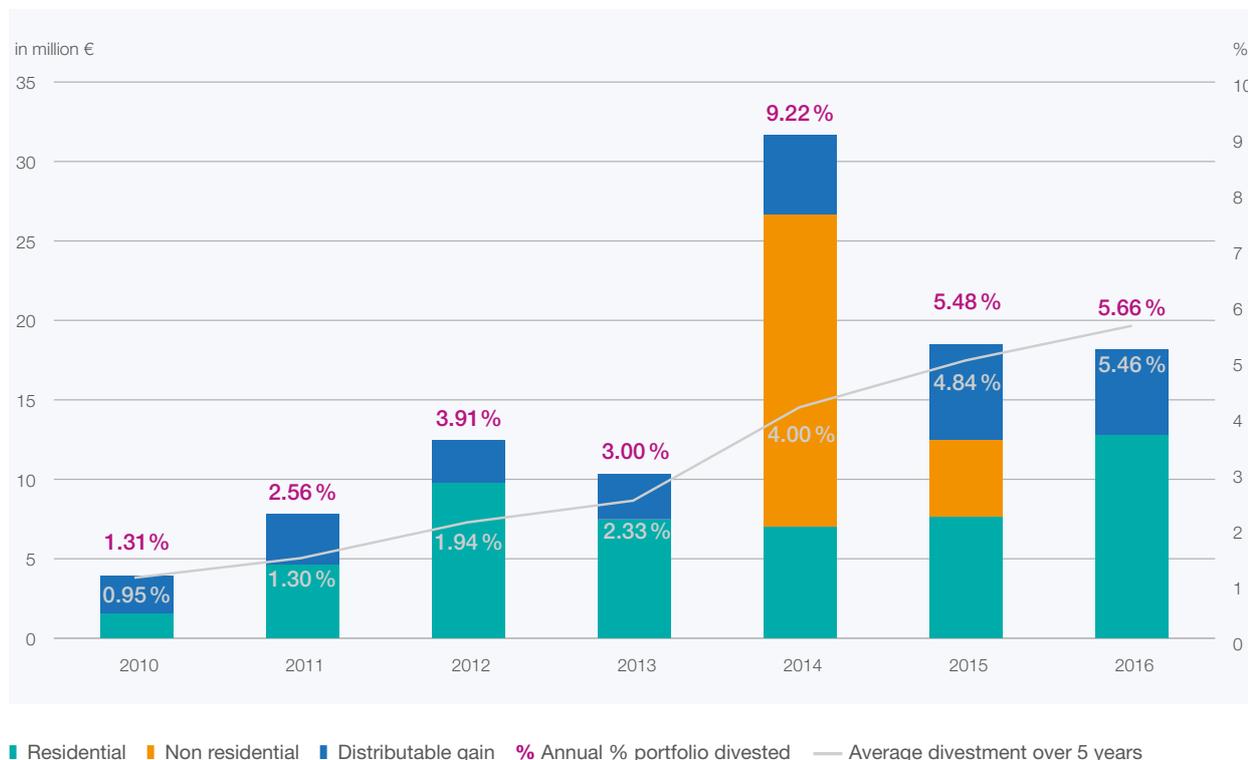
| | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|----------------|----------------|----------------|----------------|----------------|
| Number of sites affected by sales | 7 | 10 | 9 | 13 | 17 |
| Net sales price (excluding transaction costs) | € 18.2 million | € 18.5 million | € 31.6 million | € 10.3 million | € 12.5 million |

“We can proudly confirm that the development department, founded four years ago, is beginning to deliver the hoped for results: 450 units produced and approximately 450 qualitative and energy-efficient additional units.”

Toon Haverals, Chief Development Officer



EVOLUTION OF SALES



BB

L'Écho
27 October 2016

“Le taux d’occupation moyen des immeubles en exploitation s’établit à 90,84% pour les trois premiers trimestres 2016, alors qu’il s’élevait encore à 93,15% au 30 juin 2016 et à 93,89% en fin d’exercice 2015. Mais cette diminution est en ligne avec les prévisions de la société. Elle résulte, d’une part, de la mise en location des projets développés (...) et, d’autre part, de la politique d’arbitrage active d’une part du portefeuille ($\pm 4\%$) (...).”

Summary of the consolidated annual accounts¹

(see also chapter "Financial Statements")

"Our dynamic management of our financing has enabled us to improve our average cost of funds (2.53%) without degrading the average maturity of our credit lines, which are still longer than five years."

Jean-Luc Colson, Chief Finance Officer



¹ This report is based on the consolidated financial statements. The detailed statutory accounts, as well as the statutory management report, are available free of charge on request to the company. The statutory accounts are included in the "Financial statements" chapter of this annual financial report.

CONSOLIDATED BALANCE SHEET

| ASSETS | 31/12/16 | 31/12/15 |
|---|--------------------|--------------------|
| I. Non-current assets | 409 872 451 | 347 049 162 |
| B. Intangible assets | 278 118 | 7 733 |
| C. Investment properties | 408 833 729 | 346 100 301 |
| D. Other tangible assets | 102 316 | 149 060 |
| E. Non-current financial assets | 75 649 | 74 186 |
| F. Finance lease receivables | 582 639 | 717 882 |
| II. Current assets | 9 429 070 | 16 012 906 |
| A. Assets held for sale | 1 457 192 | 2 484 525 |
| C. Finance lease receivables | 135 243 | 127 147 |
| D. Trade receivables | 3 169 636 | 10 343 536 |
| E. Tax receivables and other current assets | 842 449 | 275 869 |
| F. Cash and cash equivalents | 3 437 814 | 2 487 426 |
| G. Deferred charges and accrued income | 386 735 | 294 403 |
| TOTAL ASSETS | 419 301 520 | 363 062 069 |
| SHAREHOLDERS' EQUITY | | |
| A. Capital | 75 999 055 | 75 999 055 |
| B. Share premium account | 24 903 199 | 24 903 199 |
| C. Reserves | 98 198 999 | 95 782 145 |
| D. Net result of the financial year | 6 101 079 | 3 507 233 |
| SHAREHOLDERS' EQUITY | 205 202 333 | 200 191 632 |
| LIABILITIES | | |
| I. Non-current liabilities | 201 485 901 | 154 617 936 |
| B. Non-current financial debts | 192 205 885 | 147 666 669 |
| a. Financial debts | 152 500 000 | 108 000 000 |
| c. Others | 39 705 885 | 39 666 669 |
| C. Other non-current financial liabilities | 9 280 017 | 6 951 266 |
| II. Current liabilities | 12 613 287 | 8 252 501 |
| B. Current financial debts | 712 226 | 605 651 |
| c. Others | 712 226 | 605 651 |
| D. Trade debts and other current debts | 10 385 458 | 6 026 535 |
| b. Others | 10 385 458 | 6 026 535 |
| E. Other current liabilities | 90 680 | 85 861 |
| F. Accrued charges and deferred income | 1 424 923 | 1 534 454 |
| LIABILITIES | 214 099 188 | 162 870 436 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 419 301 520 | 363 062 069 |
| Number of shares at end of period ¹ | 3 147 897 | 3 147 897 |
| Net asset value | 205 202 333 | 200 191 632 |
| Net asset value per share | 65.19 | 63.60 |
| Value of the net assets adjusted to exclude the fair value of the financial hedging instruments | 68.14 | 65.80 |
| Indebtedness | 203 394 248 | 154 384 716 |
| Debt ratio | 48.51% | 42.52% |

¹ The number of shares at the end of the period is calculated excluding of the 12 912 own shares held by the company.

COMMENTS ON THE BALANCE SHEET

Assets

Intangible assets relate to the Winiris management software that is amortised over 5 years and to the new Axserion integrated software whose implementation is planned for during 2017.

During the year, the fair value of investment properties increased from € 346.1 million at 31 December 2015 to € 408.8 million at 31 December 2016, including development projects; an increase of 18.1%, mainly due to:

- the acquisition of various properties listed above;
- the actual sale of properties;
- the pursuit of development projects, the details of which are set out above;
- renovation work carried out in our buildings to keep them in line with the requirements of the current rental market;
- the balance resulting from a positive change in the fair value of the properties in the portfolio during the 2016 (+ € 11.3 million).

As of 31 December 2016, investment properties in operation totalled € 381.3 million, while current development projects amounted to € 27.5 million (compared with € 313.6 million and € 32.5 million respectively at 31 December 2015).

Other tangible fixed assets include fixed assets for own use. Non-current financial assets amounted to € 0.08 million, following the decline in the fair value of the hedging instruments pursuant to IAS 39 accounting standards.

Finance lease receivables, totalling € 0.7 million, represent the value of receivables arising from the property leases of the building in rue de Belgrade and Résidence Lemaire, the long-term element being included in non-current assets and short-term (less than one year) in current assets. Receivables decrease in accordance with the progress of the finance lease contracts.

The volume of buildings held for sale amounted to € 1.5 million; it represents the fair value at year end, of the buildings whose sale process had already been initiated at that date.

Commercial receivables, declined by € 3.2 million from € 10.3 million last year, corresponding, for the most part, to amounts receivable under the asset sale agreements

signed at year-end 2016 (€ 2.5 million) and, for the remaining rental claims on the investment properties.

Tax receivables and other current assets amounted to € 0.8 million. Cash and cash equivalents amounted to € 3.4 million, against € 2.5 million last year. Accrual income amounted to € 0.4 million.

Equity and liabilities

As of 31 December 2016, the share capital of Home Invest Belgium, amounting to € 76 million, is represented by 3 160 809 shares of which 12 912 shares are held in treasury and are excluded for calculations per share.

Reserves increased by 2.6% to € 98.2 million against € 95.8 million a year earlier, following the assignment of the 2015 result. Note also the results carried over from previous years, which now reaches € 26 million, or € 8.25 per share, compared to € 18.1 million last year (+ 43.5%).

Lastly, the net result for the year amounted to € 6.1 million. It corresponds to the net result for the year before assignment i.e. € 17.9 million less the interim dividend paid in December 2016.

Non-current financial debts amounted to € 192.2 million, compared to € 147.7 million a year ago. This increase is the result of the financing of new acquisitions and development projects. The current debt is € 0.7 million, identical to 2015. Note that this item also includes the rental guarantees received.



Erainn, Etterbeek

Commercial debts and other current liabilities amounted to € 10.4 million, against € 6.0 million last year. They cover supplier liabilities of € 9.1 million, advance collection of rents of € 0.7 million, and 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 yet been claimed by shareholders.

Deferred income accounts were stable at € 1.4 million and include € 1.2 million accrued but not due interest on the June 2014 bond offering and € 0.3 million in property income received in June 2014 paid in advance.

Finally, the net asset value per share amounted to € 65.2 against € 63.6 at 31 December 2015, an increase of 2.5%.

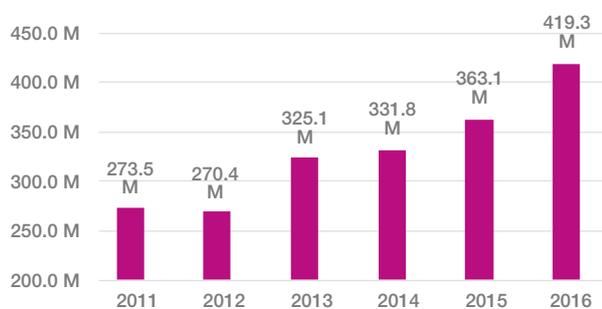
The net asset value per share (i.e. excluding the unrealised impact of hedging operations) amounted, in turn, to € 68.1, against € 65.8 a year ago.

Debt ratio

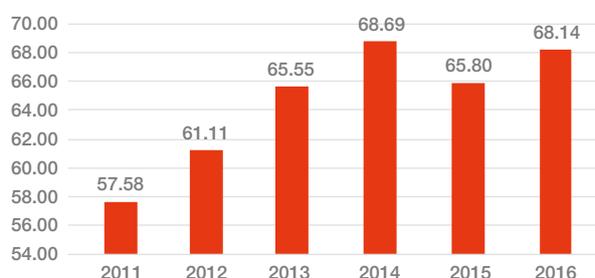
The debt ratio increased from 42.52% in 2015 to 48.51% in 2016. This increase is the result of an increased share of the financing of new investment properties (from € 346.1 million in 2015 to € 408.8 million in 2016) and the financing of the interim dividend paid in December 2016, notwithstanding income generated by rents, net of expenses, and portfolio divestments.

6-year evolution

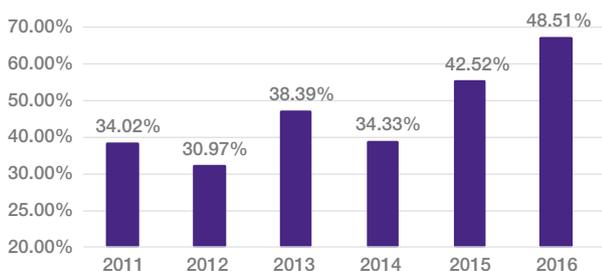
TOTAL BALANCE SHEET (IN €)



NET ASSET VALUE PER SHARE EXCLUDING THE FAIR VALUE OF THE HEDGING INSTRUMENTS (IN €)



DEBT RATIO (IN %)



FINANCIAL COSTS (IN €)



CONSOLIDATED RESULTS

| | 31/12/2016 | 31/12/2015 |
|---|-------------------|-------------------|
| I. Rental Income | | |
| III. Rental-related expenses | -178 922 | -161 024 |
| NET RENTAL RESULT | 18 800 769 | 17 646 496 |
| IV. Recovery of property charges | 86 482 | 89 279 |
| V. Recovery of charges and taxes normally payable by the tenant on let properties | 660 864 | 683 551 |
| VII. Charges and taxes normally payable by the tenant on let properties | -2 705 975 | -1 852 164 |
| PROPERTY RESULT | 16 842 140 | 16 567 162 |
| IX. Technical costs | -843 970 | -1 614 789 |
| X. Commercial costs | -406 804 | -427 252 |
| XI. Taxes and charges on unlet properties | -392 488 | -405 280 |
| XII. Property management costs | -2 780 000 | -2 802 638 |
| XIII. Other property costs | -81 388 | -66 207 |
| PROPERTY COSTS | -4 504 650 | -5 316 166 |
| PROPERTY OPERATING RESULT | 12 337 491 | 11 250 996 |
| XIV. General corporate expenses | -845 488 | -814 043 |
| XV. Other operating incomes and expenses | -29 448 | -24 077 |
| OPERATING RESULT BEFORE PORTFOLIO RESULT | 11 462 554 | 10 412 876 |
| XVI. Result sale investment properties | 279 654 | 1 333 073 |
| XVIII. Changes in fair value of investment properties | 11 295 322 | 5 991 869 |
| OPERATING RESULT | 23 037 530 | 17 737 817 |
| XX. Financial income | 78 701 | 83 404 |
| XXI. Net interest charges | -3 048 453 | -3 326 445 |
| XXII. Other financial charges | -65 705 | -57 228 |
| XXIII. Changes in fair value of financial assets and liabilities | -2 025 345 | 963 443 |
| FINANCIAL RESULT | -5 060 803 | -2 336 826 |
| PRE-TAX RESULT | 17 976 727 | 15 400 990 |
| XXIV. Corporation tax | -71 034 | -89 144 |
| TAXES | -71 034 | -89 144 |
| NET RESULT | 17 905 693 | 15 311 847 |
| NET RESULT ATTRIBUTABLE TO THE PARENT COMPANY | 17 905 693 | 15 311 847 |
| NET RESULT PER SHARE | 5.69 | 4.86 |
| Average number of shares ¹ | 3 147 897 | 3 147 897 |
| NET CURRENT RESULT OF CORE ACTIVITIES | 8 356 063 | 7 023 462 |
| NET CURRENT RESULT OF CORE ACTIVITIES PER SHARE | 2.65 | 2.23 |
| DISTRIBUTABLE RESULT | 13 856 552 | 13 144 051 |
| DISTRIBUTABLE RESULT PER SHARE | 4.40 | 4.18 |
| Operating margin (Operating result before the portfolio/property result) | 68.06% | 62.85% |

¹ The number of shares at the end of period was calculated without the 12 912 shares held in auto-control.

COMMENTS ON RESULTS

Net rental income

Rental income amounted to € 19.0 million, against € 17.8 million in 2015 (+ 6%). The increase is the result of new acquisitions and the full exploitation of development projects delivered in 2015.

Charges relating to rentals are almost identical to € 0.2 million at 2015 and include, in particular, write-downs on commercial receivables.

Net rental income thus totalled € 18.8 million compared to € 17.6 million a year earlier, an increase of 6.5%.

Property result

The rental charges and taxes normally borne by tenants mainly consist of the property withholding taxes paid by the Registered Real Estate company and amounted to € 2.7 million.

This item is not directly comparable to that of 2015. Indeed, since 2016, this item also includes the rental expenses incurred by Home Invest Belgium in buildings under management, the rents of which also cover rental expenses (typically buildings where furnished apartments are rented on the basis of short-term contracts). Prior to 2016, these expenses were included in the technical expenses.

On the other hand, the increase in this item compared to the previous year is also a consequence of the increase in the withholding tax in the Brussels Region (increase in the tax rate of the agglomeration and additional increases by several municipalities). Part of these withholding taxes (€ 0.7 million) could be passed on to certain tenants in accordance with the applicable legislation (shops, offices, nursing homes).

Recoveries of property charges correspond to the rental damage invoiced during the rental exits and are at the same level as in 2015.

In consequence, the property result amounted to € 16.8 million against € 16.6 million a year earlier, up slightly by 1.7%.





Les Erables, Woluwe-Saint-Lambert

Property charges

Technical costs cover the maintenance costs to be borne by the owner and the renovation costs. They amounted to € 0.8 million, a significant decrease compared to 2015 and this following the reclassification carried out from the 2016 financial year mentioned above.

Commercial expenses decreased by 4.8% to € 0.4 million. They include commissions paid to real estate agents for the conclusion of new leases, the shared cost of property inspections (états des lieux), as well as legal fees incurred in the context of strict portfolio management.

Expenses and taxes on unrented buildings amounted to € 0.4 million and represent the costs that the Registered Real Estate company must bear in the event of a rental vacancy; this vacancy may be linked to the time required to find a tenant for a property that has become vacant, but also due to the time lag until the first commercialisation of new accepted buildings, and to the buildings emptied for major renovation work.

Property management costs represent personnel and operating expenses, management fees, as well as fees for directors and those paid for the outsourced management of various residences. They amounted to € 2.8 million. This cost item is stable compared to 2015, despite the growth of the portfolio.

In total, property costs were down by -15.3%, reaching € 4.5 million against € 5.3 million in 2015.

The property operating result amounted to € 12.3 million, an increase of 9.7% compared to € 11.3 million recorded in 2015.

Operating result before 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 the costs related to the stock exchange listing and special legal status of the Registered Real Estate company (Euronext Brussels, supervisory authority, subscription to the SPF Finances, etc.), the fees of the statutory auditor, and the Registered Real Estate company's appointed real estate expert. They are stable compared to 2015 and amounted to € 0.8 million.

This resulted in an operating result before portfolio result of € 11.5 million, compared to the result at the end of 2015 of € 10.4 million, a very satisfactory 10.1% increase.

The operating margin showed a strong rise to 68%.

Operating result

The portfolio result was positive again and amounted to € 11.6 million, compared to the 2015 result of € 7.3 million. The 2016 result was partly due to the positive change in the fair value of the investment properties up to € 11.3 million (€ 6.0 million in 2015) but also to the value added achieved in relation to the last fair value, which amounted to € 0.3 million. It should be noted that the gain realised in relation to the acquisition cost and the distributable value to the shareholder amounted to € 5.4 million.

This significant result demonstrates once again the ability of Home Invest Belgium to generate recurring gains for the benefit of its shareholders.

The operating result, after taking into account of the portfolio result, thus amounted to € 23.0 million, compared to € 17.7 million in 2015.

The financial result

The financial revenues of € 0.08 million comprise creditor interest income and finance lease payments. Interest costs once again fell substantially by 8.4% (16.8% between fiscal 2015 and 2014), and this despite the increase in debt from € 154.4 million in 2015 to € 203.4 million at the end of 2016.

Changes in the fair value of financial assets and liabilities represent a purely latent loss arising from the change in the fair value of hedging instruments which are ineffective in the sense of IFRS.

The loss is € -2.0 million. In total, the financial result (negative) was € -5.1 million.

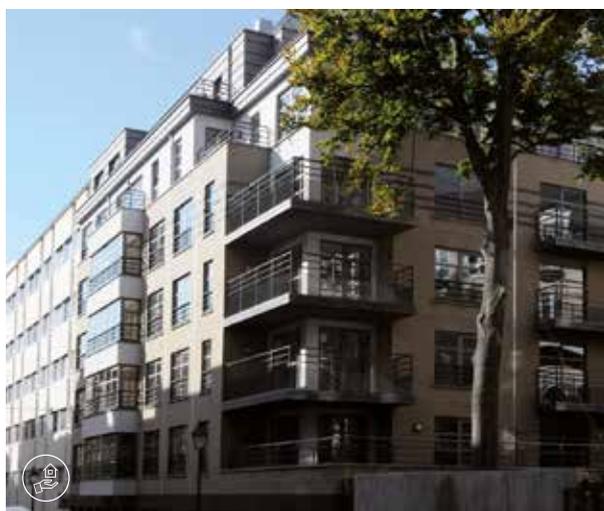
Net result - net current result from core activities - distributable result

Home Invest Belgium's net result increased by 16.9% from € 15.3 million in 2015 to € 17.9 million in 2016, after deduction of financial expenses and taxes.

The net result from core businesses reflects the operating profitability of the company, excluding purely latent factors and realised capital gains, and amounted to € 8.4 million following € 7.0 million in 2015.

The distributable result rose by 5.4% to € 13.9 million, against € 13.1 million a year ago.

The share of the net result from core activities in the distributable result rose to 60%, a significant increase compared to the level achieved in 2015 (53%).



Jourdan 85, Saint-Gilles

APPROPRIATION OF RESULT

The consolidated distributable income amounted to € 13.9 million¹.

It refers to a weighted average number of shares, with full dividend, equal to 3 147 897 shares. No allocation to the legal reserve was made.

No events occurred during the year that justified the creation of provisions within the meaning of IFRS.

Consequently, in the statutory accounts, the Board of Directors is proposing to the Annual General Meeting of shareholders of Home Invest Belgium:

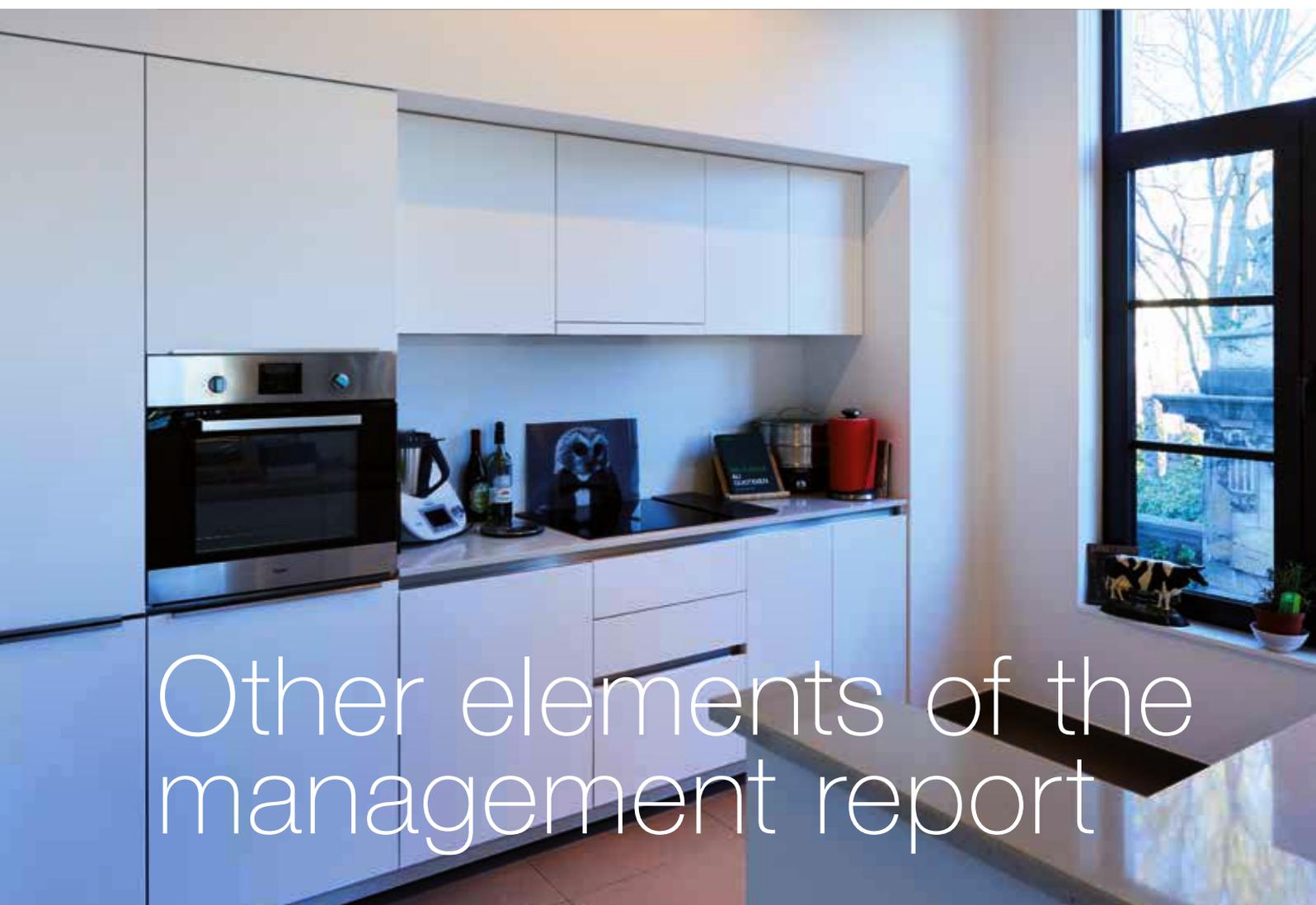
- to transfer to reserves and carry forward income totalling € 4 500 709.96;
- to ratify distribution of the interim dividend of 5 December 2016 of € 3.75 gross per share;
- to approve the final dividend in respect of capital remuneration of € 0.50 per share; representing an total dividend for the 2016 financial year of € 4.25 per share.

Dividends which were distributed in 2016 and therefore the interim payment of the dividend distributed in December 2016, were subject to withholding tax at a rate of 27%. The balance of the dividend to be distributed in 2017 will, however, be subject to a withholding tax of 30%.

The tax treatment of the dividend is more fully described in the section entitled "Permanent Document".

If the proposed dividend is approved by the General Assembly, it will be payable from 12 May 2017 by automatic transfer to registered shareholders and to holders of dematerialised shares at the counters of the custodian bank.

¹ The distributable result is calculated in accordance with article 13 § 1 of the law of 12 March 2014.



Other elements of the management report

PRINCIPAL RISKS (EXCLUDING THOSE IN CONNECTION WITH FINANCIAL INSTRUMENTS)

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

USE OF FINANCIAL INSTRUMENTS

The financial management of Home Invest Belgium aims to provide permanent access to credit and to monitor and minimise interest rate risk.

The use of financial instruments (discussed in the “Financial Risks” section of the Risk Factors section of this Annual Report), include the debt ratio, liquidity risk, currency risk, bank counterparty risk, interest rate risk, the risk of changes in the fair value of financial instruments as at 31 December 2016, the risk linked to the liquidity of the share and the risk linked to the distribution of the dividend.

RESEARCH AND DEVELOPMENT

Home Invest Belgium did not carry out any research and development activities during fiscal 2016.

