

REGULATED INFORMATION

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ANNUAL FINANCIAL REPORT

for the period from 1 January 2016 to 31 December 2016


AUDITED

BNP PARIBAS FORTIS - BELFIUS BANK - KBC BANK - BANK DEGROOF PETERCAM

*This annual financial report is a registration document within the meaning of Article 28 of the Law of 16 June 2006 concerning the public offer of investment instruments and the admission of investment instruments to trading on a regulated market. The Dutch version of this report was approved by the Belgian Financial Services and Markets Authority (FSMA) in compliance with Article 23 of the aforementioned Law on 4 April 2017.*

*This approval does not imply any opinion of the FSMA on the state of the Company. Care Property Invest has translated this annual financial report in French and in English. The translations are available on its website ([www.carepropertyinvest.be](http://www.carepropertyinvest.be)). Both the Dutch, French and English versions of this annual financial report are legally binding.*

*Care Property Invest, represented by its responsible persons, is responsible for the translation and the conformity of the Dutch, French and English language versions. However, in case of discrepancies between the language versions, the Dutch version always prevails.*



✦ In 2016 the Company has moved up a gear. Its preparatory efforts in the search for interesting, but most importantly healthy investments are starting to bear fruit in 2017.

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I. Risk factors

## I. Risk factors

Care Property Invest's strategy is aimed to create stability for the investors, both in terms of dividends and long-term income. The Management Board and the Board of Directors are aware of specific risks associated with the management of the Care Property Invest property portfolio, and are committed to optimal control and elimination of such risks. The list of risks which are described in this section is not exhaustive. Most of these factors relate to uncertain events that may or may not occur, and the Company<sup>(1)</sup> is not able to make any statements regarding whether or not these will occur. It is possible that other unknown or unlikely risks, or risks which, based on the information currently available, are not assumed to be able to have an adverse effect on the Company, its business or its financial situation may exist. Care Property Invest believes that the factors described below are a reflection of the main risks currently associated with the Company and its activities. The sequence in which the risk factors are described is not an indication of the degree of probability that they will occur, or of the extent of their effects.

It should also be noted that risk management is not an exercise only conducted at certain intervals, but an integral part of the way in which Care Property Invest is run on a daily basis.

This ranges from daily financial and operational management, analysis of new investments and formulating the strategy and objectives to laying down strict procedures for decision-making. Understanding and protecting against or eliminating risks arising from both internal and external factors is essential in order to achieve a stable total return in the long term.

## 1. Market risks

Description of the risk	Potential impact	Limiting factors and measures
<p><b>Health care real estate market</b></p> <p>The risk of weakening demand for Health care real estate, over-supply and weakening of the financial situation of the various market parties.</p>	<ol style="list-style-type: none"> <li>Rental income and cash flow are affected by higher vacancy rates.</li> <li>Decreased solvency rate on lessee base and increase of bad debt, decreasing the debt collection rate of the rental income. Care Property Invest does not have any bad debt at 31/12/2016.</li> </ol>	<p><b>2</b> New projects to be hedged with collateral as much as possible.</p> <p><b>1</b> Vacancy risk to be transferred to the operator as much as possible. (Excepting the Gullegem project, the vacancy risk for the entire portfolio is transferred to the operator, and is not borne by Care Property Invest). The occupancy rate at 31/12/2016 is 100%</p> <p><b>1</b> Extensive market study for potential new projects, with intensive attention for developments and/or new trends in the health care real estate market.</p> <p><b>1/2</b> Long-term agreements in principle with a stable, more market-independent flow of guaranteed income.</p> <p><b>1/2</b> Care Property Invest also makes the property available to the Public Centres for Social Welfare (PCSW/OCMW/CPAS) non-profit organisations or private operators to operate, ensuring that only indirect risk is incurred in the context of these projects.</p> <p><b>1/2</b> Care Property Invest performs an extensive analysis of the operator's business plan, aiming to make an accurate advance estimate of the financial feasibility and liveability of the project, and to verify if the operator has enough margin to cover for uncertainties.</p> <p><b>1/2</b> Care Property Invest aims to further reduce this risk by accessing other geographic markets in the future.</p>

(1)The term 'Company' in this annual financial report refers to: Care Property Invest NV

Description of the risk	Potential impact	Limiting factors and measures
<b>Financial markets</b> Extreme volatility and uncertainty in the international markets.	<ol style="list-style-type: none"> <li>1. Difficult access to the Stock Exchanges for raising new capital/equity..</li> <li>2. Limitation of options relating to debt financing (in addition to statutory debt rate limitation RREC).</li> <li>3. Extreme fluctuations in the share price.</li> <li>4. Reduced liquidity available in the debt capital markets for refinancing.</li> </ol>	<p><b>1/2/3/4</b> Extensive and frequent dialogue with the capital markets and the financial partners.</p> <p><b>1/2/3/4</b> Transparent communication with clear targets.</p> <p><b>1/2/3/4</b> Stringent follow-up and management of all risks that may have negative implications on the perception of investors and financiers toward the company.</p> <p><b>1/2/3/4</b> Aiming for and maintaining of long-term relationships with financial partners and investors.</p>
<b>Inflation risk</b>	<ol style="list-style-type: none"> <li>1. Relatively lower value of the rental income.</li> </ol>	<p><b>1</b> Initial leasing portfolio: the leasing agreements provide for upward indexation, as a result of which rental income will at least remain at the level of the preceding year. In the event of inflation, a rise in interest rates would potentially mean an increase in financial expenses. Care Property Invest has taken the necessary steps to protect itself against such risks.</p>
<b>Deflation</b> Reduction of economic activity, which leads to a general decrease in prices.	<ol style="list-style-type: none"> <li>1. Decrease in rental income, as a result of downward pressure on the market rent levels and a reduced or negative indexation, among other factors.</li> </ol>	<p><b>1</b> Granting upward indexation</p> <p><b>1</b> Projects of the initial investment programme: the impact of deflation is covered by setting out provisions for upward indexation only.</p> <p><b>1</b> Care Property Invest aims to insert this clause into agreements for new projects as much as possible.</p>

Description of the risk	Potential impact	Limiting factors and measures
<b>Economic downswings</b> Potential deterioration of the economic climate	<ol style="list-style-type: none"> <li>1. Decrease in the fair value of the property and therefore also in the NAV (Net Asset Value).</li> <li>2. Possible bankruptcies of lessees.</li> <li>3. Negative impact on demand and occupancy rate of the buildings.</li> </ol>	<p><b>1/2/3</b> Health care real estate is not very or not at all sensitive to fluctuations in the general economic climate.</p> <p><b>1/2/3</b> The long average agreement periods (an average period of 17.5 years on 31/12/2016) provide further mitigation of the impact of possible economic downswings.</p> <p><b>1/2/3</b> Care Property Invest has concluded long-term lease agreements. Except for the Gullegem project, the vacancy risk is transferred to the operators.</p>



Description of the risk	Potential impact	Limiting factors and measures
<p><b>Volatility of the interest rate</b></p> <p>Strong fluctuations in the leading short-term or long-term interest rates on the international financial markets.</p> <p>-fixed rate debt: 49.29% before hedging and 78.39% after hedging</p> <p>-variable rate debt: 50.71% before hedging and 21.61% after hedging</p>	<ol style="list-style-type: none"> <li>1. Negative impact on the financial liabilities and therefore on the cash flow in the event of increases in the interest rates.</li> <li>2. Major fluctuations in the value of financial instruments applied to hedge loans.</li> <li>3. Possible negative impact on the NAV.</li> </ol>	<p><b>1/2/3</b> High hedging rate against fluctuations in the interest rate. The initial portfolio is seemingly fully hedged with loans at fixed interest rates or based on SWAP agreements for the entire duration of the project agreements underlying the relevant loans. For the initial portfolio, the Company has 2 Roll-over credit loans for a total amount of €6,890,000 that can be reviewed every three years. Care Property Invest chose to finance new investment properties using its own equity, with the exception of a roll-over loan with KBC, which is subject to volatility risk. Care Property Invest closely monitors the interest rates in order to reduce the already highly limited exposure to the volatility of the interest rates.</p> <p><b>2</b> Any fluctuations in the fair value of the hedging instruments concern a non-realised and a non-cash item (if products are held until maturity without intermediate settlement), and are stated as separate items in the analytical global result statement, for better clarity.</p> <p><b>2</b> All derived financial products are held solely for hedging purposes. No speculative instruments are held. All derivative financial instruments are interest rate swaps and loans, drawn with a fixed forward interest rate.</p> <p><b>1/2</b> The increase or decrease of the interest rate with 0.25% implies that on an outstanding amount on the roll-over loans of €19.7 million (as at 31/12/2016), an increase or decrease of the payable interests with €49,250 on an annual basis. Within the framework of the initial portfolio, Care Property Invest also has 2 roll-over loans for a total amount of €6,890,000, which can be reviewed every three years, in 2017 and 2019 to be precise. An increase/decrease of 0.25% leads to an increase/decrease of interest of €17,225 on the total amount of €6,890,000.</p>

Description of the risk	Potential impact	Limiting factors and measures
<p><b>Vacancy</b></p> <p>Unexpected conditions may occur, causing vacancy. For Care Property Invest, this is a very low risk as the vacancy risk is borne only on one building in the entire portfolio.</p>	<ol style="list-style-type: none"> <li>1. Higher vacancy rates, accepting costs generally charged to lessees (withholding tax, management fees etc.) and commercial expenses relating to re-letting.</li> <li>2. Decrease in the fair value of the property and therefore also in the NAV (Net Asset Value).</li> </ol>	<p><b>1/2</b> The agreements concluded are "triple net" agreements (except for the Gullegem project), as a result of which the project payment is due in full. This implies that the economic occupancy rate of these projects is always 100%. The project Gullegem was also fully occupied as at 31 December 2016.</p>

## 2. Operational risks

Description of the risk	Potential impact	Limiting factors and measures
<p><b>Strategy</b></p> <p>Risks associated with making inadequate policy decisions.</p>	<ol style="list-style-type: none"> <li>Not achieving the forecast yields.</li> <li>Pressure on the stability of the income flow.</li> <li>Property portfolio not aligned with market demand for health care real estate.</li> </ol>	<p><b>1/2/3</b> Defining a clear real estate strategy based on a long-term vision and consistent monitoring of the capital structure.</p> <p><b>1/2/3</b> Continuous monitoring of changes in economic, real estate-specific and regulatory trends, among others in tax law, corporate law, regulations relating to RECC's, sector-specific regulations etc.</p> <p><b>1/2/3</b> Experience of the management and the supervision performed by the Board of Directors to be applied and maintained.</p>
<p><b>Investments</b></p> <p>Economic, tax and legal aspects relating to acquisitions.</p>	<ol style="list-style-type: none"> <li>Potential negative impact on the Company's result due to not achieving the forecast yields.</li> <li>Acquisition of buildings that are not in line with the Company's quality requirements.</li> <li>Transfer of certain concealed liabilities in acquisitions and/or errors in estimating the tax consequences in complex transactions.</li> </ol>	<p><b>1/2/3</b> A detailed economic, strategic and real estate analysis performed by the Board of Directors for each acquisition proposal.</p> <p><b>1/2/3</b> Comprehensive due diligence work with regard to the real estate, economic, fiscal, legal, accounting and administrative aspects of every acquisition, performed both by its own staff and by external advisers.</p> <p><b>1/2/3</b> Pre-acquisition valuation by an independent real estate expert.</p>

Description of the risk	Potential impact	Limiting factors and measures
<p><b>Construction risk</b></p> <p>Various risks if Care Property Invest performs the role of master builder, such as in the event of losses to the works.</p>	<ol style="list-style-type: none"> <li>Losses to the works This may range from full or partial destruction of the building due to accident or force majeure, due to works of other contractors, to theft and vandalism etc.</li> <li>Third party-damage due to the works performed.</li> </ol>	<p><b>1/2/3</b> Relating to the initial portfolio of finance lease receivables: in addition to the 'contractors all risks insurance' (CAR) which the contractor is required to arrange, Care Property Invest has separate CAR insurance for all projects in progress, as well as liability insurance that insures its responsibility as project manager. After delivery of the buildings, a ten-year insurance policy is also contracted. In view of the fact that we are working with a single main contractor in the new projects (OCMW Moerbeke and Herenthout), the CAR insurance obligation was transferred to the main contractor, with strict monitoring of the insurance cover and policy schedule. For existing real estate purchases, Care Property Invest will not perform the role of master builder.</p>



Description of the risk	Potential impact	Limiting factors and measures
<p><b>Construction risk</b></p> <p>Various risks if Care Property Invest performs the role of master builder, such as in the event of losses to the works.</p>	<p>3. Any shortcomings that fall under the scope of the ten-year liability and are not remediated due to disputes or the contractor's bankruptcy, or due to the engineer's suspension of activities (sale, retirement etc.).</p>	<p><b>1/2/3</b> Relating to the initial portfolio of finance lease receivables: in accordance with the administrative provisions of the agreement, the general contractor provides a deposit equal to 5% of the original contract sum. This deposit can be applied in the event of delays due to late execution or total or partial non-execution of a contract, or even its dissolution or termination.</p> <p><b>1/2/3</b> Relating to the initial portfolio of finance lease receivables: major repairs and/or modifications to the structural condition of the building are carried out at the expense of the lessee after provision and may be performed only with the approval of Care Property Invest.</p>

Description of the risk	Potential impact	Limiting factors and measures
<p><b>Concentration risk</b></p> <p>Concentration of lessees or investments in one or more buildings.</p>	<ol style="list-style-type: none"> <li>1. Strong drop in income or cash flow due to a lease contract termination.</li> <li>2. Enhanced impact of the decrease in the fair value of the property, and as a result, a decrease in the NAV (Net Asset Value) in the event of concentration of investments in one or more buildings.</li> </ol>	<p><b>1/2</b> The Company has no statutory opportunities to expand its activities to sectors other than health care real estate, which precludes diversification at the sector level but not in geographic terms. More specifically, the activity must relate to the financing and realisation of (i) where the Flemish Region is concerned, only projects concerning (a) the creation of service flat buildings as referred to in Article 88, §5, of the Residential Care Decree of 13 March 2009 (as amended from time to time) or (b) real estate for facilities under the Residential Care Decree of 13 March 2009, or (c) real estate for persons with disabilities, (ii) where the European Economic Area (EEA) is concerned, with the exception of the Flemish Region, projects similar to the projects referred to in (i) or (iii) other projects which are approved from time to time under applicable legislation on exemption from inheritance tax, without withdrawal of recognition under that legislation.</p>

Description of the risk	Potential impact	Limiting factors and measures
<p><b>Concentration risk</b></p> <p>Concentration of lessees or investments in one or more buildings.</p>	<ol style="list-style-type: none"> <li>1. Strong drop in income or cash flow due to a lease contract termination.</li> <li>2. Enhanced impact of the decrease in the fair value of the property, and as a result, a decrease in the NAV (Net Asset Value) in the event of concentration of investments in one or more buildings.</li> </ol>	<p><b>1/2</b> On 26 June 2013, Care Property Invest expanded its corporate objective to include other care-related real estate and the geographic area in which Care Property Invest can operate was expanded (see definition of objectives, as set out in the section referred to above). This means that Care Property Invest can be active throughout the EEA (= European Union + Norway, Iceland and Liechtenstein), with respect to residential care centres, groups of assisted living apartments, centres for rehabilitation stays, centres for short stays, day care centres, local and regional service centres or infrastructure for disabled or similar infrastructure.</p> <p><b>1/2</b> Strict compliance with the statutory diversification rules in that regard, as provided in the RREC regulations.</p> <p><b>1/2</b> Broad diversification of lessee base, with the largest lessee accounting for 5.9% of the income although divided over several sites (see graph '2.3 Distribution of rental income per operator' on page 109).</p> <p><b>1/2</b> Excellent spread of the property portfolio over more than 80 sites, with the largest site accounting for less than 6% of the portfolio's fair value (see graph '2.2 Distribution of the number of projects per operator' on page 108).</p>

Description of the risk	Potential impact	Limiting factors and measures
<p><b>Developments in projects under construction relating to lease</b></p> <p>Risks associated with developments such as solvency of the counter-party and obtaining the necessary permits.</p>	<ol style="list-style-type: none"> <li>1. Not being able to have a permit issued.</li> <li>2. Major delays leading to a loss of income.</li> <li>3. Materially exceeding the investment budgets.</li> <li>4. Long-term vacancies.</li> <li>5. Not achieving the forecast yields on real estate developments.</li> </ol>	<p><b>1-5</b> Internal specialist project development team, if necessary supported by external advisors.</p> <p><b>1-5</b> Hiring reputable contractors and (sub)-contracts with excellent solvency rates and presenting the necessary guarantees.</p> <p><b>1-5</b> Strict follow-up of the construction site with enforcement of penalty clauses.</p> <p><b>1-5</b> The necessary resolutive conditions for acquisition of the property and title.</p>
<p><b>Non-renewal or intermediate termination of lease agreements</b></p> <p>Intermediate termination of the lease agreements.</p>	<ol style="list-style-type: none"> <li>1. Higher vacancy rates, accepting costs generally charged to lessees (withholding tax, management fees etc.) and commercial expenses relating to re-letting and/or downward adjustment of the lease prices.</li> <li>2. Decrease of income and cash flows.</li> </ol>	<p><b>1/2</b> The Company has leasehold agreements without intermediate termination options with an agreement period of 27 years, except for the project in Bonheiden - Rijmenam. For the latter project, Care Property Invest selected a long-term lease agreement with seemingly similar economic consequences in terms of non-renewal / termination as a leasehold agreement, without risk of re-qualification.</p> <p><b>1/2</b> Contractual obligation of paying a compensation fee for early termination of the agreement.</p> <p><b>2</b> Preference for realistic lease levels and long-term agreements with the lessees. The realistic character of the lease levels is also taken into account in the analysis of the operator's business plan.</p>