INFORMATION ON THE EXISTENCE OF CIRCUMSTANCES LIKELY TO SIGNIFICANTLY INFLUENCE THE DEVELOPMENT OF THE RREC

The Board of Directors has no indication as to the existence of circumstances likely to have a significant influence on the development of the Registered Real Estate company within the meaning of Article 119 3° of the Companies Code.

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 in the field of accounting and auditing. He has a specific academic background in the financial field (see "Corporate Governance Statement").

OWN SHARES HELD

At the end of the financial year, Home Invest Development SA held 12 912 Home Invest Belgium shares. The Registered Real Estate company has entrusted its subsidiary Home Invest Development with the development of new projects on its behalf and the management of major renovation works. The day-to-day management of Home Invest Development is entrusted to 3 Managing Directors, namely:

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

EVENTS OCCURRING SINCE THE END OF THE FISCAL YEAR

At the beginning of 2017, the company continued its work searching for new acquisitions, for developing and managing of its portfolio, and for divestment.

On 17 January 2017, it concluded the acquisition of a building located at rue Jourdan 95, Saint-Gilles. This former office building will be demolished/rebuilt into a new residential complex. More details are available in the press release published by the company on this subject.

Several other new investment projects are at an advanced stage of review. The Board takes the view that one or other of these is expected to materialise by the end of the fiscal year.

OUTLOOK 2017

The Board of Directors confirms its confidence in the continued growth of the company's results.

The company's revenues come partly from the renting of its buildings and partly from the regular selective divestment of a part of its portfolio. The rental market is supported by population growth in the large Belgian cities and is benefiting from increased inflation compared to previous years (evolution of the 'health index' by 2.09% in 2016 compared to 1.05 in 2015 and 0.4% in 2014) which affects the indexation of rents.

The acquisition market is supported by interest rates that remain at historically low levels despite the slight increase in the markets at the end of 2016 and early 2017 and which favour the borrowing capacity of households.

For the current fiscal year, the Board considers that the distributable result for 2017 should be at least equal to that of the previous fiscal year, unless there is a sudden and substantial deterioration of the residential real estate market for sale and/or rent (which is not expected at the date of this report) or other unforeseen events.

In accordance with its dividend distribution policy, the Board of Directors will announce, following the results of the 3rd quarter 26 October 2017, the level of the interim dividend payable in cash in December 2017. The balance of the dividend will be decided in May 2018 by the Annual General Meeting of the company, upon the proposal of the Board of Directors.

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.



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.



Woodrow Wilson Plein, Ghent

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),



CV10&18, Louvain-la-Neuve

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.



City Gardens, Leuven



Brunfaut, Molenbeek-Saint-Jean

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 1 750 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) directs a team of 30 people (at 31 December 2015).

The teams are:

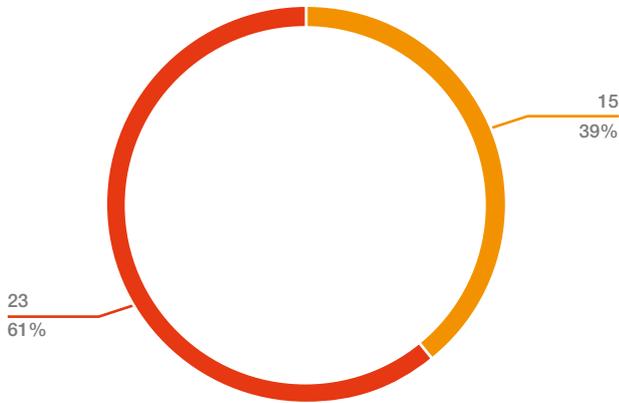
- the CEO and 1 assistant;
- the CIO (since 13 July 2016) and his team, consisting of 3 persons (acquisitions and sales);
- the CFO and his team of 4 people (accounting - arrears management - IT)
- the COO and his team of 17 people (administrative, technical and commercial management of buildings);
- the CDO and his team of 7 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.

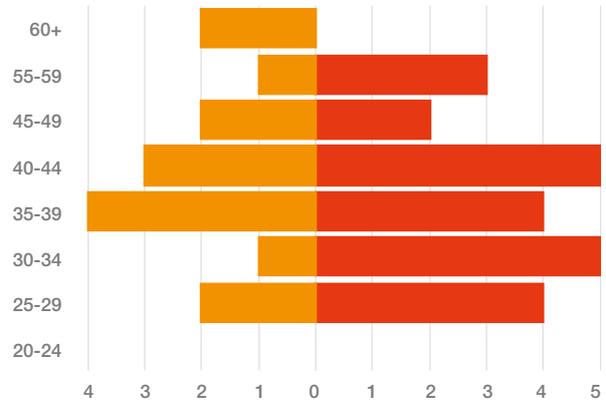


Charles Woeste, Jette

SPLIT WOMEN/MEN



Women
Men



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 92 to 113 of this annual financial report.



Real estate report





+18%

**INCREASE OF THE
PORTFOLIO'S VALUE
IN 2016**

4%

**OF SALES PER YEAR
SINCE 2012**

A qualitative and innovative portfolio as a base for growth

The property portfolio is obviously the company's core asset.

The total portfolio of € 410 million¹ includes buildings that are at different stages of the property life cycle:

- the investment portfolio (€ 408.5 million) comprises
 - development projects (€ 27.2 million), whether they are being examined or implemented and
 - investment properties in operation (€ 381.3 million), some of which are being renovated;
- buildings held for sale (€ 1.5 million)².

Real estate report

| | |
|--|----|
| The property portfolio | 58 |
| The market | 74 |
| Reports of the real estate experts | 79 |

¹ In this paragraph, all values are expressed in fair value (excluding registration duties) for the existing buildings and in costs for the project development as at 31 December 2016.

² Included in this section are buildings that will be fully sold in the coming year.

The property portfolio

INVESTMENT STRATEGY

The Registered Real Estate company invests in residential buildings, whether already existing or in operation, or are former sites with other uses which will be converted.

The investment criteria applicable to both property acquisitions and development projects are as follows:

- an immediate net return on or after completion of the works in line with the profitability objectives of the Registered Real Estate company, combined with a potential for capital gains during the resale of the property;
- minimum size of € 3 million for a property (immediate investment value or after completion of work) and € 5 million for a portfolio;
- liquidity, both as regards the rental market in the area in question and the possibilities for bulk resale or subsequent dividing up;
- the location, in principle limited to Belgium; priority is given to cities with more than 50 000 inhabitants with a healthy economic outlook, favourable demographic developments and having the potential for appreciable growth in property values;
- intrinsic technical and commercial quality (no risk of structural vacuum);
- the energy performance of the buildings concerned;
- and the architectural quality, as well as the sustainability of the design and materials.



EVOLUTION OF THE PORTFOLIO

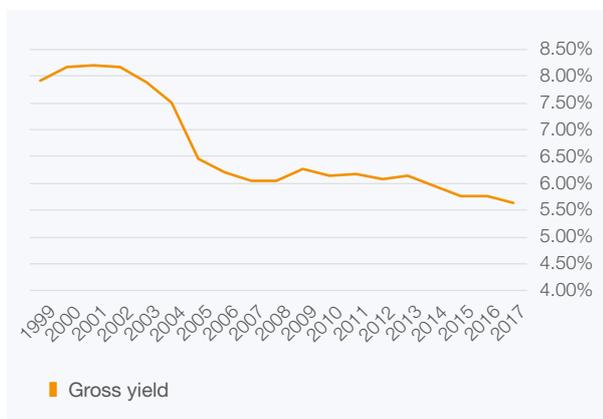
The fair value of the portfolio has grown steadily over the company's 17-year history. In particular, this growth was exceptionally high in 2016 at around 17.7%, driven by acquisitions and investments in development projects for own account.

In addition to this growth, the chart below shows, all other elements being considered constant (no new investments, no sales or portfolio changes), the expected portfolio growth based on projects currently being developed.



PORTFOLIO YIELD

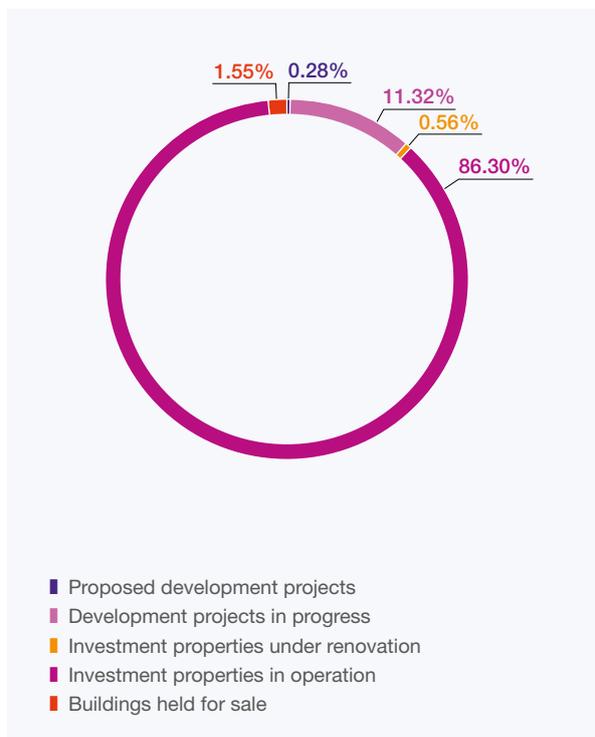
The gross yield on the portfolio (excluding development projects), i.e. the gross rent reduced to the investment value, decreased slightly to 5.66%. This is the consequence of the increase in value of the portfolio held by the Regulated Real Estate company.



PORTFOLIO DISTRIBUTION BY PHASE OF THE CYCLE

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

- **Proposed development projects:** properties for which the necessary construction permits have not yet been obtained. They are valued in the chart opposite at their estimated cost until licenses are obtained;
- **Development projects in progress:** projects which have all the necessary permits and for which the work has begun. They are valued at their estimated cost until delivery of the building;
- **Investment properties under renovation:** buildings that have been temporarily out of operation to undergo a major renovation;
- **Investment properties in operation:** all properties with tenants. They are valued at fair value;
- **Buildings held for sale** are considered as non-strategic and intended to be sold in the short term.



OUR MOST IMPORTANT PROPERTIES IN OPERATION

PORT ZÉLANDE

This is the only building outside the borders of Belgium. It represents the largest property complex of the Regulated Real Estate company at 10.7%. Acquired in 2016, it is located in Ouddorp in the Dutch province of Zeeland and comprises 241 long-term rental holiday homes in Center Parcs.

The cottages are part of a complex of about 700 holiday homes, surrounded by “central facilities” (such as an aquafun pool, restaurants, shops, playgrounds, etc.). The houses will be renovated in 2017.



Port Zélande



Lambermont

LAMBERMONT

With nearly 130 apartments, this is the largest exclusively residential site in Belgium. The complex, which was accepted and acquired by the Regulated Real Estate company in 2011, consists of four buildings and is located along the Boulevard Lambermont in Schaerbeek, next to the Kinetix sports centre.

It comprises a total of 127 apartments, two municipal libraries (French and Dutch), a crèche and 108 parking spaces in the basement. This diversity of functions is the fruit of exemplary collaboration with the local authorities.

LOUVAIN-LA-NEUVE - CITY-CENTRE

These buildings constitute the largest housing complex of the Regulated Real Estate company on Belgian soil and in Wallonia they represent 8.7% 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 for housing, shops, offices and lecture halls. This complex has the distinction of being erected 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 2016, the site has enjoyed occupancy levels of more than 99.9% and is subject to regular minor renovations to sustain this excellent performance.

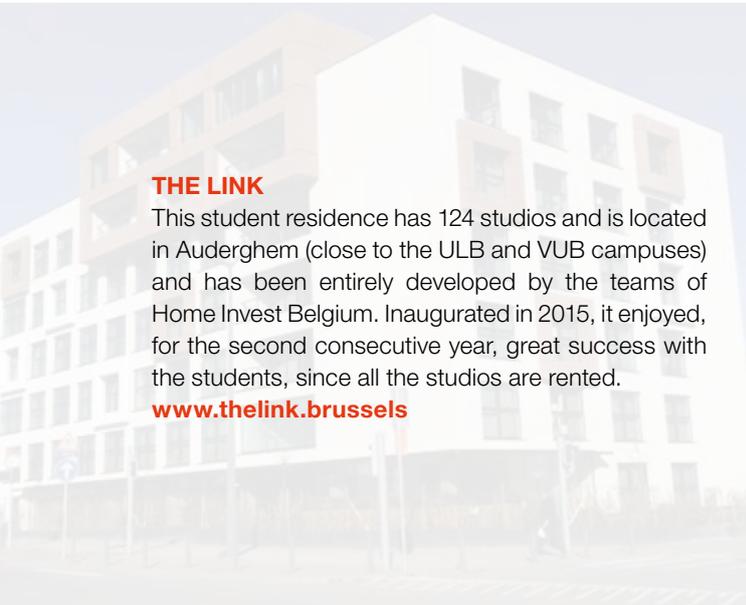


Louvain-la-Neuve

THE LINK

This student residence has 124 studios and is located in Auderghem (close to the ULB and VUB campuses) and has been entirely developed by the teams of Home Invest Belgium. Inaugurated in 2015, it enjoyed, for the second consecutive year, great success with the students, since all the studios are rented.

www.thelink.brussels



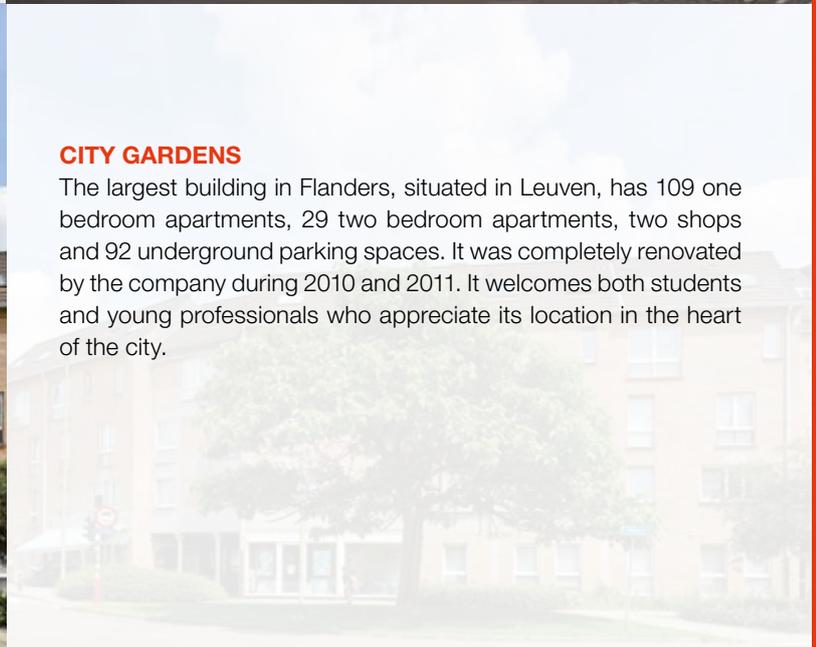
The Link



City Gardens

CITY GARDENS

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



GIOTTO

Completed and acquired in 2005, this complex, located at 2-10 Avenue du Frioul, in Evere, comprises 85 apartments and 85 underground parking spaces. It is particularly appreciated for its proximity to NATO and easy transport communications.



Giotto



Charles Woeste

CHARLES WOESTE

The building is located near the Place Werrie in Jette, in a mixed mainly residential area.

It is part of a mixing 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 building has undergone a major renovation. New window frames and façade cladding, refurbishment of entrance halls and floors, full compliance with fire regulations, roof waterproofing: all this work carried out in an occupied building, demonstrated the professionalism of the teams of the Regulated Real Estate company, both in terms of project management and tenant management.

TRÔNE

This building is located next to the Royal Palace of Brussels. It consists of 15 apartments and an office. Delivered in 2015, it is now fully rented, including the office space that hosts the King Baudouin Foundation.

www.residencetrone.be



Trône



Livingstone

LIVINGSTONE

This group of 38 apartments, with parking spaces and cellars in the Livingstone building, is located in Avenue Livingstone in Brussels, in the heart of the European Quarter and close to the Berlaymont. It offers easy access, both by public transport and by car. Acquired empty in 2015, all apartments are now rented.



The Horizon

THE HORIZON

The latest addition to the portfolio, its commercialisation is still ongoing and in just 5 months, 50% of the apartments have been rented. For more details, see page 38 of this annual financial report.

www.thehorizon.be



ARCHVIEW

Located opposite the Parc du Cinquantenaire in Brussels, this 16 apartment building was built in 1974, making it the second oldest building in the portfolio. In 2015, it underwent a complete renovation: insulation, technical installations, finishing ... everything is brand new and the building was completely re-rented in 2016. A great success for the company's sales teams.

www.archview.be



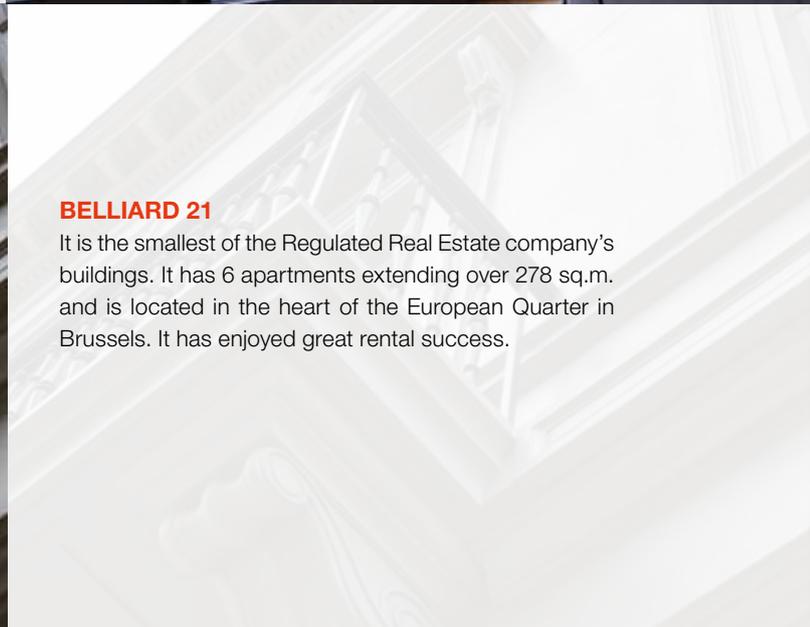
ArchView



Belliard 21

BELLIARD 21

It is the smallest of the Regulated Real Estate company's buildings. It has 6 apartments extending over 278 sq.m. and is located in the heart of the European Quarter in Brussels. It has enjoyed great rental success.



OUR PROJECTS

Projects under construction

CÉLIDÉE

The site was acquired in February 2016 and work began in June, when the site was vacated by Toshiba, the former owner of the property.

The main building is now well under way and in early 2018 the 93 apartments, 3 houses and a crèche will welcome their first occupants.

Architect: A2RC



Célidée



Reine Astrid

REINE ASTRID

First development project of the Registered Real Estate company outside the Brussels Region, this project was delayed for a long time following the difficulties encountered obtaining permits. During December 2016, this old post office building was finally demolished; and by spring 2017 a new building in contemporary style - housing a commercial ground floor and 40 apartments above - will gradually arise on the site.

Architect: A2D

MARCEL THIRY C1

Located on Avenue Marcel Thiry in Woluwe-Saint-Lambert, the building will have 96 one, two and three bedroom apartments, as well as a space reserved for a library or other function open to the public on the ground floor. It is an old office building that has found a new life thanks to its conversion for residential use. Only the supporting structure of the old building has been preserved. The interior layout has been fundamentally revised to best meet the needs of the rental market.

Work is close to completion and the commercialisation of the apartments will start during the 2nd quarter of 2017.

Architect: Art & Build



Marcel Thiry C1

Projects under study

MARCEL THIRY C2

On this site, Home Invest Belgium is carrying out a project to develop a new building with a maximum of 50 apartments. The subdivision permit is expected to be granted during the first quarter of 2017, which will enable the company to apply for an urban development permit for this site.

Architect: Art & Build



Marcel Thiry C2



Jourdan 95

JOURDAN 95

On 17 January 2017, the company acquired an office building located on rue Jourdan in Saint-Gilles for conversion into a residential building. This location is well known to the Regulated Real Estate company since it already owns 3 other buildings in the area.

Studies on this project have just begun and should lead to the submission of a permit application during the second quarter of 2017.

The building with approximately sixty apartments should be able to accommodate its first tenants by 2020.

Architect: Studio Farris

BRUNFAUT

The application for a permit allowing the conversion of the site to a mainly residential project was introduced during the 4th quarter of 2015. It covers the construction of 96 apartments and a ground floor to accommodate services for residents of the neighbourhood. Following the remarks made by the consultative committee (commission de concertation) in November 2016, the project will be slightly revised: the number of units will be revised downwards (around 90) and various improvements will be planned to improve the integration of the project in this neighbourhood.

A permit issued at the end of the first half of 2017 should allow construction to start in the summer and acceptance in mid-2019.

Architect: DDS



Brunfaut

INVESTMENT PORTFOLIO ¹

Brussels Capital Region



BUILDINGS IN OPERATION

| n° | Denomination | Year ² | Units | Area | Gross rent ³ | ERV ⁴ | Effective rents ⁵ | Occupancy level ⁶ |
|---|---------------------------------|-------------------|--------------|---------------|-------------------------|-------------------|------------------------------|------------------------------|
| | | | Nbr | sq.m. | € | € | € | % |
|  1. | The Link | 2015 | 124 | 4 353 | 773 247 | 799 941 | 748 860 | 94.9% |
|  2. | Belliard 21 | 2013 | 6 | 278 | 49 767 | 48 925 | 49 917 | 97.8% |
|  3. | Clos de la Pépinière | 1993 | 25 | 3 275 | 457 155 | 448 882 | 412 066 | 94.4% |
|  4. | Joseph II | 1994 | 17 | 1 610 | 343 501 | 205 409 | 312 128 | 72.3% |
|  5. | Lebeau | 1998 | 12 | 1 153 | 242 707 | 197 157 | 221 406 | 96.8% |
|  6. | Livingstone | 2015 | 38 | 4 701 | 740 266 | 737 603 | 710 579 | 90.1% |
|  7. | Résidences du Quartier Européen | 1997 | 50 | 4 290 | 857 530 | 554 987 | 698 125 | 76.8% |
|  8. | Trône | 2015 | 16 | 1 913 | 359 521 | 335 545 | 354 885 | 93.6% |
|  9. | Birch House | 2001 | 4 | 425 | 101 669 | 66 156 | 118 671 | 90.6% |
|  10. | Erainn | 2001 | 12 | 1 252 | 215 382 | 216 462 | 209 670 | 95.4% |
|  11. | Yser | 2015 | 16 | 1 961 | 379 790 | 380 430 | 375 420 | 58.3% |
|  12. | Giotto | 2005 | 85 | 8 647 | 1 182 740 | 1 095 771 | 1 106 092 | 95.6% |
|  13. | Belgrade | 1999 | 1 | 1 368 | 90 243 | 90 405 | 90 243 | 100.0% |
|  14. | Les Jardins de la Cambre | 1992 | 28 | 3 552 | 463 927 | 460 714 | 409 168 | 91.5% |
|  15. | Charles Woeste | 2015 | 92 | 5 091 | 608 604 | 605 525 | 573 248 | 94.9% |
|  16. | Odon Warland - Bulins | 2012 | 35 | 3 123 | 388 620 | 382 281 | 359 799 | 91.7% |
|  17. | Baek | 2001 | 28 | 2 652 | 245 469 | 237 528 | 245 919 | 98.6% |
|  18. | Lemaire ⁷ | 1990 | 1 | 754 | - | - | - | 100.0% |
|  19. | La Toque d'Argent | 1990 | 1 | 1 618 | 208 239 | 166 373 | 208 239 | 100.0% |
|  20. | Sippelberg | 2003 | 33 | 3 290 | 394 436 | 392 030 | 384 993 | 96.7% |
|  21. | Bosquet - Jourdan | 1997 | 27 | 2 326 | 293 334 | 287 536 | 238 707 | 94.9% |
|  22. | Jourdan - Monnaies | 2002 | 26 | 2 814 | 356 434 | 361 795 | 317 588 | 92.7% |
|  23. | Jourdan 85 | 2010 | 24 | 2 430 | 381 701 | 374 339 | 368 338 | 98.5% |
|  24. | Lambermont | 2008 | 131 | 14 110 | 1 726 983 | 1 721 847 | 1 628 767 | 96.6% |
|  25. | Melkriek | 1998 | 1 | 1 971 | 314 073 | 216 878 | 314 073 | 100.0% |
|  26. | Les Erables | 2001 | 24 | 2 202 | 302 767 | 275 858 | 270 326 | 95.5% |
|  27. | Les Mélézes | 1995 | 13 | 3 333 | 205 984 | 204 058 | 217 958 | 76.6% |
|  28. | The Horizon | 2016 | 165 | 9 768 | 1 487 540 | 1 484 826 | 602 160 | 20.5% |
|  29. | Voisin | 1996 | 9 | 923 | 147 242 | 145 919 | 146 617 | 99.6% |
| TOTAL | | | 1 044 | 95 183 | 13 318 871 | 12 495 180 | 11 693 961 | 87.4% |

PROJECTS IN PROGRESS

| n° | Denomination | Estimated delivery | Units | Area | Investment at 31/12/2016 | Estimated total investment |
|---|-------------------|--------------------|------------|---------------|--------------------------|----------------------------|
| | | | Nbr | sq.m. | € | % |
|  47. | Marcel Thiry 204C | 2017 | 96 | 8 928 | 17 090 463 | 19 500 000 |
|  49. | Célidée | 2018 | 98 | 8 031 | 5 764 629 | 17 500 000 |
| TOTAL | | | 194 | 16 959 | 22 855 093 | 37 000 000 |

 Housing  Nursing homes  Shops  Offices

¹ Excluding buildings held for sale. The building Célidée is the only property held by a subsidiary (SA HBLC). The residual rights in rem in the property The Link are held by SPRL Charlent Freehold, while the long lease rights are held by Home Invest Belgium.

² Year of construction or latest deep renovation.

³ Annual gross rent at 31 December 2016, including the estimated rental value for unoccupied areas.

⁴ Rental value estimated by an independent expert (if necessary without furniture).

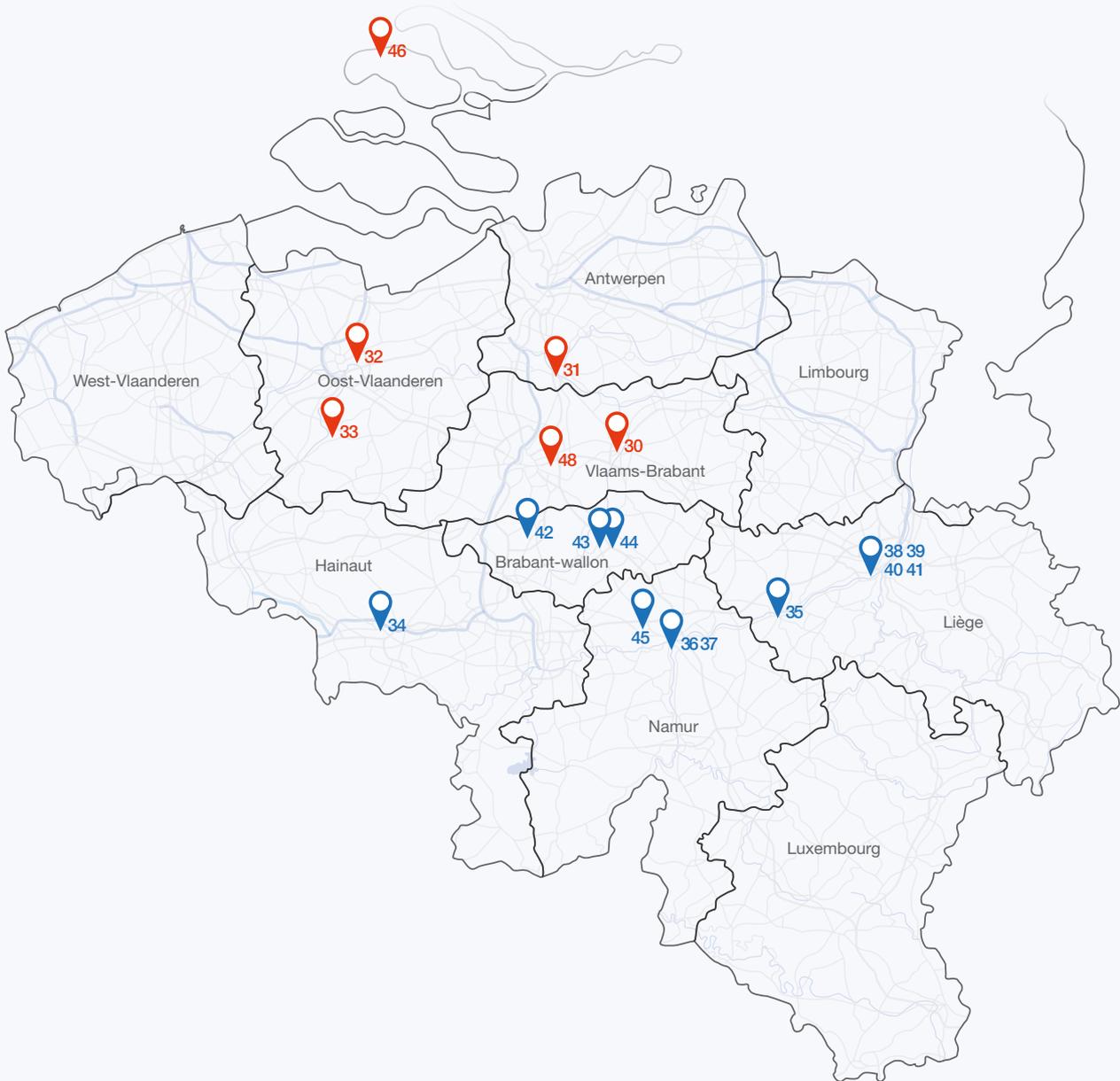
⁵ Gross rent at 31 December 2016 annualised.

⁶ Average level for 2016.

⁷ The building Lemaire is a real estate leasing with an purchase option of which the monthly payment consists of a part in capital and a part in interests. The real estate expert only values the net present value of the purchase option, which explains the absence of gross rent, ERV and effective rents.

INVESTMENT PORTFOLIO

Location of portfolio in Flanders, Wallonia and The Netherlands



Flemish Region

BUILDINGS IN OPERATION

| n° | Denomination | Year ¹ | Units | Area | Gross rent ² | ERV ³ | Effective rents ⁴ | Occupancy level ⁵ |
|---|--------------|-------------------|------------|---------------|-------------------------|------------------|------------------------------|------------------------------|
| | | | Nbr | sq.m. | € | € | € | % |
|  30. | City Gardens | 2010 | 140 | 5 236 | 1 105 903 | 1 087 170 | 1 033 399 | 95.6% |
|  31. | Haverwerf | 2002 | 4 | 3 399 | 477 378 | 441 428 | 402 723 | 83.5% |
|  32. | Gent Zuid | 2000 | 18 | 2 346 | 209 263 | 215 324 | 209 445 | 98.3% |
|  33. | Audenaarde | 1980 | 96 | 5 746 | 499 186 | 538 420 | 324 183 | 60.6% |
| TOTAL | | | 258 | 16 727 | 2 291 730 | 2 282 342 | 1 969 750 | 85.7% |

PROJECTS IN PROGRESS

| n° | Denomination | Estimated delivery | Units | sq.m. | Investment at 31/12/2016 | Estimated total investment |
|---|--------------|--------------------|-----------|--------------|--------------------------|----------------------------|
| | | | | | € | € |
|  48. | Reine Astrid | 2019 | 45 | 4 467 | 3 981 332 | 12 000 000 |
| TOTAL | | | 45 | 4 467 | 3 981 332 | 12 000 000 |

Walloon Region

BUILDINGS IN OPERATION

| n° | Denomination | Year ¹ | Units | Area | Gross rent ² | ERV ³ | Effective rents ⁴ | Occupancy level ⁵ |
|---|----------------------------------|-------------------|------------|---------------|-------------------------|------------------|------------------------------|------------------------------|
| | | | Nbr | sq.m. | € | € | € | % |
|  34. | Clos Saint-Géry | 2015 | 20 | 4 140 | 342 000 | 331 200 | 342 583 | 73.7% |
|  35. | Quai de Compiègne | 1971 | 1 | 2 479 | 257 080 | 161 135 | 261 661 | 100.0% |
|  36. | Galerie de l'Ange (appartements) | 1995 | 56 | 2 346 | 315 307 | 308 599 | 278 802 | 93.4% |
|  37. | Galerie de l'Ange (commerces) | 2002 | 12 | 2 552 | 699 088 | 656 400 | 683 166 | 97.9% |
|  38. | Léopold | 1988 | 53 | 3 080 | 308 869 | 311 200 | 103 669 | 39.9% |
|  39. | Mont-Saint-Martin | 1988 | 6 | 335 | 30 769 | 30 925 | 30 769 | 91.6% |
|  40. | Saint-Hubert 4 | 1988 | 14 | 910 | 73 426 | 72 850 | 16 087 | 34.6% |
|  41. | Saint-Hubert 51 | 1988 | 4 | 360 | 25 691 | 32 280 | 25 691 | 76.8% |
|  42. | Florida | 1998 | 5 | 1 460 | 106 133 | 109 500 | 106 133 | 100.0% |
|  43. | Louvain-la-Neuve CV9 | 1977 | 16 | 7 091 | 766 472 | 738 835 | 774 540 | 100.0% |
|  44. | Louvain-la-Neuve CV10&18 | 1977 | 176 | 16 519 | 2 310 442 | 2 259 532 | 2 337 559 | 99.5% |
|  45. | Colombus | 2007 | 51 | 3 740 | 428 051 | 425 960 | 396 065 | 90.1% |
| TOTAL | | | 414 | 45 012 | 5 663 328 | 5 438 416 | 5 356 725 | 93.2% |

The Netherlands

BUILDINGS IN OPERATION

| n° | Denomination | Year ¹ | Units | Area | Gross rent ² | ERV ³ | Effective rents ⁴ | Occupancy level ⁵ |
|---|--------------|-------------------|------------|---------------|-------------------------|------------------|------------------------------|------------------------------|
| | | | Nbr | sq.m. | € | € | € | % |
|  46. | Port Zélande | 2016 | 241 | 17 827 | 2 317 129 | 2 317 129 | 2 317 129 | 100.0% |
| TOTAL | | | 241 | 17 827 | 2 317 129 | 2 317 129 | 2 317 129 | 100.0% |

 Housing  Nursing homes  Shops  Offices

¹ Year of construction or latest deep renovation.

² Annual gross rent at 31 December 2016, including the estimated rental value for unoccupied areas.

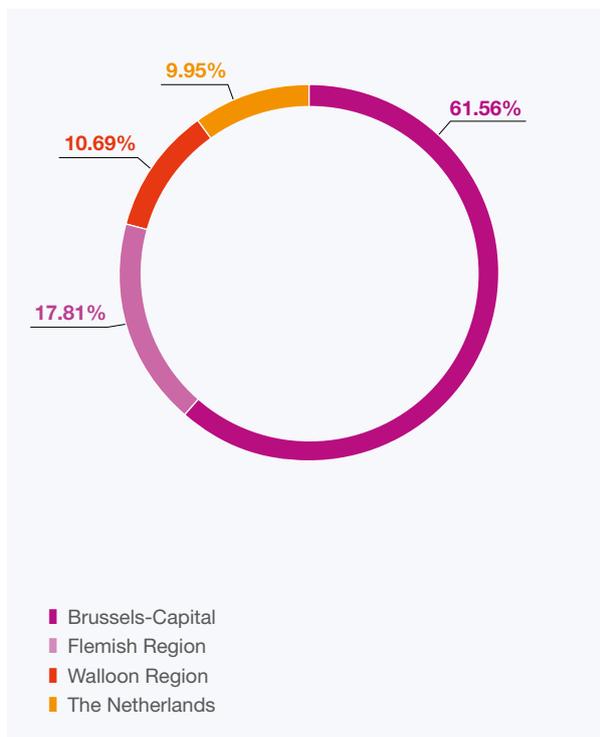
³ Rental value estimated by an independent expert (if necessary without furniture).

⁴ Gross rent at 31 December 2016 annualised.

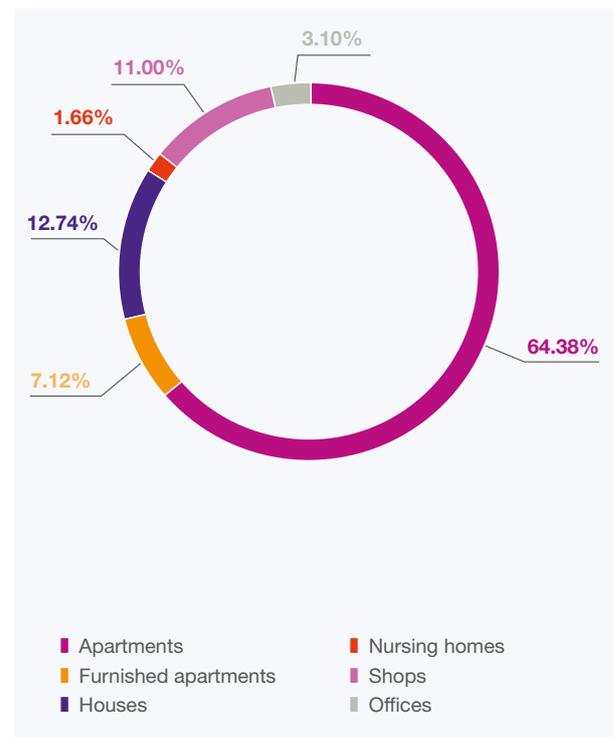
⁵ Average level for 2016.

ANALYSIS OF THE PORTFOLIO IN OPERATION¹

Geographical distribution



Distribution by type of property



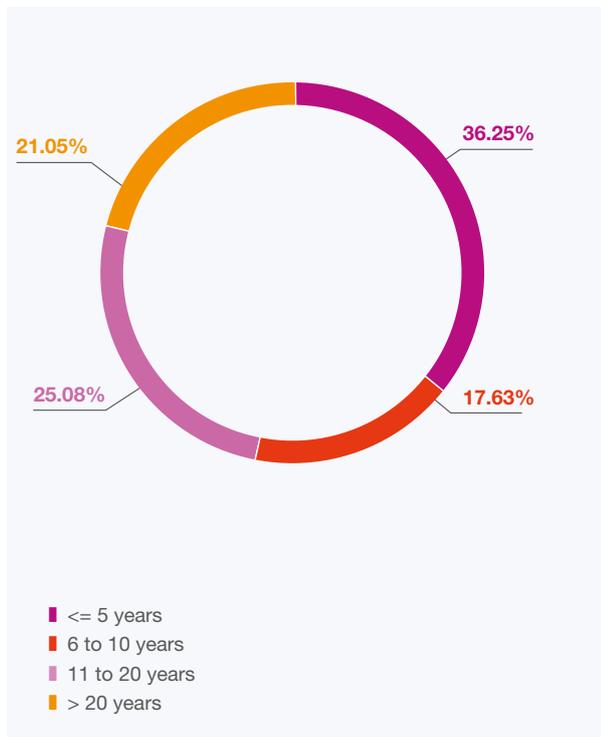
A good geographical distribution allows the Registered Real Estate company to limit the risks associated with a specific market.

Since the acquisition of Port Zélande, this diversification has improved significantly.

While targeting its residential strategy, the Registered Real Estate company intends, once again with a view to limiting risks, to be active in the various segments of this market.

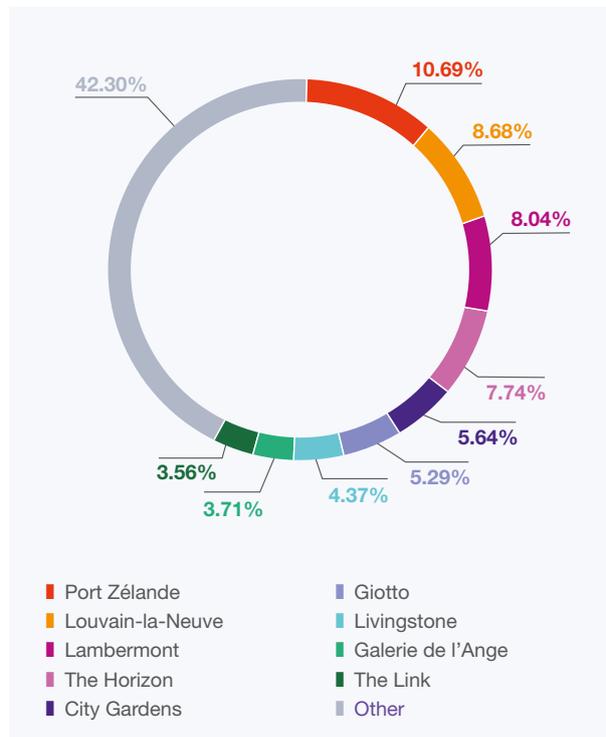
¹ Calculations based on the fair value of the properties in operation.

Distribution by age of buildings



Given the relatively low tech nature of residential property, these 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 can be considered recent. This proportion is rising sharply thanks to the various renovation programmes carried out over the years.

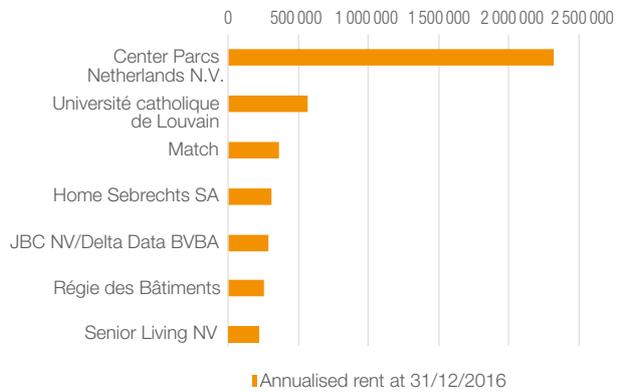
Distribution by building



The regulations applicable to the Regulated Real Estate Company sector 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 represents only 10.7% of the total portfolio of properties available for rental, diversification is fully assured. The nine major sites, representing more than 3% each, account for 57.7% of the total portfolio.

Largest rental clients



Clos Saint-Géry, Ghlin

The portfolio includes 6 tenants whose annualised rent as of 31 December 2016 exceeds € 250 000. By far the most important is Center Parcs Netherlands N.V., whose annual rent exceeds € 2.3 million (9.7% of the total rents), followed by the Catholic University of Louvain-La-Neuve with just over € 550 000 (1.8%).



The Horizon, Woluwe-Saint-Lambert

EVOLUTION OF OCCUPANCY RATES

The average occupancy rate for the year as a whole is down to 90.18%, against 93.89% in 2015. This decrease is explained by the progressive renting out of the new developments that the Regulated Real Estate company is putting on the market. Payment of rent does not start until the work is fully completed (prospective tenants, unlike purchasing clients, do not anticipate their future needs) and the situation of the rental market (sustained demand but no pressure) explains why the first rentals are spread over several months.

The occupancy rate of residential properties currently in operation¹ remained at a very high level of 96% demonstrating the robustness of the rental market and the adequacy of properties owned by Registered Real Estate company in this market.

| | Occupancy rate |
|------|----------------|
| 2016 | 90.18% |
| 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 3 years and 7 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 his lease at any time or to extend his lease at maturity. This average remaining period is therefore entirely theoretical.

INFORMATION IN CONNECTION WITH THE PORTFOLIO IN OPERATION

| Situation of the investment properties on 31 December 2016 ² | Fair value | Acquisition value | Insured value ³ | Gross yield ⁴ |
|---|--------------------|--------------------|----------------------------|--------------------------|
| Brussels Capital Region | 234 525 509 | 160 769 360 | 125 314 821 | 5.09% |
| Flemish Region | 37 913 104 | 32 330 367 | 20 835 500 | 5.56% |
| Walloon Region | 67 851 252 | 64 925 961 | 58 919 243 | 7.87% |
| Netherlands | 40 710 784 | 41 157 860 | 0 | 5.58% |
| Total | 381 000 649 | 299 183 548 | 205 069 564 | 5.66% |

As the Registered 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 Excluding properties which are commercialised for the first time (Ghlin, Livingstone, ArchView, The Horizon), properties under renovation (Léopold, Saint-Hubert 4) and properties held for sale.

² Not including buildings held for sale and development projects

³ The insured value is known only for property held in full ownership, indeed, the property held in co-ownership is insured by the syndicates.

⁴ Gross rent in progress + ERV on unoccupied / Investment value

The market

DEMOGRAPHIC GROWTH IS PROMPTING THE CREATION OF NEW HOUSING ACROSS THE COUNTRY.

The latest demographic projections published by the Federal Planning Bureau confirm previous forecasts, that is, positive long-term growth of the Belgian population. These forecasts are based on assumptions integrating the economic and financial recession and its impacts on the short-term outlook, as well as the impact of the refugee crisis seen in recent months. Long term, these demographic prospects do not affect the scenario of societal organisation.

Thus, in the short term (mainly 2017 and 2018), following the massif influx of asylum seekers, the population will rise by approximately 80 000 people per year. Longer term, expected growth is in the region of 40 000 people per year, due mainly to a positive balance of migration. Therefore, a slowdown in demographic growth is therefore expected in the longer term since, by comparison, mean annual growth between 1991 and 2014 was of the order of 50 000 inhabitants.

The Belgian population should therefore go from 11 209 000 inhabitants in 2015 to 11 518 000 in 2020 and to 11 990 000 in 2030, representing an almost 7% increase over a 15-year period. Belgium is one of the most dynamic European countries in terms of demographic growth.

This growth is the highest in Brussels, compared to the other regions in the country:

- The population of Brussels should indeed increase from 1 175 000 inhabitants in 2015 to 1 320 000 by 2030, i.e. by 12.3% whereas,
- The Flemish population should increase from 6 444 000 to 6 850 000 inhabitants, i.e. 6.3% growth and
- The Walloon population from 3 589 000 to 3 818 000 inhabitants, also representing 6.4% growth.

This sustained demographic growth and these changes in society bring substantial demand for extra housing nationwide, and more specifically in Brussels.

The pressure is the greatest in Brussels. More than 54 000 new households are expected over the next 15 years, and thus in theory, the same number of new homes. This represents on average more than 3 500 housing units per year that will need to be provided to accommodate the growing population, in a context of limited land reserves.

The situation should also continue to place pressure on prices and rents in Brussels which are therefore expected to continue rising in the years to come.

Another interesting point is that given the decrease in the average size of households, the average size of homes has also reduced in recent years. The average surface area of a new housing unit in 2005 was 104 sq.m., whereas it is 92 sq.m. today in Belgium (all types of housing included).

In Brussels, the average size is currently about 80 sq.m. One- and two-bedroom units account for approximately 70% of total housing units and naturally meet demand from expats and households without children.

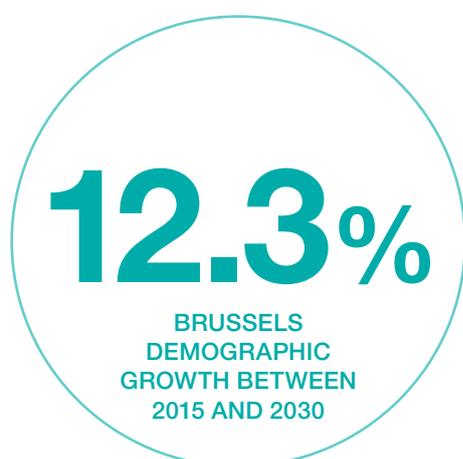


Résidence du Quartier Européen, Brussels

Real-estate activity was sustained throughout the year.

The improving economic climate and low interest rates helped boost the property business throughout 2016. The number of transactions is up from 2015 across all three regions in the country.

Thanks to these floor rates, the volume of new mortgage loans was high, reaching over € 59 billion during the past year. Refinancing of existing loans was also sustained throughout the year due to the low interest rates.



Acquisition prices are up overall in all three regions.

On a national level, according to the latest statistics from the National Institute of Statistics, prices have increased slightly in the different market sectors, across the entire Belgian territory.

Nationwide, the average price of a single-family dwelling grew by 3.6% compared to 2015 and by almost 9% over a five-year period. In 2016, the average house price was € 210 000.

The average price of an apartment remained more stable in 2016 up by only 0.9% from 2015. However, over the past five years, the average price of an apartment has risen by more than 9%. It reached approximately €220 000 in 2016.

The trends are relatively similar across the regions and across the different types of property.

Change in average house prices by region, in €

| | 2016 | Growth 2016-2015 | Growth 2016-2012 |
|----------|---------|---------------------|---------------------|
| Flanders | 226 850 | 2.6% | 9.1% |
| Wallonia | 156 300 | 1.2% | 6.7% |
| Brussels | 404 400 | 0.4% | 13.9% |
| Belgium | 210 800 | 3.6% | 8.9% |

Source: Statbel

Change in average apartment prices by region, in €

| | 2016 | Growth 2016-2015 | Growth 2016-2012 |
|----------|---------|---------------------|---------------------|
| Flanders | 227 200 | -1.5% | 10.0% |
| Wallonia | 173 600 | 1.9% | 7.6% |
| Brussels | 233 100 | 1.7% | 7.0% |
| Belgium | 220 500 | 0.0% | 9.1% |

Source: Statbel

The figures given in the two tables above confirm the slow but steady rise in average prices in Belgium, in all market segments.

Furthermore, these trends are confirmed by all property indices, both as regards the rise in activity and prices. The notaries' barometer, the Eurostat Property Price Index and the TREVI index have reached the highest level seen in months or even years.

Average rent for a dwelling in Brussels is also up.

Unsurprisingly, Brussels is the largest rental market in the country, due particularly to the significant number of expats, lower propensity to buy and higher purchase prices, leading the population to turn to the rental market.

According to the figures of the rental observatory, average rents (including new and resale property, both single-family houses and apartments) have risen consistently since 2004. The rental observatory, in its latest publication¹, also spotlights the gradual decoupling between rents and the health index. Rents increased more significantly than the health index over the period analysed, particularly between 2008 and 2013. Another noteworthy point is the fact that rent in-

¹ Observatoire régional de l'Habitat, "Observatoire des loyers, Enquête 2015", April 2016.

creases stemmed solely from index adjustments, for several years over the analysis period, in accordance with Brussels legislation. Between 2013 and 2015, i.e. the most recent available figures, rents increased solely by index adjustment.

Between 2004 and 2015, rents increased by more than 20% on average. At year-end 2015, average rent was € 709 per month for the Brussels-Capital Region. In 2004, average monthly rent was € 580.

Although only slight, the survey also points to the gradual decoupling between average rents and average available income of households. Based on an index of 100 in 2004, the gap between average rent and average income is today greater than 30 points.

Rent differentials also play a significant role. Depending on the type of property, the number of bedrooms, additional amenities and extras such as a garage, etc., rent varies between € 480 and more than € 1 600 per month. The most recent, better quality dwellings in preferred locations are the ones with the highest rents.

The rental market should remain under pressure in the years ahead. According to forecasts, the number of owner-occupiers should continue to drop in future. From 56% in 2009, the percentage of owner-occupiers has dropped to below 50% in recent months and projections suggest this rate could reach 35% in 2030. For comparison, across the country, there are currently 72% of owner-occupiers (vs. 76% in 2009).

Major disparities are seen in Brussels between communes. The lowest average rents are recorded in Saint-Josse-Ten-



Voisin, Woluwe-Saint-Pierre

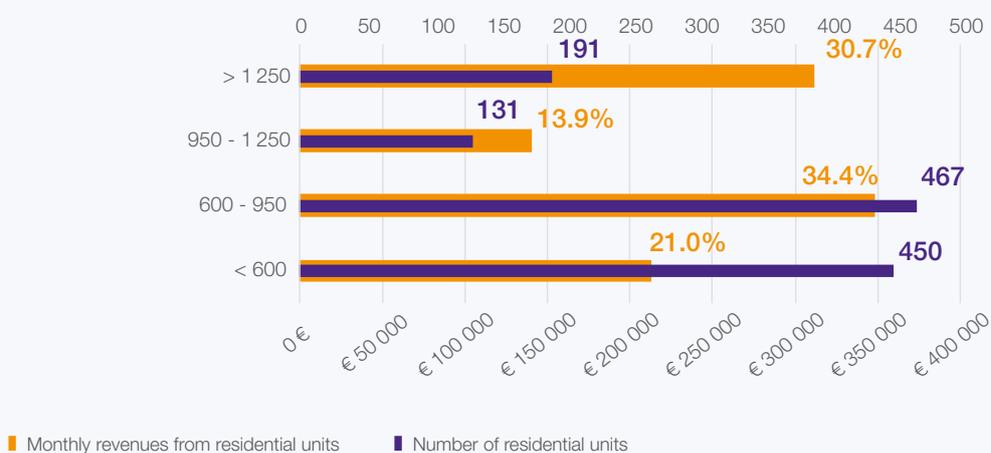
Noode, in the region of €550/month, whereas they easily exceed €900/month in south-east Brussels, for example in Uccle, Woluwe-Saint-Pierre or Woluwe-Saint-Lambert.

By way of illustration, the chart below shows the split of the rents of Home Invest Belgium.

In Brussels, prices of new residential buildings on the market target a small portion of the population.

The new dwellings market is arousing interest both from developers and buyers in Brussels and across the country. In Brussels particularly, with aging buildings, higher energy performance standards and strong demographic growth (need to create some 3 600 homes per year), a certain lack of interest is being seen for “second-hand” properties that

SPLIT OF RENTS BY REVENUE (NON FURNISHED RESIDENTIAL UNITS)



are often more energy-consuming and costly to renovate. There is thus growing interest in projects offering a minimum number of dwellings.

However, price differences between resale and new properties are often an obstacle for a population consisting mainly of middle-income households. It emerges that the seventh income decile of the Brussels population only has access to 25% of housing in the city.

With an average rent in excess of €10/sq.m./month, or even €12 to €13/sq.m./month for the best quality homes, rents soon reach or exceed €1 000/month for a standard 85 sq.m. dwelling. This explains the tendency of developers to build increasingly small units in Brussels (although they remain relatively large compared to standards in Paris for instance).

The same is true on the buyers' market. With an average price of at least €2 700 to €3 000/sq.m., the incongruity between dwellings proposed and the population's income is increasingly significant.

In the most sought-after and best located neighbourhoods, the average price easily reaches €3 500€/sq.m. for purchases. Lastly, the most exclusive projects are now selling at prices greatly in excess of €4 000/sq.m..

Conversion of office buildings continues but at a slower pace.

Conversion of obsolete office space into residential projects peaked three years ago, with almost 130 000 sq.m. converted in just one year. Today, the conversion trend continues at a slower pace. Approximately 80 000 sq.m. of obsolete offices are converted each year, primarily for residential purposes.

Conversion of these office buildings is mainly located in mixed districts in the city centre. In the Louise district for example, various projects have been initiated along avenue Louise or near Porte de Namur. In the decentralised north-east (mainly Schaerbeek, Evere, Woluwe-Saint-Lambert), conversion work also continues, mainly along rue Colonel Bourg and avenue Marcel Thiry or along boulevard de la Woluwe.

However, this type of project is aimed at more affluent clients who can afford to pay more than €3 500 per square metre, as the high cost of conversion inevitably impacts the sale prices of these projects.



Jourdan-Monnaie, Saint-Gilles



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 (specific rules for leases on the principal residence of the tenant).

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 agreement¹).

Communal expenses are borne by the tenant (if this is provided for in the lease agreement).