Beschrijving van het risico	Potentiële impact	Beperkende factoren en maatregelen
<b>Expropriation risk</b> Expropriation as part of public expropriations by competent government authorities.	<ol style="list-style-type: none"> <li>1. A loss in the value of the investment and a forced sale at a loss.</li> <li>2. A loss of revenue due to a lack of reinvestment opportunities.</li> </ol>	<p><b>1/2</b> Entering into a dialogue with the government to find solutions in the interests of all stakeholders.</p> <p><b>1/2</b> Before entering into new projects, the Company will also identify the expropriation risk and take this into consideration.</p>
<b>Solvency rate of the lessees</b> Risk of non-payment or bankruptcy of clients.	<ol style="list-style-type: none"> <li>1. Sudden unforeseen drop in rental income due to higher debt collection rate or lower occupancy rate.</li> <li>2. Commercial expenses relating to re-letting if insolvency of lessees would result in vacancy.</li> </ol>	<p><b>1/2</b> Initial portfolio: in the event of any bankruptcy of an operator (in this case an PCSW (OCMW/CPAS), the cost is covered by the municipal guarantee fund.</p> <p><b>1/2</b> A carefully selected and balanced portfolio of operators ensures excellent risk spread.</p> <p><b>1/2</b> Thorough screening of lessee solvency before being added to the portfolio based on an external financial consultant's recommendations.</p> <p><b>1/2</b> The objective is to expand the portfolio based on long-term agreements with stable, solvent first-class lessees.</p> <p><b>1/2</b> Before investing in a certain health care property, Care Property Invest performs a thorough analysis of the operator's business plan and certain ratios reflecting the liveability of the project.</p>
<b>Vacancy</b> The risk of vacancies in service flats and/or assisted apartments, rooms in residential care centres or other care properties due to unforeseen circumstances.	<ol style="list-style-type: none"> <li>1. Impairment of the relevant property.</li> <li>2. Lower return on the projects.</li> </ol>	<p><b>1/2</b> New projects: vacancy risk fully or mostly transferred to the other party. Care Property Invest bears the vacancy risk for only a single project in the complete portfolio.</p> <p><b>1/2</b> Projects initial portfolio: full vacancy risk borne by the other party.</p>

Description of the risk	Potential impact	Limiting factors and measures
<b>Negative variation of the fair value of the buildings</b>	<ol style="list-style-type: none"> <li>1. Negative impact on the net result, on the value of the net asset and the debt ratio.</li> </ol>	<p><b>1</b> Care Property Invest applies an investment strategy aimed at high-quality assets offering stable income flows.</p> <p><b>1</b> Care Property Invest applies adequate monitoring of its assets.</p> <p><b>1</b> Care Property Invest applies an extensive credit policy.</p> <p><b>1</b> The property portfolio (more specifically the portion stated as a investment property) is valued by a real estate expert on a quarterly basis. The portfolio of finance lease receivables is stated in accordance with IAS 17 and is therefore not subject to negative variations. A value fluctuation of 1% of the property portfolio would have an impact of approximately €850,000 on the net result, of approximately €0.07 on the net result per share and of approximately 0.16% on the debt ratio.</p>
<b>Risks associated with the sector</b> Concentration of activities in the lessee base.	<ol style="list-style-type: none"> <li>1. Loss of income if a specific sector incurs an economic downswing.</li> </ol>	<p><b>1</b> Care Property Invest exclusively focuses on health care real estate, anticipating the aging population forecast to peak around 2060.</p> <p><b>1</b> The type of real estate that Care Property Invest invests in, is less dependant on the fluctuations in the economic climate.</p>

Description of the risk	Potential impact	Limiting factors and measures
<p><b>Maintenance and repairs</b></p> <p>Non-forecast volatility in the cost of maintenance.</p>	<p>1. Decrease in results and cash flows leading to non-forecast fluctuations in the results.</p>	<p><b>1</b> Taking out CAR insurance during the construction phase (relating to the initial portfolio finance lease receivables).</p> <p><b>1</b> After the construction phase, the risk is transferred to the other party through triple-net contracts (excepting for Gullegem, where Care Property Invest remains liable and responsible for major maintenance works).</p> <p><b>1</b> For the risks that remain with properties that Care Property Invest owns: appropriate property management, with the aim of maintaining the quality of the property portfolio at the highest level.</p>
<p><b>Age and quality of the buildings</b></p> <p>Risk of constructional and technical deterioration in the life cycle of the buildings.</p>	<p>1. Aging of the building, affecting commercial appeal.</p> <p>2. Loss of income and long-term period of low/zero yields on the capital invested.</p>	<p><b>1/2</b> The triple-net character of the contracts means that the risk of maintenance is fully transferred to the operators of the relevant building. The operators have the obligation of maintaining the buildings in order to continue their operator license for the buildings. Given the government inspections that are performed and the monitoring of the maintenance obligation of the operators by Care Property Invest, this risk can be significantly reduced and does not lead to any loss of income.</p>
<p><b>Cost of maintenance</b></p> <p>Risk of unforeseen maintenance cost for own office building.</p>	<p>1. Decrease of the results/value of own office building.</p>	<p><b>1</b> Care Property Invest has a team closely monitoring the maintenance of the building.</p> <p><b>1</b> In view of the fact that this building was recently renovated, the risk of unforeseen maintenance is rather limited.</p>

Description of the risk	Potential impact	Limiting factors and measures
<p><b>Destruction of buildings</b></p> <p>Destruction of properties due to fire, natural disasters, accident, terrorism etc.</p>	<p>1. Discontinuity in the use of the building combined with loss of rental income.</p>	<p><b>1</b> Insurance against such destruction by taking out fire insurance at new-for-old value.</p> <p><b>1</b> For the projects from the initial portfolio: provision is also made to preclude claims by the operator for reductions in ground rent or compensation in the event of destruction of the buildings.</p> <p><b>1</b> Also for our new projects, a clause for mandatory fire insurance at new-for-old value is set out in the operator agreement. Besides this fire insurance, the operator also has to take out an insurance for loss of rental income in case of destruction of the project.</p>
<p><b>Environmental risks</b></p> <p>When managing its portfolio, the Company is exposed to environmental risks that are for example related to the pollution of the soil, water and the air quality (high CO2 emissions) and noise nuisance.</p>	<p>1. Environmental permit</p> <p>2. Risks related to environment (f.e. soil pollution, water pollution).</p>	<p><b>1</b> Each operator should, when an environmental permit is required, apply for one. Before each acquisition of existing buildings, Care Property Invest investigates whether an environmental permit is needed and has been filed for by the operator. This is monitored by Care Property Invest on a regular basis.</p> <p><b>2</b> Care Property Invest investigates all possible abnormalities and environmental risks before each acquisition. If no recent soil certificate is available, Care Property Invest has a research carried out to detect any soil pollution. It takes the results of this research into account when evaluating a new acquisition. When, after this research, the risk appears to be too big, Care Property will not go through with the acquisition. In all its operator agreements, safeguards itself from any new pollution, caused by the operator's activities, so that the operator will be held responsible.</p>

### 3. Financial risks

Description of the risk	Potential impact	Limiting factors and measures
<p><b>Liquidity risk</b></p> <p>Liquidity risk that could arise from a cash shortage in the event of the cancellation of its credit lines.</p>	<ol style="list-style-type: none"> <li>1. Inability of financing acquisitions or projects (both equity and borrowed funds) or increased cost, decreasing the profitability.</li> <li>2. Unavailability of financing for repayment of interests, capital or operating charges.</li> <li>3. Increased cost of the liabilities due to higher banking margins, resulting in impact on result and cash flows.</li> <li>4. Enhanced financing risk for the current portion of the short-term debts.</li> <li>5. Disposals of investment properties at reduced prices.</li> </ol>	<p><b>1/2/3/4</b> Relating to the initial portfolio of finance lease receivables: the conclusion of long-term loans is guaranteed for each project concerned by the PCSW (OCMW/CPAS) or the non-profit association in relation to the banks, up to the amount of the loan. The loan contracted with ING Bank for the Nijlen project is subject to a guarantee to Immomanda nv by Care Property Invest and the non-profit association until a mortgage mandate is granted on the building, in the amount of the borrowed sum.</p> <p><b>1/2/3/4</b> Relating to the portfolio of finance lease receivables: given the guarantees provided and barring any unforeseeable events, there is little or no risk that the Company's financing agreements will be terminated or cancelled or that early repayment will be required.</p> <p><b>1/2/3/4</b> Relating to the initial portfolio of finance lease receivables: to ensure compliance with the obligations of the lessees to Care Property Invest to pay the final building rights fee, the subsidies received by the OCMW or the non-profit association from the Flemish community are paid into an escrow account.</p> <p><b>1/2/3/4</b> Relating to the initial portfolio of finance lease receivables: in principle, a municipal guarantee is also requested for settlement of the OCMW's liabilities to Care Property Invest arising from the leasing agreement. In the absence of this guarantee, the Company may in any event also seek settlement from the municipal authority on the basis of Article 145 of the OCMW Decree.</p>

Description of the risk	Potential impact	Limiting factors and measures
<p><b>Liquidity risk</b></p> <p>Liquidity risk that could arise from a cash shortage in the event of the cancellation of its credit lines.</p>		<p><b>1/2/3/4</b> Relating to the initial portfolio of finance lease receivables: a non-profit association must provide a mortgage mandate on the grounds given in the building rights, as well as a first mortgage on the leasehold or equivalent surety.</p> <p><b>1/2/3/4</b> Relating to the initial portfolio of finance lease receivables: a non-profit association must provide a bank guarantee for payment of the ground rent payments, equivalent to six months or three years of ground rent.</p> <p><b>1/2/3/4</b> Relating to the initial portfolio of finance lease receivables: To date, the Company has no knowledge of any indications that the lessees will not fulfil their obligations in the future.</p> <p><b>1/2/3/4</b> Relating to the new portfolio: a 5-year, €35 million roll-over loan was arranged, and €19.7 million was withdrawn on 31/12/16. Care Property Invest closely monitors the liquidity risk on the new portfolio. Relating to the initial portfolio, the Company has 2 roll-over credit loans for a total amount of €6,890,000 that can be reviewed every three years. Here also, Care Property Invest monitors this risk closely.</p>



Description of the risk	Potential impact	Limiting factors and measures
<p><b>Liquidity risk of the CP invest share</b></p> <p>Free float on 31/12/2016: 98.86% - Number of shares traded during the financial year: 1,916,195 - Velocity: 14.50%.</p>	<ol style="list-style-type: none"> <li>1. A loss of trust on the investor side.</li> <li>2. Damage to the reputation of the Company causing deterioration of the growth perspective and difficult conditions to raise funds.</li> </ol>	<p><b>1/2</b> Striving towards and maintaining excellent relations with stakeholders.</p> <p><b>1/2</b> Transparent communication with clear targets.</p> <p><b>1/2</b> Inclusion in indexes.</p> <p><b>1/2</b> Application EPRA ratios and EPRA membership and, more generally, increased transparency in financial figures.</p>
<p><b>Cost of capital</b></p> <p>The risk of unfavourable fluctuations of the interest rates, increased risk premium on the share markets and/or increase in the cost of the loans.</p>	<ol style="list-style-type: none"> <li>1. Material increase in the weighted average cost of the Company's capital (both equity and loan capital).</li> <li>2. Impact on the profitability of the Company as a whole and on the yield on new investments.</li> </ol>	<p><b>1/2</b> Protection against increase in interest rates based on using fixed interest rate contracts or swaps, equal to the duration of the projects, with regards to the initial portfolio. However, the new roll-over loan was concluded in 2016 at a variable interest rate. An amount of €19.7 million of this roll-over loan was withdrawn. This represents just a minor portion of Care Property Invest's liabilities. With regards to the initial portfolio, only the roll-over loans with Belfius for a total amount of € 6,890,000 are subject to a limited interest rate risk. In particular because these loans can be reviewed every three years. Care Property Invest closely monitors the development of the interest rates and will provide hedging against major fluctuations in the interest rates in due course. Further explanation with regards to credit lines can be found in chapter VIII. Financial statements - 'C. Notes to the global result statement' on page 152- 'C.f. Net interest expense' on page 161, - 'G. Notes on liabilities' on page 181.</p> <p>If the increase in the interest rates is due to an increase in the inflation rate, the indexation of the rental income is also a mitigating factor. Building up the relationship based on trust and continued dialogue with investors and bank partners in order to develop and maintain a long-term relationship.</p>

Description of the risk	Potential impact	Limiting factors and measures
<p><b>Budget</b></p> <p>Risk of deviating from the financial results of the agreed budget and statutory requirements.</p>	<ol style="list-style-type: none"> <li>1. Influencing the performance of the Company and non-compliance with certain requirements.</li> </ol>	<p><b>1</b> Quarterly update of the financial model and budgeting, assessing the hypotheses and the preparation and daily monitoring of parameters (economy, property markets etc.) that could affect the result.</p>
<p><b>Application of derived financial products</b></p> <p>Risks in the use of derivatives to hedge the interest rate risk. The fair value of the derived financial products is € -21,463,004.00 as at 31/12/2016 compared to € -19,309,535.00 as at 31/12/2015. The changes in fair value of the derived financial products amount to € -2,153,469.00.</p>	<ol style="list-style-type: none"> <li>1. Complexity and volatility of the fair value of the hedging instruments and therefore also of the NAV (Net Asset Value) as published pursuant to IFRS.</li> <li>2. Counter-party risk from partners with whom derived financial products were concluded.</li> </ol>	<p><b>1</b> Any fluctuations in the fair value of the hedging instruments concern a non-realised and a non-cash item (if products are held until maturity without intermediate settlement), and are stated as separate items in the analytical income statement for better clarity.</p> <p><b>1</b> All derived financial products are held solely for hedging purposes. No speculative instruments are held. All derived financial products are interest rate swaps and loans taken out at a fixed forward interest rate</p> <p><b>2</b> Collaboration with reputable financial institutions. (Belfius Bank, KBC Bank, BNP Paribas Fortis).</p>
<p><b>Volatility of the share price</b></p>	<ol style="list-style-type: none"> <li>1. Financing and liquidity cost</li> </ol>	<p><b>1</b> Controlling all internal elements of the Company that may have a negative impact on the share price.</p> <p><b>1</b> Frequent communication with the shareholders and disclosure and distribution of financial information.</p>
<p><b>Covenants</b></p> <p>Risk on non-compliance with certain required financial parameters in the context of the loan agreement.</p>	<ol style="list-style-type: none"> <li>1. Possible cancellation of loans and credit lines, and decreased banker investor confidence relating to the non-compliance with contractual covenants.</li> </ol>	<p><b>1</b> Conservative financial policy with continuous monitoring for compliance with the financial parameters of the covenants.</p>



Description of the risk	Potential impact	Limiting factors and measures
<p><b>Movements in the debt level</b></p> <p>(calculated in accordance with Article 13 of the RREC Royal Decree). Maximum debt ratio of 65% compared with its assets.</p>	<p>1. In the event of exceeding this rate, statutory sanctions may be imposed, including a prohibition of paying out dividends.</p>	<p><b>1</b> Stricter supervision of compliance with these maximum debt levels by the supervisory authority.</p> <p><b>1</b> Prudent financial policy with continual monitoring of all planned investments and earnings forecasts, in order to avoid any statutory sanctions for exceeding this maximum limit at all times.</p> <p><b>1</b> If the Company exceeds a debt ratio of 50% of its assets, it is required to prepare a financial plan. The Company's liabilities level as at 31 December 2016 was calculated in accordance with Article 13 of the RREC Royal Decree at less than 50%, 49.92 % to be more specific.</p>
<p><b>Risk relating to the banking counter-party</b></p> <p>The contracting of a financing agreement or a hedging risk creates a counter-party risk in relation to a banking counter-party.</p>	<p>1. Loss of deposits (Care Property Invest as the creditor).</p> <p>2. Cancellation of certain credit lines, the cost of restructuring facilities if transferred to a different financier, and risk of higher fees for new loans (Care Property Invest as the debtor).</p>	<p><b>1/2</b> Long-lasting and sound relationships with its banking partners, which have a good financial rating, so that the risk of default by these counter-parties is limited. In order to ensure a diversity of counter-parties for its financing, the Company and its subsidiaries have used various reference banks (KBC, ING, BNP Paribas Fortis and Belfius Bank).</p> <p><b>1/2</b> Should a banking counter-party default, the Company has other financing options (including e.g. the possibility of raising new capital or contracting new loans with other banks).</p>

## 4. Regulatory risks

Description of the risk	Potential impact	Limiting factors and measures
<p><b>Articles of Association: changes in the legal framework within which Care Property Invest operates</b></p> <p>Non-compliance with the statutory RREC system or amended regulations relating to RRECs.</p>	<p>1. Changes in regulations and new obligations for the Company may affect its returns, profitability, financial position, outlook and the cost of its buildings.</p> <p>2. Suspension of license, and therefore loss of the tax efficient RREC structure. This could potentially lead to the obligation of early repayment of loans.</p>	<p><b>1/2</b> Continuous monitoring of the statutory requirements and compliance within the team, supported by external specialist consultants.</p> <p><b>1/2</b> Frequent contact with the relevant authorities and frequent participation in associations and federations representing the sector.</p>
<p><b>Legislation framework within which the Company operates</b></p> <p>Potential negative impact of new legislation on the Company's Articles of Association or the property segment in which Care Property Invest operates. Potential negative impact of converting new European legislation into Belgian legislation.</p>	<p>1. Adverse effect on the business, results, profitability, financial position and outlook.</p> <p>2. Adverse effect on the current operating model.</p>	<p><b>1/2</b> Continuous monitoring of the statutory requirements and compliance with these, with the assistance of external consultants.</p>

Description of the risk	Potential impact	Limiting factors and measures
<b>Risk of change in corporate taxation</b>	<ol style="list-style-type: none"> <li>1. Adverse effect on the business, results, profitability, financial position and outlook.</li> <li>2. Adverse effect on the current operating model.</li> </ol>	<p><b>1/2</b> Frequent contact with the relevant authorities and frequent participation in associations and federations representing the sector.</p> <p><b>1/2</b> Continuous monitoring, assisted by consultants</p> <p><b>1/2</b> Care Property Invest is subject to corporate income tax on a very limited basis, paying hardly any corporate income tax in reality. Rental income, financial income and the gain on realisation of assets are generally exempt from taxation. The corporation tax is calculated only on non-deductible expenses, abnormal or favourable advantages and non-disclosed commission fees. Pursuant to Article 161(1<sup>o</sup>) of the Inheritance Tax Code, the Company must pay tax each year, based on the total net amounts outstanding in Belgium as at 31 December of the preceding year.</p> <p><b>1/2</b> The subsidiaries of the Company comply with the general corporation tax rules.</p>

Description of the risk	Potential impact	Limiting factors and measures
<b>Risk due to a change in the rate of withholding tax</b>	<ol style="list-style-type: none"> <li>1. Adverse effect on the business, results, profitability, financial position and outlook relating to the property investment portfolio.</li> <li>2. Adverse effect on the current operating model relating to the property investment portfolio.</li> </ol>	<p><b>1/2</b> Frequent contact with the relevant authorities and frequent participation in associations and federations representing the sector.</p> <p><b>1/2</b> Continuous monitoring, assisted by consultants</p> <p><b>1/2</b> Since 1 January 2017, the dividends distributed by Care Property Invest have been subject to 15% withholding tax pursuant to fulfilling the requirements of having invested at least 60% of the real estate portfolio in real estate, located in a member state of the European Economic Area and are used for or destined for living units adapted to health and/or residential care purposes. In 2016, the withholding tax rate was increased to 27% and the former Residential RREC regime was abolished. As the dividends in the financial year 2016 will be distributed in June 2017, the shareholders of Care Property Invest will not be subject to the increased tax rate of 27% relating to the Company's dividend payments at any time.</p> <p><b>1/2</b> Relating to the initial portfolio of finance lease receivables, Care Property Invest can cover and charge its lessees for fluctuations in the withholding tax. This implies that this risk is non-existent to the shareholders. Such a clause is not set out for the new portfolio of investment properties.</p>

Description of the risk	Potential impact	Limiting factors and measures
<p><b>Inheritance tax</b></p> <p>Risk relating to amended exemption conditions relating to inheritance tax.</p>	<p>1. Subject to compliance with certain conditions, heirs of the shareholders enjoy an exemption from inheritance tax (Section 2.7.6.0.1.: VCF). The shares must have been in the possession of the holder for at least five years on the date of decease. In addition, the shareholder must have acquired the shares no later than the year 2005, excluding acquisition among spouses and heirs in the first degree, for which no exemption from inheritance tax has yet been granted..</p>	<p><b>1/2</b> Continuous monitoring of the statutory requirements and compliance with these within the team, with the assistance of specialised external consultants.</p> <p><b>1/2</b> Intensive dialogue with the Flemish Tax Authorities (Vlabel).</p>

Description of the risk	Potential impact	Limiting factors and measures
<p><b>Inheritance tax</b></p> <p>Risk relating to amended exemption conditions relating to inheritance tax</p>	<p>2. To obtain the exemption, the shares must be recorded in the estate declaration and the exemption must be explicitly requested. A valid certificate must be attached to the declaration, issued by the credit institutions that provide financial services for Care Property Invest. The market value of the shares may be exempted up to a maximum of the issue price of €5.95. The sum of the net dividends paid during the period in which the deceased or his or her spouse was the holder of the shares may also be exempt, in as far as the shares form part of the estate. The conditions for exemption from inheritance tax can also be viewed on the website at <a href="http://www.carepropertyinvest.be">www.carepropertyinvest.be</a>.</p>	

Description of the risk	Potential impact	Limiting factors and measures
<p><b>Exit tax</b></p> <p>The companies that request an RREC licence or that merge with or split off part of their real estate assets through a transfer to an RREC, are subject to a capital gains tax (the 'exit tax') of 17%. The exit tax is the tax rate payable by such companies for leaving the common tax regime.</p>	<ol style="list-style-type: none"> <li>Increase of the exit tax basis.</li> <li>Incorrect interpretations relating to the application of the exit tax such that the cost of acquisitions is higher than forecast, resulting in operational profits on acquisitions that are lower than initially forecast.</li> </ol>	<p><b>2</b> During an acquisition, Care Property Invest is continuously in dialogue with external specialist tax consultants assisting the Company with acquisitions.</p> <p><b>1/2</b> Care Property Invest is of the opinion that it complies with all provisions of the memorandum relating to calculation of the exit tax due.</p>
<p><b>Changes in international accounting rules (IFRS)</b></p>	<ol style="list-style-type: none"> <li>As a RREC, Care Property Invest is subject to international reporting standards (IFRS). A possible change in these standards has a potential impact on the reporting, capital requirements, use of derivative financial products and organisation of the Company and consequently, an impact on transparency, returns realised and possibly the valuation of its assets.</li> </ol>	<p><b>1</b> Continuous evaluation of the changes relating to the statutory requirements and compliance with these, with the assistance of specialised external consultants.</p> <p><b>1</b> Based on continuous training and consultation, the Company aims for optimal response to such changes.</p> <p><b>1</b> Representation of the Company in organisations representing the sector.</p> <p><b>1</b> Intensive dialogue with the Supervisor on application of IFRS.</p>
<p><b>Transactions</b></p> <p>Risk of underestimating the execution of a new transaction after the implementation of the initial programme, which may increase complexity.</p>	<ol style="list-style-type: none"> <li>When underestimating or incorrectly estimating the risks, this may have a negative impact on the profitability or financial position of the Company.</li> </ol>	<p><b>1</b> The performance of conducting comprehensive due diligence work with regard to real estate, economic, fiscal, legal, accounting and administrative aspects within the framework of each acquisition, and works with specialised external advisers in this area.</p>

Description of the risk	Potential impact	Limiting factors and measures
<p><b>Political risk</b></p> <p>Divergent decisions of regional, national or European political authorities, e.g. with regard to taxation and/or subsidy legislation also entail a risk.</p>	<ol style="list-style-type: none"> <li>These decisions can have an impact on the financial results of the RREC as well as on the planned investments, strategy and objectives.</li> </ol>	<p><b>1</b> Continuous monitoring of the political and legislative decisions taken at the different regulatory levels, enabling potential impacts to be avoided, reduced or anticipated.</p> <p><b>1</b> Dialogue with the relevant authorities.</p>
<p><b>Potential changes in regulations</b></p> <p>New laws and regulations could enter into force or potential changes in existing laws or regulations or their interpretation or application by the relevant authorities (e.g. tax authorities) or courts could occur.</p>	<ol style="list-style-type: none"> <li>Potential adverse effect on the business, results, profitability, financial position and outlook.</li> </ol>	<p><b>1</b> Based on continuous monitoring of the existing potential adverse effect on profitability, anticipating the financial consequences that could arise due to existing legislation or regulations, or their interpretation or application by the relevant authority in order to reduce or control the risk.</p>
<p><b>Art. 617 of the Company Code</b></p> <p>In het kader van dit Within the framework of this article, the distribution of dividends can be limited, since there can be non distribution when, on the closing date of the accounting year, the net assets, as stated in the annual account, have decreased, or would be decreased as a result of this distribution below the amount of the distributed amount, or, when it would be higher, of the called-up capital multiplied with all the distributable reserves.</p>	<ol style="list-style-type: none"> <li>Limitation of the dividend, what could lead up an infringement of the dividend policy of the company, that states that it distributes at least an equal share, or not be able to meet the expectations of the capital market, what could result in a damaged reputation.</li> </ol>	<p><b>1.</b> Monitoring of the distributabel result in the sense of article 617 of the Companies Code.</p> <p><b>1.</b> Careful and transparent communication with regards to the dividends policy.</p>

## 5. Risks related to support processes

Description of the risk	Potential impact	Limiting factors and measures
<p><b>Human capital</b></p> <p>Staff turnover of key employees.</p>	<ol style="list-style-type: none"> <li>1. Adverse effect on existing business relations.</li> <li>2. Loss of reputation towards stakeholders.</li> <li>3. Loss of decisiveness and efficiency in the management decision process.</li> </ol>	<p><b>1/2/3</b> Offering a market-level remuneration package to employees.</p> <p><b>1/2/3</b> Implementation of clear and consistent procedures to guarantee continuity.</p> <p><b>1/2/3</b> Promoting work in teams, to avoid individuals holding sole responsibility for important and strategic tasks.</p>

Description of the risk	Potential impact	Limiting factors and measures
<p><b>Informatics</b></p> <p>Interruptions in the functioning of the computer system.</p> <p>Risk of viruses entering the software system.</p> <p>Deliberate abuse of the or damage to the IT instruments.</p>	<ol style="list-style-type: none"> <li>1. Lack of performance and interruption of the information exchange.</li> <li>2. Loss of data</li> </ol>	<p><b>1/2</b> Care Property Invest disposes of high-end IT infrastructure in the cloud, which is supplied by a Belgian provider. It provides all the server power and storage space Care Property Invest needs, makes backups and provides the main software licenses. A "cloud server" is a managed service where all the hardware, software, hosting and operational management is included. Monitoring and management are performed by the Secretariat with technical support by the permanent IT partner: through the use of an external "cloud server" via a trusted provider, the maximum availability is provided, including a backup system, both locally and in the cloud. Access to the cloud server is location independent and is possible with any workstation.</p> <p><b>1/2</b> Anti-virus system: In the IT infrastructure, all necessary security systems have been installed. All communication runs through a secure https connection and all data are encrypted with an encryption key.</p> <p><b>1/2</b> Log-in security Any access to the system is via a personal password: It is mandatory to change the password periodically.</p> <p><b>1/2</b> ICT policy: In the employment regulations, a set of rules has been included on the use of IT tools within the company (ICT policy).</p> <p><b>1/2</b> IT local: There is a separate room foreseen for the local components of the IT infrastructure. A CO<sup>2</sup> fire extinguisher is located in the room.</p>





## II. Letter to the Shareholders



## II. Letter to the Shareholders

Dear Shareholder,

We are pleased to present our annual report for the 2016 financial year. We will attempt to inform you as much as possible about the functioning and the results of the Company.

In our last "Letter to the Shareholders", we promised a substantial increase of the rental income in 2016, based on the new investments in 2015, that were made possible by the capital increase in 2015. Care Property Invest has indeed succeeded to fruitfully reinvest the raised capitals in health care real estate investments by the end of 2015. These investments have generated immediate proceeds for the Company. Therefore the Company's rental income has risen by approximately 14%. In spite of the increased activity of the Company, the costs in 2016 have been kept at bay. Therefore we are pleased to announce that, nevertheless the fact that more than 2.8 million shares have been added in 2015 (by means of the capital increase in 2015, for a value of €38 million), the Board of Directors will propose to pay a dividend at €0.63 (gross) per share

As you might have learned in the meanwhile through the press, the dividend will be subject to a withholding tax rate of 15% (which is the normal rate as from 1 January 2017), and not a rate of 30%. On 20 December 2016, a modified regime was announced in the Belgian Official Gazette with regard to Regulated Real Estate Companies that have invested at least 60% of their real estate portfolio in immovable property that is exclusively or primarily intended or used for residential or health care. On 31 December 2016, Care Property Invest's real estate portfolio consists solely of health care real estate.

In December 2015, Care Property Invest paid an interim dividend to its shareholders. Therefore our shareholders have never been subject in 2016, to the increased withholding tax of 27%. This was made possible through the Board of Directors's decision.

2016 has been a year of transition. The employees of Care Property Invest have been investing a lot of energy in the realisation of several construction projects and the preparation of additional purchases. The details of these activities are described at length in this annual report. The most significant investments in 2016 have been closed during the last month of the year.

In the new year the Company has moved up a gear. The preparatory efforts in 2016 in the search for interesting, but most importantly healthy investments, have paid off and have already lead to investments of +/- €60.50 million in three residential care centres in Belgium. As you have been able to read in our press releases, one of these recent investments has been realised on 15 March 2017 through an increase in capital with a contribution in kind. As a result of this capital increase and the issue of new shares, the Company's total capital has increased from €78,442,491.66 to €89,414,321.58 and is it represented by 15 028 880 shares.

We have also succeeded at creating a larger regional distribution of our investment portfolio. From now on, Care Property Invest is also represented in the Walloon and Brussels Capital Region. In the future we will continue to improve this distribution, and we do not rule out the possibility of looking beyond Belgian borders.

Care Property Invest also applied itself to improving its financial transparency and therefore became a member of EPRA (European Public Real Estate Association). From now on the Company will adopt the EPRA reporting Best Practices Recommendations in its reports and will continue to strive to continuously enhance its financial reporting. These efforts were rewarded with the inclusion of Care Property Invest in Euronext's BEL Mid Cap index, which will further benefit the liquidity of the share.

This all lead to an increased visibility on the capital market. This allowed Care Property Invest to issue debt securities in order to further diversify the financing of the investments.

Thanks to the investment efforts made in 2016 and the acceleration in this area in 2017, the accounting year 2017 offers some favourable outlooks. Subject to unforeseen events, we can already forecast a substantial growth of our rental income as well as our distributable results.

Due to the increased activity in the Company, we will also need to invest in expanding our workforce. However, this will not prevent us - the impact of the overheads is still very limited - to pay an increased dividend to our shareholders in May 2018 (for the financial year 2017).

For the results of the 2016 financial year and the announced outlooks for 2017, that are stated above, we'd like to refer you to the rest of this financial report for more figures and comments.

Care Property Invest holds high ambitions and wants to step out of the shadow from its past and put the Company firmly on the map.

We'd like to take this opportunity to thank our Shareholders for their trust, our clients for being confident in the added value of Care Property for their projects and naturally we'd also like to thank our employees for their dynamic efforts and dedication to reaching our Company's objectives.

**Peter Van Heukelom**  
President Management Committee  
Care Property Invest

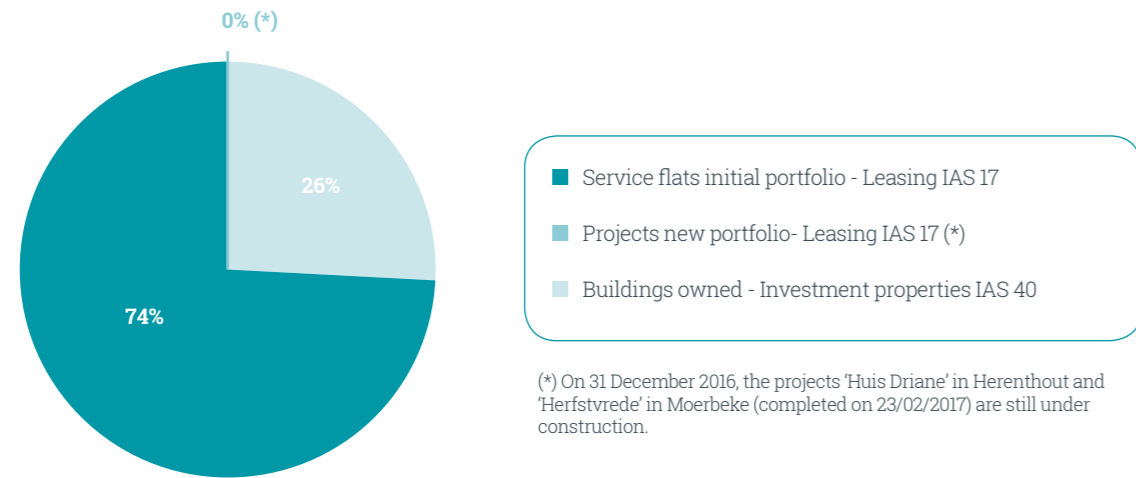
**Mark Suykens**  
President Board of Directors  
Care Property Invest