The property tax relating 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 type of guarantee (for a maximum of three months' rent).

Any rental contract for a principal 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 on whether the lease expires during the first, second or third year.

The landlord has the right to terminate the lease when it expires, subject to three-month's notice.

The landlord can also 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-month's notice. In the absence of notification within that period, the rental contract is deemed to have a duration of nine years.

The regulation relating to the leases of primary residences has been regionalised since 1 July 2014 following the sixth State reform. Each region has announced that it is studying the improvements which it would like to make 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. The company participates, through the real estate association UPSI, in the reflections conducted by the various ministerial offices on this subject.

¹ This is the general rule for leases concluded by Home Invest Belgium.

Reports of the real estate experts

PORTFOLIO LOCATED IN BELGIUM

In accordance with legal and statutory provisions, 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 2016.

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

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

As explicitly stated in our evaluation 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 the technical and legal due diligence prior to the acquisition of each property.

Investment Value is defined as the most likely value that can 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 partly takes into account part of a potential gain when selling per apartment.
- for other properties in the portfolio, by deducting from the Investment Value a rate of 2.5% if the value exceeds € 2.5 million, and 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 to 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 +/- 0.5%.

During our portfolio analysis, we noted the following:

- (1) the assets consist of 84.44% residential buildings, including 1.73% retirement homes, 12.15% is retail space and 3.40% office space.
- (2) the occupancy rate of the housing stock at 31 December 2016 was 88.31%.
- (3) the average level of rents collected or guaranteed is 1.39% higher than the average estimated rental value for the assets to date.

Based on the remarks made in the preceding paragraphs, we confirm that the Investment Value of the property portfolio of HOME INVEST BELGIUM at 31 December 2016 amounted to € 376 556 000 (estimated realisable value of property portfolio of HOME INVEST BELGIUM at 31 December 2016, corresponding to the fair value, within the meaning of the IAS / IFRS, would be € 341 747 000 (THREE HUNDRED AND FORTY-ONE MILLION, SEVEN HUNDRED AND FORTY-SEVEN THOUSAND EUROS).

Brussels, 18 January 2017
WINSSINGER & ASSOCIES S.A.

Christophe ACKERMANS¹ MRICS
Director
Valuation & Advisory

PORTFOLIO LOCATED IN THE NETHERLANDS

This letter follows your instruction with regards to the estimation of the Fair Value of a real estate portfolio composed of 241 cottages at Center Parcs Port Zélande located in Ouddorp, the Netherlands, on December 1, 2016, and the subsequent quarterly updates of this estimation, in accordance with legal and statutory requirements.

Our work is carried out in accordance with the International Valuation Standards (IVS) and the European Evaluation Standards published by TEGoVA (The European Group of Valuers' Associations) and in compliance with the valuation standards published by RICS (Royal Institution of Chartered Surveyors).

We have carried out our assignment on the basis of the information and data provided by HOME INVEST BELGIUM relating in particular to the lease conditions, non-recoverable charges and taxes, and investments borne by the lessor. These different elements and documents have been taken into account in the estimation of the value. We were unable to verify the data independently and we have considered them to be accurate and reliable.

We are not qualified to undertake structural audits and therefore are unable to confirm whether the properties are free from structural defects or environmental risks; for our assignment, we have assumed that the constructions and installations are in proper operational condition and compliant with all legislative requirements.

As such, our conclusions are subject to a technical audit which only a qualified and skilled expert can conduct and comment on.

The Fair Value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date" (IFRS 13).

For the estimation of the Fair Value we have applied two methods:

- Discounted Cash Flow method: This method consists in discounting the sum of the net rents received over the assumed holding period, added to the discounted exit value of the leased property,
- Direct comparison method: This method allows to estimate the value by reference to the market, that is to say by referring to the recent transactions that took place in the same market for real estate assets presenting similar characteristics. General market trends are also taken into consideration.

Our estimate takes into account the local taxation currently applicable in the case of direct sales of real estate assets. The transfer costs are set at 2.0%, in accordance with the locally applicable real estate transfer costs ("Overdrachtsbe-

lasting") for residential properties, including leisure properties ("Recreatiewoningen").

The real estate portfolio was estimated based on the assumption that its current use would be maintained.

On the basis of the foregoing, we confirm that the Investment Value of the real estate portfolio comprising 241 cottages at Center Parcs Port Zélande, Ouddorp, the Netherlands, estimated as at December 1, 2016, amounted to EUR 41 525 000. The estimated value corresponding to the Fair Value according to IAS / IFRS standards was EUR 40 711 000 (forty million seven hundred and eleven thousand euros).

24 February 2017
 BNP Paribas Real Estate Hotels France
 Maaïke SMORENBURG
 Director – Valuation & Consulting

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 | Av. 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 | Etterbeek | Av. de l'Yser, 13 |
| 12. | Giotto | Evere | Av. 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 | Jette | Av. 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 Kalck, 30-32 |
| 20. | Sippelberg | Molenbeek-St-Jean | Av. 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. | Les Erables | Woluwe-St-Lambert | Av. de Calabre, 30-32 |
| 27. | Les Mélézes | Woluwe-St-Lambert | Av. de Calabre, 34-38 |
| 28. | The Horizon | Woluwe-St-Lambert | Av. Ariane, 4 |
| 29. | Voisin | Woluwe-St-Pierre | Rue Montagne au Chaudron, 13 |
| 30. | City Gardens | Leuven | Petermannenstraat, 2A-2B - Ridderstraat, 112-120 |
| 31. | Haverwerf | Mechelen | Haverwerf, 1-10 |
| 32. | Gent Zuid | Ghent | Woodrow Wilsonplein, 4 |
| 33. | Audenaarde | Oudenaarde | Remparden, 12 |
| 34. | Clos Saint-Géry | Ghlin | Rue de Tournai, 4 |
| 35. | Quai de Compiègne | Huy | Quai de Compiègne, 55 |
| 36. | Galerie de l'Ange (appartements) | Namur | Rue de la Monnaie, 4-14 |
| 37. | Galerie de l'Ange (commerces) | Namur | Rue de la Monnaie, 4-14 |
| 38. | Léopold | Liège | Rue Leopold, 2-8 |
| 39. | Mont-Saint-Martin | Liège | Mont Saint-Martin, 1 |
| 40. | Saint-Hubert 4 | Liège | Rue Saint-Hubert, 4 |
| 41. | Saint-Hubert 51 | Liège | Rue Saint-Hubert, 51 |
| 42. | Florida | Waterloo | Av. Florida 75 -79 |
| 43. | Louvain-la-Neuve CV9 | Louvain-la-Neuve | Angle des Rues des Wallons et Grand Rue |
| 44. | Louvain-la-Neuve CV10&18 | Louvain-la-Neuve | Rues Charlemagne, Grand Rue, Rabelais, Grand Place, Agora |
| 45. | Colombus | Jambes | Rue de l'Orjo, 52-56 |
| 46. | Port Zélande | Ouddorp (The Netherlands) | Center Parc Port Zélande |
| 47. | Marcel Thiry 204C | Woluwe-St-Lambert | Av. Marcel Thiry, 204C |
| 48. | Reine Astrid | Kraainem | Av. Reine Astrid, 278 |
| 49. | Célidée | Molenbeek-St-Jean | Rue de la Célidée 29 - 33 |

Stock market activity

A man in a white shirt and tie is sitting at a desk, looking down at a document. He is holding a pen in his right hand. On the desk, there is an open notebook and a pair of glasses. The background is a bright window with a view of a city.



€ 98.40

AVERAGE MARKET
PRICE IN 2016

Your investment in trusted hands

The investor in Home Invest Belgium shares benefits from the professionalism of the management, from the transparency of the Registered Real Estate company through its corporate governance and from favourable legal and tax provisions.

Stock market activity

| | |
|-------------------------------------|----|
| The share on the stock market | 84 |
| Dividend and return | 88 |
| Sharholding structure | 90 |

The share on the stock market



“

Trends Tendance
27 October 2016

“La reconversion d’un immeuble de bureaux en résidentiel est une pratique courante à Brussels. La SIR Home Invest Belgium a toutefois réussi à se différencier avec son nouveau projet baptisé The Horizon.”

PROFILE OF INVESTORS

Given the favourable regime for the Registered Real Estate company, Home Invest Belgium is an attractive security for investors, both individuals as well as institutions.

For more details about the favourable legal and tax regime see “Permanent Document” chapter.

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

- it makes it possible to free itself from the increasing administrative and technical constraints arising from the direct management of residential buildings;
- it makes it possible to allocate the risks of loss of income in the event of rental vacancy or default of payment, show an increasing tendency;
- it provides for an obvious enhanced liquidity of its assets, taking into account the stock market listing of the securities of the Registered Real Estate company;
- it makes real estate investment accessible from a very limited amount.

EVOLUTION OF SHARE PRICE

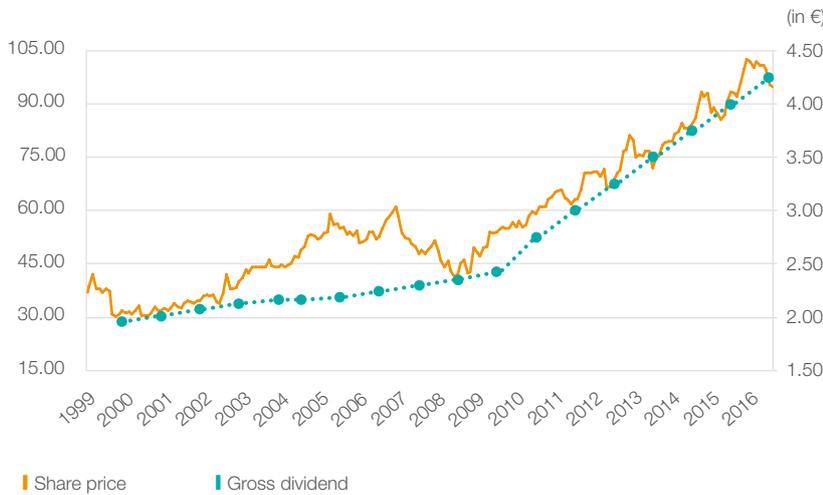
Home Invest Belgium shares have been listed on Euronext Brussels (HOMI) since 16 June 1999. During fiscal 2016, Home Invest Belgium made strategic real estate operations, which have been well received by the markets and by investors.

In 2016, Home Invest Belgium experienced a slight increase of 1.9% between 4 January 2016 (opening price of € 92.95) and 30 December 2016 (closing price of € 94.74), irrespective of the dividend distributed in May 2016 and the interim dividend for December 2016 (in total € 4.00).

Home Invest Belgium shares showed significant fluctuations during 2016, going from the lowest price of € 91.81 at 15 January 2016, to a peak of € 103.00 on 20 May 2016, finally under € 100 as of November 2016.

The total average closing price for the financial year 2016 was € 98.40.

EVOLUTION OF SHARE PRICE AND GROSS DIVIDEND



Based on the last closing price for 2016 (€ 94.74), the proposed dividend of € 4.25 represents a gross yield of 4.49% (compared with a yield of 4.32% in 2015).

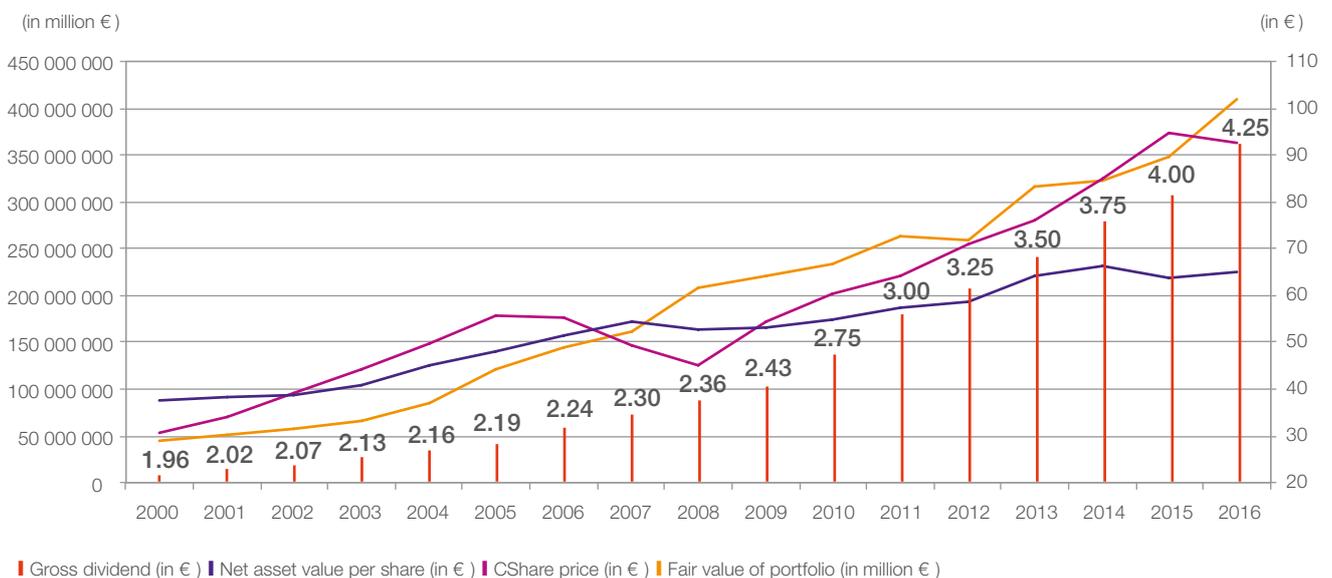
The liquidity of the shares declined, with a daily average of 747 shares traded per trading session throughout fiscal 2016 (vs. a daily average of 1 058 shares in 2015 and 996 shares during 2014). This decline is generally observed in the market and appears, at least in part, to be linked to the

'speculation tax' introduced in 2016 and being phased out from 2017 onwards.

The 'velocity' - the ratio between the number of shares traded and the "Free float" - is also down to 12.04% compared to 18.20% in 2015.

This resulted in the exit of the Home Invest Belgium shares from the BELI Small index of the Brussels Stock Exchange.

EVOLUTION OF THE GROSS DIVIDEND, THE NET ASSET VALUE PER SHARE, THE SHARE PRICE (RIGHT SCALE) AND THE FAIR VALUE OF THE PORTFOLIO (LEFT SCALE)



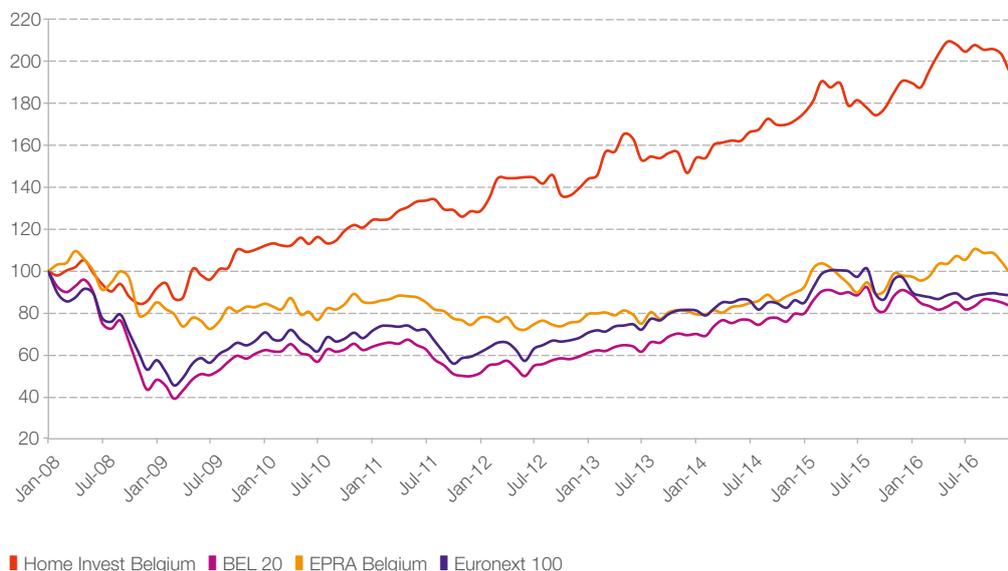
EVOLUTION OF THE BEL 20 INDEX – EPRA BELGIUM¹

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

evolution of the BEL 20 index (-1.00%) and the sector of Belgian RRECs, reflected in the EPRA Belgium sector index (+8.09%) over the same period.

The performance of the Home Invest Belgium share during fiscal 2016 (+1.93%) should be compared with the

COMPARISON OF THE EVOLUTION OF THE RETURN OF HOME INVEST BELGIUM COMPARED WITH SEVERAL MARKET INDICES



“

LEcho
27 October 2016

“À la fin du troisième trimestre, le résultat locatif net a augmenté de 6,0% par rapport à la situation d’il y a un an. Cette augmentation est le fruit de la contribution au chiffre d’affaires des acquisitions et projets livrés entre-temps.”

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.

EVOLUTION OF SHARE PRICE RELATIVE TO THE NET ASSET VALUE PER SHARE

During the fiscal year 2016, the net asset value per share increased by 2.5% compared to its year-to-date level from € 63.60 to € 65.19 at 30 December 2016.

Note that the asset value per share is now 89.2% higher than its level of € 34.46 at the time of the IPO in June 1999. This reflects the quality of the property 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 asset value per share, and this for the whole of 2016.

At 30 December 2016, the closing price was € 94.74 and had a premium of 45.3% over the net asset value per share at year end.

The premium calculated in relation to the net asset value per share excluding changes in the fair value of financial instruments (€ 68.14) is 39%.

This premium illustrates once again the confidence that shareholder 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.

| Key figures per share | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Share price (in €) | | | | | | | |
| Highest | € 103.00 | € 95.50 | € 87.00 | € 82.35 | € 72.00 | € 67.99 | € 61.50 |
| Lowest | € 91.81 | € 81.95 | € 73.50 | € 69.27 | € 62.90 | € 58.87 | € 53.00 |
| On the last day of the financial year | € 94.74 | € 92.59 | € 85.10 | € 76.00 | € 71.00 | € 64.05 | € 60.50 |
| Average price | € 98.40 | € 89.58 | € 80.91 | € 76.03 | € 68.59 | € 62.99 | € 56.60 |
| Return of the gross dividend¹ | 4.49% | 4.32% | 4.41% | 4.61% | 4.58% | 4.68% | 5.45% |
| Dividend (in €) | | | | | | | |
| Gross | € 4.25 | € 4.00 | € 3.75 | € 3.50 | € 3.25 | € 3.00 | € 2.75 |
| Net ² | € 3.0875 | € 3.3700 | € 3.1875 | € 2.9750 | € 2.7625 | € 3.00 | € 2.75 |
| Volume | | | | | | | |
| Average daily volume | 747 | 1 058 | 996 | 703 | 1 136 | 902 | 833 |
| Annual volume | 191 851 | 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 | 3 160 809 | 3 056 143 | 3 056 143 | 3 056 143 | 2 931 334 |
| Market capitalisation on 31 December | € 311 million | € 293 million | € 269 million | € 232 million | € 217 million | € 197 million | € 171 million |
| Free float | 52.54% | 49.21% | 48.96% | 50.24% | 47.01% | 46.83% | 49.65% |
| Velocity³ | 11.55% | 17.41% | 16.42% | 11.67% | 20.16% | 15.40% | 13.85% |
| Pay out ratio (statutory) | 96.75% | 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, if not higher, than inflation. Between 2000 and 2016, the gross dividend rose from € 1.96 to € 4.25 per share, an increase of 116.8% over 17,5 years, or an average annual increase of 6.9%.

Since 2015, the Board of Directors has adopted a dividend policy of paying an interim dividend in December and a final dividend in May.

Based on the quarterly results as of 30 September 2016, and given the lower financing costs and the general medium and long-term outlook in the evolution of the portfolio and the residential rental market, the Board of Directors decided, on 26 October 2016, to distribute an interim dividend payable in cash of € 3.75 gross or € 2.7375 net per share (after deduction of the withholding tax in force at that date of 27%).



Clos de la Pépinière, Brussels

At the Annual General Meeting of shareholders, which will be held on Tuesday, 2 May 2017, and will approve the financial statements for 2016, the distribution of the remaining dividend of € 0.50 gross per share will be presented for approval. This will result in a total dividend for fiscal 2016 of € 4.25 gross per share.

This distribution demonstrates once again a remarkable growth of 6.25% compared to the gross dividend of € 4.00 distributed for fiscal 2015, with the distribution rate for 2016 being 96.75%.

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

Note that since the establishment of the Registered Real Estate company, a significant portion of the profits for each fiscal year has been carried forward and currently amounts to € 8.22 per share at the consolidated level before appropriation of 2016 results. This reserve is expected to smooth the dividend curve in the future if real estate market conditions become more difficult.

WITHHOLDING TAX

Under the new legislation in force since 1 January 2017 (law on measures to promote the creation of jobs and purchasing power) the dividend paid in 2016 by the Registered Real Estate company will be subject to a withholding tax of 30%. The interim dividend distributed in December 2016 was subject to a withholding tax of 27%. As a result the proposed net dividend will be € 3.0875.

For more information on the tax treatment of dividends, see "Permanent Document - The Registered Real Estate company and its tax regime".

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 constitutes the annual return of the investment.

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

Thus, for the shareholder who participated in the Initial Public Offering (IPO) in June 1999 and reinvested all dividends each year in Home Invest Belgium, the Internal rate of return on the investment calculated on a period of 17 and a half year would be 13.80%, and this despite the weak performance recorded in fiscal 2008 and 2009.

Similarly, the return for shareholders in Home Invest Belgium, which did not reinvest its dividends each year, nevertheless reaches a remarkable average of 9.62% per year over the period 1999-2016.



Résidence Mélopée, Molenbeek-Saint-Jean

This return can not be compared as is with those of the majority of the other Registered Real Estate companies, because the latter are calculated before withholding tax on dividends whereas, up to the end of 2012, the Home Invest Belgium's dividends were exempt from withholding tax and was then subject to reduced level withholding tax of 15% until the end of 2015 and 27% from 1 January 2016.

| Return ¹ In € | Net value per share excluding dividend | Value growth | Gross dividend | Return per share ² | Return in % for theshareholder ³ | |
|---|--|--------------|----------------|----------------------------------|--|---------------------|
| Consolidated accounts in IFRS | 2016 | € 64.69 | € 1.34 | € 4.25 | € 5.59 | 8.82% |
| | 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 Adjusted to twelve months (12/19)

Shareholder structure

The company has a statutory 3% threshold covering transparency statements in connection with the mandatory rules relating to the disclosure of major shareholdings in issuers whose shares are admitted to trading on a regulated market.

According to the statements of transparency received up to 31 December 2016 the shareholder structure of Home Invest Belgium is as follows:

| Shareholders | Number of share | % of capital |
|---|------------------|----------------|
| Van Overstraeten Group¹ | 737 553 | 23.33% |
| BMVO 2014 Burgerlijke 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 SA² | 537 830 | 17.02% |
| Mr Antoon Van Overstraeten | 121 916 | 3.86% |
| Mrs Van Overtveldt - Henry de Frahan | 102 792 | 3.25% |
| Other registered shareholders | 1 660 718 | 52.54% |
| General total | 3 160 809 | 100.00% |

The principal shareholders in the company do not have different voting rights.

¹ Stavos Luxembourg SA is 80% controlled by the enterprise BMVO 2014 and 20% controlled by the "Stichting Administratiekantoor Stavos". The enterprise BMVO 2014 is 47% controlled by the Stichting Administratiekantoor Stavos and 53% by the enterprise Van Overstraeten. Stichting Administratiekantoor Stavos is controlled by Liévin, Hans, Johan and Bart Van Overstraeten. Cocky NV is 99.9% controlled by the joint-stock company Van Overstraeten, which in turn is 100% controlled by the Stichting Administratiekantoor Stavos. VOP is 99.9% controlled by Stavos Luxembourg SA.

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

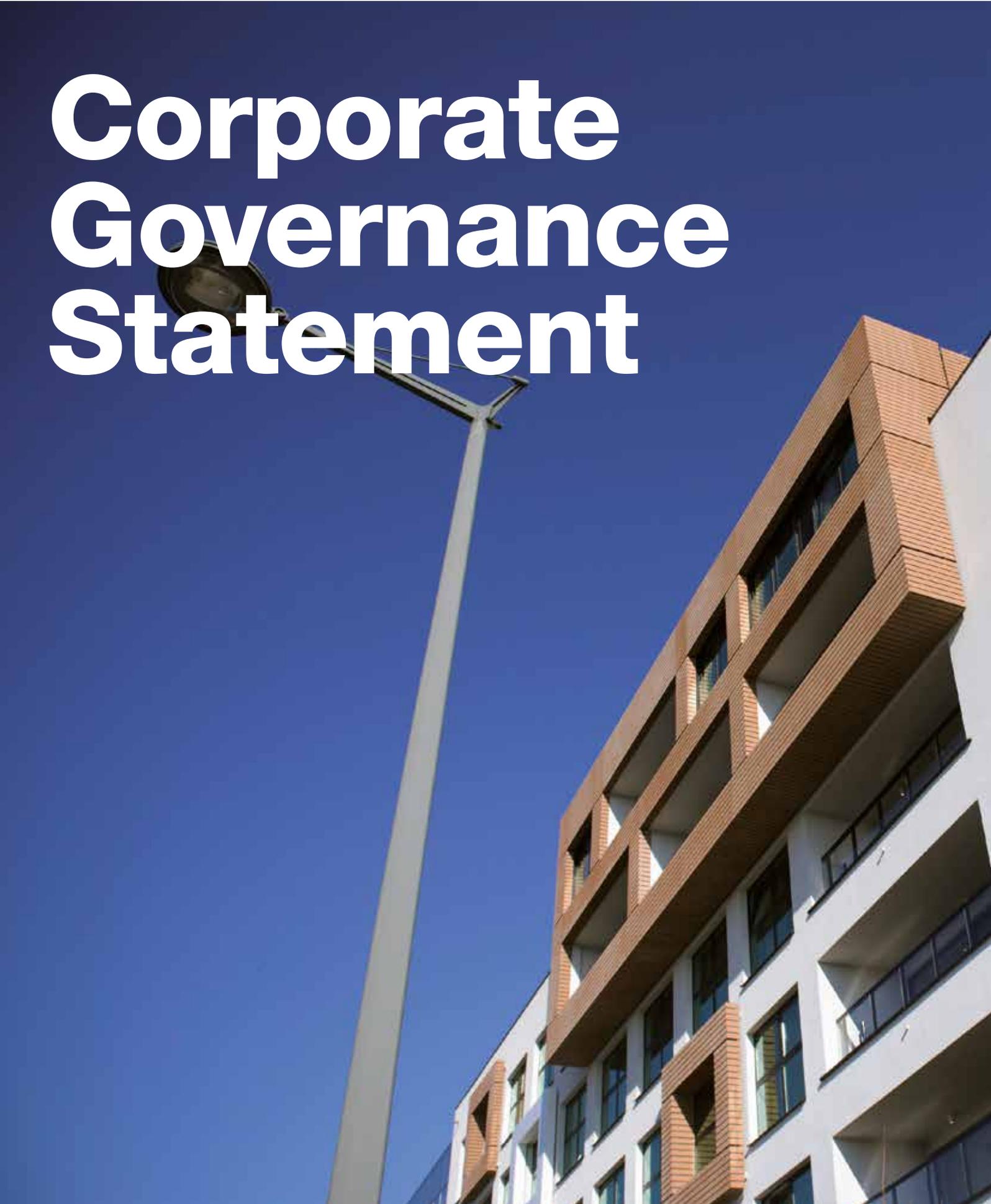
BB

L'Écho
27 October 2016

“La valeur totale des fonds propres de Home Invest Belgium au 30 septembre 2016 s'élevait à € 212 millions, soit 12 millions de mieux qu'au 31 décembre 2015, soit encore une valeur nette de € 67,36 par action, contre € 63,60 par action à la clôture de l'exercice précédent.”



Corporate Governance Statement





Corporate Governance Statement

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Decision-making bodies

This corporate governance statement¹ 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.

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. This charter was last modified on 15 June 2016.

The Corporate Governance Charter is supplemented by the Risk Management Regulations and Internal Audit Rules, which form an integral part of the Charter.



Jourdan 85, Saint-Gilles

¹ The corporate governance charter is an integral part of the Management Report.



Current composition of the Board of Directors (from left to right): Wim Arousseau, Eric Spiessens, Sophie Lambrighs, Johan Van Overstraeten, Liévin Van Overstraeten, Koen Dejonckheere, Laurence de Hemptinne.

BOARD OF DIRECTORS

Events occurring during the current fiscal year 2016

On 3 May 2016, the Board of Directors decided to appoint Mr Liévin Van Overstraeten as Chairman of the Board (to replace Mr Guillaume Botermans) and Mr Eric Spiessens as Vice-Chair (to replace Mr Liévin Van Overstraeten).

The Annual General Meeting of 3 May 2016 decided to grant the title of Honorary Chairman to Mr Guillaume H. Botermans, following the expiry of his term of office as an independent Director at the close of the meeting.

Current composition

The Board currently has seven directors. Of the six non-executive directors, three 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 different gender than other members².

The current proportion of women being 28.5%, the Board will ensure compliance for fiscal 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 € 50 million.



Liévin Van Overstraeten



Wim Aourousseau



Laurence de Hemptinne



Eric Spiessens



Koen Dejonckheere



Sophie Lambrighs



Johan Van Overstraeten

The “curriculum vitae” of the directors can be summarised as follows:

Liévin Van Overstraeten

CHAIRMAN, DIRECTOR (REPRESENTATIVE OF THE VAN OVERSTRAETEN GROUP)

60 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.

Other offices held in listed companies: none.

Other positions held in unlisted companies: Managing Director of VOP SA,

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.

Positions expired during the last five years: none.

Eric Spiessens

VICE CHAIRMAN, INDEPENDENT DIRECTOR

Mr Spiessens is 56 years old and has a degree in sociology (KU Leuven), a qualified secondary education teacher, a social science engineer (KU Leuven).

Other offices held in listed companies: none.

Other mandates held in unlisted companies: various positions of responsibility and mandates in the companies Auxipar, VEH CVBA, Publigas CVBA, Aspiravi NV, Aspiravi International NV, EPC CVBA, Pronet Verzekeringen BVBA and Sociaal Engagement CVBA-SO.

Positions expired during the last five years: notably in the companies Gimv NV and DG Infra + NV, Livingstones CVBA and Sint-Jozefskredietmaatschappij NV.

Sophie Lambrighs

CEO, EFFECTIVE LEADER

45 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, Immobil and Retail Estates.

Other positions held in listed companies: director of Immobil SA¹.

¹ Mandate exercised as permanent representative of Zou2 SPRL.

Other positions held in unlisted companies: manager of Zou2 SPRL, Managing Director of Home Invest Development² and director of UPSI/BVS.

Positions expired during the last five years: 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 SA¹.



Sippelberg, Molenbeek-Saint-Jean

Wim Arousseau

DIRECTOR (REPRESENTATIVE OF AXA)

45 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.

Other offices held in listed companies: none.

Other positions held in unlisted companies: Chief Investment Officer with Axa Belgium.

Positions expired during the last five years: none.

Laurence de Hemptinne

INDEPENDENT DIRECTOR

53 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.

Other offices held in listed companies: none.

Other positions held in unlisted companies: Managing Director of Editions & Séminaires SA.

Positions expired during the last five years: none.

Koen Dejonckheere

INDEPENDENT DIRECTOR

48 years old, Mr Dejonckheere holds a degree in civil engineering (Ghent) and an MBA (IEFSI-FAIL, Lille, France).

Other positions held in listed companies: CEO of Gimv NV

Other positions held in non-listed companies: CEO of Noorderman NV, Invest at Value NV.

Positions held within the companies TDP NV, AZ Delta VZW (hospital group), Roularta NV / SA, Enternext NV / SA, Biotechfonds Vlaanderen NV, Gimv Arkiv Technology Fund NV, Voka- VEV, The Belgian Association of Listed Companies ASBL, European Issuers AISBL / IVZW, VBO-FEB and the Corporate Governance Committee.

Positions expired during the last five years: within the companies: Capman Plc (Finland) and Belgian Venture Capital & Private Equity Association VZW / ASBL.

Johan Van Overstraeten

DIRECTOR (REPRESENTATIVE OF THE VAN OVERSTRAETEN GROUP)

55 years old, Mr Van Overstraeten has extensive experience in the management and management of companies, particularly in the field of property development and software development.

Other offices held in listed companies: none.

Other positions held in unlisted companies: Behind the Buttons SA, VOP SA, Immovo SA, Sippelberg SA, Rolem Belgium SA, Cocky SA, Stavos Luxembourg SA, Stichting Administratiekantoor Stavos NV Burgerlijke Maatschap Van Overstraeten and Burgerlijke Maatschap BMVO 2014, Cocky BVBA and Home Invest Development.

Positions expired during the last five years: none.

² Vepar NV, Transga SA, La Tourmaline SA, Cornaline House SA, Beran SA, Sodimco SA, Leg II Meer BVBA, Zaventem Properties SA, Cabessa SA, Brustar One SA, Messancy Réalisation SA, Royaner SA, Immobilière du Park SA, Waukein SA, Blauwe Toren SA, Park Louise SA, Leg II Meer SA, Lex 65 SA, Leg II Meer 22-23 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 OF THE BOARD OF DIRECTORS AS AT 31 DECEMBER 2016

| Name | Position | Start of first mandate | End of mandate | Business address | Attendance rate at Board meetings during fiscal 2016 |
|--------------------------------|----------------------|------------------------|------------------------------|--|--|
| Liévin Van Overstraeten | Chairman | 23 May 2008 | AGM ¹ 2018 | V.O.P. S.A., avenue du Sippelberg, 3, 1080 Brussels | 100% |
| Eric Spiessens | Independent Director | 3 May 2011 | AGM 2019 | Beweging.net chaussée de Haecht, 579, 1030 Schaarbeek | 100% |
| Sophie Lambrighs | CEO | 22 July 2014 | AGM 2018 | Home Invest Belgium SA, boulevard de la Woluwe, 60 / bte 4, 1200 Brussels | 100% |
| Wim Arousseau | Director | 12 February 2014 | AGM 2019 | Axa Belgium SA, boulevard du Souverain, 25, 1170 Brussels | 73% |
| Laurence de Hemptinne | Independent director | 5 May 2015 | AGM 2019 | rue de Ferrière, 1470 Bousval | 100% |
| Koen Dejonckheere | Independent director | 3 May 2011 | AGM 2019 | Gimv NV, Karel Oomsstraat, 37, 2018 Antwerpen | 100% |
| Johan Van Overstraeten | Director | 18 August 2010 | General Assembly AGM 2019 | V.O.P. SA, avenue du Sippelberg, 3, 1080 Brussels | 100% |

HONORARY MEMBERS OF THE BOARD OF DIRECTORS

| | |
|-------------------------------|-------------------------------|
| Guillaume H. Botermans | Honorary Chairman |
| Michel Pleeck | Honorary Chairman |
| Guy Van Wymersch-Moons | Honorary Chairman |
| Xavier Mertens | Honorary CEO |
| Luc Delfosse | Honorary independent director |

¹ Annual General Assembly to be held in the year mentioned

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 study and the choice of guidelines for the development, diversification and strategy of Home Invest Belgium;
- analysis and approval of investment and divestment dossiers;
- the report of the Nomination & Remuneration Committee;
- the composition of the Board and its committees;
- the internal organisation of the Regulated Real Estate Company inter alia the internal audit function, the risk management function and the compliance function;
- the analysis of the 2016 and 2017 budgets;
- the financing structure, interest rate risk hedging policy and the restructuring of certain hedging instruments;
- the agreement with the real estate expert;
- amendments to the withholding tax regime due on dividends distributed by Regulated Real Estate companies;
- analysis of the impact of government measures commonly known as "Tax Shift" on the company's business plan;
- analysis of proposals and price offers, choice of supplier and follow-up of the implementation of the new IT tool of the company.

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



Odon Warland, Jette

During fiscal 2016, 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 specialized 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.

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 nine times** during the past year and consisted of the following persons:

- Johan Van Overstraeten, Chairman of the Investment Committee, Director; Attendance during the year: 9/9;
- Guillaume H. Botermans, independent director (member until 3 May 2016); Attendance during the year: 3/3;
- Laurence de Hemptinne, independent director (member from 20 October 2016); Attendance during the year: 2/2;
- Sophie Lambrighs, Managing Director; Attendance during the year: 9/9;
- Alain Verheulpen, representative of AXA Belgium; Attendance during the year: 8/9.

Audit committee

Notwithstanding the fact that Home Invest Belgium is not obliged to establish an Audit Committee – as the Regulated



CV10&18, Louvain-la-Neuve



The Horizon, Woluwe-Saint-Lambert

Real Estate company meets 2 of the 3 exclusion criteria listed in article 526bis § 3 of the Companies Code - the Board of the Regulated Real Estate company nevertheless decided to establish one¹.

The **Audit Committee met four times** during the past year and its members were:

- Eric Spiessens, director and chairman of the Audit Committee; Attendance during the year: 4/4;
- Guillaume H. Botermans, independent director (member until 3 May 2016); Attendance the year: 2/2;
- Wim Arousseau, director (Member from 3 May 2016); Attendance during the year: 2/2;
- Liévin Van Overstraeten, director; attendance during the year: 3/4.

Mr Eric Spiessens is an independent director and has the necessary qualifications in auditing and accounting.

The statutory auditor of the Regulated Real Estate company attended three meetings of the Audit Committee in 2016.

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 main tasks of the Audit Committee are as follows:

- financial reporting, which includes monitoring the integrity and accuracy of the numerical data and the relevance of accounting standards applied;
- assessment of internal control systems and risk management;
- reviewing and monitoring the independence of the Statutory Auditor;
- monitoring the statutory audit of annual and consolidated accounts, including follow-up of the questions and recommendations made by the Statutory Auditor.

In fiscal year 2016, the following items were discussed:

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

Nomination remuneration committee

Given the size of the company and in the interest of efficiency, a single Committee, comprising both appointment and remuneration competences, was set up within Home Invest Belgium.

The **Nomination and Remuneration Committee met five times** during the past year and consisted of the following members:

- Liévin Van Overstraeten, director and Chairman of the Nomination and Remuneration Committee (from 3 May 2016); Attendance during the year: 5/5;
- Guillaume H. Botermans, independent director (until 3 May 2016); Attendance during the year: 4/4;
- Laurence de Hemptinne, independent director (member as of May 3, 2016); Attendance during the year: 1/1;
- Eric Spiessens, independent director; Attendance during the year: 5/5.

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.

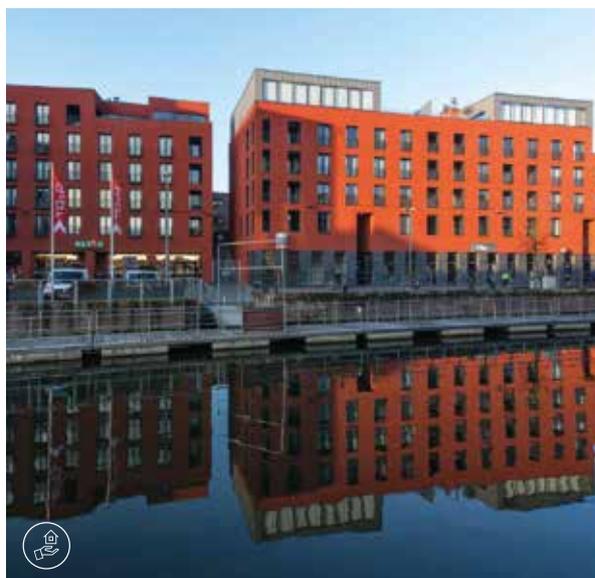
The Nomination and Remuneration Committee is responsible in particular for:

- 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 2016, it met primarily to discuss the following points:

- changes in the composition of the Board of Directors and "gender diversity";
- the evaluation of the performance of the members of Management in 2015 and the determination of their variable fees for the year;
- the determination of individual objectives for members of Management for 2016;
- the composition of the management team of the Regulated Real Estate company.



Haverwerf, Mechelen

MANAGEMENT

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

The company's Board recruited a new Chief Investment Officer (CIO) on 13 July 2016, Mr Nicolas Vincent has joined the company in this capacity.

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;
- Nicolas Vincent, Chief Investment Officer (CIO).



From left to right: Jean-Luc Colson, Filip Van Wijnendaele, Nicolas Vincent, Sophie Lambrighs, Toon Haverals

¹ In his capacity as permanent representative of Ylkatt SPRL.

² In his capacity as permanent representative of FVW Consult SPRL.

³ In his capacity as permanent representative of HIRES Consult.

The “curriculum vitae” of the Management (or their permanent representative) can be summarized as follows:



Jean-Luc Colson
CHIEF FINANCE
OFFICER

Aged 42 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 Development.



Filip Van Wijnendaele
CHIEF OPERATING
OFFICER

Aged 40, 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 in 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.



Nicolas Vincent
CHIEF INVESTMENT
OFFICER

Aged 37 years Mr Vincent is a graduate of the Institute of Administration and Management (IAG - UCL). He attended specific courses related to real estate at the University of Columbia (South Carolina - USA) and at the Solvay Business School (Postgraduate degree in Real Estate). He started his career at GVA Grimley. Subsequently, he served as Associate Director at Cushman & Wakefield in the Capital Markets department.

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 Nomination 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.

EFFECTIVE MANAGEMENT

Home Invest Belgium has appointed an Effective Management team 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.

Currently the Effective Management consists of ¹:

| | Sophie Lambrighs CEO | Jean-Luc Colson CFO | Filip Van Wijnendaele COO | Nicolas Vincent CIO |
|-----------------------------------|--|--|--|--|
| Number of shares held | N/A | N/A | N/A | N/A |
| Other mandates² | Ms Lambrighs mandates are listed above | Director of Home Invest Development Manager of HBLC SPRL | Director of Home Invest Development SA and manager of SPRL Charlent 53 Freehold. | Manager of Nicolas Vincent SPRL and of BuyerSide SPRL. |

The business address of the members of the Executive management is the company's registered office.

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 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 decisions 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 crosscutting issues;
- regular meetings between managers and their respective teams.

¹ The exercise of a mandate as an Effective manager in the form of a legal person is temporary and will be regularised within four years from the date of the approval of the company as a Regulated Real Estate company.

² These are the mandates exercised by members of the Effective management in other companies over the past 5 years. Expired orders are marked with an asterisk.

RISKS 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



ArchView, Brussels

manager. The risk management regulations describe 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 expired on 31 December 2016. The remuneration of the internal auditor is fixed at [€ 19 936 for fiscal 2016]. The mandate of Mr Pierre-Hugues Bonnefoy as internal auditor will be renewed for a new period of 3 years.

The regulations on internal audit describe the role, objectives and scope of the internal audit of Home Invest Belgium and can be consulted on the company's website.

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.

Remuneration report

The remuneration report was approved by the Board of Directors on 22 february 2017 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).

For the year 2016, Mr Guillaume H. Botermans received a total remuneration of € 27 233.

No other non-executive director is entitled to any fixed or variable remuneration whatsoever. Non-executive directors are entitled to attendance fees for meetings of the Board of Directors and the various specialised committees. In

Members of the Effective Management attending these meetings shall not be entitled to such compensation.

| | Guillaume H. Botermans | Lieven Van Overstraeten | Eric Spiessens | Koen Dejonckheere | Johan Van Overstraeten | Wim Aurousseau | Laurence de Hemptinne | Cocky NV * |
|--|---------------------------|----------------------------|-------------------|----------------------|---------------------------|-------------------|--------------------------|---------------|
| HOME INVEST BELGIUM | | | | | | | | |
| Board | 3 | 11 | 11 | 11 | 11 | 8 | 11 | |
| Investment Committee | 3 | | | | 9 | | 2 | |
| Audit committee | 2 | 3 | 4 | | | 2 | | |
| Nominations and Remuneration committee | 4 | 5 | 5 | | | | 1 | |
| HOME INVEST DEVELOPMENT | | | | | | | | |
| Board | 4 | | | | | | | 3 |
| Total attendance | 16 | 19 | 20 | 11 | 20 | 10 | 14 | 3 |
| Base remuneration | 27 233 | | | | | | | |
| Attendance fees | 900 | 26 250 | 22 250 | 11 000 | 20 000 | 9 500 | 13 250 | 900 |
| Total remuneration | 28 133 | 26 250 | 22 250 | 11 000 | 20 000 | 9 500 | 13 250 | 900 |

* Permanent representative Mr Johan Van Overstraeten

addition, they may enter expense reports for costs incurred in the performance of their duties. The company does not intend to change the directors' remuneration policy for the next two years.

Directors' fees amount to € 1 000 per Board meeting for members.

The Annual General Meeting of shareholders of 3 May 2016 decided that attendance fees (per meeting) should be as follows:

- € 2 000 for the new Chairman and € 1 500 for the new Vice-chairman of the Board, starting from their entry into office;
- € 750 for the members and € 1 000 for the chairmen of the Committees, from 1 January 2016.

Home Invest Belgium entrusts its subsidiary - SA Home Invest Development - with the management, monitoring and supervision of developments of new residential buildings.

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.

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 € 134 400 for 2016 and variable remuneration ranging from 0% to 20% of the annual basic remuneration for the year concerned.

Her variable remuneration is determined according to the following criteria:

- the development of the portfolio;
- Net result from core activities;
- implementation of a new IT management tool;
- corporate management in general;
- external communications;
- and the implementation of the other strategic axes decided by the Board.

Ms Lambrighs also benefits from a pension plan (providing an annual premium of € 27 000 for 2016), 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 1 200 shares in the company or, alternatively, she may request the company to the equivalent of these shares in cash (at the closing price of 13 June, 2017).
- Mr Lambrighs also has the right (provided that she still works for the company at that time):
 - in 2016, to the amount of the dividends declared by the company for 2015 relating to 800 shares of the company;
 - in 2017, to the amount of dividends declared by the company for 2016 relating to 1 200 shares of the company.

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 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 € 120 000 for 2016 and a variable remuneration ranging from 0% to 20% of the basic annual remuneration for the financial year concerned.

The variable remuneration is determined according to the following criteria:

- compliance with the development project schedules;
- respect for worksite budgets;
- the development of the 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 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 between Home Invest Belgium SA and Ylkatt SPRL)

The agreement provides for an indexed annual basis remuneration, payable in monthly instalments, and variable remuneration ranging from 5% to 20% of the base annual 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.

The variable remuneration is determined on the basis of the application of the following criteria during the year concerned:

- Net result from core activities;
- implementation of a new IT management tool.

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 provides for nine months' notice in the event of contract termination by the Regulated Real Estate company, plus a severance payment three months.

The period of notice may be replaced by a compensation in proportion to the duration of the remaining period of notice. The three-month severance allowance shall be increased by half a month for each year of services, but may not exceed a total of nine months¹.

This allowance will be calculated taking into account both the fixed and the variable remuneration. These contractual provisions diverge potentially from recommendations in this area, as set out in the Belgian Code of Corporate Governance. However, taking into account the level of remuneration, experience and seniority, the Board considers that these provisions are balanced².

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

(As part of a business agreement concluded on 5 March 2011 between Home Invest Belgium SA and FWV Consult SPRL)

The agreement provides for an indexed annual base compensation, payable in monthly instalments, and a variable compensation ranging from 5% to 20% of the annual base annual compensation for the year concerned. He also benefits from a GSM and payment of GSM expenses incurred on behalf of the Regulated Real Estate company.

The variable remuneration is determined on the basis of the following criteria during the year concerned:

- Net result from core activities;
- Implementation of the new IT management tool;
- the commercialisation and implementation of the service platform for The Horizon building.



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¹ This therefore derogates from Principle 7.18 of the 2009 Code which provides that: "any contract with the company or its subsidiaries relating to the remuneration of the CEO or any other executive manager shall specify that the severance pay awarded in the event of termination shall not exceed 12 months of base and variable remuneration". This derogation is justified by the seniority of the person concerned. It results from negotiations at the time as part of its new mandate as an effective manager and is in line with current market practices for this type of function.

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 entered into with the FWV Consult SPRL provides for three months' notice in the event of contract termination by the Regulated Real Estate company, to be increased by one month per year for a maximum of six months, and four month's severance pay, to be increased by one month per year of services, with a maximum of six months.

The period of notice may be replaced by compensation in proportion to the duration of the remaining period of notice.

These contractual provisions are in line with the Belgian Code of Corporate Governance.

Remuneration of the Chief Investment Officer (CIO), Nicolas Vincent

(as part of a business agreement entered into on 4 May 2016 between Home Invest Belgium SA and Mr Nicolas Vincent)

The agreement provides for an indexed annual basic compensation, payable in monthly instalments, and a variable compensation ranging from 5% to 25% of the annual basis 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.

The variable remuneration is determined on the basis of the following assessment criteria during the financial year:

- Net result from core activities;
- integration into the company;
- the completion of new acquisitions;
- the implementation of an action plan following the internal audit.

The Effective Management has benefited from the following remuneration in 2016:

| In € | Fixed compensation | Variable pour the year | Pension plan | Other |
|---|----------------------|------------------------|--------------|--------------------|
| CEO Home Invest Belgium Sophie Lambrighs | 134 400 | 20 000 | 27 000 | 3 200 ³ |
| Managing Director Home Invest Development SPRL Zou2 represented by Ms Sophie Lambrighs | 134 700 ⁴ | 25 792 | - | - |
| Effective Management | 426 140 | 62 478 | - | - |

² In the event of a conversion of the period of notice, or of a part thereof, into a termination indemnity, the 12-month maximum indemnity stipulated by the Belgian Corporate Governance Code (2009 edition) could be exceeded.

³ Dividend levied on 800 shares of the company.

⁴ Includes VAT on remuneration since 1 June 2016.

OTHER PARTIES

Statutory Auditor

SCRL Grant Thornton Auditors, located at 6 Potvlietlaan, 2600 Antwerp, represented by Mr Dirk Van den Broeck, auditor, acts as Statutory Auditor of Home Invest Belgium. It is approved by the FSMA, and certifies the annual accounts of the Regulated Real Estate company and reviews its half-yearly financial statements.

SCRL Grant Thornton Auditors, represented by Mr Dirk Van de Broeck, was appointed for a three-year term at the Annual General Meeting held on 3 May 2016. His remuneration has been set at € 28 000 annually (plus VAT and indexation). The mandate of the Statutory Auditor expires after the Annual General Meeting in 2019.

| € - TVA included | 2016 | 2015 |
|---|-----------------|-----------------|
| Fees for the Statutory Auditor (statutory basis) | | |
| Fees for the year concerned | € 33 880 | € 33 638 |
| Fees for exceptional services or special missions | | |
| Other approved services | € 7 260 | € 8 410 |
| Other missions outside the audit mandate | € 6 330 | € 907 |
| TOTAL | € 47 470 | € 42 955 |

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 and has confirmed that there is no material inconsistency with the information provided to him in connection with his mandate.

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

Real estate experts

The company has appointed two real estate experts. Each expert carries out the valuation on a quarterly basis, as well as at the time of acquisition, upgrading, sale of property, or the merger/ demerger of real estate company (ies) with the Regulated Real Estate company, or the integration of buildings in the scope of the Regulated Real Estate company by other means.

Winssinger & Associés SA (RPM Brussels: 0422.118.165), with registered office at 166 Ch. De La Hulpe, 1170 Brussels, Belgium, represented by Mr Christophe Ackermans, acts as the company's independent real estate valuation expert for the property located in Belgium. His term of office expires on 31 December 2017. His annual remuneration is calculated as follows:

| Appraisal of surfaces | per sq.m. appraised (ex-VAT) |
|-------------------------------|-------------------------------------|
| ≤ 125 000 sq.m. | € 0.40 |
| > 125 001 and ≤ 175 000 sq.m. | € 0.35 |
| > 175 000 sq.m. | € 0.30 |



Trône, Brussels

In fiscal 2016, the total amount of fees received by Winssinger & Associés amounted to € 107 025.95 incl. VAT.

BNP Paribas Real Estate Hotels France, whose registered office is at 167 Quai de la Bataille de Stalingrad, 92867 Issy-les-Moulineaux, France, and represented by Mrs Maaïke Smorenburg, acts as an independent property expert for Port Zélande's 241 holiday homes.

The term of office expires on 30 September 2019. The annual remuneration is fixed at € 10 000.

In fiscal year 2016, the total amount of fees received by BNP Paribas Real Estate Hotels France amounted to € 14 000 excl. VAT.

Financial services

BNP Paribas Fortis SA (RPM Brussels: 0403.199.702), located at 3 rue Montagne du Parc, 1000 Brussels, is the main bank responsible for the financial service relating to the

shares of Home Invest Belgium (payment of dividends, subscription to capital increases, convening General Meetings).

Remuneration is fixed in the following manner (plus VAT):

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

Liquidity provider

La Banque Degroof Petercam Acts as Home Invest Belgium's "liquidity provider". Remuneration for the "liquidity provider" amounts to € 20 000 (excl. VAT) per year.

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 12 May 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 Charter¹ 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 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 Mr Wim Aourousseau is the Chief Investment Officer, Axa Belgium could have 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



Lebeau, Brussels

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.

PREVENTION OF INSIDER TRADING

Given Home Invest Belgium's reputation for integrity, the Board has established a Code of Conduct² 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, 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 (“closed periods”);
- the obligation for written notification to the Compliance Officer and to FSMA within three working days of any transaction involving shares of the Regulated Real Estate company by means of an on-line notification via the FSMA application available on its website at: <https://portal-fimis.fsma.be/en/Account/HomePublic>.

¹ The corporate governance charter is available on the website of the company www.homeinvestbelgium.be.

² Le Code of Conduct is available on the company's website

INFORMATION UNDER ARTICLE 34 OF THE ROYAL DECREE OF 14 NOVEMBER 2007 REGARDING DUTIES OF ISSUERS OF FINANCIAL INSTRUMENTS ADMITTED TO TRADING ON A REGULATED MARKET³

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, 2016, the share capital of Home Invest Belgium is composed of 3 160 809 ordinary shares⁴, 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 6.3 of the statutes of Home Invest Belgium, the Board of Directors is authorized to increase, on one or more occasions, the share capital within the authorized capital up to a maximum of € 74 401 221.91. This authorization 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 2016, there was no use of the authorized capital. At 31 December 2016, the authorized capital still available amounted therefore to € 74 401 221.91;
- in accordance with article 6.4 of the statutes of Home Invest Belgium, the company may acquire or pledge own shares within the following limits:
 - on the one hand the possibility of acquiring, pledging and disposing of the company’s own shares at a unit price of not less than sixty-five percent (65%) of the market price The day prior to the date of the transaction (acquisition, disposition or pledge) and that may not be more than one hundred and thirty-five percent (135%) of the closing market price of the day preceding the date of (acquisition, disposal or pledging) for a period of five years from the publication in the Schedules to the Moniteur belge of the minutes of the Extraordinary General Meeting of shareholders of the company of 3 May 2016, taking into account that at no time may the company hold more than twenty percent (20%) of the total number of shares issued;
 - and on the other hand, the possibility to acquire, pledge and dispose of the company’s own shares without any prior decision of the General Assembly of shareholders of the company, where such acquisition, such pledging or disposal, is necessary in order to avoid serious and imminent harm to the company. This authorization is granted for a period of three years from the publication in the annexes of the Belgian Official Gazette of the minutes of the Extraordinary General Meeting of Shareholders of 3 May 2016;
 - 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.