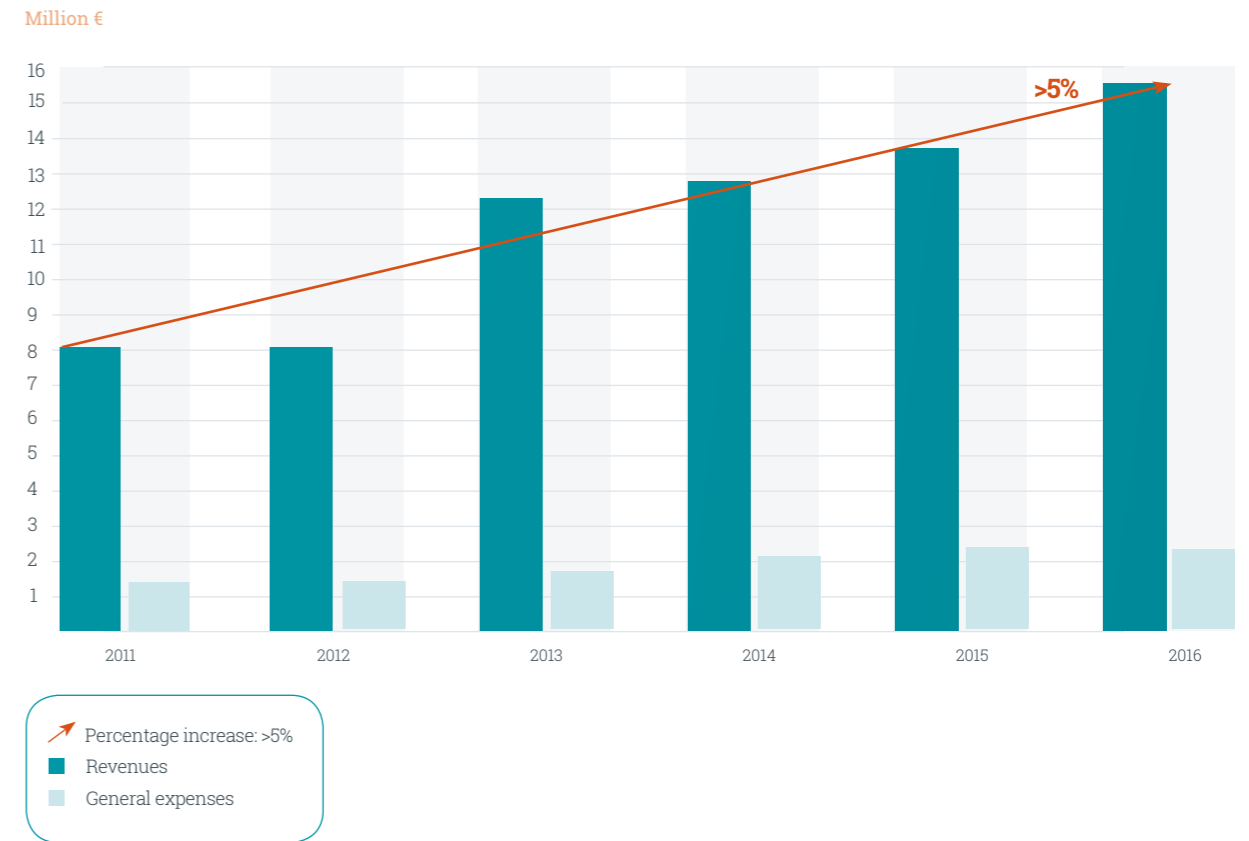
### III. Key figures

#### 1. Shareholders' overview 2016

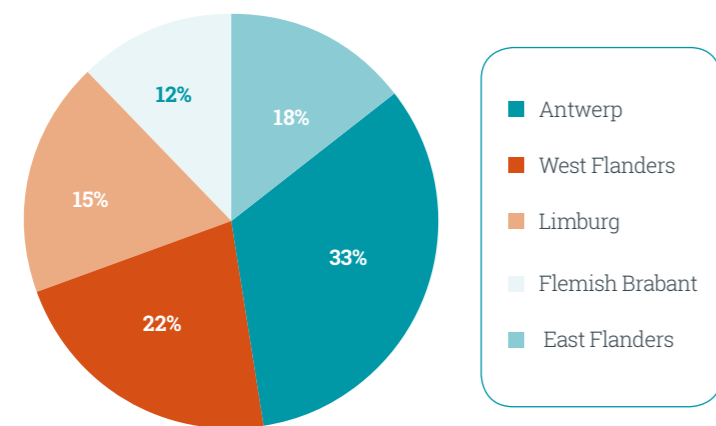
##### DISTRIBUTION PER ACTIVITY SECTOR



##### EVOLUTION OF THE CONSOLIDATED RENTAL INCOME COMPARED TO THE GENERAL EXPENSES (IN MILLION €)

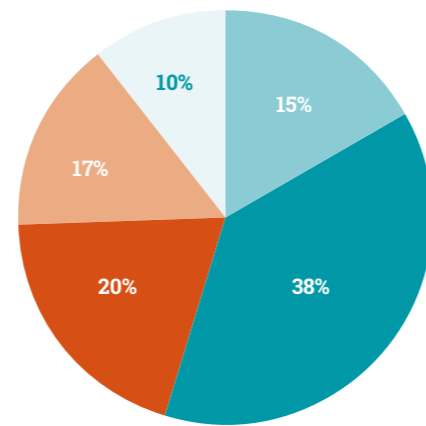


##### GEOGRAPHICAL SPREAD OF THE NUMBER OF PROJECTS ACROSS FLANDERS



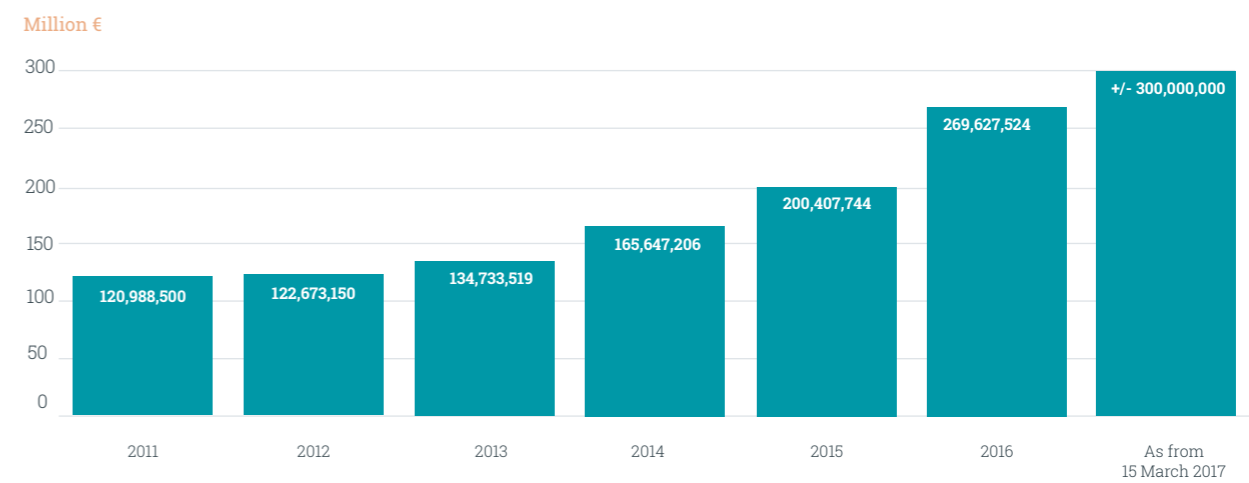
\* Figures as at 31 December 2016

##### GEOGRAPHICAL SPREAD OF THE NUMBER OF RESIDENTIAL UNITS ACROSS FLANDERS



\* Figures as at 31 December 2016

##### EVOLUTION MARKET CAPITALISATION



## 2. Property portfolio

Financial year closed on 31 December	2016	2015
<i>Amounts shown in euros.</i>		
<b>Investment properties</b>		
Investment properties	85,040,501.00	49,960,748.55
<b>Leasing activities (projects made available through long leases)</b>		
Finance lease receivables	156,938,252.98	157,005,329.44
Trade receivables with respect to finished projects	11,845,645.26	12,254,002.00

## 3. Consolidated state of the global result

Financial year closed on 31 December	2016	2015
<i>Amounts shown in euros.</i>		
I. Rental income (+)	15,629,497.09	13,731,516.84
<b>NET RENTAL RESULT</b>	<b>15,629,497.09</b>	<b>13,731,516.84</b>
<b>REAL ESTATE OPERATING RESULT</b>	<b>15,629,497.09</b>	<b>13,731,516.84</b>
XIV. General expenses of the Company (-)	-2,375,962.76	-2,403,404.92
XV. Other operating income and charges (+/-)	61,780.72	80,936.67
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>13,315,315.05</b>	<b>11,409,048.59</b>
Operating margin(*)	85.19%	83.09%
Financial result before changes in fair value of financial assets/liabilities	-4,865,453.19	-3,751,321.77
<b>EPRA RESULT (before taxes)</b>	<b>8,449,861.86</b>	<b>7,657,726.82</b>
Taxes	-326,322.43	-181,105.33
<b>EPRA RESULT</b>	<b>8,123,539.43</b>	<b>7,476,621.49</b>
The weighted average number of shares issued	13,184,720	11,853,348
<b>EPRA RESULT PER SHARE</b>	<b>€0.6161</b>	<b>€0.6308</b>
Changes in fair value	-228,256.00	4,537,208.60
<i>Impact IAS 39: changes in fair value of the financial assets and liabilities</i>	<i>-2,153,469.00</i>	<i>2,847,152.52</i>
<i>Impact IAS 40: changes in fair value of the investment properties</i>	<i>1,925,213.00</i>	<i>1,690,056.08</i>
<i>Impact IAS 40: gains or losses on disposals of investment properties</i>	<i>0.00</i>	<i>0.00</i>
<i>Impact IAS 40: deferred taxes</i>	<i>0.00</i>	<i>0.00</i>
<b>Net result (part of the group)</b>	<b>7,895,283.43</b>	<b>12,013,830.09</b>
<b>Global result</b>	<b>7,895,283.43</b>	<b>12,013,830.09</b>
The weighted average number of shares issued	<b>13,184,720</b>	<b>11,853,348</b>
<b>Net result per share based on the weighted average number of shares issued (**)</b>	<b>€0.5988</b>	<b>€1.0135</b>

(\*) Operating result before result on portfolio divided by the net rental income.

(\*\*) There are no instruments with a potential dilutive effect on net result per share. There were no transactions that have a significant impact on the number of ordinary shares. The capital increase by means of a contribution in kind on 15 March 2017 has no effect on the weighted average shares outstanding on 31 December 2016. These shares are not included in the result for the financial year 2016.

## 4. Consolidated balance sheet

Financial year closed on 31 December	2016	2015
<i>Amounts shown in euros.</i>		
Investment properties	85,040,501.00	49,960,748.55
Finance lease receivables and trade receivables	168,783,898.24	169,259,331.44
Other assets included in the debt ratio	5,533,551.88	2,510,301.99
Other assets : Cash and cash equivalents	3,657,308.89	8,547,845.86
<b>TOTAL ASSETS</b>	<b>263,015,260.01</b>	<b>230,278,227.84</b>
<b>EQUITY</b>	<b>108,698,808.51</b>	<b>100,299,744.76</b>
<i>Equity before changes in fair value of the financial products</i>	<i>128,008,343.51</i>	<i>122,455,911.76</i>
<i>Changes in fair value of the financial products</i>	<i>-19,309,535.00</i>	<i>-22,156,167.00</i>
<b>Debts and liabilities included in the debt ratio (*)</b>	<b>131,301,154.40</b>	<b>105,466,068.03</b>
<b>Other liabilities</b>	<b>23,015,297.10</b>	<b>24,512,415.05</b>
<b>Total equity and liabilities</b>	<b>263,015,260.01</b>	<b>230,278,227.84</b>
<b>Debt ratio</b>	<b>49.92%</b>	<b>45.80%</b>

(\*) Following debts and liabilities have not been included in the calculation of the debt ratio: I. Non-current liabilities - A. Provisions, I Non-current liabilities - C. Other non-current financial liabilities, authorised hedging instruments, I. Non-current liabilities - F. Deferred taxes, II. Current liabilities - A. Provisions, II. Current liabilities - C. Other non-current financial liabilities, authorised hedging instruments, II. Current liabilities - F. Deferrals and accruals.

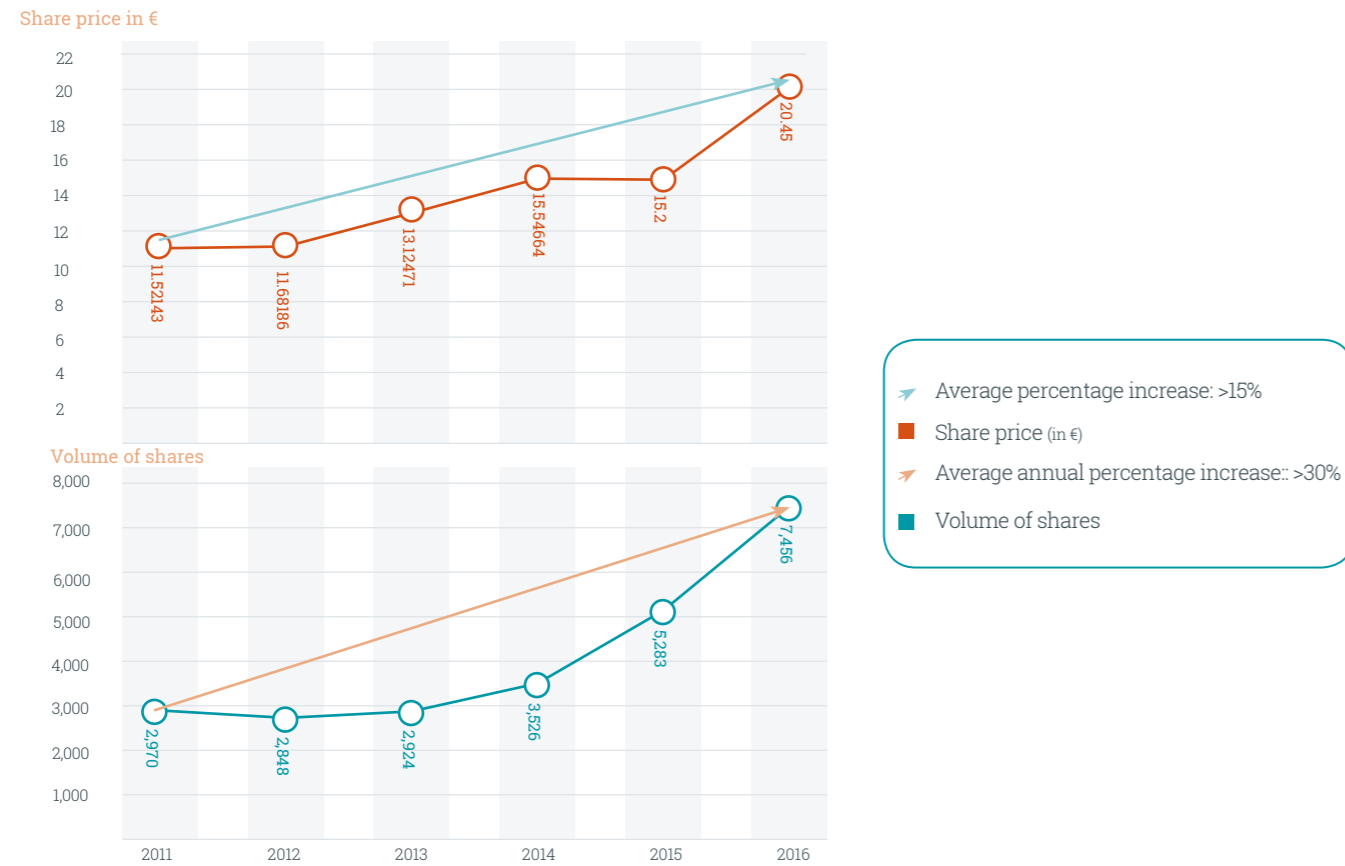
## 5. EPRA Performance-indicators

Financial year closed on 31 December	2016	2015
<i>Amounts shown in euros.</i>		
EPRA Earnings (in €/share)	0.62	0.57
EPRA NAV (in €/share)	15.76	13.42
EPRA NNNAV (in €/share)	13.13	10.86
EPRA Net Initial Yield (NIY) (in%) (*)	4.54	4.96
EPRA Topped-up NIY (in%)	4.54	4.40
EPRA Vacancy Rate (in%) (*)	0.00	0.00
EPRA Cost Ratio (including direct vacancy costs) (in %)	14.81	16.95
EPRA Cost Ratio (excluding direct vacancy costs) (in %)	14.81	16.91

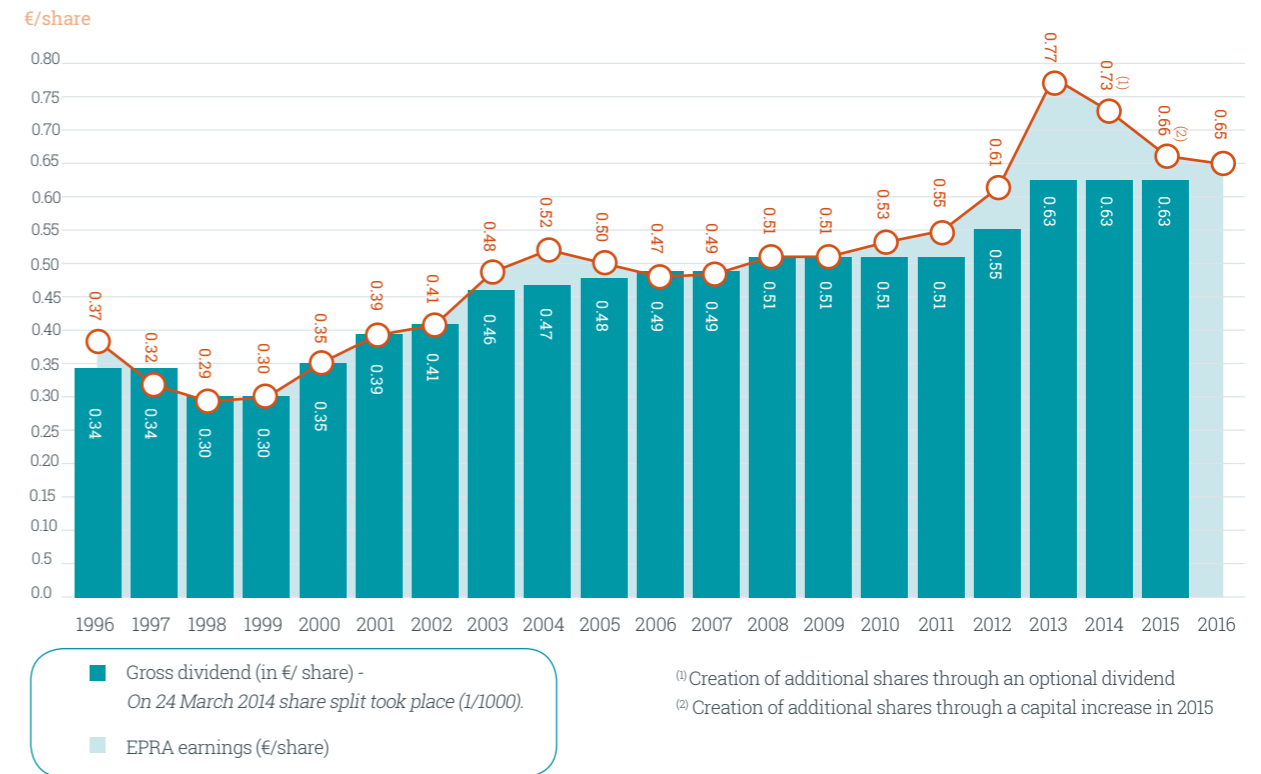
(\*) Care Property Invest only encounters a vacancy risk with the project "Tilia" in Gullegem. With respect to the projects in the initial investment program, the risk lies with the counterparty. The Company receives the ground rent, whether or not a certain vacancy exists. For the new projects as well, the Company tries to shift this risk entirely or for a large part to the counterparty. The vacancy rate for the project "Tilia" is therefore negligible in the entire portfolio.