³ See also the Law of 1 April 2007 on takeover bids and Article 21.2.6 of Appendix I to Prospectus Regulation 809/2004.809/2004.

⁴ Including 12,912 treasury shares held by Home Invest Development SA, a wholly-owned subsidiary of Home Invest Belgium.

Financial Statements





Financial Statements

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Consolidated financial statements^{1, 2}

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| ASSETS | Note | 2016 | 2015 |
|---|------|--------------------|--------------------|
| I. Non-current assets | | 409 872 451 | 347 049 162 |
| B. Intangible assets | 15 | 278 118 | 7 733 |
| C. Investment properties | 16 | 408 833 729 | 346 100 301 |
| D. Other tangible assets | 18 | 102 316 | 149 060 |
| E. Non-current financial assets | 24 | 75 649 | 74 186 |
| F. Finance lease receivables | 19 | 582 639 | 717 882 |
| II. Current assets | | 9 429 070 | 16 012 906 |
| A. Assets held for sale | 20 | 1 457 192 | 2 484 525 |
| C. Finance lease receivables | 19 | 135 243 | 127 147 |
| D. Trade receivables | 21 | 3 169 636 | 10 343 536 |
| E. Tax receivables and other current assets | 21 | 842 449 | 275 869 |
| F. Cash and cash equivalents | 22 | 3 437 814 | 2 487 426 |
| G. Deferred charges and accrued income | 23 | 386 735 | 294 403 |
| TOTAL ASSETS | | 419 301 520 | 363 062 069 |
| 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 | 98 198 999 | 95 782 145 |
| D. Net result of the financial year | 26 | 6 101 079 | 3 507 233 |
| SHAREHOLDERS' EQUITY | | 205 202 333 | 200 191 632 |
| LIABILITIES | | | |
| I. Non-current liabilities | | 201 485 901 | 154 617 936 |
| B. Non-current financial debts | 24 | 192 205 885 | 147 666 669 |
| a. Financial debts | | 152 500 000 | 108 000 000 |
| c. Others | | 39 705 885 | 39 666 669 |
| C. Other non-current financial liabilities | 24 | 9 280 017 | 6 951 266 |
| II. Current liabilities | | 12 613 287 | 8 252 501 |
| B. Current financial debts | 24 | 712 226 | 605 651 |
| c. Others | | 712 226 | 605 651 |
| D. Trade debts and other current debts | 25 | 10 385 458 | 6 026 535 |
| b. Others | | 10 385 458 | 6 026 535 |
| E. Other current liabilities | 25 | 90 680 | 85 861 |
| F. Accrued charges and deferred income | 23 | 1 424 923 | 1 534 454 |
| LIABILITIES | | 214 099 188 | 162 870 436 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | 419 301 520 | 363 062 069 |
| Number of shares at end of period ³ | | 3 147 897 | 3 147 897 |
| Net asset value | | 205 202 333 | 200 191 632 |
| Net asset value per share | | 65.19 | 63.60 |
| Adjusted net asset value per share ⁴ | | 68.14 | 65.80 |
| Indebtedness | | 203 394 248 | 154 384 716 |
| Debt ratio | | 48.51% | 42.52% |

¹ The 2016 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.

² The difference between the Net result of the financial year in the Equities (€ 6 101 079) and the Net result in the consolidated Profits & Losses (€ 17 905 693) represent the dividend paid in december 2016 for €11 804 614.

³ Number of shares at the end of the period is calculated with the exclusion of 12 912 own shares.

⁴ Corresponds to the net asset value, adjusted in order to exclude, among others, the fair value of the financial hedging instruments.

CONSOLIDATED RESULTS

| | Note | 2016 | 2015 |
|---|-------|-------------------|-------------------|
| I. Rental Income | 4 | 18 979 691 | 17 807 520 |
| III. Rental-related expenses | 4 | -178 922 | -161 024 |
| NET RENTAL RESULT | | 18 800 769 | 17 646 496 |
| IV. Recovery of property charges | 5 | 86 482 | 89 279 |
| V. Recovery of charges and taxes normally payable by the tenant on let properties | 5 | 660 864 | 683 551 |
| VII. Charges and taxes normally payable by the tenant | 5 | -2 705 975 | -1 852 164 |
| PROPERTY CHARGES | | 16 842 140 | 16 567 162 |
| IX. Technical costs | 6 | -843 970 | -1 614 789 |
| X. Commercial costs | 7 | -406 804 | -427 252 |
| XI. Taxes and charges on unlet properties | 8 | -392 488 | -405 280 |
| XII. Property management costs | 8 | -2 780 000 | -2 802 638 |
| XIII. Other property costs | | -81 388 | -66 207 |
| PROPERTY COSTS | | -4 504 650 | -5 316 166 |
| PROPERTY OPERATING RESULT | | 12 337 491 | 11 250 996 |
| XIV. General corporate expenses | 9 | -845 488 | -814 043 |
| XV. Other operating incomes and expenses | | -29 448 | -24 077 |
| OPERATING RESULT BEFORE PORTFOLIO RESULT | | 11 462 554 | 10 412 876 |
| XVI. Result sale investment properties | 10-20 | 279 654 | 1 333 073 |
| XVIII. Changes in fair value of investment properties | 10 | 11 295 322 | 5 991 869 |
| OPERATING RESULT | | 23 037 530 | 17 737 817 |
| XX. Financial income | 11 | 78 701 | 83 404 |
| XXI. Net interest charges | 12 | -3 048 453 | -3 326 445 |
| XXII. Other financial charges | 13 | -65 705 | -57 228 |
| XXIII. Changes in fair value of financial assets and liabilities | 13 | -2 025 345 | 963 443 |
| FINANCIAL RESULT | | -5 060 803 | -2 336 826 |
| PRE-TAX RESULT | | 17 976 727 | 15 400 990 |
| XXIV. Corporation tax | 14 | -71 034 | -89 144 |
| TAXES | | -71 034 | -89 144 |
| NET RESULT | | 17 905 693 | 15 311 847 |
| NET RESULT ATTRIBUTABLE TO OWNERS OF PARENT COMPANY | | 17 905 693 | 15 311 847 |

| GLOBAL RESULT | 2016 | 2015 |
|---|-------------------|-------------------|
| I. Net result | 17 905 693 | 15 311 847 |
| II. Other elements of global result: | | |
| B. Variation of the effective part of the fair value of hedging instruments for authorised cash flows as defined in IFRS: | | |
| 1. Effective hedging information | -303 405 | 91 655 |
| GLOBAL RESULT (I + II) | 17 602 288 | 15 403 501 |

Net result for the year (€ 17 905 693) is recorded in full under section D. Net result for the year under the own funds after deducting the amount of the interim dividend distributed in December 2016 of € 11 804 613.75.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| | Capital | Capital increase expenses | Share premium | Legal reserve | Reserve from the balance of changes in fair value of investment properties |
|--|------------|---------------------------------|------------------|------------------|---|
| BALANCE AT 31/12/2014 | 76 949 295 | -950 240 | 24 903 199 | 98 778 | 103 516 959 |
| Transfert | | | | | |
| Capital increase AXA | | | | | -6 516 200 |
| Changes resulting from the sale of a building | | | | | |
| Dividend distribution | | | | | |
| 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 |
| BALANCE AT 31/12/2015 | 76 949 295 | -950 240 | 24 903 199 | 98 778 | 105 544 309 |
| Transfert | | | | | |
| Changes resulting from the sale of a building | | | | | -7 221 461 |
| Dividend distribution | | | | | |
| Interim dividend paid previous year | | | | | |
| Interim dividend | | | | | |
| Result of the financial year | | | | | |
| Interim dividend | | | | | |
| Changes in fair value of hedges | | | | | |
| Changes in fair value of property | | | | | 10 105 545 |
| BALANCE AT 31/12/2016 | 76 949 295 | -950 240 | 24 903 199 | 98 778 | 108 428 393 |

| Reserve from estimated transfer costs and rights | Reserve from the balance of changes in fair value of hedges reserve for treasury shares (+/-) | Reserve from the balance of changes in fair value of hedges reserve where IFRS is not applied (+/-) | Reserve for treasury shares | Other reserves | Result carried forward from previous financial years | Net result of the financial year | Total |
|--|---|---|-----------------------------|----------------|--|----------------------------------|-------------|
| -27 561 611 | -1 098 342 | 0 | -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 | 0 | -757 323 | 1 259 467 | 18 096 940 | 3 507 233 | 200 191 632 |
| -27 453 339 | -1 006 688 | 0 | -757 323 | 1 259 467 | 18 096 940 | 3 507 233 | 200 191 632 |
| | | | | | -3 271 610 | 3 271 610 | 0 |
| 2 071 300 | | | | | 5 150 161 | | 0 |
| | | | | | | -12 591 588 | -12 591 588 |
| | | | | | | 11 804 614 | 11 804 614 |
| | | | | | 0 | -11 804 614 | -11 804 614 |
| | | | | | | 17 905 693 | 17 905 693 |
| | -303 405 | | | | | | -303 405 |
| | | -5 944 578 ¹ | | | 5 944 578 | | 0 |
| -4 113 677 | | | | | | -5 991 869 | 0 |
| -29 495 716 | -1 310 093 | -5 944 578 | -757 323 | 1 259 467 | 25 920 070 | 6 101 079 | 205 202 333 |

¹ The movement of - € 5,944,578 in the reserve of the balance of changes in fair value of authorized hedging instruments to which hedge accounting as defined in IFRS is not applied consists of a share of the change in the fair value of financial assets and liabilities at 31.12.2015 for € 963 443 and the reclassification of changes in the fair value of financial instruments prior to 31.12.2015 and initially recorded in the deferred income for € 4,981,135.

CASH FLOW STATEMENT

| | 2016 | 2015 |
|--|--------------------|--------------------|
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 2 487 426 | 4 925 898 |
| 1. Cash flow from operating activities | 18 770 967 | 1 952 330 |
| Result for the financial year | 17 905 693 | 15 311 847 |
| Result for the financial year before interest and taxes | 23 037 530 | 17 737 817 |
| Interest received | 78 701 | 83 404 |
| Interest paid | -3 114 159 | -3 383 674 |
| Change in fair value of financial assets and liabilities | -2 025 345 | 963 443 |
| Taxes | -71 034 | -89 144 |
| Adjustment of profit for non-current transactions | -9 473 395 | -8 209 601 |
| Depreciation and write-downs | 76 236 | 78 783 |
| - Depreciation and write-downs on non-current assets | 76 236 | 78 783 |
| Other non-monetary elements | -9 269 976 | -6 955 312 |
| - Changes in fair value of investment properties | -11 295 322 | -5 991 869 |
| - Other non-current transactions | 2 025 345 | -963 443 |
| Gain on realization of assets | -279 654 | -1 333 073 |
| - Capital gains realized on the sale of non-current assets | -279 654 | -1 333 073 |
| Change in working capital needs | 10 338 669 | -5 149 915 |
| Movements in asset items: | 6 835 214 | -7 479 293 |
| - Current financial assets | -8 096 | -7 661 |
| - Trade receivables | 7 501 489 | -7 522 347 |
| - Tax receivables and other short-term assets | -566 580 | 37 123 |
| - Deferred charges and accrued income | -91 599 | 13 592 |
| Movements of liabilities items: | 3 503 455 | 2 329 378 |
| - Trade and other current debts | 4 145 324 | 2 478 370 |
| - Other current liabilities | -532 338 | -33 793 |
| - Accrued charges and deferred income | -109 531 | -115 199 |
| 2. Cash flow from investment activities | -49 768 207 | -18 993 919 |
| Investment properties - capitalized investments | -11 932 359 | -7 530 467 |
| Investment properties - new acquisitions | -39 012 825 | -14 767 277 |
| Divestments | 18 185 471 | 18 507 785 |
| Development projects | -15 537 258 | -15 166 500 |
| Other intangible assets | -274 542 | 0 |
| Other tangible assets | -25 334 | -32 713 |
| Other non-current financial assets | -1 463 | -4 746 |
| Acquisitions of subsidiaries | -1 169 897 | 0 |
| 3. Cash flow from financing activities | 31 947 627 | 14 603 117 |
| Changes in financial liabilities and debts | | |
| Increase / Decrease in financial debts | 44 539 215 | 38 039 215 |
| Dividend of the previous financial year | -786 974 | -11 631 485 |
| Interim dividend | -11 804 614 | -11 804 614 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 3 437 814 | 2 487 426 |

| NOTE A ACQUISITION OF SUBSIDIARIES | HBLC |
|---|------------------|
| Cash flow and equivalents | 87 136 |
| Investment properties | 1 834 148 |
| Trade receivables | 192 347 |
| Accrued charges of assets | 733 |
| Other current financial debts | -537 157 |
| Trade debt | -320 174 |
| Total acquisitions | 1 257 033 |
| Cash flow of subsidiaries | -87 136 |
| Cash flow on acquisition of subsidiaries | 1 169 897 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

Annex 1 : GENERAL INFORMATION ON THE COMPANY

Home Invest Belgium SA is a Regulated Real Estate company and is incorporated as a public limited company under Belgian law. Its registered office is located in Belgium at 60 Boulevard de la Woluwe, 1200 Brussels. The company is listed on Euronext Brussels. The consolidated annual financial statement encompasses those of Home Invest Belgium and its subsidiaries, Home Invest SA, SPRL Charlent 53 Freehold and SPRL HBLC.

Annex 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.

BASE DE CONSOLIDATION

The consolidated annual financial statements include the annual accounts of Home Invest Belgium and its subsidiaries. Subsidiaries are entities controlled by the group. Control exists when Home Invest Belgium holds, directly or indirectly, the power over the entity; is exposed or has rights to variable returns as a result of its involvement in that entity; has the ability to use its power over the entity to influence the amount of such returns. As Home Invest Belgium holds more than half of the shares/ voting rights of its subsidiaries, these subsidiaries are controlled by Home Invest Belgium (IFRS 12 § 7 (a)).

The annual accounts of the subsidiaries are fully consolidated from the date of acquisition until the date of control. The accounts of subsidiaries are prepared for the same accounting year as that of Home Invest Belgium. Uniform IFRS valuation rules are applied to the subsidiaries concerned.

All intra-group transactions, as well as unrealised intra-group profits and losses on transactions between group companies, are eliminated. Unrealised losses are eliminated unless the loss is extraordinary.

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.

The IFRS 3 - Business Combinations - governs the accounting treatment of Goodwill or Badwill and also refers to IAS 36 - Depreciation of assets - concerning the depreciation test to be carried out each year.

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 property assets assessed, Home Invest Belgium makes the following adjustments:

- for residential or mixed-use buildings, the design and structure of which are suitable for resale in separate units, Home Invest Belgium deducts the full registration fee depending on the applicable regional regulations (2% in the Netherlands, 10% in Flanders or 12.5% in Brussels and Wallonia);
- for other properties in the portfolio, the RREC reduces the investment value determined by the expert by 2.5% less if their investment value exceeds € 2 500 000; This correction was made on the basis of a large sample of transactions and corresponds to the average transaction costs during the 2013-2016 period.
- However, if the investment value of these other buildings is less than this amount of € 2,500,000, the full registration duties will be deducted from the valuation amount in accordance with the applicable regional regulations.

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 resulting from a change in fair value is recognised in the results statement under «XVIII. Changes in Fair Value of Investment Properties» in line «A. Positive Changes in Fair Value of Investment Properties» or «B. Negative Changes in Fair Value of Investment Properties».

As regards changes in fees and charges, they are included under the heading «XVIII. Changes in the fair value of investment properties» in lines «C. Positive changes in estimated costs and transfer taxes involved in the hypothetical disposal of investment properties» or «D. Negative changes in estimated costs and transfer taxes Intervening in the hypothetical disposal of investment property».

The appropriation shall then be made in the own equity under heading C. Reserves - 'b. Reserve of the balance of changes in the fair value of properties» and» c. Reserve for the estimated costs and transfer duties involved in the hypothetical disposal of investment properties (-)».

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.

¹ The accounting treatment (2.5% transfer tax) is detailed in the press release published by BeAMA on 8 February 2006 and confirmed in the press release of The BE-REIT Association of 10 November 2016.

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.

Commissions payées

The accounting treatment for commissions paid to real estate agents and other transaction costs is as follows:

- a. All transaction fees and commissions incurred on the acquisition of a building are activated with the purchase price of the property.
- b. All transaction costs and commissions incurred in connection with the purchase of shares of a real estate company are included in the income statement in item XIV General expenses.
- c. All transaction costs and commissions incurred in connection with a contribution in kind of a building in consideration for the issue of new shares or a contribution of assets by merger are deducted from the amount of the capital increase.
- d. Commissions relating to the letting of buildings are included in the income statement under item X Commercial costs.

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 amortised 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.

- Economic cover
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.

- Cash flow cover

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 years presented.

Home Invest Belgium has not anticipated the application of the new or amended standards and interpretations which were issued before the date of authorisation to publish the consolidated financial statements but whose effective date is after the annual financial year closed on 31 December 2016, namely:

- IFRS 9 Financial Instruments: classification and measurement effective from 1 January 2018
- IFRS 15 Revenue from customer contracts effective from beginning 1 January 2018
- IFRS 16 Lease agreement effective from 1 January 2019
- Amendments to IAS 12 on Recognition of deferred tax assets in respect of unrealised Losses effective from 1 January 2017

Amendments to IAS 7: Disclosure initiative to take effect from 1 January 2017

- Amendments to IAS 40: Transfer of investment property, which will be effective from 1 January 2018
- IFRIC Interpretation 22: Foreign Currency Transactions and Anticipated Counterparty, effective from 1 January 2018
- Amendment to IFRS 2: Classification and valuation of share-based payment transactions to be effective 1 January 2018
- Amendments to IFRS 4: Application of IFRS 9, Financial Instruments and IFRS 4, Insurance Contracts, effective from 1 January 2018
- Annual IFRS Improvement Process: 2014-2016 cycle, effective from 1 January, 2018

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

Annex 3 : SEGMENT INFORMATION (CONSOLIDATED)

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 attributable credits and financial income specific to a property.

INCOME STATEMENT BY REGION

| 2016 | Consoli- dated total | Brussels- Capital | Region Flemish | Region Walloon | Netherlands | Un- attributed |
|---|-------------------------|----------------------|-------------------|-------------------|-----------------|-------------------|
| I. Rental Income | 18 979 691 | 11 386 568 | 2 285 745 | 5 114 285 | 193 094 | |
| III. Rental-related expenses | -178 922 | -56 269 | -17 549 | -46 735 | | -58 369 |
| NET RENTAL RESULT | 18 800 769 | 11 330 299 | 2 268 195 | 5 067 549 | 193 094 | -58 369 |
| IV. Recovery of property charges | 86 482 | 73 472 | 8 612 | 4 398 | | |
| V. Recovery of charges and taxes normally payable by the tenant on let properties | 660 864 | 238 818 | 74 950 | 347 096 | | |
| VII. Charges and taxes normally payable by the tenant on let properties | -2 705 975 | -1 863 438 | -232 589 | -609 948 | | |
| VIII. Other incomes and expenses related to letting | | | | | | |
| PROPERTY RESULT | 16 842 140 | 9 779 152 | 2 119 168 | 4 809 095 | 193 094 | -58 369 |
| IX. Technical costs | -843 970 | -534 739 | -61 136 | -248 094 | | |
| X. Commercial costs | -406 804 | -334 477 | -31 102 | -41 226 | | |
| XI. Taxes and charges on unlet properties | -392 488 | -231 006 | -25 006 | -136 475 | | |
| XII. Property management costs | -2 780 000 | -205 | -7 020 | -23 467 | | -2 749 307 |
| XIII. Other property costs | -81 388 | -82 885 | -450 | -8 204 | | 10 151 |
| PROPERTY COSTS | -4 504 650 | -1 183 313 | -124 714 | -457 466 | 0 | -2 739 156 |
| PROPERTY OPERATING RESULT | 12 337 491 | 8 595 839 | 1 994 454 | 4 351 629 | 193 094 | -2 797 525 |
| XIV. General corporate expenses | -845 488 | | | | | -845 488 |
| XV. Other operating incomes and expenses | -29 448 | | | | | -29 448 |
| OPERATING RESULT BEFORE PORTFOLIO RESULT | 11 462 554 | 8 595 839 | 1 994 454 | 4 351 629 | 193 094 | -3 672 462 |
| XVI. Result sale investment properties | 279 654 | 115 111 | 325 072 | | | -160 529 |
| XVIII. Changes in fair value of investment properties | 11 295 322 | 11 201 277 | 254 104 | 287 017 | -447 076 | |
| OPERATING RESULT | 23 037 530 | 19 912 228 | 2 573 630 | 4 638 645 | -253 982 | -3 832 991 |
| XX. Financial income | 78 701 | 76 586 | | | | 2 116 |
| XXI. Net interest charges | -3 048 453 | | | | | -3 048 453 |
| XXII. Other financial charges | -65 705 | | | | | -65 705 |
| XXIII. Changes in fair value of financial assets and liabilities | -2 025 345 | | | | | -2 025 345 |
| FINANCIAL RESULT | -5 060 803 | 76 586 | | | | -5 137 389 |
| PRE-TAX RESULT | 17 976 727 | 19 988 813 | 2 573 630 | 4 638 645 | -253 982 | -8 970 379 |
| XXIV. Corporation tax | -71 034 | | | | | -71 034 |
| TAXES | -71 034 | | | | | -71 034 |
| NET RESULT | 17 905 693 | 19 988 813 | 2 573 630 | 4 638 645 | -253 982 | -9 041 413 |

INCOME STATEMENT BY REGION

| 2015 | Consolidated total | Brussels-Capital | Region Flemish | Region Walloon | Un-attributed |
|---|--------------------|-------------------|------------------|------------------|-------------------|
| 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 TYPE OF ASSETS

| 2016 | Consolidated total | Properties valued by individual units | Properties valued "en bloc" >2 500 000 € | Properties valued "en bloc" <2 500 000 € | Un-attributed |
|---|--------------------|---------------------------------------|--|--|-------------------|
| I Rental Income | 18 979 691 | 13 787 348 | 4 834 669 | 357 675 | |
| III Rental-related expenses | -178 922 | -87 748 | -35 072 | 2 266 | -58 369 |
| NET RENTAL RESULT | 18 800 769 | 13 699 600 | 4 799 597 | 359 941 | -58 369 |
| IV. Recovery of property charges | 86 482 | 86 032 | 0 | 450 | |
| V. Recovery of charges and taxes normally payable by the tenant on let properties | 660 864 | 186 466 | 425 665 | 48 733 | |
| VII. Charges and taxes normally payable by the tenant on let properties | -2 705 975 | -2 201 120 | -441 366 | -63 489 | |
| VIII. Other incomes and expenses related to letting | 0 | | | | |
| PROPERTY RESULT | 16 842 140 | 11 770 977 | 4 783 897 | 345 635 | -58 369 |
| IX. Technical costs | -843 970 | -725 037 | -107 557 | -11 376 | |
| X. Commercial costs | -406 804 | -402 178 | -283 | -4 344 | |
| XI. Taxes and charges on unlet properties | -392 488 | -324 759 | -22 230 | -45 498 | |
| XII. Property management costs | -2 780 000 | -22 199 | -8 493 | | -2 749 307 |
| XIII. Other property costs | -81 388 | -83 194 | -8 345 | | 10 151 |
| PROPERTY COSTS | -4 504 650 | -1 557 367 | -146 909 | -61 217 | -2 739 156 |
| PROPERTY OPERATING RESULT | 12 337 491 | 10 213 610 | 4 636 988 | 284 418 | -2 797 525 |
| XIV. General corporate expenses | -845 488 | | | | -845 488 |
| XV. Other operating incomes and expenses | -29 448 | | | | -29 448 |
| OPERATING RESULT BEFORE PORTFOLIO RESULT | 11 462 554 | 10 213 610 | 4 636 988 | 284 418 | -3 672 462 |
| XVI. Result sale investment properties | 279 654 | 440 184 | | | -160 529 |
| XVIII. Changes in fair value of investment properties | 11 295 322 | 11 861 831 | -465 682 | -100 827 | |
| OPERATING RESULT | 23 037 530 | 22 515 624 | 4 171 306 | 183 591 | -3 832 991 |
| XX. Financial income | 78 701 | | | 76 586 | 2 116 |
| XXI. Net interest charges | -3 048 453 | | | | -3 048 453 |
| XXII. Other financial charges | -65 705 | | | | -65 705 |
| XXIII. Changes in fair value of financial assets and liabilities | -2 025 345 | | | | -2 025 345 |
| FINANCIAL RESULT | -5 060 803 | | | 76 586 | -5 137 389 |
| PRE-TAX RESULT | 17 976 727 | 22 515 624 | 4 171 306 | 260 177 | -8 970 379 |
| XXIV. Corporation tax | -71 034 | | | | -71 034 |
| TAXES | -71 034 | | | | -71 034 |
| NET RESULT | 17 905 693 | 22 515 624 | 4 171 306 | 260 177 | -9 041 413 |

INCOME STATEMENT BY TYPE OF ASSETS

| 2015 | Consoli- dated 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 | 0 | | | | |
| 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 | 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 |

BALANCE SHEET BY ASSET TYPE

| 2016 | Consolidated total | Properties valued by individual units | Properties valued "en bloc" >2 500 000 € | Properties valued "en bloc" <2 500 000 € | Un-attributed |
|---|--------------------|---------------------------------------|--|--|--------------------|
| Investment properties in operation | 381 316 652 | 321 481 422 | 55 826 341 | 4 008 889 | |
| Investment properties - Development projects | 27 517 077 | 27 517 077 | | | |
| Assets held for sale | 1 457 192 | 1 457 192 | | | |
| Finance lease receivables | 717 882 | | | 717 882 | |
| Other assets | 8 292 718 | | | | 8 292 718 |
| TOTAL ASSETS | 419 301 520 | 350 455 691 | 55 826 341 | 4 726 770 | 8 292 718 |
| Percentage by sector | 100,00% | 83,58% | 13,31% | 1,13% | 1,98% |
| Shareholders' equity | 205 202 333 | | | | 205 202 333 |
| Liabilities | 214 099 188 | | | | 214 099 188 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 419 301 520 | | | | 419 301 520 |

OTHER INFORMATION BY ASSET TYPE

| 2016 | Consolidated total | Properties valued by individual units | Properties valued "en bloc" >2 500 000 € | Properties valued "en bloc" <2 500 000 € | Un-attributed |
|------------------------------|--------------------|---------------------------------------|--|--|---------------|
| <i>Investment properties</i> | | | | | |
| Investments | 11 932 359 | 3 720 496 | 8 188 053 | 23 810 | |
| <i>Other tangible assets</i> | | | | | |
| Investments | 534 763 | | | | 534 763 |
| Depreciation | -432 447 | | | | -432 447 |
| <i>Intangible assets</i> | | | | | |
| Investments | 318 320 | | | | 318 320 |
| Depreciation | -40 202 | | | | -40 202 |

The other tangible assets are described in Annex 18.

The other intangible assets are described in Annex 15.

BALANCE SHEET BY REGION

| 2016 | Consolidated total | Brussels-Capital | Region Flemish | Region Walloon | Netherland | Un-attributed |
|---|--------------------|--------------------|-------------------|-------------------|-------------------|--------------------|
| Investment properties in operation | 381 316 652 | 234 841 512 | 37 913 104 | 67 851 252 | 40 710 784 | |
| Investment properties - Development projects | 27 517 077 | 23 535 745 | 3 981 332 | | | |
| Assets held for sale | 1 457 192 | 923 556 | 533 636 | | | |
| Finance lease receivables | 717 882 | 717 882 | | | | |
| Other assets | 8 292 718 | | | | | 8 292 718 |
| TOTAL ASSETS | 419 301 520 | 260 018 694 | 42 428 072 | 67 851 252 | 40 710 784 | 8 292 718 |
| Percentage by sector | 100,00% | 62,01% | 10,12% | 16,18% | 9,71% | 1,98% |
| Shareholders' equity | 205 202 333 | | | | | 205 202 333 |
| Liabilities | 214 099 188 | | | | | 214 099 188 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 419 301 520 | | | | | 419 301 520 |

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 € | Un-attributed |
|---|--------------------|---------------------------------------|--|--|--------------------|
| 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 € | Un-attributed |
|------------------------------|--------------------|---------------------------------------|--|--|---------------|
| <i>Investment properties</i> | | | | | |
| Investments | 7 530 467 | 6 965 396 | 695 304 | 27 257 | |
| <i>Other tangible assets</i> | | | | | |
| Investments | 509 429 | | | | 509 429 |
| Depreciation | -360 369 | | | | -360 369 |
| <i>Intangible assets</i> | | | | | |
| Investments | 43 778 | | | | 43 778 |
| Depreciation | -36 045 | | | | -36 045 |

The other tangible assets are described in Annex 18.

The other intangible assets are described in Annex 15.

BALANCE SHEET BY REGION

| 2015 | Consolidated total | Brussels-Capital | Region Flemish | Region Walloon | Un-attributed |
|---|--------------------|--------------------|-------------------|-------------------|--------------------|
| 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 |

Annex 4 : RENTAL INCOME AND CHARGES

| | 2016 | 2015 |
|---|-------------------|-------------------|
| I. Rental income | | |
| A. Rent | 18 959 663 | 17 817 112 |
| C. Rent-free periods | -77 186 | -109 319 |
| E. Early lease termination indemnities | 97 214 | 99 726 |
| III. Rental-related expenses | | |
| A. Rent payable on leased premises | -108 248 | -106 350 |
| B. Impairments on trade receivables | -207 574 | -170 970 |
| C. Reversal of impairments on trade receivables | 136 900 | 116 296 |
| NET RENTAL INCOME | 18 800 769 | 17 646 496 |

Rental income increased following the acquisition and delivery of new buildings.

Annex 5 : PROPERTY RESULT

| | 2016 | 2015 |
|---|-------------------|-------------------|
| NET RENTAL INCOME | 18 800 769 | 17 646 496 |
| IV. Recovery of property charges | | |
| A. Indemnities for tenant damage | 86 482 | 89 279 |
| 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 | 56 511 | 107 477 |
| B. Re-invoicing of property and other taxes on let properties | 604 353 | 576 074 |
| VII. Rental-related charges and taxes normally paid by the tenant on let properties | | |
| B. Property and other taxes on leased buildings | -494 623 | 0 |
| VIII. Other rental income and expenses | -2 211 352 | -1 852 164 |
| TOTAL | -1 958 629 | -1 079 334 |
| PROPERTY RESULT | 16 842 140 | 16 567 162 |

The re-invoicing of rental expenses mainly concerns the insurance premiums relating to the abandonment of recourse which are contained in the majority of the fire policies of the buildings, as well as certain expenses related to the supply of telephone lines.

The rental expenses incurred by the owner relate to all charges for buildings whose rent paid by tenants includes all services and charges. It includes the building Les Résidences du Quartier Européen. Previously, these costs were recorded in the technical expenses; This explains the lack of use of this budget line in 2015.

In the residential sector, the withholding tax is payable by the lessor for all principal residence leases. Invoicing of property tax and taxes therefore mainly concern commercial or office space.

Annex 6 : TECHNICAL COSTS

| | 2016 | 2015 |
|---|-----------------|-------------------|
| IX. Technical costs | | |
| A. Recurrent technical costs | | |
| 1. Repairs | -734 101 | -1 285 319 |
| 3. Insurance premiums | -140 491 | -147 442 |
| B. Non-recurrent technical costs | | |
| 1. Major repairs (companies, architects, engineering,...) | -22 287 | -223 813 |
| 2. Indemnification of accidents by insurers | 52 909 | 41 785 |
| TOTAL | -843 970 | -1 614 789 |

Within the light of its annual estimated budget, Home Invest Belgium determines a specific maintenance and renovation policy for each of its buildings, so that they correspond to the requirements of the rental market. Technical costs are most often incurred during rental exits.

As indicated above, the decrease in the repair items is due to the reclassification of certain expenses in 2016 under item VII.

Annex 7 : COMMERCIAL COSTS

| | 2016 | 2015 |
|-------------------------------|-----------------|-----------------|
| X. Commercial costs | | |
| A. Agency and experts' fees | -249 034 | -288 291 |
| B. Publicity 80 360 0 | -96 946 | -80 360 |
| C. Lawyers' fees, legal costs | -60 824 | -58 600 |
| TOTAL | -406 804 | -427 252 |

Marketing expenses are stable compared to 2015.

**Annex 8 : TAXES AND CHARGES ON UNLET PROPERTIES -
MANAGEMENT COSTS**

| | 2016 | 2015 |
|--|-------------------|-------------------|
| XI. Taxes and charges on un-let properties | -392 488 | -405 280 |
| XII. Property management costs | | |
| A. Managers' fees | -81 548 | -104 149 |
| B. (Internal) property management costs | -2 698 451 | -2 698 489 |
| XIII. Other property charges | -81 388 | -66 207 |
| TOTAL | -3 253 875 | -3 274 125 |
| PROPERTY CHARGES | -4 504 650 | -5 316 166 |
| PROPERTY OPERATING RESULT | 12 337 491 | 11 250 996 |

Internal property management expenses mainly include personnel costs incurred during the year.

Annex 9 : GENERAL CORPORATE EXPENSES

| | 2016 | 2015 |
|---|------------|------------|
| PROPERTY OPERATING RESULT | 12 337 491 | 11 250 996 |
| XIV. General corporate expenses | -845 488 | -814 043 |
| XV. Other operating income and charges | -29 448 | -24 077 |
| TOTAL | -874 937 | -838 120 |
| RÉSULTAT D'EXPLOITATION AVANT RÉSULTAT SUR PORTEFEUILLE | 11 462 554 | 10 412 876 |

General corporate expenses mainly relate to cost for publications, the valuation of the portfolio, technical assessments and the subscription tax.

Annex 10 : RESULT ON SALE OF INVESTMENT PROPERTIES - CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES IN OPERATION

| | 2016 | 2015 |
|--|-------------|-------------|
| OPERATING RESULT BEFORE PORTFOLIO RESULT | 11 462 554 | 10 412 876 |
| XVI. Result on sale of investment properties | 279 654 | 1 333 073 |
| A. Net sales of properties (sales price – selling costs) | 18 185 471 | 18 507 785 |
| B. Accounting values of the properties sold | -17 905 816 | -17 174 713 |
| XVIII. Changes in fair value of investment properties | 11 295 322 | 5 991 869 |
| A. Positive changes in the fair value of investment properties | 18 724 402 | 14 253 108 |
| B. Negative changes in the fair value of investment properties | -1 321 973 | -3 913 699 |
| C. Positive changes in the estimated transfer costs and rights intervening in case of hypothetical disposal of investment property | 75 767 | 233 864 |
| D. Negative changes in the estimated transfer costs and rights intervening in case of hypothetical disposal of investment property | -6 182 874 | -4 347 540 |
| TOTAL | 11 574 976 | 7 324 941 |
| OPERATING RESULT | 23 037 530 | 17 737 817 |

The gain on sale of investment property arises from the sale of real estate. The full details of the completed sales and realized capital gains are included in the Management Report.

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.

At 31/12/2016, the realized distributable capital gain generated was € 5 429 815 (compared to the acquisition value), while the realized capital gain compared with the last fair value was € 279 654.

Annex 11 : FINANCIAL INCOME

| | 2016 | 2015 |
|---|---------------|---------------|
| XX. Financial income | | |
| A. Interest and dividends received | 2 116 | 3 131 |
| B. Lease-financing and similar payments | 76 586 | 80 273 |
| TOTAL | 78 701 | 83 404 |

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.

Annex 12 : INTEREST CHARGES

| | 2016 | 2015 |
|---|-------------------|-------------------|
| XXI. Net interest charges | | |
| A. Nominal interest on borrowings | -2 144 866 | -2 289 698 |
| C. Income from allowed hedges | | |
| 1. Allowed hedges to which hedge accounting as defined by IFRS is applied | -208 099 | -222 861 |
| 2. Allowed hedges to which hedge accounting as defined by IFRS is not applied | -695 489 | -813 886 |
| TOTAL | -3 048 453 | -3 326 445 |

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.

Annex 13 : OTHER FINANCIAL CHARGES

| | 2016 | 2015 |
|---|-------------------|-------------------|
| XXII. Other financial charges (-) | | |
| A. Bank charges and other fees | -65 705 | -57 182 |
| D. Other | 0 | -46 |
| XXIII. Changes in fair value of financial assets and liabilities (±) | | |
| A. Allowed hedges | | |
| 2. Allowed hedges to which hedge accounting as defined by IFRS is not applied | -2 025 345 | 963 443 |
| TOTAL | -2 091 051 | 906 215 |
| FINANCIAL RESULT | -5 060 803 | -2 336 826 |
| PRE-TAX RESULT | 17 976 727 | 15 400 990 |

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 in the interest rates on the market and restructuring of our hedges in 2016, we recorded a negative change in fair value of hedging instruments of more than € 2 million. In fiscal 2015, we recorded a capital gain of € 1 million. Note that these changes are purely latent and are excluded from distributable income.

With respect to the change in the fair value of the financial assets considered effective under IAS 39, it is recognized directly in equity in item C.e. Reserve of the balance of variations of the fair value of authorized hedging instruments.

Annex 14 : INCOME TAXES

| | 2016 | 2015 |
|-----------------------|------------|------------|
| PRE-TAX RESULT | 17 976 727 | 15 400 990 |
| XXIV. Corporation tax | -71 034 | -89 144 |
| TAXES | -71 034 | -89 144 |
| NET RESULT | 17 905 693 | 15 311 847 |

Registered Real Estate companies 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. Income from the Netherlands is taxed at source.

Annex 15 : INTANGIBLE ASSETS

| | 2016 | 2015 |
|--|---------|---------|
| Intangible assets, beginning of the financial year | 7 733 | 11 891 |
| 1. Gross value | 43 778 | 43 778 |
| 2. Accumulated amortisation | -36 045 | -31 887 |
| Amortizations | 274 542 | 0 |
| Intangible assets, end of the financial year | -4 158 | -4 158 |
| 1. Gross value | 278 118 | 7 733 |
| 2. Accumulated amortisation | 318 320 | 43 778 |
| 2. Cumul des amortissements | -40 202 | -36 045 |

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.

In 2016, the first investments were made to replace the current computer system with a new ERP called Axxerion. The amortisation of the latter will begin when it is put into production.

Annex 16 : INVESTMENT PROPERTIES

| | 2016 | 2015 |
|--|-------------|-------------|
| C. Investment properties, balance at the beginning of the financial year | 346 100 301 | 316 492 961 |
| a. Investment properties | | |
| Balance at the beginning of the financial year | 313 635 127 | 282 557 321 |
| Completion of buildings under construction | 22 319 503 | 16 636 966 |
| Acquisition of buildings | 39 012 825 | 14 767 277 |
| Capitalized subsequent expenses | 11 932 359 | 7 530 467 |
| Gains (losses) from fair value adjustments | 11 295 322 | 5 991 869 |
| Transfer to assets held for sale | -16 878 483 | -13 848 773 |
| Balance at the end of the financial year | 381 316 652 | 313 635 127 |
| b. Development projects | | |
| Balance at the beginning of the financial year | 32 465 174 | 33 935 640 |
| Investments – development projects | 17 371 406 | 15 166 500 |
| Other withdrawals | | |
| Completion of development projects | -22 319 503 | -16 636 966 |
| Acquisition of buildings via merger | | |
| Balance at the end of the financial year | 27 517 077 | 32 465 174 |
| c. Investment properties for own use | - | - |
| d. Other | - | - |
| C. Investment properties at the end of the financial year | 408 833 729 | 346 100 301 |

The development projects at the closing of the financial year 2016 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 shown in the table above, the fair value of investment property at 31 December 2016 is € 408 833 729, all of which are at level 3. With no levels other than level 3, Home Invest Belgium does not have a policy to monitor transfers between hierarchical 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 2016 and 2016 | |
|--|-------------|
| Investment properties at 31/12/2015 | 346 100 301 |
| Acquisitions and investments | 68 316 590 |
| Transfer to assets held for sale | -16 878 483 |
| Profits resulting from fair value adjustments | 11 295 322 |
| Investment properties at 31/12/2016 | 408 833 729 |

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 sq.m. per year | Weighted average of € 113 sq.m. (range between: € 21 sq.m. and € 168 sq.m.) | Weighted average of € 145 sq.m. (range between: € 105 sq.m. and € 348 sq.m.) | Weighted average of € 91 sq.m. (range between: € 47 sq.m. and € 170 sq.m.) |
| Estimated rental value per sq.m. per year | Weighted average of € 114 sq.m. (range between: € 46 sq.m. and € 168 sq.m.) | Weighted average of € 131 sq.m. (range between: € 99 sq.m. and € 275 sq.m.) | Weighted average of € 92 sq.m. (range between: € 65 sq.m. and € 200 sq.m.) |
| Capitalisation 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 (actualisation 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.

Annex 17 : DEVELOPMENT PROJECTS

Note that the development projects are included among the investment properties in Note 16.

Annex 18 : OTHER TANGIBLE ASSETS

| | 2016 | 2015 |
|--|----------|----------|
| Other tangible assets, balance beginning of period | 149 060 | 190 973 |
| 1. Gross value | 509 429 | 476 716 |
| 2. Accumulated depreciation | -360 369 | -285 743 |
| Investments | 25 334 | 32 713 |
| Transfer depreciation | -72 078 | -74 626 |
| Other tangible assets, closing balance end of period | 102 316 | 149 060 |
| 1. Gross value | 534 763 | 509 429 |
| 2. Accumulated depreciation | -432 447 | -360 369 |

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 | 2016 | 2015 |
|--------------------------------|---------|---------|
| a. Tangible assets for own use | 102 316 | 149 060 |

Annex 19 : FINANCE LEASE RECEIVABLES

| | 2016 | 2015 |
|---|----------------|----------------|
| Receivables after 5 years | 272 217 | 333 062 |
| Receivables after one year and within 5 years | 310 421 | 384 820 |
| Receivables within one year | 135 243 | 127 147 |
| TOTAL | 717 882 | 845 029 |

Finance lease receivables relate to the buildings Rue de Belgrade in Forest and Résidence Lemaire in Molenbeek.

Short description of these contracts:

— **Rue de Belgrade** : long-term lease (Sept. 1999-Aug. 2026);

Operation treated for accounting purposes as a real estate leasing contract.

Valuation at 31/12/2016:

- short-term and long-term receivables: € 551,169.12
- purchase option: € 825,777.77 (fair value)

— **Résidence Lemaire** : lreal estate leasing (Dec. 2003-Nov. 2018);

Valuation at 31/12/2016:

- short-term and long-term receivables: € 166,712.43
- purchase option: € 279,111.11 (fair value)

| | 2016 | | | 2015 | | |
|---|----------|---------------------|-----------|----------|-----------------------|-----------|
| | < 1 year | 1 year < > 5 ans | > 5 years | < 1 year | 1 year < > 5 years | > 5 years |
| 1. Gross investment in finance lease | 169 722 | 390 643 | 303 622 | 168 335 | 484 482 | 379 505 |
| 2. Present value of future minimum lease payments | 135 243 | 310 421 | 272 217 | 127 147 | 384 820 | 333 062 |
| 3. Unearned finance income | 34 479 | 80 221 | 31 405 | 41 188 | 99 662 | 46 443 |

Annex 20 : ASSETS SOLD AND HELD FOR SALE

| | 2016 | 2015 |
|--|------------------|------------------|
| Net sales prices (excl. costs) | 18 185 471 | 18 507 785 |
| Latest fair value | -17 905 816 | -17 174 713 |
| Realized capital gain | 279 654 | 1 333 073 |
| Distributable realized capital gain | 3 358 718 | 6 065 915 |

The balance of the assets held for sale is as follows:

| A. Assets held for sale | 2016 | 2015 |
|--------------------------|-----------|-----------|
| a. Investment properties | 1 457 192 | 2 484 525 |

Annex 21 : RECEIVABLES

| D. Trade Debt | 2016 | 2015 |
|----------------|------------------|-------------------|
| Tenants | 500 849 | 894 198 |
| Others | 134 423 | 121 825 |
| Realized sales | 2 534 364 | 9 327 513 |
| TOTAL | 3 169 636 | 10 343 536 |

Trade receivables consist of rental payments still receivable from tenants. These rents are payable in advance.

In addition, following the signing of various sales agreements at the end of 2016, Home Invest Belgium had receivables of € 2,534,364 at 31 December 2016, which will be paid at the beginning of 2017 upon enactment of the notarial deeds.

| E. Tax receivables and other current assets 2015 2014 | 2016 | 2015 |
|---|----------------|----------------|
| a. Taxes | 696 222 | 21 995 |
| c. Others | 146 227 | 253 874 |
| TOTAL | 842 449 | 275 869 |

Working capital payments which 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 are detailed in section c. Other. Concerning the tax debts of 2016, they concern the enlistment to preliminary withholding taxes which have been contested.

Annex 22 : CASH AND CASH EQUIVALENTS

| | 2016 | 2015 |
|---------------|------------------|------------------|
| Cash in hand | 57 | 57 |
| Bank balances | 3 437 757 | 2 487 370 |
| TOTAL | 3 437 814 | 2 487 426 |

Annex 23 : DEFERRALS AND ACCRUALS

| | 2016 | 2015 |
|--|------------------|------------------|
| Accrued and not due property income | 8 298 | 9 032 |
| Prepaid property charges | 393 339 | 58 748 |
| Others | -14 902 | 226 623 |
| TOTAL ASSETS | 386 735 | 294 403 |
| Property income received in advance | 263 578 | 356 757 |
| Interest and other charges accrued and not due | 1 159 692 | 1 178 507 |
| Others | 1 653 | -810 |
| TOTAL LIABILITIES | 1 424 923 | 1 534 454 |

Interest and other accrued liabilities represent, on the one hand, drawings on our credit lines and interest rate hedging instruments in connection with interests payable on the expiry of the drawing period (€ 338,525) and interest payable at the closing date on our bond issue (€ 821,167).

Annexe 24 : FINANCIAL ASSETS AND LIABILITIES

| E. Non-current financial assets | 2016 | 2015 |
|--|---------------|---------------|
| a. Assets hold until the maturity | | |
| 5. Others | 0 | 2 000 |
| e. Others | 75 649 | 72 186 |
| TOTAL | 75 649 | 74 186 |

Other financial assets represent a guarantee in favour of the NSSO and reserve funds paid in several co-ownerships.

| I. Non-current liabilities | 2016 | 2015 |
|---|-------------|-------------|
| B. Non-current financial debts | | |
| a. Financial debts | 152 500 000 | 108 000 000 |
| c. Others | | |
| 1. Other debts | 39 705 885 | 39 666 669 |
| C. Other non-current financial liabilities | | |
| a. Hedging | 9 280 017 | 6 951 266 |

| II. Current liabilities | 2016 | 2015 |
|-----------------------------------|---------|---------|
| B. Current financial debts | | |
| c. Others | | |
| 2. Rental guarantee received | 632 226 | 605 651 |
| 5. Others | 80 000 | 0 |

The other financial liabilities represent an annual long lease payment due by the Company.

The other borrowings of € 39 705 885 correspond to the bond investment (net of fees) realised in June 2014. The notional amount is equal to €40 000 000 with maturity date at 18/06/2024.

Non-current financial liabilities relate to the IRS detailed below. Their negative fair value was € 9 280 017 at the end of the financial year. Hedge accounting as defined in IAS 39 is applied for a single IRS opened with BNP for a nominal amount of € 25,000,000 maturing on 23/08/2021 and covers a credit facility available at BNP for an amount of € 25,000,000. All other hedging instruments are not regarded as hedge accounting within the meaning of IAS 39.

| I. Non-current liabilities | 2016 | 2015 |
|---|-----------|-----------|
| D. Trade debts and other current debts | | |
| b. Others | | |
| 1. Suppliers | 9 133 693 | 4 311 169 |
| 2. Tenants | 716 496 | 1 174 184 |
| 3. Tax, salary and social security | 535 269 | 541 182 |

The figures in the table below relate solely to debts to financial institutions:

| | 2016 | 2015 |
|--|--------------------|--------------------|
| Current financial liabilities at up to 1 year | 0 | 0 |
| Non-current financial liabilities at 1 to 5 years | 74 500 000 | 90 000 000 |
| Non-current financial liabilities at more than 5 years | 117 705 885 | 57 666 669 |
| TOTAL | 192 205 885 | 147 666 669 |

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 2017. As at 31/12/2016, Home Invest disposes €30 500 000 of availabilities on its credit lines.

| Financial debts | Amount of credit line | Amount drawn | Average duration |
|-------------------------------|-----------------------|--------------------|-----------------------------|
| Financements bancaires | 183 000 000 | 152 500 000 | 4 years and 10 month |
| Belfius | 61 500 000 | 61 500 000 | 5 years and 11 month |
| BNP Paribas Fortis | 46 500 000 | 32 500 000 | 4 years and 6 month |
| ING | 35 000 000 | 35 000 000 | 5 years |
| KBC Bank | 30 000 000 | 13 500 000 | 3 years and 11 month |
| Degroef | 10 000 000 | 10 000 000 | 1 year and 4 month |
| Bond issue | 40 000 000 | 40 000 000 | 7 years and 6 month |
| Issue of 18/06/2014 | 40 000 000 | 40 000 000 | 7 years and 6 month |
| TOTAL | 223 000 000 | 192 500 000 | 5 years and 3 month |

Interest rate hedging instruments are exclusively IRS (Interest Rate Swaps), which constitute fixed-rate floating rate swaps. As of 31 December 2016, the total amount of IRS hedges subscribed is € 143 million as shown in the table below.

Following a restructuring in 2015, Home Invest Belgium benefits various IRS with staggering commencement dates as described below.

Only one instrument is subject to hedge accounting under the form of a cash flow hedge subject to IAS 39.

| Hedge instruments 31/12/2016 | Type | Amount | Interest rate | Deadline | Qualification | Fair value 31/12/2016 | Fair value 31/12/2015 |
|------------------------------|------|--------------------|---------------|------------------------|---------------|-----------------------|-----------------------|
| Belfius | IRS | 10 000 000 | 1.065% | 11/10/21 | Transaction | -590 461 | -468 872 |
| Belfius | IRS | 10 000 000 | 1.175% | 11/04/22 | Transaction | -683 032 | -534 352 |
| Belfius | IRS | 15 000 000 | 1.895% | 10/11/25 | Transaction | -2 070 855 | -1 872 888 |
| Belfius | IRS | 21 500 000 | 0.600% | 30/11/21 | Transaction | -156 410 | - |
| BNP Paribas Fortis | IRS | 25 000 000 | 0.980% | 23/08/21 | Couverture | -1 310 093 | -1 006 688 |
| BNP Paribas Fortis | IRS | 21 500 000 | 0.400% | 30/11/21 | Transaction | -154 268 | - |
| ING | IRS | 10 000 000 | 1.600% | 14/04/26 | Transaction | -1 124 342 | -1 027 259 |
| ING | IRS | 15 000 000 | 0.350% | 01/06/22 | Transaction | 1 237 | - |
| KBC | IRS | 15 000 000 | 0.087% | 05/05/21 | Transaction | -148 405 | - |
| Couverture type IRS | | 143 000 000 | | 5 ans et 7 mois | | -6 236 629 | -4 910 059 |

| Forward hedge instruments | Type | Amount | Interest rate | Deadline | Deadline | Qualification | Fair value 31/12/2016 | Fair value 31/12/2015 |
|---------------------------|------|-------------------|---------------|----------|----------|---------------|-----------------------|-----------------------|
| ING | IRS | 25 000 000 | 2.340% | 14/06/18 | 14/06/18 | Transaction | -647 647 | -530 263 |
| ING | IRS | 39 000 000 | 2.340% | 15/06/19 | 15/06/19 | Transaction | -804 375 | -590 449 |
| ING | IRS | 6 000 000 | 2.340% | 17/06/19 | 17/06/19 | Transaction | -573 421 | -347 585 |
| ING | IRS | 10 000 000 | 2.340% | 15/04/20 | 15/04/20 | Transaction | -430 025 | -270 683 |
| ING | IRS | 15 000 000 | 2.340% | 14/11/21 | 14/11/21 | Transaction | -587 920 | -302 227 |
| TOTAL | | 95 000 000 | | | | | -3 043 388 | -2 041 207 |

The prudent hedging policy of Home Invest Belgium has enabled it to obtain **average interest rate of 2.53%** for the year, including banking margin and hedging cost, compared with 3.40% and 3.63% for the previous years.

Average interest rate calculated after conversion of variable rates on fixed-rate lines of credit through Interest rate swaps (IRS). Given the prudent financial structuring of its debt, combined with the very low debt ratio, Home Invest Belgium has limited exposure to fluctuations in market interest rates.

Accounting:

In accordance with IAS39, the negative fair value of financial instruments as at 31 December 2016, is recognized in liabilities under heading IC «Other non-current financial liabilities» for a total amount of - € 9 280 017. The consideration is recognised as follows:

| Fair value of financial instruments as at 31/12/2016 | 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 statement of comprehensive income | In shareholders' equity under the heading "d. Reserve from the balance of changes in fair value of allowed 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" |
|--|---|--|---|---|
| Effective instruments | -1 006 688 | | | |
| Ineffective instruments (change in 2016) | | -303 405 | | |
| Ineffective hedges (previous year) | | | -5 940 578 | |
| Variations in fair value of the hedging instruments. | | | | -2 029 346 |
| OVERALL TOTAL | | -9 280 017 | | |

Credit lines are recognised in "Non-current and current financial debts". Financial liabilities are recorded at amortised cost, which corresponds to the fair value

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).

Regarding financial instruments, all of these fair values are level 2. With no levels other than level 2, Home Invest Belgium does not have a policy to monitor transfers between hierarchical levels.

The valuation is made by banks based on the present value of estimated future cash flows.

Although the majority of hedging instruments used are considered to be trading instruments within the meaning of IFRS, they are exclusively intended for the purpose of hedging interest rate variations and not for speculative purposes.

Annex 25 : TRADE DEBTS AND OTHER CURRENT LIABILITIES

| TRADE DEBTS AND OTHER CURRENT DEBTS | 2016 | 2015 |
|-------------------------------------|-------------------|------------------|
| Suppliers | 9 133 693 | 4 311 169 |
| Tenants | 716 496 | 1 174 184 |
| Tax, salary, social security | 535 269 | 541 182 |
| TOTAL | 10 385 458 | 6 026 535 |

| OTHER CURRENT LIABILITIES | 2016 | 2015 |
|---------------------------|---------------|---------------|
| Dividends | 39 491 | 43 435 |
| Others | 51 188 | 42 426 |
| TOTAL | 90 680 | 85 861 |

Dividend debts relate exclusively to former dividends not yet claimed by the shareholders.

¹ Les modifications de la juste valeur des exercices précédents comptabilisés dans le compte de résultat ont entretemps été affectés au Résultat reporté des exercices précédents.