## 6. Key figures: 20 years on the stock market

### EVOLUTION OF THE SHARE PRICE AND VOLUME OF SHARES



### EVOLUTION OF THE GROSS DIVIDEND (IN €/SHARE) SINCE INITIAL PUBLIC OFFERING)

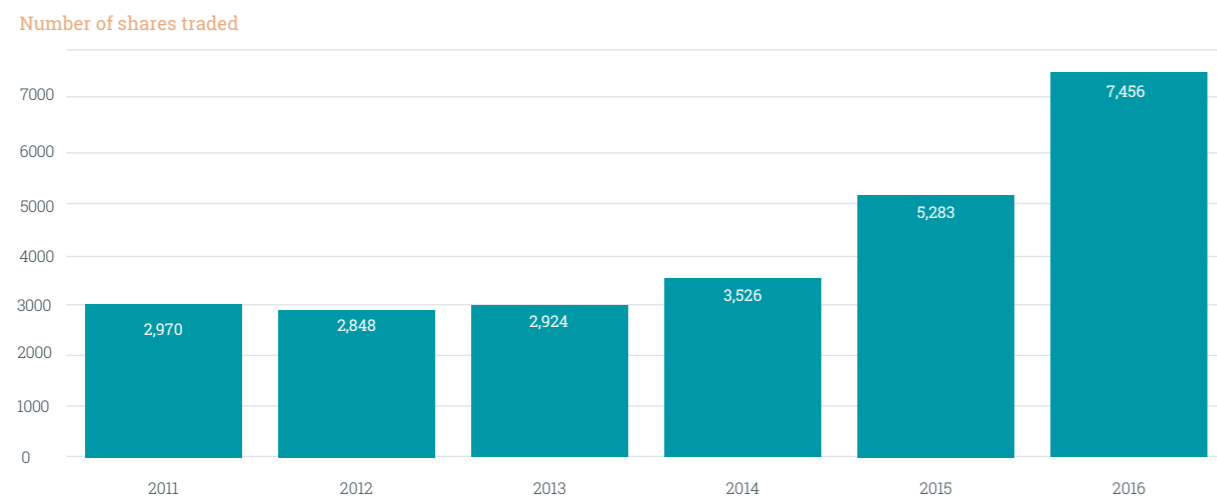


### SHARE DISTRIBUTION: ORDINARY VERSUS SPECIAL SHARES

Share distribution on	31 December 2016		15 March 2017 (*)	
	% in relation to the total capital	Number of shares (expressed in nominal value)	% in relation to the total capital	Number of shares (expressed in nominal value)
ORDINARY SHARES	98.86%	13 034 720	99.00%	14 878 880
SPECIAL SHARES*	1.14%	150 000	1.00%	150 000
<b>*The special shareholders, holding all registered shares, are:</b>				
Bank Degroof Petercam nv/SA	0.07 %	10 000	0.07%	10 000
BNP Paribas Fortis Bank nv/SA	0.23 %	30 000	0.20%	30 000
KBC Bank nv/SA	0.23 %	30 000	0.20%	30 000
Belfius Bank nv/SA	0.61 %	80 000	0.53%	80 000
Registered ordinary shares	0.66%	87 826	1.81%	272 242
Dematerialised ordinary shares	98.20%	12 946 894	97.19%	14 606 638

(\*) Following the capital increase in kind and the issue of new shares on 15 March 2017 within the framework of a contribution in kind (project Watermaal-Bosvoorde), the capital is represented by 15,028,880 shares.

### EVOLUTION LIQUIDITY OF THE SHARE







1841

**Residentie Tilia**  
15 Jaarverjaaringen  
te heren van 1. juni  
Nieuwlandse kerkplein  
100-02-2000



# History

**1996** ○  
Presentation of the first 2 projects

IPO on Euronext Brussels.



**1995**  
The establishment of Serviceflats Invest nv.

Recognition as a Belgian real estate investment fund, on the initiative of the Flemish government with the objective to build and finance 2,000 service flats for public welfare centres and social non-profit organisations in the Flemish and Brussels-Capital Region.



**2000**

Innovation Award for "Technology and housing of elderly people".

**2004** ○  
Transition of 60 special shares in the name of GIMV to ordinary shares.



**2001**  
incorporation of reserves in the capital.



**2010-2012**  
Investment program 2,000 service flats full.



**2013** ○  
Amendments to the Articles of Association to expand the objective.



**2012**  
Investment program 2,000 service flats nearly completed.

Decision to amend the Articles of Association for the re-start of Serviceflats Invest.



**2015**

NEW ADDRESS: Horstebaan 3, 2900 Schoten.

Capital increase in cash with irrevocable allocation right.  
22 June 2015: Care Property Invest raises over 38 million euro.

7 new investments for a total conventional value of approximately 74 million euro.

**2016**  
Establishment Management Board  
Inclusion in the BEL MID index / EPRA  
2 new investments for a total conventional value of approximately 32.4 million euro.



**2014**  
Serviceflats Invest becomes Care Property Invest.

Share split 1: 1000

Capital increase within the framework of an interim dividend.

Recognition as a Regulated Real Estate Company (RREC).



**2017**  
15 March 2017  
Capital increase in kind, issuing 1,844,160 new shares.  
Care Property Invest raises over € 33.5 million.

## IV. Report of the Board of Directors

### 1. Strategy

#### 1.1 Residential care building in complete confidence

Care Property Invest, founded on 30 October 1995, was the first listed real estate investor in the housing for the elderly sector. It uses the expertise and know-how that it has acquired since and during the realisation of 1,988 service flats to create affordable, high quality and attractive health care infrastructure and housing forms for the elderly and people with disabilities.

Care Property Invest has expanded its activities and will continue to focus in the future on broader health care real estate (assisted living apartments, residential care centres, centres for short stays, property for people with disabilities, etc.). The original geographical limitation to Flanders and the Brussels Capital Region was also extended to include the whole of the European Economic Area (EEA). To this end the object of the company was changed in 2013 and 2014, followed by a name change and rebranding that reflect the new strategy. The following activities are planned in the context of health care real estate:

- realisation of projects for local authorities (OCMWs) and charitable non-profit associations: the supply of Design Build and Finance (DBF) contracts will remain available for this, as in the past. A 'Maintain' component could possibly be added to DBF (DBFM);
- renovation of buildings for local authorities and charitable non-profit associations: possibility of modernising old buildings that are due for renovation.
- development of health care real estate for local authorities and charitable non-profit associations at the expense of Care Property Invest: this involves constructing buildings that are leased to a health care partner on provisional delivery.
- development of health care real estate (construction/renovation) for Care Property Invest and new acquisitions: after developing the property, Care Property Invest makes it directly available to local private health care operators.

Care Property Invest actively participates as a real estate developer and aims to make quality projects available to care providers. The investment projects for both new acquisitions and new project developments are analysed in detail. Both the real estate project and the future operator are thoroughly assessed by the Board of Directors on the basis of a detailed investment dossier and the feasibility of the business plan for the project.

Care Property Invest aims for a balanced, diversified portfolio that can generate stable income. The affordability of its "recognised" projects and the operation of these by professional, solvent and specialised care providers should ensure this.

The management of the Company also ensures ongoing compliance with all requirements of the RREC legislation and the RREC Royal Decree in the continued pursuit of the strategy.

In order to further define its changing role, Care Property Invest has clarified its mission statement and recorded its values.

#### MISSION STATEMENT

Care Property Invest is a public regulated real estate company (public RREC) under Belgian law. Care Property Invest helps care businesses to realise their projects by offering good quality real estate with an added social value, tailored to the needs of the end users, on the basis of a solid organisation. For its shareholders, it always aims for stable long-term returns.

#### VALUES

##### Professionalism

Care Property Invest always executes both current and future projects after completing a detailed research process, conducted both internally and by external research agencies. As a result, it can make an accurate assessment of the potential risks associated with every project. The internal processes are also monitored from close by and are adjusted on time where necessary to guarantee the smooth operation of the organisation. Care Property Invest aims for the highest possible form of professionalism in all its activities.

##### Innovation

Care Property Invest believes in excelling through continual innovation. Care Property Invest believes in growth through continual innovation in its approach to and execution of its projects and at the same time, through additional training and education of its staff. It aims to offer custom solutions for its health care real estate, in consultation and with the input of its main stakeholders.

##### Trust

Care Property Invest aims for a lasting relationship of trust with its shareholders, employees, the operators of its health care real estate, contractors, the political world, the RREC sector and all stakeholders in general.

#### VISION

Care Property Invest has the ambition to become the reference company in the market for the development of and investment in health care real estate and to realise accelerated growth within this market. It is a dynamic player, aimed at independently realising innovation in property for care and welfare.

#### REAL ESTATE STRATEGY

##### A growing market

On the basis of its acquired knowledge, Care Property Invest will build and finance various forms of residential care for the elderly (residential care centres, groups of assisted living apartments, service flats ...) and for people with disabilities, now and in the future, for both the public and the private sector. Its current strategy is based on the increasing ageing of the population and growing demand for health care real estate with a social added value which this trend entails<sup>(1)</sup>.

The combination of its strategy, its social objectives and its position as the only solo player active in health care real estate for 20 years gives Care Property Invest a special position in the RREC market.

(1) The outlook for the growth in the number of over-65s in Belgium is expected to increase from 15.9% of the population in 2015 to 22.6% in 2060. The number of over-85s in the Belgian population is expected to rise from 2.6% in 2015 to 6% in 2060. This ageing phenomenon is partly the result of the rise in average life expectancy and a decreasing fertility rate, reinforced by the fact that the baby boomers are gradually reaching retirement age.

The certain evolution of the market for care of the elderly, in combination with the Company's carefully compiled portfolio, ensures that its share continually generates stable dividend returns for its shareholders. Furthermore, from 1 January 2017, they will enjoy a reduced withholding tax rate of 15% (rather than 30%), as Care Property Invest complies with the statutory requirement that at least 60% of the property portfolio must be invested in property located in an EEA member state and is used or intended solely or primarily for residential care of residential units adapted for residential care or health care. After all, as a solo player, Care Property Invest has a property portfolio consisting entirely of health care real estate.

Care Property Invest spreads the risks by providing for a good geographical spread of its property, by diversifying operators of its property and by creating a good balance between public-private and private partnerships. Care Property Invest wishes to make use here of the expansion of its social objectives in order to continue the implementation of its strategy in the EEA in a select number of geographical core markets. It also provides for a balanced distribution of solvent operators of its health care real estate.

#### CUSTOMISED QUALITY REAL ESTATE

The careful selection of new projects for the Company always takes place after a detailed risk analysis with a well-founded assessment by the Company's Board of Directors. This is conducted after an initial discussion of the investment project by the Company's Management Committee.

This may concern the development, realisation and financing of these facilities by Care Property itself, or the refinancing or acquisition of existing buildings, with or without a renovation or expansion, in both public and private markets.

The main selection criteria are presented below:

- Affordability of the project;
- Potential returns of the project;
- Solvency, reputation and spread of operators; Good location of the project: easy access, both by car and by public transport and absence of other health care real estate;
- Environment: In the immediate vicinity of a village/city centre with shops, pharmacies and catering facilities;
- The property complies with high quality standards in combination with advanced technological equipment and perfectly meets the needs of the Care Property Invest target public.

In essence, Care Property Invest's strategy is of the 'buy and hold' type, and as such, is by definition aimed at keeping the property in the long term.

#### Vision for the future

As mentioned earlier, Care Property Invest is currently active in Belgium and is cautiously looking beyond the national borders within the EEA, as laid down in its objectives, seeking a select number of geographical core markets.

#### FINANCIAL STRATEGY

##### Management of investor and stakeholder relations

Care Property Invest aims to develop a continual dialogue with the care sector, the government, potential and current investors, credit providers and more in general, with all stakeholders.

#### Origin of financial sources

Care Property Invest aims to finance itself in the best possible way, making use of shareholders' equity and borrowed funds. Equity is raised on the capital market. Through capital increases in cash and in kind, for immediately profitable assets and/or a concrete pipeline, growth in earnings per share can be facilitated and maintained. Care Property Invest aims for a permanent dialogue with investors, both directly and indirectly. Borrowed funds are raised in the most diversified manner possible. Correct financing is necessary for a profitable and solid business model, in view of the capital-intensive character of the sector in which the Company operates. A maximum debt ratio of 55% is always envisaged here, with a good hedging rate of the debts. Through continual expansion of the scale, the Company aims for an increasingly competitive ratio of debts and capital costs and improvement of its operating margin.

#### Low risk and resilient sources of income through long-term leasehold and rental contracts

By contracting long-term leasehold and rental agreements, the Company creates long-term cash flows. Through the triple net character of these contracts with solid operators and the transfer of the risk of voids to the operator (apart from in the case of the investment in Gullegem), the Company succeeds in maintaining a low risk profile.

This applies all the more since the health care real estate is linked to the demographic factors which, in view of the underlying demographic trend of the ageing of the population, are favourable, rather than to economic trends.

#### FINANCIAL RESULT

##### Vision for the future

##### Expansion of objectives

Care Property Invest profiles itself in relation to investors in care of the elderly and adapted infrastructure for people with disabilities. The objectives according to the Articles of Association are set as broadly as possible. Priorities are set within the care and welfare property segment.

##### Expansion of service portfolio

Care Property Invest focuses on investments in care and welfare and has also devoted opportunity-driven attention to concept development.

##### Strategic objectives

1. Market expansion and (internal) service portfolio in care and welfare.
2. Management of investor and stakeholder relations.
3. Internationalisation.
4. Follow-up and influencing of the regulatory framework.
5. Coordination of resources with growth (growth management).

Care Property Invest's ambitions are to be the (leading) reference company in its market and to realise accelerated growth.

Care Property Invest is a highly dynamic player in its market, which generates innovation in property for care and social welfare. Care Property Invest wishes to realise this independently.

## 2. Important events

### 2.1 During the 2016 financial year

#### 2.1.1 ACQUISITIONS OF NEW PROJECTS

A brief overview of the acquisitions of the various projects is presented below. For more details on the properties acquired in the projects, please see part 'VII. Real estate report' on page 106.

#### Acquisitions of investment properties

All purchases were made at prices reflecting the fair value determined by the real estate expert. The transactions were conducted for a total of approximately €32.4 million.

#### 'Ter Bleuk' in Bonheiden-Rijmenam

On 22 December 2016, Care Property Invest announced the acquisition of 100% of the shares in the company Ter Bleuk nv, after successfully meeting all suspensory conditions precedent. This company owns the Ter Bleuk group of assisted living apartments in Rijmenam/Bonheiden in the Mechelen region, operated by Zonneweelde vzw, a subsidiary of the Senior Living Group nv.

The contractual value of Ter Bleuk Assistentiewoningen (buildings and land) is approximately €13.4 million. This conventional value is primarily based on and is in line with the valuation by the real estate expert for the project. Ter Bleuk nv will use a long-term lease agreement (of the triple net type) with Zonneweelde vzw to generate an indexed fixed annual ground rent.

#### '3 Eiken' in Lanaken

Care Property Invest announced the acquisition of 100% of the shares in the company VSP Lanaken Centrum WZC nv on 30 December 2016. This company owns the residential care centre "Drie Eiken" in Lanaken, to be managed by Foyer De Lork vzw, which is in turn part of Senior Living Group.

The contractual value of this project is approximately €19 million. This price is largely based on and in line with the valuation of the real estate expert for the project. VSP Lanaken Centrum WZC nv will generate an index-linked fixed annual ground rent via a triple net lease agreement with Foyer de Lork vzw.

#### Project development

No new project developments were included in the Care Property Invest portfolio in the 2016 financial year.

#### 2.1.2 PROJECTS UNDER CONSTRUCTION

##### Assisted-living complex "Herfstvrede" in Moerbeke

The construction works for the Herfstvrede project in Moerbeke, a facility for the elderly consisting of 22 assisted living apartments for which Care Property Invest acts as the principal master builder, began on 4 April 2016. The Herfstvrede project in Moerbeke was delivered on 23 February 2017. On 31 December 2016, the balance sheet showed a sum of €2,420,984.76 as a 'receivable for project under construction' with regard to this group of assisted-living apartments.

##### Group of assisted living apartments "Huis Driane" in Herenthout

The building permit has now been acquired for a second project in which Care Property Invest acts as the principal master builder, Huis Driane in Herenthout, a home for the elderly consisting of 22 assisted-living apartments. Before this building permit was submitted, the OCMW decided, in order to further increase the economic profitability of the project, to raise the number of assisted-living apartments from 20 to 22.

Care Property Invest has received the commencement order from the PCSW Herenthout on 6 March 2017. The construction works will start 30 calendar days after its receipt, in conditions that the building and lease deed has been executed. Delivery of the project is scheduled for the spring of 2018. On 31 December 2016, the balance sheet showed a sum of €56,955.48 as a 'receivable for projects in preparation' with regard to this group of assisted living apartments.