Annex 26 : CAPITAL, SHARE PREMIUM ACCOUNT AND RESERVES

Evolution of the subscribed 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 |
| 05/06/1905 | 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 |
| Total au 31/12/2016 | 76 949 295 | | | 3 160 809 |

On 31 December 2016, 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 | 2016 | 2015 |
|---|--------------------|--------------------|
| 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 | 108 428 393 | 105 544 309 |
| c. Reserve from estimated transfer costs and rights resulting from hypothetical disposal of investment properties | -29 495 716 | -27 453 339 |
| d. Reserve from the balance of changes in fair value of allowed hedges to which hedge accounting according to IFRS is applied | - 1 310 093 | -1 006 688 |
| e. Reserve of the balance of changes in fair value of hedging instruments to which hedge accounting as defined in IFRS is not applied | -5 944 578 | 0 |
| 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 | 25 920 070 | 18 096 940 |
| D. Net result of the financial year | 6 101 079 | 3 507 233 |
| TOTAL EQUITY | 205 202 333 | 200 191 632 |

Annex 27 : CONSOLIDATION SCOPE

| Name | Company nr. | Country of origin | Direct or indirect shareholding | Annual accounts dd. |
|------------------------------|---------------|-------------------|---------------------------------|---------------------|
| In 2016 | | | | |
| Home Invest Belgium N.V | 0420.767..885 | Belgium | - | 31/12/2016 |
| Home Invest Development N.V | 0466.151.118 | Belgium | 100% | 31/12/2016 |
| Charlent 53 Freehold Sprl | 0536.280.237 | Belgium | 100% | 31/12/2016 |
| HBLC Sprl | 0541.863.576 | Belgium | 100% | 31/12/2016 |
| En 2015 | | | | |
| Home Invest Belgium S.A. | 0420.767.885 | Belgium | - | 31/12/2015 |
| Home Invest Development S.A. | 0466.151.118 | Belgium | 100% | 31/12/2015 |
| Charlent 53 Freehold Sprl | 0536.280.237 | Belgium | 100% | 31/05/2015 |

All the companies that are part of the consolidation scope are domiciled in Belgium at 60 Bd. de la Woluwe, 1200 Brussels. At 31 December 2016 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. All the companies that are part of the consolidation scope are domiciled in Belgium at 60 Bd. de la Woluwe, 1200 Brussels.

At 31 December 2016 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.

The table hereunder details the remunerations of the directors and effective managers.

| Nom | Short term benefits as at 31/12/2016 | Post employment benefits as at 31/12/2016 | Short term benefits as at 31/12/2015 | Post employment benefits as at 31/12/2015 |
|---|--------------------------------------|---|--------------------------------------|---|
| Botermans Guillaume | 28 133 | | 80 000 | |
| Van Overstraeten Lieven | 26 250 | | 13 000 | |
| Spiessens Eric | 22 250 | | 13 000 | |
| Dejonckheere Koen | 11 000 | | 10 000 | |
| Van Overstraeten Johan | 20 000 | | 15 000 | |
| Aurousseau Wim | 9 500 | | 9 000 | |
| de Hemptinne Laurence | 13 250 | | 7 000 | |
| Cocky NV représentée par Johan Van Overstraeten | 900 | | 1 500 | |
| Lambrighs Sophie | 157 600 | 27 000 | 147 900 | 24 000 |
| Zou2 Sprl représentée par Sophie Lambrighs | 160 492 | | 130 000 | |
| Autres dirigeants effectifs | 488 618 | | 528 233 | |
| TOTAL | 937 993 | 27 000 | 954 633 | 24 000 |

Statutory accounts¹

BALANCE SHEET

| ACTIF | 2016 | 2015 |
|---|--------------------|--------------------|
| I. Non-current assets | 405 340 681 | 347 022 989 |
| B. Intangible assets | 278 118 | 7 733 |
| C. Investment properties | 402 753 097 | 345 784 298 |
| D. Other tangible assets | 102 316 | 149 060 |
| E. Non-current financial assets | 1 624 511 | 364 016 |
| F. Finance lease receivables | 582 639 | 717 882 |
| II. Current assets | 14 403 846 | 15 884 956 |
| A. Assets held for sale | 1 457 192 | 2 484 525 |
| C. Finance lease receivables | 135 243 | 127 147 |
| D. Trade receivables | 3 238 028 | 10 365 297 |
| E. Tax receivables and other current assets | 6 012 866 | 304 387 |
| F. Cash and cash equivalents | 3 173 782 | 2 309 197 |
| G Comptes de régularisation | 386 735 | 294 403 |
| TOTAL DE L'ACTIF | 419 744 527 | 362 907 945 |
| CAPITAUX PROPRES | | |
| A. Capital | 75 999 055 | 75 999 055 |
| B. Share premium account | 24 903 199 | 24 903 199 |
| C. Reserves | 98 986 509 | 96 569 077 |
| D. Net result of the financial year | 6 081 114 | 3 511 039 |
| CAPITAUX PROPRES | 205 969 877 | 200 982 370 |
| PASSIF | | |
| I. Non-current liabilities | 201 485 901 | 154 617 936 |
| B. Non-current financial debts | 192 205 885 | 147 666 669 |
| a. Financial debts | 152 500 000 | 108 000 000 |
| c. Others | 39 705 885 | 39 666 669 |
| C. Other non-current financial liabilities | 9 280 017 | 6 951 266 |
| II. Current liabilities | 12 288 748 | 7 307 640 |
| B. Current financial debts | 712 226 | 687 651 |
| c. Others | 712 226 | 687 651 |
| D. Trade debts and other current debts | 10 060 920 | 6 156 667 |
| b. Others | 10 060 920 | 6 156 667 |
| E. Other current liabilities | 90 680 | -989 132 |
| F. Accrued charges and deferred income | 1 424 923 | 1 452 454 |
| LIABILITIES | 213 774 650 | 161 925 575 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 419 744 527 | 362 907 945 |

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 Annual General Meeting. They are also available upon request from the company's registered headquarters.

ACCOUNT OF THE STATUTORY RESULT

| | 2016 | 2015 |
|---|-------------------|-------------------|
| I. Rental Income | 18 977 691 | 17 805 520 |
| II. Rental-related expenses | -178 922 | -161 024 |
| RÉSULTAT LOCATIF NET | 18 798 769 | 17 644 496 |
| IV. Recovery of property charges (+) | 86 482 | 89 279 |
| V. Recovery of charges and taxes normally payable by the tenant on let properties (+) | 660 864 | 683 551 |
| VII. Charges and taxes normally payable by the tenant on let properties (-) | -2 705 975 | -1 852 164 |
| PROPERTY RESULT | 16 840 140 | 16 565 162 |
| IX. Technical costs | -842 135 | -1 614 789 |
| X. Commercial costs | -406 804 | -427 252 |
| XI. Taxes and charges on unlet properties | -392 488 | -405 280 |
| XII. Property management costs | -2 861 945 | -2 827 686 |
| XIII. Other property costs | -81 388 | -66 207 |
| PROPERTY COSTS | -4 584 760 | -5 341 213 |
| PROPERTY OPERATING RESULT | 12 255 380 | 11 223 948 |
| XIV. General corporate expenses | -841 829 | -813 696 |
| XV. Other operating incomes and expenses | -29 448 | -24 077 |
| OPERATING RESULT BEFORE PORTFOLIO RESULT | 11 384 103 | 10 386 176 |
| XVI. Result sale investment properties | 279 654 | 1 333 073 |
| XVIII. Changes in fair value of investment properties | 11 295 322 | 5 991 869 |
| OPERATING RESULT | 22 959 078 | 17 711 117 |
| XX. Financial income | 233 053 | 115 733 |
| XXI. Net interest charges | -3 142 062 | -3 326 445 |
| XXII. Other financial charges | -63 989 | -55 586 |
| XXIII. Changes in fair value of financial assets and liabilities | -2 025 345 | 963 443 |
| FINANCIAL RESULT | -4 998 344 | -2 302 855 |
| PRE-TAX RESULT | 17 960 735 | 15 408 262 |
| XXIV. Corporation tax | -26 587 | -44 189 |
| TAXES | -26 587 | -44 189 |
| NET RESULT | 17 934 148 | 15 364 073 |
| NET RESULT ATTRIBUTABLE TO THE PARENT COMPANY | 17 934 148 | 15 364 073 |

| Appropriation and withdrawals | 2016 | 2015 |
|--|--------------------|--------------------|
| A. Net result | | 15 364 073 |
| 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 | -17 402 429 | -10 339 409 |
| - realisation of real estate | 5 150 161 | 4 854 457 |
| 2. Transfer to/from reserves of estimated transfer rights and costs resulting from hypothetical disposal of investment properties | 6 107 108 | 4 113 677 |
| 3. Transfer to the reserve of the balance of changes in the fair value of the hedge instruments to which hedge accounting as defined in IFRS is applied. | 2 025 345 | -963 443 |
| 11. Transfer to/from result from previous financial years carried forward | -380 895 | -619 982 |
| C. Remuneration of capital according to art.27, § 1, lid 1 | -11 108 006 | -10 557 021 |
| D. Remuneration of capital – other than C | -2 325 433 | -2 086 215 |

| Scheme for calculation of result according to art. 27, § 1, § 1 | 2016 | 2015 |
|--|-------------------|-------------------|
| Corrected result (A) | | |
| Net result | 17 934 148 | 15 364 073 |
| + Depreciations | 207 574 | 170 970 |
| - Write-back of depreciations | -136 900 | -116 296 |
| ± Other non monetary items | 2 025 345 | -963 443 |
| ± Result on sale of property | -279 654 | -1 333 073 |
| ± Changes in fair value of property | -11 295 322 | -5 991 869 |
| Corrected result (A) | 8 455 192 | 7 130 362 |
| 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) | 5 429 815 | 6 065 915 |
| = Net capital gains on the sale of property not exempt from distribution (B) | 5 429 815 | 6 065 915 |
| TOTAL (A+B) | 13 885 007 | 13 196 277 |
| 80% according to art. 13, §1, al. 1 | 11 108 006 | 10 557 021 |
| Net reduction in debt | 0 | 0 |
| Minimum distribution required by art. 13. | 11 108 006 | 10 557 021 |

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 € 20.6 million.

| | |
|---|--------------------|
| Net statutory assets after distribution of the dividend | 204 389 473 |
| Method of calculation of the amount referred to in art 13 § 1 ^{er} 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 | 125 693 643 |
| Reserve for transfer rights and costs estimated to arise on the hypothetical disposal of investment properties | -35 602 824 |
| Reserve from the balance from change in the fair value of authorised hedging instruments to which hedge accounting according to IFRS is applied | -5 944 578 |
| Réserve du solde des variations de juste valeur des instruments de couverture autorisés | -1 310 093 |
| Legal reserve | 98 778 |
| TOTAL | 183 837 181 |
| Difference | 20 552 292 |

Auditor's reports

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF HOME INVEST BELGIUM FOR THE YEAR ENDED 31 DECEMBER 2016

As required by law, we provide you with this report as part of our mandate as auditor. The report includes our opinion on the consolidated financial including the additional declaration.

These consolidated financial statements comprise financial position at 31 December 2016, 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 2016 and the notes.

Unqualified audit opinion

We have audited the consolidated financial statements of Home Invest Belgium SA for the financial year ended 31 December 2016, prepared on the basis of the International Financial Reporting Standards as adopted by the European Union and the legal provisions and regulations applicable in Belgium, and the consolidated balance sheet total amounts to EUR 419.301.520 and the consolidated income statement for the financial year shows a profit for the year of EUR 17.905.693

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) as adopted in Belgium. 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 sans

In our opinion, the consolidated financial statements of the company Home Invest Belgium SA as at 31 December 2016 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 and the legal provisions and regulations applicable in Belgium.

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.

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing (ISA) applicable in Belgium, we are responsible for verifying, in all significant aspects, compliance with certain legal and regulatory requirements. On this basis, we make the following supplementary declaration, which does not alter the scope of our opinion on the consolidated financial statements:

- The management report on the consolidated financial statements deals with the information required by law, is consistent with the consolidated financial statements and does not include any significant inconsistencies with the information we have found in connection with our mandate.

Antwerp, le 21/03/2017

Grant Thornton Company Auditors, approved by the FSMA for the UCI's Auditor
Représentée par Dirk Van den Broeck,
réviseur d'entreprises et réviseur agréé par la FSMA pour les OPC's

Permanent document





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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 | The company is registered with the Crossroads Bank for Enterprises under number 0420.767.885. |
| ENTITIES (RPM) | The company is registered with the RPM of Brussels under the number 0420.767.885. |
| REGISTERED OFFICE | B - 1200 Brussels, Boulevard de la Woluwe, 60 - Box n°4 |
| TELEPHONE NUMBER | +32 2 740 14 50 |
| WEBSITE | www.homeinvestbelgium.be |
| INCORPORATION | <p>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.</p> <p>The articles of association have been amended on several occasions and for the last time following the minutes drawn up by the Notary Louis-Philippe Marcelis on 3 May 2016 (published in the annexes to the Belgian Official Gazette on 25 May 2016 under number 16072405).</p> |
| 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 Regulated Real Estate Companies. |
| 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 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 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 2016 stands at € 76 949 294.75. It is represented by 3 160 809 shares without designation of par value. The company' share 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 2016, the balance of the authorised capital amounted to € 71 853 149.07. |

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. |
|---|---|

- 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 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 finance lease agreement. The finance-lease activity of buildings with the option to purchase can only be carried out as a secondary activity unless these buildings are intended for public purposes including social housing and education (in which case the activity may be exercised as the company's primary 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:

- act as a real estate developer within the meaning of the regulations for RRECs with the exception of occasional transactions;
- participate in an underwriting syndicate or guarantee;
- 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;
- 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 conditions laid down by law.

By decision of the extraordinary general meeting of shareholders of 3 May 2016, the Board of Directors is authorised:

- within the framework of articles 620 et seq. of the Companies Code, to acquire, pledge and dispose of the company's own shares, at a price per share which may not be less than sixty-five per cent (65%) of the closing market price of the day preceding the date of the transaction (acquisition, disposal or pledging) and that may not be more than one hundred and thirty-five percent (135%) of the closing market price on the day prior to the date of the transaction (acquisition, disposition or for a period of five years from the publication of the minutes of the extraordinary shareholders' meeting of 3 May 2016, in the Annexes of the Belgian Official Gazette, taking into account the fact that the company may not hold more than twenty percent (20%) of the total number of shares issued;
- to acquire, pledge and dispose of its own shares on behalf of the company without the need for prior approval of the general meeting of shareholders where such acquisition, pledge or disposal, is necessary in order to avoid serious and imminent damage to the company.

This authorisation is granted for a period of three years from the date of publication of the minutes of the extraordinary general meeting of shareholders of the company of 3 May 2016 in the annexes to the Belgian Official Gazette.

In accordance with these authorisations it is permitted 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 Companies 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° the identity 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 RREC

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 RREC 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 deduct 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 RREC, 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 dematerialized 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.</p> <p>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 526ter of the Companies 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 longer reaches the statutory minimum.</p> <p>Without prejudice to the transitional provisions, the directors are exclusively natural persons; they must fulfil the conditions of good repute and expertise laid down in the RREC rules and can not fall under the application of the prohibition cases covered by the RREC rules.</p> <p>The appointment of directors is subject to the prior approval of the Financial Services and Markets Authority (FSMA).</p> |
| EFFECTIVE MANAGEMENT (ARTICLE 12 OF THE ARTICLES OF ASSOCIATION) | <p>Without prejudice to the transitional provisions, the actual management of the company shall be entrusted to at least two individuals.</p> <p>The members of the effective management must fulfil the conditions of good repute and expertise provided for by the RREC rules and cannot fall under the application of the prohibition cases mentioned in the RREC legislation. 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 the day-to-day 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. 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.</p> <p>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 533ter of the Companies 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 authorized 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, holders of usufruct rights 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 Companies 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. By their nature, financial forecasts 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 responsible for the content of the registration document

The Board of directors and the Effective Management of Home Invest Belgium SA 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 Belgium 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.

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.

Statements with regard to the Directors and Effective management¹

The Board of Directors of Home Invest Belgium declares that to the best of its knowledge:

- in the past 5 years, none of the Directors or Effective Management has been convicted of fraud, no official offense or public sanction has been pronounced and no sanction has been imposed by a legal authority or that in their capacity as a director they have not been held in receivership or liquidation, and that none of the Directors or Effective Management have been prevented by a court from acting as a member of the board of directors. Administrative or management body or to intervene in the management and administration of the affairs of Home Invest Belgium. Similarly, in the past 5 years, no Director has been involved in bankruptcy

¹ The composition of the Board of directors and of the Effective Management are detailed in the Chapter Corporate Governance.

- no contract of employment has been concluded with the directors, which provides for the payment of compensation at the end of the contract. However, service agreements concluded with the Effective Management contain provisions concerning notice and termination compensation (see chapter “Management Report - Corporate Governance Statement”);
- to date no options have been granted on Home Invest Belgium shares so far;
- there are no family ties between the directors, with the sole exception of 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 2016.

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

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.

Regulated Real Estate Company

ADOPTION OF THE RREC REGIME

The extraordinary general assembly of 14 September 2014 approved changes to the statute of the Sicafi and the RREC.

DESCRIPTION OF THE RREC REGIME

The RREC is subject to the law of 12 May 2014 and to the Law 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 company with fixed capital;
- 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;
- accounting of real estate at fair value, without depreciation;
- 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 valuation of assets by an independent expert;

TAX STATUS – CORPORATION TAX

Those companies that apply to the FSMA for a change of status as a Regulated Real Estate company or which merge with a Regulated Real Estate company are subject to a tax (exit-tax), 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%.

As RREC, the Belgian profits of the company are subject to corporation tax, but on a reduced basis consisting of the non-admitted expenses, abnormal or gratuitous benefits received and unjustified remunerations and commissions. The profits of foreign origin of the company may be taxed in the State in which they arise according to the law applicable in that State and shall be exempt in Belgium. The net profits generated by HIB resulting from its property investments in the Netherlands are therefore taxable in the Netherlands at 25% corporate tax and are exempt in Belgium.

Dividends – tax regime effective as of 1 January 2016³

WITHHOLDING TAX

Since 1 January 2016, dividends distributed by the company is subject to a withholding tax of 27%, with the exception of the derogations provided for by law (and the royal decree implementing the Code on Income Taxes) or by international agreements. This rate will be increased to 30% from 1 January 2017.

BELGIAN NATURAL PERSONS

For Belgian individuals who act privately and are subject to personal income tax, dividends distributed by Home Invest Belgium are subject to the withholding tax mentioned above.

For Belgian natural persons who would act in a professional capacity, the dividends received will be included in their professional income taxable at the normal personal income tax rate, with the withholding tax being chargeable.

BELGIAN LEGAL ENTITIES

For taxpayers subject to corporate tax, dividends distributed by Home Invest Belgium are subject to the withholding tax mentioned above.

BELGIAN COMPANIES OR PERMANENT ESTABLISHMENTS OF FOREIGN COMPANIES

Dividends distributed are subject to the withholding tax mentioned above. Belgian companies and foreign companies that allocate their shares to a permanent establishment in Belgium are taxed on dividends distributed by Home Invest Belgium at the corporate tax rate without applying the (RTD) or revenues already taxed regime, subject to the proportionate share of dividends relating to foreign real estate income and dividends received and capital gains realized in accordance with article 203, §1^{er}, 2bis and §2, para. 2 CIR applicable to dividends distributed from 1 July 2016.

Thus the dividend will be taxable in accordance with the corporate tax regime or the tax of non-residents at the rate of 33.99% (corresponding to the basic rate plus the additional 3% crisis contribution). Under certain conditions, a reduced rate may be applicable. The withholding tax levied at the source will be chargeable and any surplus returnable through the tax declaration.

NON-RESIDENT NATURAL PERSONS AND NON-RESIDENT COMPANIES WITHOUT A PERMANENT ESTABLISHMENT IN BELGIUM

For non-residents, dividends distributed by Home Invest Belgium are subject to a withholding tax at source on which may be reduced, at the shareholder's request, by international tax treaties preventing double taxation or be exempt under the conditions provided for by Belgian law.

³ Reminder: since January 1, 2016, the rate of withholding tax on dividends from residential RREC (including Home Invest Belgium) has been raised from 15% to 27%. There is no longer any difference in terms of withholding tax depending on whether the company is a residential RREC or not. Dividends to be distributed from 2017 and subsequent years will be subject to a withholding tax of 30%.

Capital gains and losses

BELGIAN NATURAL PERSONS

In Belgium, capital gains over a period of more than six months (this minimum period being abolished as from 1 January 2017) by a natural person in the course of the sale of shares as part of the normal management of his private estate is not taxable, while capital losses are not tax deductible. However, Belgian individuals may be subject to a tax of 33%, to be increased by additional municipal tax, the rate of which depends on the commune of residence, if the realised capital gains are deemed to be realised 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 municipality 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 non-resident 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.

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:

- 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;
- 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;
- 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;
- 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.

Glossary

GENERAL 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.

FREE FLOAT

The total of registered and dematerialised shares for which no declaration of transparency has been notified.

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:

- 2, 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 2016, 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

This is the rent applicable on 31 December 2016, on an annual basis, excluding rental guarantees and the estimated rental value of unrented spaces.

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 and properties undergoing deep renovation and unavailable for renting.

ESTIMATED RENTAL VALUE (ERV)

The estimated rental value is the rental value which the real estate surveyor sees as corresponding to a market rent.

GLOSSARY OF ALTERNATIVE PERFORMANCE MEASURES

“APM” IS a financial indicator, historical or future, of the performance, financial condition or cash flows other than a financial indicator defined or specified in the applicable financial reporting framework.

For many years, Home Invest Belgium has used Alternative Performance Measures (APM) in its financial communication within the meaning of the Guidelines recently issued by the European Securities and Markets Authority (ESMA). These APMs have been defined by Home Invest Belgium in order to provide the reader with a better understanding of results and performance. Performance indicators that are defined by IFRS or by law are not considered APMs. Nor are indicators that are not based on items in the income statement or the balance sheet.

NET ASSET VALUE (BY SHARE)

Definition:

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.

ADJUSTED NET ASSET VALUE PER SHARE

Definition:

The Adjusted Net asset value is the value of the net assets adjusted to exclude the fair value of financial hedging instruments.

Purpose:

These APMs allow the calculation of the net asset value adjusted to the value of the IRS.

Reconciliation:

| | 31/12/2016 | 31/12/2015 |
|---|-------------|-------------|
| Value of net assets | 205 202 333 | 200 191 632 |
| Number of shares at the end of the period | 3 147 897 | 3 147 897 |
| Net Asset Value per Share | 65.19 | 63.60 |
| | | |
| | 31/12/2016 | 31/12/2015 |
| Valeur de l'actif net | 205 202 333 | 200 191 632 |
| Fair value of financial instruments | 9 280 017 | 6 949 266 |
| Adjusted net asset value | 214 482 350 | 207 142 898 |
| Number of shares at the end of the period | 3 147 897 | 3 147 897 |
| Net Asset Value per Share | 68.14 | 65.80 |

OPERATING MARGIN

Definition:

This is the operating result before the portfolio result divided by the property result.

Purpose:

This APM makes it possible to measure the profitability of the company as a percentage of rental income.

Reconciliation:

| | 31/12/2016 | 31/12/2015 |
|--|------------|------------|
| Operating result before portfolio result | 11 462 554 | 10 412 876 |
| Property result | 16 842 140 | 16 567 162 |
| Operating margin | 68.06% | 62.85% |

NET RESULT OF CORE ACTIVITIES (BY SHARE)

Definition:

The net result of core activities is the net result adjusted for the following income statement items:

XVI. Result of sales of investment properties,
 XVIII Changes in fair value of investment properties
 XXIII. Change in fair value of financial assets and liabilities
 Net income from core activities per share is calculated based on the average number of shares during the period

Purpose:

This APM measures the company's profitability without taking into account changes in value of the property portfolio or hedging instruments and without taking into account portfolio divestments.

Reconciliation:

| | 31/12/2016 | 31/12/2015 |
|---|------------|------------|
| Net result | 17 905 693 | 15 311 847 |
| XVI. Result of sale of investment properties | -279 654 | -1 333 073 |
| XVIII Changes in fair value of investment properties | 11 295 322 | -5 991 869 |
| XXIII. Change in fair value of financial assets and liabilities | +2 025 345 | 963 443 |
| Net result from core activities | | 7 023 462 |
| Average number of shares | 3 147 897 | 3 147 897 |
| Net result from core activities per share | 2.65 | 2.23 |

AVERAGE COST OF DEBT**Definition:**

The average cost of financial debt is calculated by dividing the financial debt of the year by the weighted average debt of the year.

The numerator corresponds to the sum of the net interest costs included in item XXI of the profit and loss account adjusted for the activated inflows.

The denominator corresponds to the average financial debt calculated over 365 days.

Purpose:

The company is partly financed by debt. This APM makes it possible to measure the cost of this source of financing and its impact on the results. It also allows an analysis of its evolution over time.

Reconciliation:

| | 31/12/2016 | 31/12/2015 |
|--|-------------|-------------|
| Net interest charges (item XXI) | 3 048 453 | 3 326 445 |
| Activated interest during construction | 927 317 | 1 047 894 |
| Total cost of financial debt | 3 975 770 | 4 374 339 |
| Weighted average of debt | 157 063 874 | 128 633 733 |
| Average cost of debt | 2.53% | 3.40% |

COVERAGE RATIO**Definition:**

This is the percentage of financial debt with rate fixed interest in relation to total financial debt.

The numerator corresponds to the sum of fixed-rate borrowings plus floating-rate financial debts converted into fixed-rate debt via IRSs in effect at the end of the financial year.

The denominator corresponds to the total amount of financial debt raised on closure of the balance sheet date.

Purpose:

A significant part of the company's debts are at floating rates. This APM measures the risk associated with interest rate fluctuations and its potential impact on results.

Reconciliation:

| | 31/12/2016 | 31/12/2015 |
|---|-------------|-------------|
| Fixed-rate debt | 40 000 000 | 40 000 000 |
| Floating-rate debt converted into fixed-rate debt via IRS | 143 000 000 | 70 000 000 |
| Total fixed-rate debt | 183 000 000 | 110 000 000 |
| Total debt at floating rates | 9 500 000 | 38 000 000 |
| Total debt | 192 500 000 | 148 000 000 |
| Coverage ratio | 95.06% | 74.32% |

All information in respect of the APM detailed in this registration document are verified by the statutory auditor.

The information incorporated by reference in this annual financial report, can be found in:

- 2014 Annual Consolidated Results: 2014 Annual Financial Report Pages 106 to Page 133
- 2014 Management Report: 2014 Annual Financial Report Pages 24 to Page 69
- 2014 Report of the Statutory Auditor: 2014 Annual Financial Report Page 140
- 2015 Annual Consolidated Results: 2015 Annual Financial Report Pages 108 to Page 135
- 2015 Management Report: 2015 Annual Financial Report Pages 24 to Page 47
- 2015 Report of the Statutory Auditor: 2015 Annual Financial Report Page 140

Shareholders' agenda

2017

| | |
|---|---------------------------|
| Annual General Meeting for the year 2016 | Tuesday 2 May 2017 |
| Interim statement: results at 31 March 2017 | Tuesday 2 May 2017 |
| Payment of dividends for 2016 | Friday 12 May 2017 |
| Interim half year financial report: results at 30 June 2017 | Thursday 7 September 2017 |
| Interim statement: results at 30 September 2017 | Thursday 26 October 2017 |

2018

| | |
|---|---------------------------|
| Annual press release on fiscal year 2017 | Thursday 22 February 2018 |
| Launch of the annual financial report on the website | Friday 30 March 2018 |
| Annual General Meeting for the year 2017 | Tuesday 8 May 2018 |
| Interim statement: results at 31 March 2018 | Tuesday 8 May 2018 |
| Payment of dividends for 2017 | Friday 18 May 2018 |
| Interim half year financial report: results at 30 June 2018 | Thursday 6 September 2018 |
| Interim statement: results at 30 September 2018 | Thursday 25 October 2018 |

Investor relations

This annual financial report is a registration document within the meaning of Article 28 of the Law of 16 June 2006 on public offers of investment instruments and 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 28 March 2017. The approval by the FSMA does not contain any appreciation in connection with the quality or the situation of the company. Home Invest Belgium having opted for French as an official language, only the annual financial report in French is the sole official version.

The Dutch and English versions are translations produced under the responsibility of Home Invest Belgium.

Design: The Crew Communication

Credit for photos: Yvan Glavie

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