#### 2.1.3 MERGERS

##### Residential care centres "Aan de Kaai" and "De Nieuwe Kaai" in Turnhout

On 21 December 2016, Care Property Invest's subsidiaries Croonenburg nv, owner of "Aan de Kaai" in Turnhout, and B. Turnhout nv, owner of "De Nieuwe Kaai" in Turnhout, were absorbed as part of a silent merger. The publication in the Belgian Official Gazette is available on the Company's website.

#### 2.1.4 PROSPECTING FOR NEW BUSINESS

In 2016, Care Property Invest also focused on the development of its activities within the sectors of residential care for the elderly and residential accommodation for people with disabilities, in accordance with its extension of its objectives approved at the Extraordinary General Meeting of 26 June 2013. Consequently, in addition to potential investments in assisted-living complexes, it now also investigates potential investments in residential care centres throughout the EEA, as well as various projects for people with disabilities. These projects are operated by commercial groups active in this sector, as well as OCMWs and charitable non-profit associations. The current phase of these projects and the type of investment involved range from acquisitions of completed buildings to sites still to be developed, the purchase of shares in companies that own the real estate and the renovation and refinancing of existing buildings.

#### 2.1.5 CHANGES TO WITHHOLDING TAX

Pursuant to the Law regulating the recognition and definition of crowd funding and containing various provisions concerning financing, RRECs in which at least 60% of the property consists of real estate located in the EEA and which is used or intended solely or primarily for residential care or residential units adapted for residential care or health care can again enjoy a reduced rate of withholding tax, of 15%. This Act was adopted by the House of Representatives on 15 December 2016 and was published in the Belgian Bulletin of Acts and Decreed on 20 December 2016. The new measure entered into force on 1 January 2017.

**Consequences for Care Property Invest:**

Care Property Invest is very satisfied with this change, since it supports the rule of professional investors specialising in health care real estate, such as Care Property Invest, and directly benefits its shareholders. It had already announced a change in the ground rents (rental charges) its own press release on 10 June 2016 for the 1,988 service flats that were realised with subsidies from the Flemish government as soon as this change in the law was published.

After all, at the start of 2016, Care Property Invest was required, in accordance with its prospectus obligations to its shareholders and the long-term lease agreements with local authorities in Flanders concluded under the original portfolio, to pass on the increase in withholding tax from 15% to 27% payable by its shareholders (Law of 26 December 2015) on the payment of dividends as of 1 January 2016 in full to the OCMW's/VZW's long-term lease holders. On 23 December 2016, Care Property Invest repaid the amounts already charged for the increase in withholding tax from 15% to 27% to the OCMW's/vzw's long-term lease holders with which it works.

For the shareholders, therefore, nothing changed. As the dividend for the 2016 financial year will be made payable in June 2017, the shareholders of Care Property Invest will not have been subject at any time to the increased rate of 27% in 2016 with regard to dividend payments by the Company.

#### 2.1.6 STRENGTHENING OF THE MANAGEMENT: ESTABLISHMENT OF A MANAGEMENT COMMITTEE AND APPOINTMENT OF MEMBERS

On the basis of its desire to provide optimal support for the development of the activities of Care Property Invest by the management and to secure the continuity of the Company, the Board of Directors decided at the start of the financial year to strengthen the management team through the formation of a Management Committee, within the meaning of Article 524*bis* of the Companies Code. The necessary amendment of the Articles of Association was approved by the extraordinary general meeting on 22 June 2016. The coordinated Articles of Association as at 22 June 2016, with an inserted new Article 28 – 'Management Committee', are available on the Company's website at [www.carepropertyinvest.be](http://www.carepropertyinvest.be).

The Board of Directors is encouraged to be able to report that the Management Committee was actually installed on 1 July 2016. The Management Committee takes over the powers and operations of the Management Board, which has been disbanded as a separate body.

The following persons were appointed on 1 July 2016 as members of the Management Committee/effective leaders, within the meaning of Article 14 of the Act of 12 May 2014 with regard to the regulated companies:

Name	Position
Peter Van Heukelom	Chief Executive Officer (CEO)/Managing Director
Dirk Van den Broeck	Managing Director
Willy Pintens	Managing Director
Filip Van Zeebroeck	Chief Financial Officer (CFO)
Valérie Jonkers	Chief Operating Officer (COO)

Mr Filip Van Zeebroeck, formally employed as a company lawyer at the company, heads the Financial Department as the CFO. He takes over these duties from the CEO. Ms Valérie Jonkers was already active in the follow-up and development of investment opportunities and the property portfolio as an investment manager and will further expand that role as COO. A permanent management contract was concluded with both as of 1 July 2016.

Messrs Peter Van Heukelom, Willy Pintens and Dirk Van den Broeck were already part of the Management Board as managing directors/effective managers. Mr Peter Van Heukelom will serve as Chairman of the Management Committee. Mr Willy Pintens currently supervises the internal audit process. Mr Dirk Van den Broeck serves as a risk manager. Mr Filip Van Zeebroeck is also the Company's compliance officer.



## 2.2 Post balance sheet events

### 2.2.1. OUTLOOK AND ADDITIONAL INVESTMENTS

Care Property Invest actively works to expand a balanced and profitable property portfolio and investigates investment opportunities that fit entirely within the strategy of the Company, in the Flanders, the Walloon, the Brussels Capital Region and beyond the national borders.

As already announced in separate press releases, Care Property Invest is proud to announce that it has realised the following investments after the close of the financial year:

#### Residential care centre with service flats "Les Terrasses du Bois" in Watermaal-Bosvoorde

On 17 February 2017, Care Property Invest announced the agreement under suspensory conditions on the acquisition of "Les terrasses du Bois" in Watermaal- Bosvoorde (Brussels Capital Region) through a contribution in kind of the aforementioned property. The residential care centre and service flats will be operated by Home Sebrechts NV, a subsidiary of Armonea, through a long-term lease agreement of the triple net type. In the context of this transaction, Care property Invest will receive rental income deriving from this lease agreement from 1 January 2017.

The centrally located project contains 34 service flats and the residential care centre contains 130 rooms, divided in 117 single rooms and 13 double rooms, spread over 9 floors.

This new expansion of the portfolio was finalized on 15 March 2017 through a contribution in kind of the aforementioned property into the capital of Care Property Invest, within the context of the authorised capital. The contractual contribution value of "Les Terrasses du Bois" is approximately €34 million. The transaction has been successfully completed on 15 March 2017 and has led to a strengthening of the equity of 33,563,407 euros, of which an amount of 10,971,829.93 euros was allocated to the balance sheet item 'capital' and an amount of 22,591,577.07 euros to the balance sheet item 'issue premium'.

The contribution was remunerated by 1,844,160 new shares at an issue price of approximately €18.20. The new shares resulting from this transaction are issued with coupons nos. 7 and following attached and will therefore share in the result of the current financial year (from 1 January 2017 up to and including 31 December 2017).

Since the new Care Property Invest shares will only share in the Company's result as from 1 January 2017 (and not in the result of the 2016 financial year), coupon no. 6 of the existing shares has been detached before listing the new shares, on 13 March 2017(1) to be precise. The existing shares are listed as ex- coupon no. [6] since 13 March 2017.

(1)The payment of the coupon will only take place after, and subject to, the approval of the general meeting on 17 May 2017.

#### Residential care centre with group of assisted living apartments "Bois de Bernihè" in Libramont

On 23 February 2017, Care Property Invest announced the agreement subject to suspensory conditions on the acquisition of 100% of the shares of the company Siger SA. Siger SA possesses 100% of the shares of Dermedil SA, the owner of the property. The aforementioned property is "Residence Bois de Bernihè", located in Libramont.

The residential care centre and group of assisted living apartments will be operated by Vulpia Wallonie asbl, through a long-term lease agreement of the triple net type for a period of 27 years. The project is a four-storey building, built in 2013, and houses a residential care centre with 95 rooms, accommodating 108 residents. One room is available for short-term stays. The 18 assisted living apartments can be found on the third storey of the building.

The conventional value of this project is approximately 11.3 million euros. This price is largely based on and in line with the valuation of the real estate expert. This purchase will be financed using external credit lines and the closing is expected to take place during the second quarter of 2017, after all suspensory conditions have been met.

#### Acquisition of a residential care centre that will be developed in Vorst

On 28 February 2017, Care Property Invest announced the acquisition of the development of a planned residential care centre in Vorst. Herefore the Company has purchased the ground on which the residential care centre will be developed as well as taken over all agreements related to the construction of the residential care centre. The residential care centre will consist of 118 residential places, licensed by COCOM.

After the provisional delivery, the residential care centre will be operated by a subsidiary of Anima Care nv (a subsidiary of Ackermans en Van Haaren), through a long-term lease agreement of the triple net type.

The building permit for the construction of the residential care centre has already been granted and therefore the construction works connected to this new development will begin in 2017 and will be completed within a time period of maximum 24 months.

The building land was fully financed with external resources and the new building will be financed with a combination of equity and debt. The total investment cost is estimated to be approximately €15.2 million.

With these new investments, Care Property Invest is further expanding its property portfolio. These projects represent important milestones for Care Property Invest, since "Les terrasses du Bois" is its first project in the Brussels-Capital Region and the first project to be operated by Armonea. The second milestone is the project "Bois de Bernihè", as it is its first project in the Walloon Region. Finally, the new development in Vorst is the second project for Care Property Invest in the Brussels-Capital Region and is perfectly in line with the part of its strategy that involves geographical expansion. In addition, this is the first time for Care Property Invest to collaborate with a subsidiary of Anima Care nv (which in turn is a subsidiary of Ackermans en Van Haaren).

After this investment the Company's property portfolio will consist of 87 projects, of which 2 are currently under development. After the contribution in kind of the project in Watermaal-Bosvoorde, the equity will rise with approximately 34 million euros.



### 2.2.2. ENTRY INTO FORCE OF CHANGES TO WITHHOLDING TAX

The Law regulating the recognition and definition of crowd funding and containing various provisions concerning financing entered into force on 1 January 2017 and Care Property Invest shareholders can now once again enjoy a reduced rate of withholding tax, of 15% (instead of 30%). For more information, see paragraph "2.1.5 CHANGES TO WITHHOLDING TAX" on page 59 of this chapter.

### 2.2.3. CHANGES IN EXISTING PORTFOLIO

The Herfstvrede project in Moerbeke, for which Care Property Invest acted as the principal master builder, was delivered on 23 February 2017 and is operated by the OCMW of Moerbeke. The project will generate additional income for the Company from 1 April 2017.

In addition, Care Property Invest devotes a fair amount of attention to the further completion and operationalising of the existing portfolio, in particular the Huis Driane project in Herenthout. Care Property Invest has received the commencement order from the PCSW Herenthout on 6 March 2017. The construction works will start 30 calendar days after its receipt, in conditions that the building and lease deed has been executed. Delivery of the project is scheduled for the spring of 2018.

### 2.2.4 OUTLOOK

Care Property Invest continues to actively seek new projects in the residential care sector. In order to realise this renewed activity, the Board of Directors continually investigates different financing options. A capital increase through contributions in kind is one of the possibilities here. In the event of a further expansion, Care Property Invest will probably need to carry out another capital increase in cash in the future.

In relation to its prospecting activities and pipeline, the Company can also report that it has signed a letter of intent under conditions precedent for the acquisition of 100% of the shares of a company owning a residential care centre in Flemish Brabant. The contractual value of this residential care centre is estimated at €17.0 million and the operation is in the hands of an experienced operator. Further communication on this will follow after realisation of the conditions precedent.

 Care Property Invest's ambitions are to be the (leading) reference company in its market and to realise accelerated growth.

## 3. Summary of the consolidated balance sheet and global result statement

### 3.1 Consolidated global result statement

Amounts shown in euros.

Financial year ended on 31 December		2016	2015
I.	Rental income (+)	15,629,497.09	13 731 516.84
	<i>rent</i>	2,520,186.74	620 321.69
	<i>rental discounts</i>	-1,235.00	-5 520.00
	<i>income from finance leasing and other similar leases</i>	13,110,545.35	13 116 715.15
	<b>NET RENTAL INCOME</b>	<b>15,629,497.09</b>	<b>13,731,516.84</b>
	<b>REAL ESTATE OPERATING RESULT</b>	<b>15,629,497.09</b>	<b>13,731,516.84</b>
XIV.	General expenses of the Company (-)	-2,375,962.76	-2,403,404.92
XV.	Other operating income and expenses (+/-)	61,780.72	80,936.67
	<i>Other operating charges relating to the projects</i>	-2,428,614.05	-89,937.74
	<i>Other operating income relating to the projects</i>	2,490,394.77	170,874.41
	<i>other operating income and charges</i>	0.00	0.00
	<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>13,315,315.05</b>	<b>11,409,048.59</b>
XVIII.	Changes in fair value of real estate (+/-)	1,925,213.00	1,690,056.08
	<i>Negative changes in fair value of real estate</i>	-31,167.03	-6,941.27
	<i>Positive changes in fair value of real estate</i>	1,956,380.03	1,696,997.35
	<b>OPERATING RESULT</b>	<b>15,240,528.05</b>	<b>13,099,104.67</b>
XX.	Financial income (+)	12,431.90	59,437.52
XXI.	Net interest expense (-)	-4,873,972.18	-3,808,146.20
XXII.	Other financial costs (-)	-3,912.91	-2,613.09
XXIII.	Changes in fair value of financial assets/liabilities (+/-)	-2,153,469.00	2,847,152.52
	<b>FINANCIAL RESULT</b>	<b>-7,018,922.19</b>	<b>-904,169.25</b>
	<b>RESULT BEFORE TAXES</b>	<b>8,221,605.86</b>	<b>12,194,935.42</b>
XXIV.	Corporation tax (-)	59,642.56	-54,396.27
XXV.	Exit tax (-)	-385,964.99	-126,709.06
	<b>TAXES</b>	<b>-326,322.43</b>	<b>-181 105.33</b>
	<b>NET RESULT</b>	<b>7,895,283.43</b>	<b>12,013,830.09</b>
	<b>GLOBAL RESULT</b>	<b>7,895,283.43</b>	<b>12,013,830.09</b>

The consolidated net profit of the Company corresponds to the overall result, as the consolidated financial statements contain no "other comprehensive income" within the meaning of IAS 1.

## Net result per share

<i>Amounts shown in euros</i>		
Financial year as closed on 31 December	2016	2015
<b>NET RESULT</b>	<b>7,895,283.43</b>	<b>12,013,830.09</b>
<b>Net result per share, based on weighted average shares outstanding</b>	<b>€0.5988</b>	<b>€1.0135</b>
<i>gross yield compared to the initial issuing price in 1996</i>	10.07%	17.04%
<i>gross yield compared to stock market price on closing date</i>	2.93%	6.67%

The weighted average of the number of outstanding shares as at 31 December 2015 was 11,853,348.11, compared with 13,184,720 shares as at 31 December 2016, as all additional shares issued as a result of the capital increase in June 2015 are fully entitled to dividends for the 2016 financial year.

The initial issue price in 1996 was €5,949.99 (or €5.9495 after the stock split of 24 March 2014 (1/1000)). The stock price at 31/12/2016 was €20.45 and €15.20 on 31/12/2015. The gross yield is calculated by dividing the gross dividend (€0.63) by the stock price at the closing date of the respective financial year.

There are no instruments with a potential dilutive effect on net result per share. There were no transactions that have a significant impact on the number of ordinary shares. The capital increase by means of a contribution in kind on 15 March 2017 has no effect on the weighted average shares outstanding on 31 December 2016. These shares are not included in the result for the financial year 2016.

## Components of the net result

<i>Amounts shown in euros</i>		
Financial year ended on 31 December	2016	2015
<b>NET RESULT/ GLOBAL RESULT</b>	<b>7,895,283.43</b>	<b>12,013,830.09</b>
<b>NON-CASH ELEMENTS INCLUDED IN THE NET RESULT</b>	<b>514,987.07</b>	<b>-4,172,421.96</b>
<i>depreciation, impairments and reversals of impairments</i>	94,668.77	84,564.60
<i>variations in fair value of investment properties</i>	-1,925,213.00	-1,690,056.08
<i>variations in fair value of authorised hedging instruments</i>	2,153,469.00	-2,847,152.52
<i>transfer of tax from deferred taxation</i>	-216,294.44	0.00
<i>projects' profit or loss margin attributed to the period</i>	1,361.64	13,696.59
<i>decrease in trade receivables (profit or loss margin attributed to previous periods)</i>	406,995.10	266,525.45
<b>EPRA Result</b>	<b>8,410,270.50</b>	<b>7,841,408.13</b>
<b>EPRA Result per share, based on the weighted average number of outstanding shares</b>	<b>€0.6379</b>	<b>€0.6615</b>
<i>gross yield compared to the issue price</i>	10.72%	11.12%
<i>gross yield compared to stock market price on closing date</i>	3.12%	4.35%

The weighted average of the number of outstanding shares as at 31 December 2015 was 11,853,348.11, compared with 13,184,720 shares as at 31 December 2016, as all additional shares issued as a result of the capital increase in June 2015 are fully entitled to dividends for the 2016 financial year.

There are no instruments with a potential dilutive effect on net result per share. There were no transactions that have a significant impact on the number of ordinary shares. The capital increase by means of a contribution in kind on 15 March 2017 has no effect on the weighted average shares outstanding on 31 December 2016. These shares are not included in the result for the financial year 2016.

## Net Rental Income

Rental income as at 31 December 2016 was 13.83% higher than in the preceding year. The increase is attributable to the new acquisition that the company made in the second half of 2015 and the Tilia project in Gullegem, which was made available to the Wevelgem OCMW from 1 June 2015.

On 23 December 2016, Care Property Invest repaid the amounts already charged for the increase in withholding tax from 15% to 27% to the OCMW's/vzw's (non-profit organisations)- long-term lease holders with which it works. Further information on this is provided in paragraph '2.1.5 CHANGES TO WITHHOLDING TAX' on page 59.

The income from financial leasing and the like fell slightly, despite the fact that the ground rents rose as a result of indexation. This was due to the diminution in commission on delivered projects.

## Operating result

The Company's operating result rose by 16.35% from year-end 2015. This increase was primarily recorded due to the increase in rental income. The general operating costs were slightly lower than in 2015, which, within rising rental income, leads to further dilution of these costs.

The real estate expert values the Company's real estate investments on its balance sheet on a quarterly basis in accordance with IAS 40. Due to the increase in the fair value of its real estate portfolio since it was acquired, on 31 December 2016 a positive result was already recorded as a variation of the fair value of property investments. The increase in the operating result is primarily attributable to this added value.

## Financial result

The financial result was affected negatively due to the inclusion of the fair value of financial instruments entered into. As a result of the prevailing low (or negative) interest rates, a loss amounting to €2,153,469 had to be recorded in the Company's global result statement on 31 December 2016, bringing the total negative impact to date to €21,463,004.

The Company paid a reinvestment fee of €711,708.38 as a result of the early repayment of the investment loans of B Turnhout nv.

This reinvestment fee is 21% lower than the contractual reinvestment fee and this discount was agreed upon in relation to the issue of a roll-over credit facility by KBC on favourable terms. As a result of the payment of this reinvestment fee, six loans from KBC, with the highest interest rate of all loans of Care Property Invest and its subsidiaries, were terminated. With the take-up of the new loan and the redemption of the six loans from KBC, the average interest rate payable by Care Property Invest fell from 4.17% to 4.01%<sup>(1)</sup>. The payment of the reinvestment fee with a discount therefore also constituted a value-creating operation for the Company and its shareholders.

(1) The average interest rate is related to the interest rates after the conversion of the variable interest rates into fixed interest rates by means of swaps.

### Corporate tax

The Company's subsidiaries are subject to corporate tax. Consequently, the estimated taxes of those companies increase the total taxes in relation to 31 December 2015. The deferred taxation forms part of the calculation base for the exit tax and is subject to tax at a rate of 16,995%. Through the silent merger of Care Property Invest nv and Croonenburg nv, this exit tax is effectively due in the near future. In book-keeping terms, half of this is taken to the global result statement as a 'transfer from deferred taxation' and the remainder is shown in the balance sheet in 'other reserves, tax-free reserves'.

### EPRA result

The Company's EPRA result, excluding the non-cash elements in the result such as the variation of the hedging instruments, amounted to €8,410,270.50 on a consolidated basis as at 31 December 2016, compared with €7,841,408.13 as at 31 December 2015. This represents an increase of 7.25%. This increase would have amounted to 16.33% and the EPRA result to €9,121,978.88 if Care Property Invest had not paid a reinvestment fee of €711,708.38 (see the discussion in 'Financial result' on page 67). However, the EPRA result per share fell from €0.6615 on 31 December 2015 to €0.6379 on 31 December 2016. This diminution is attributable to the capital increase of 22 June 2015. The weighted average of the number of outstanding shares as at 31 December 2015 was 11,853,348.11, compared with 13,184,720.00 shares as at 31 December 2016.

## 3.2 Consolidated balance sheet

Amounts shown in euros.

Financial year ended on 31 December	2016	2015
<b>ASSETS</b>		
<b>I. Non-current assets</b>	<b>258,292,942.67</b>	<b>221,298,315.40</b>
C. Investment properties	85,040,501.00	49,960,748.55
D. Other tangible fixed assets	4,464,773.43	2,071,965.41
E. Financial fixed assets	3,770.00	6,270.00
F. Finance lease receivables	156,938,252.98	157,005,329.44
G. Trade receivables and other non-current assets	11,845,645.26	12,254,002.00
<i>concerning projects under construction</i>	0.00	0.00
<i>concerning delivered projects</i>	11,845,645.26	12,254,002.00
<b>II. Current assets</b>	<b>4,722,317.34</b>	<b>8,979,912.44</b>
D. Trade receivables	26,787.65	49,510.40
E. Tax receivables and other current assets	600,530.53	361,757.78
<i>corporation tax</i>	479,783.54	267,119.66
<i>other</i>	120,746.99	94,638.12
F. Cash and cash equivalents	3,657,308.89	8,547,845.86
G. Deferrals and accruals	437,690.27	20,798.40
<b>TOTAL ASSETS</b>	<b>263,015,260.01</b>	<b>230,278,227.84</b>
<b>EQUITY AND OBLIGATIONS</b>	<b>2016</b>	<b>2015</b>
<b>EQUITY</b>	<b>108,698,808.51</b>	<b>100,299,744.76</b>
A. Capital	78,442,491.65	78,442,491.65
B. Share premium	20,592,745.89	20,592,745.89
C. Reserves	1,768,287.54	-3,281,714.37
D. Net result for the financial year	7,895,283.43	4,546,221.59
<b>LIABILITIES</b>	<b>154,316,451.50</b>	<b>129,978,483.08</b>
<b>I. Non-current liabilities</b>	<b>125,069,420.29</b>	<b>124,103,757.25</b>
B. Non-current financial liabilities	102,522,085.23	100,263,959.66
C. Other non-current financial liabilities	21,463,004.00	19,309,535.00
<i>authorised hedging instruments</i>	21,463,004.00	19,309,535.00
F. Deferred taxation	1,084,331.06	4,530,262.59
<b>II. Current liabilities</b>	<b>29,247,031.21</b>	<b>5,874,725.83</b>
B. Current financial liabilities	20,498,673.84	718,507.47
D. Trade payables and other current liabilities	8,160,383.22	4,389,028.40
a. Exit tax	4,483,638.69	0.00
b. Other	3,676,744.53	4,389,028.40
<i>suppliers</i>	3,478,645.56	3,995,195.63
<i>tenants</i>	50.00	1,700.00
<i>taxes, remuneration and social insurance charges</i>	198,048.97	392,132.77
E. Other current liabilities	120,012.11	345,630.52
F. Deferrals and accruals	467,962.04	421,559.44
<i>prepayments of property revenue</i>	45,555.38	72,609.52
<i>accrued interest and other costs</i>	0.00	167,315.60
<i>accrued costs</i>	422,406.66	181,634.32
<b>TOTAL EQUITY + LIABILITIES</b>	<b>263,015,260.01</b>	<b>230,278,227.84</b>



### Investment properties

The Company's portfolio was further expanded in 2016 through the acquisition of 2 additional residential complexes for the elderly, for a sum of €32,640,699. The value of the property investments already in the portfolio on 31 December 2015 rose to €52,389,802. The real estate expert confirms the fair value of this real estate portfolio at a total amount of approximately €85 million. The fair value is equal to the investment value (or the "deed in hand" value including all purchase costs) from which the transfer taxes were deducted at the rate of 2.5%. Since these purchases took place at the end of December 2016, these new acquisitions have not yet contributed to the rental income.

### Finance lease receivables

Includes all final superficies charges that must be paid back within the context of the superficies contracts for the 76 projects from the initial investment programme. This amount has changed since 31 December 2015, as two projects (Ham and Destelbergen-Heusden) were finally settled in June 2016. The actual value of the financial leasing as at 31 December 2016 was €245,299,306.59<sup>(1)</sup>.

### Trade receivables relating to the projects included in "finance lease receivables"

The difference between the nominal value of the final superficies charges (included in the section 'financial lease receivables') and the fair value at the time of posting that is calculated by discounting the future cash flows, is included in 'trade receivables' and subject to annual amortisation. Since the discount rate is determined at the time of delivery, the capitalised amount of these receivables does not change. The decrease is only due to the depreciation of the attributed profit or loss margin by deducting this from the ground rate revenue.

### Equity

The Company's capital and equity were strengthened by the capital increase in June 2015, when €38 million was raised. An increase or fall in interest rates resulting in an increase or decrease in the fair value of the financial instruments also has an impact on equity, in the form of an increase or diminution in the reserves.

Following the approval of the RREC status by the Extraordinary General Meeting of 25 November 2014, with shareholders being given the opportunity to exercise their withdrawal rights, the Company bought back 17,030 shares at a market value of €16.05 per share. The total amount of €273,331.50 was recorded as a reserve with the Company's equity.

The Company awarded 2,000 shares to the CEO on 11 August 2015 as part of the payment of a bonus. The extraordinary general meeting of 18 November 2015 granted approval, within the meaning of Article 622 §2, 2° of the Companies Code, to sell the remaining 15,030 treasury shares within a period of two years on an arm's length basis, with the minimum price being the average share price during the last 30 days before the sale.

These shares were sold on 15 September 2016 at a market price of €19.45, for a total gross amount of €292,333.50. The realised added value of €50.254,23 was directly included in equity.

(1) The fair value of the "finance lease receivables" has been calculated by discounting the future cash flows at an IFRS interest rate, valid at 31 December of the respective year, depending on the remaining duration of the underlying contract, increased by a certain margin.

The deferred taxation forms part of the calculation base for the exit tax and is subject to tax at a rate of 16.995%. Through the silent merger of Care Property Invest nv and Croonenburg nv, this exit tax is effectively due in the near future. In book-keeping terms, half of this is taken to the global result statement as a 'transfer from deferred taxation' and the remainder is shown in the balance sheet in 'other reserves, tax-free reserves'.

### Debts and liabilities

The financing of the subsidiary companies was once again included in the liabilities on a consolidated basis on 31 December 2016. The Company has a credit line of €15,300,000 at KBC Bank which has not been taken up. The credit line for a total amount of €35 million was contracted at a variable interest rate on favourable terms.

Amounts shown in euros.

Financial year ended on	31 December 2016	31 December 2015
average remaining term of financial debts	13.61	14.60
nominal amount of current and long-term financial debts	123,020,759.07	100,981,717.13
weighted average interest rate (*)	4.01%	4.17%
amount of financial debts hedged with a financial instrument	35,791,937.59	35,791,937.59
fair value of the hedging instruments	-21,463,004.00	-19,309,535.00
movements in financial liabilities	22,039,041.94	13,121,678.82

(\*)The average interest rate is related to the interest rates after the conversion of the variable interest rates into fixed interest rates by means of swaps.

## 4. Net assets and value per share on a consolidated basis

Amounts shown in euros.

Financial year ended on 31 December	2016	2015
total assets	263,015,260.01	230,278,227.84
liabilities	-154,316,451.52	-129,978,483.08
<b>NET ASSETS</b>	<b>108,698,808.51</b>	<b>100,299,744.76</b>
<b>net value per share</b>	<b>€8.24</b>	<b>€7.62</b>
total assets	263,015,260.01	230,278,227.84
current and long-term liabilities (excluding 'authorised hedging instruments' item)	-132,853,447.50	-110,668,948.08
<b>NET ASSETS, EXCLUDING 'AUTHORISED HEDGING INSTRUMENTS' (IAS 39)</b>	<b>130,161,812.51</b>	<b>119,609,279.76</b>
<b>Net value per share, excluding the 'authorised hedging instruments' column</b>	<b>€9.87</b>	<b>€9.08</b>
total assets including the calculated fair value of finance lease receivables (*)	339,530,668.36	282,908,373.93
current and long-term liabilities (excluding 'authorised hedging instruments' item)	-132,853,447.50	-110,668,948.08
<b>NET ASSETS EXCLUDING 'AUTHORISED HEDGING INSTRUMENTS' AND "INCLUDING THE FAIR VALUE OF LEASE RECEIVABLES" EPRA NAV</b>	<b>206,677,220.86</b>	<b>172,239,425.85</b>
<b>Net value per share, excluding the 'authorised hedging instruments' column and including the fair value of lease receivables</b>	<b>€15.68</b>	<b>€13.08</b>

In accordance with the regulated real estate companies act (RREC Act), the shares held by the company(\*\*) in its own capital are not included in the calculation of the net value per share.

The weighted average of the number of outstanding shares as at 31 December 2015 was 11,853,348.11, compared with 13,184,720 shares as at 31 December 2016, as all additional shares issued as a result of the capital increase in June 2015 are fully entitled to dividends for the 2016 financial year.

There are no instruments with a potential dilutive effect on net result per share. There were no transactions that have a significant impact on the number of ordinary shares. The capital increase by means of a contribution in kind on 15 March 2017 has no effect on the weighted average shares outstanding on 31 December 2016. These shares are not included in the result for the financial year 2016.

(\*\*)The fair value of the "finance lease receivables" has been calculated by discounting the future cash flows at an IFRS interest rate, valid at 31 December of the respective year, depending on the remaining duration of the underlying contract, increased by a certain margin.

(\*) Since 15 September 2016, the Company no longer holds any own shares.

## 5. Appropriation of the result

A proposal will be submitted to the Company's General Meeting to pay a dividend of €8,306,373.60 for the 2016 financial year. The pay-out ratio will then amount to 100% at the level of the Articles of Association and 98.76% at the consolidated level.

The amount calculated in accordance with Article 13 of the RREC Royal Decree is €6,631,444.53 for the 2016 financial year, which is the minimum amount which should be paid out as reimbursement of the capital in the event of a positive net result for the year (see paragraph "VIII. Financial Statements" in Part 'E. Dividend payment obligation pursuant to the Royal Decree of 13 July 2014 concerning RRECs' on page 196).

The following profit appropriation will be proposed to the general meeting of shareholders on 17 May 2017:

number of shares with rights to dividends	13,184,720
proposed dividends	€8,306,373.60
<b>gross dividend per share</b>	<b>€0.63</b>
gross yield in relation to market capitalisation as at 31 December 2016	3.08%
<b>net dividend per share</b>	<b>€0.5355</b>
net yield in relation to market capitalisation as at 31 December 2016	2.62%

On approval of this profit appropriation, a gross dividend of €0.63 per share will be paid, equating to a gross yield of 3.08% in relation to the market capitalisation as at 31 December 2016. This dividend is subject to withholding tax of 15%, resulting in a net dividend of €0.5355. The dividend is payable from 26 May 2017.

## 6. Outlook: profit, dividend and debt ratio

The debt ratio, calculated according to article 13, §1, 2° of the RREC Royal Decree, is 49.92% as at 31 December 2016. As Care Property Invest does not exceed the debt ratio of 50%, it is not required to draw up a financial plan in accordance with Article 24 of the RREC Royal Decree.

### 6.1 Hypotheses

On the basis of the balance sheet and global result statement for the financial year 2016 a prognosis was made of the outlook for the coming financial years.

The following hypotheses were taken as the starting point:

- rental income has increased as a result of annual indexation;
- a slight increase in the operating expenses of the Company;
- further fluctuations in the fair value of the financial instruments were not taken into account, since these are difficult to predict and, moreover, do not affect the result to be paid out;
- new projects will be provisionally financed with the Company's own resources and additional new credit lines or income from the issue of bonds.

## 6.2 Conclusion on outlook for the debt ratio

Based on the above assumptions, even with the realisation of the upcoming investments amounting to €50 million, the maximum debt ratio of 65% will not be exceeded on a consolidated basis in 2016. As at 31 December 2016, the debt ratio, calculated in accordance with Article 13 of the RREC Royal Decree, was 49.92%. The Board of Directors evaluates its liquidity requirements in good time and, to avoid reaching the maximum debt ratio, considers a capital increase as well as contributions in kind to belong to the possibilities.

## 6.3 Conclusion on outlook for dividends and distributable results

Care Property Invest will propose a gross dividend for the 2016 financial year of €0.63 per share to the general meeting of shareholders on 17 May 2017.

Considering the uncertainty of the current economic situation and the impact this has on the results of Care Property Invest, if there is a negative result the Company will not be obliged to pay out any remuneration on the capital.

On the basis of the current existing agreements that will generate income for an average of 17.5 years, and barring unforeseen circumstances, the Company has set the goal of creating a meaningful increase of the dividend payment.

Moreover, the new acquisitions will generate additional revenue from the financial year 2017. The solvency of the Company is supported by the stable value of its real estate projects.

## 6.4 Disclaimer

This document contains forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from the results that may be implied by such forward-looking statements in this report. Important factors that could affect such results include changes in economic, business, and environmental factors. These statements were prepared under the responsibility of the company's Board of Directors, in accordance with the guidelines of Regulation (EC) No. 809/2004.

## 7. Main risks

The Company operates in an economic climate that entails risks. The main risk factors (which are the subject of a separate section of the annual financial report, but which are summarised here pursuant to Article 119 of the Companies Code) that Care Property Invest faces are the subject of regular monitoring by both the management and the Board of Directors; they have defined a prudent policy in this respect, which they will update regularly if necessary. The following risks are discussed in detail in Chapter 'I. Risk factors' on page 8

et seq. of this report: market risks, operational risks, financial risks and regulatory risks.

## 8. Transactions with related parties

The transactions with related parties, as defined by IAS standard 24 and the Companies Code, are the subject of the notes to the financial statements presented later in this document (see Chapter "VIII. Financial statements", paragraph '5. Notes' on page 138 et seq.).

No transactions were conducted during the 2016 financial year that fell outside the scope of normal commercial relations.

## 9. Conflicts of interest

In application of Article 523 of the Companies Code, a member of the Board of Directors who has a direct or indirect interest of a financial nature that conflicts with a decision or transaction that falls within the competence of the Board of Directors may not participate in the discussions of the Board. The copies of the approved minutes of the meetings were submitted to the statutory auditor. The texts of the minutes showing the decisions are presented in the Corporate Governance Statement.

Care Property Invest must also abide to the procedure of article 524 of the Companies Code when taking a decision or performing a transaction related to (a) relations of the Company with a related company, excluding its subsidiaries and (b) relations between a subsidiary of the Company with an affiliated company, excluding subsidiaries of that subsidiary. On 31 December 2016, Care Property Invest has three subsidiaries: see point '12. Participating interests' on page 76

The members of the Management Committee adhere to the policies of Care Property Invest concerning integrity and ethical behavior. For the rest, they must comply with the relevant provisions of the Company Code and the RREC legislation. In case of a potential conflict of interest, the members should immediately inform the CEO and the other members of the Management Committee in accordance with Article 524 ter of the Company Code. The integrity policy (available on the website [www.carepropertyinvest.be](http://www.carepropertyinvest.be)) of the Company also includes rules regarding conflicts of interest for members of the Company's bodies.

Article 37 of the RREC Act contains special provisions for the event that one of the persons referred to in this Article (managing director or shareholder of a subsidiary of a public RREC) acts as the counterparty in a real estate operation with the RREC or a company over which it exercises control.

The Company has a transaction to report in relation to Article 37 of the RREC Act. See notes "Investment dossier 'Watermaal-Bosvoorde' on page 227

## 10. Research and development

Care Property Invest has not undertaken any activities within the meaning of Articles 96 and 119 of the Companies Code.

## 11. Capital increases in the context of authorised capital

On 22 June 2015 the Company's capital was increased by €16,809,092.61 by means of a contribution in cash with priority allocation rights. This increase took place within the authorisation of the Board of Directors to increase the paid-up capital by €60.744 million (in accordance with Article 7 of the articles of association). The authorisation was granted for a period of five years from 16 April 2014 (being the publication date of the minutes of the General Meeting of 19 March 2014) and is renewable. Taking into account the capital increase on 22 June 2015, a balance remained of €43.05 million. Following the capital increase through a contribution in kind on 15 March 2017, a balance of €32.07 million remains.

## 12. Participating interests

As at 31 December 2016, the Company had three subsidiaries:

- M.S.T. bvba: a 100% subsidiary of Care Property Invest. M.S.T. bvba, in turn, holds all the shares of the company Boeyendaalhof nv;
- Ter Bleuk nv: a 100% subsidiary of Care Property Invest.
- VSP Lanaken Centrum WZC nv: a 100% subsidiary of Care Property Invest.

The two subsidiaries Croonenburg nv and B. Turnhout nv were absorbed by Care Property Invest nv in a silent merger on 21 December 2016.

## 13. Treasury shares

Following the approval of the RREC status by the Extraordinary General Meeting of 25 November 2014, with shareholders being given the opportunity to exercise their withdrawal rights, the Company bought back 17,030 shares at a market value of €16.05 per share. The total amount of €273,331.50 was recorded as a reserve with the Company's equity.

The Company awarded 2,000 shares to the CEO on 11 August 2015 as part of the payment of a bonus. The extraordinary general meeting of 18 November 2015 granted approval, within the meaning of Article 622 §2, 2° of the Companies Code, to sell the remaining 15,030 treasury shares within a period of two years on an arm's length basis, with the minimum price being the average share price during the last 30 days before the sale.

These shares were sold on 15 September 2016 at a market price of €19.45, for a total gross amount of €292,333.50. The reserve for shares amounted to €241,231.50. The realised capital gains for a total amount of €50,254.23 were directly included in equity.

The general meeting did not grant consent for any other buy-back of shares.

## 14. Information likely to affect any public takeover bid

Notices pursuant to Article 34 of the Royal Decree of 14 November 2007 regarding the duties of issuers of financial instruments admitted to trading on a regulated market (FSMA/2012\_01 dated 11 January 2012).

Care Property Invest provides a summary and, where appropriate, an explanation below of the following elements, in as far as they are of a nature likely to affect any public takeover bid.

The Company has no notices to report for the 2016 financial year.

### 14.1 Capital structure

There are two types of shares: special shares and ordinary shares, all without par value: all shares are subscribed and paid up in full. As at 31 December 2016, 150,000 special shares and 13,034,720 ordinary shares were in issue. Following the capital increase and issue of new shares on 15 March 2017, as part of this transaction, for the acquisition of the project in Watermaal-Bosvoorde through a contribution in kind, the total capital as per 15 March 2017 amounts to €89,414,321.58. As from 15 March 2017, the capital is represented by a total number of 15,028,880 shares, of which 14,878,880 ordinary shares and 150,000 special shares. The total amount of voting rights is 15,028,880 as from 15 March 2017.

Information regarding the changes is provided in Chapter "X. Permanent document", paragraph '4. History of the share capital' on page 248.

The details of the capital structure are included in Chapter V. Care Property Invest on the stock market. In accordance with Article 37(1) of the Articles of Association, each share affords the right to cast one vote.

The following relevant articles of the articles of association were included in full in the coordinated articles of association (presented in Chapter "X. Permanent document", from page 250 and available on [www.carepropertyinvest.be](http://www.carepropertyinvest.be)).

[ARTICLE 6 of the coordinated articles of association as at 15.3.2017 - CAPITAL](#)

[ARTICLE 7 of the coordinated articles of association as at 15.3.2017 - AUTHORISED CAPITAL](#)

[ARTICLE 8 of the coordinated articles of association as at 15.3.2017 - CHANGE IN THE CAPITAL](#)

[ARTICLE 9 of the coordinated articles of association as at 15.3.2017 - NATURE OF THE SHARES](#)



## 14.2 Legal restrictions or restrictions pursuant to the articles of association on the exercise of voting rights

As at 31 December 2016, Care Property Invest no longer held any treasury shares.

## 14.3 Legal restrictions and restrictions pursuant to the articles of association on the transfer of securities

The following relevant articles of the articles of association were included in full in the coordinated articles of association (presented in Chapter "X. Permanent document", from page 250 and available on [www.carepropertyinvest.be](http://www.carepropertyinvest.be)).

[ARTICLE 12 of the coordinated articles of association as at 15.3.2017 - TRANSFER OF SHARES A, B, C, D, E and F](#)

[ARTICLE 13 of the coordinated articles of association as at 15.3.2017 - TRANSFER OF ORDINARY SHARES](#)

[ARTICLE 15 of the coordinated articles of association as at 15.3.2017 - NOTIFICATION OF SIGNIFICANT PARTICIPATING INTERESTS](#)

The legislation applying to public limited liability companies and listed companies whose shares are offered to the public for subscription, and public RRECs in particular, must be respected, including in as far as these entail a restriction of transfers of securities.

## 14.4 Holders of securities with special control rights attached are - description of these rights

Reference is made in this regard to the above statements under '12. Participating interests' on page 76 and Articles 12, 16, 17, 18, 19, 20, 26, 32 and 36 of the coordinated articles of association included in Chapter "X. Permanent document", from page 250 and available on [www.carepropertyinvest.be](http://www.carepropertyinvest.be).

## 14.5 The mechanism for the control of any employee share scheme where the control rights are not exercised directly by the employees

Not applicable: there are no share schemes.

## 14.6 Agreements contracted between Care Property Invest and its directors or employees providing for when, in the event of a takeover bid, the directors should resign or are redundant without valid reason or the employees'

## employment is terminated

Not applicable.

## 14.7 The rules governing the appointment and replacement of members of the governing body

The following relevant articles of the articles of association were included in full in the coordinated articles of association presented in Chapter "X. Permanent document", from page 250 and available on [www.carepropertyinvest.be](http://www.carepropertyinvest.be).

[ARTICLE 16 of the coordinated articles of association as at 15.3.2017 - COMPOSITION OF THE BOARD OF DIRECTORS](#)

[ARTICLE 17 of the coordinated articles of association as at 15.3.2017 - PREMATURE VACANCIES](#)

[ARTICLE 18 of the coordinated articles of association as at 15.3.2017 - CHAIRMANSHIP](#)

[ARTICLE 25 of the coordinated articles of association as at 15.3.2017 - COMMITTEES](#)

[ARTICLE 27 of the coordinated articles of association as at 15.3.2017 - EXECUTIVE BOARD](#)

[ARTICLE 28 of the coordinated articles of association as at 15.3.2017 - MANAGEMENT COMMITTEE](#)

## 14.8 The rules for amending the articles of association

The legislation applying to public limited liability companies and listed companies whose shares are offered to the public for subscription, and public RRECs in particular, must be respected. In the event of an amendment of the articles of association or a decision for which the law imposes a similar majority requirement as for an amendment of the articles of association, and where the rights and obligations of a certain class of shareholders are affected, the statutory majority requirements must be complied with separately for each class of shareholders.

## 14.9 The powers of the governing body as regards the power to issue or buy back shares

The following relevant article from the coordinated articles of association was included in full in Chapter "X. Permanent document", from page 250. and is available on [www.carepropertyinvest.be](http://www.carepropertyinvest.be).

[ARTICLE 14 of the coordinated articles of association as at 15.3.2017 - BUY-BACK OF SHARES](#)

The Company may buy back its own fully paid-up shares and hold these in pledge pursuant to a decision of the General Meeting in accordance with the provisions of Articles 620 to 630 of the Companies Code. The same meeting may determine the conditions of sale of these shares.

Following the approval of the RREC status by the Extraordinary General Meeting of 25 November 2014, with shareholders being given the opportunity to exercise their withdrawal rights, the Company bought back 17,030 shares at a market value of €16.05 per share. The total amount of €273,331.50 was recorded as a reserve with the Company's equity.

The Company awarded 2,000 shares to the CEO on 11 August 2015 as part of the payment of a bonus. The extraordinary general meeting of 18 November 2015 granted approval, within the meaning of Article 622 §2, 2° of the Companies Code, to sell the remaining 15,030 treasury shares within a period of two years on

an arm's length basis, with the minimum price being the average share price during the last 30 days before the sale. On 15 September 2016, these shares were sold at a price of €19.45, so that the total amount that the Company received was €292,333.50, exclusive of costs payable. The realised capital gains for a total amount of €50,254.23 were directly included in equity.

The general meeting did not grant consent for any other buy-back of shares.

The Board of Directors may issue shares within the limits of the authorised capital. At 31 December 2016, a balance of authorised capital of €43.05 million remained. See also the notes concerning shares in the Company's own capital in the item '13. Treasury shares' on page 76

Following the capital increase through a contribution in kind on 15 March 2017, an available balance of €32.07 million remains.

#### 14.10 Shareholder agreements known to Care Property Invest, which result in restrictions on the transfer of securities and/or voting rights

The rules on the transfer of the special and the ordinary shares were included in the articles of association.

The relevant articles of the coordinated articles of association are included in full in Chapter "X. Permanent document", from page 240 and can be viewed at [www.carepropertyinvest.be](http://www.carepropertyinvest.be).

[ARTICLE 12 of the coordinated articles of association as at 15.3.2017 TRANSFER OF SHARES A, B, C, D, E, F](#)  
[ARTICLE 13 of the coordinated articles of association as at 15.3.2017- TRANSFER OF ORDINARY SHARES](#)

No additional agreements were contracted in that regard.

#### 14.11 Significant agreements to which Care Property Invest is party and which take effect, undergo changes or expire in the event of a change of control over Care Property Invest following a public takeover bid

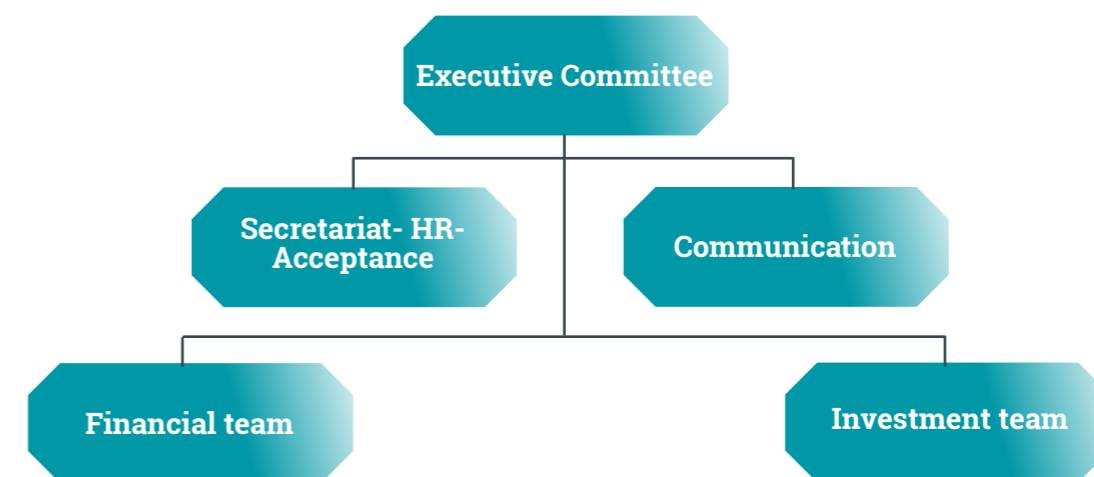
There are no significant agreements to which the Company is party and which take effect, undergo changes or expire in the event of a change of control over the Company following a public takeover bid, except the management agreements contracted on 1 July 2016 with the CFO and COO in relation to their mandate as effective leaders. Contractual provisions in the management contracts concerning resignation and severance pay are explained in paragraph '6. Remuneration report' on page 230 of Chapter "IX. Corporate Governance Statement".

There are no other agreements contracted between the Company and its directors or employees providing for benefits if, in the event of a takeover bid, the directors resign or are made redundant without valid reason or the employees' employment is terminated. The Belgian labour laws must be respected when workers resign or are dismissed.

## 15. Internal organisation and functioning of Care Property Invest

### 15.1 General

Corporate governance considerations are explained in the Chapter 'IX. CORPORATE GOVERNANCE STATEMENT', "from page 202". The operations of the Company are structured as follows.



With regard to new projects, all projects submitted for decision-making to the Board of Directors are prepared by the multidisciplinary team of Care Property Invest (the investment team, the financial team and the person responsible for communications). After a thorough investigation and analysis, the projects are completed and processed into an investment project which is presented to the Board of Directors. In summary, this process involves the following steps: proposal of the initiators: identification, description of the proposed real estate project, description, approvals, land position, phasing of the project, budget, location: distances to service centres, supply of care provision in the sector, cultural facilities, accessibility, public transport, business plan, corporate plan, financial plan, proposal to the Board of Directors, proposed investment structure, duration, proposed yield, indexation, leasehold and/or building, funding, timing, risk profile of the transaction, environmental factors: risk profile of the initiators, contractors, service providers, etc.

## 15.2 Management Committee

Care Property Invest has had a Management Committee since 1 July 2016. The Management Committee consists of the following 5 members:

- Peter Van Heukelom, CEO
- Filip Van Zeebroeck, CFO and compliance officer
- Valérie Jonkers, COO
- Willy Pintens, managing director and person responsible for internal audit
- Dirk Van den Broeck, managing director and risk manager

Management agreements were contracted with the first three members.

The CEO is in charge of the operational functioning of the company and leads, monitors and evaluates the performance of the staff and the independent employees (CFO and COO). The CEO is monitored by the two other Managing Directors.

The CEO is responsible for the operational management of Care Property Invest. Where necessary, therefore, the CEO also undertakes various operational tasks.

Some examples include:

- The CEO also serves as the Personnel Director. He prepares all decisions regarding hiring and dismissal of employees and submits these for decision-making to the Management Committee, within the framework outlined by the Board of Directors.
- The CEO is easily accessible to the clients and shareholders of Care Property Invest. Questions or complaints are presented almost directly to the CEO and are dealt with quickly. The CEO is therefore in close touch with and aware of all developments or complications in and relating to the business.
- The CEO is also present on the construction sites. In order to remain fully informed of developments in the projects, he conducts regular site visits.

The CEO directly leads a small team of support staff.

The secretariat consists of two people and is headed by the management secretary, who also manages the HR administration. The HR function is shared between the CEO and the secretariat, in cooperation with a social secretariat. The secretariat is also at the service of everyone within Care Property Invest and provides for support in the day-to-day operations of the Company.

The Company has also had a communications officer since 2016.

The communications officer supports the practical development of all forms of communication by the Company: financial reporting, press releases, communications to investors and the market, stock markets, ... provides for the website, brochures, monitoring of the house style, preparation and settlement of publications and brochures and in general, provides for higher visibility of the Company.

### COO and investment team:

Since 1 July 2016, the Company has had a COO (who previously served as an investment manager in the Company). In close cooperation with the CEO and an external commercial consultant, she develops the project proposals for the Board of Directors to decide on. Because of the importance of the commercial operation for the future development of Care Property Invest, the CEO himself is also heavily involved and frequently present on the ground through targeted prospecting and networking. The COO manages the investment team, coordinates the preparation and development of investment projects and prospects for new investment projects.

Given the intense construction and investment activities of Care Property Invest, the investment team has a special central and important task. All activities (construction, prospecting and technical due diligence inquiries) are led and followed up by an internal architect-project manager and an engineer-project manager from the first feasibility study to the after-care following the provisional and final acceptance or acquisition of the property.

### CFO and Financial Department

The financial department is responsible for accounting, credit control, reporting quarterly results to the Board of Directors and the preparation of the financial statements and the half-yearly and annual financial reports.

Care Property Invest has chosen to perform all accounting and financial operations and reporting internally with its own staff. On 1 July 2016, Care Property Invest appointed a separate CFO (who previously worked as a company lawyer), who manages the Financial Department and reports to the CEO, the Management Committee and the Board of Directors, and serves as a first point of contact for both bodies.

### Supporting positions

As in any commercial/operational business, the Company also uses external suppliers, on the operational level and for legal, financial, HRM and ICT aspects. When such external suppliers are used, Care Property Invest bears the responsibility and is in charge of coordination.

## 16. Corporate Governance Statement

The Corporate Governance Statement, including the remuneration report and the description of the main features of the internal control and risk management systems are presented in Chapter 'IX. CORPORATE GOVERNANCE STATEMENT' on page 202 of this annual financial report.

Drawn up in Schoten on 29 March 2017.



V. Care Property Invest on the stock market



7 February 1996

## Initial public offering

Introduction of the Care Property Invest share on Euronext Brussels as the first Belgian Bevak/sicafi.



# Stock market History

24 March 2014

## Share split

Share split by a factor of 1,000. From this date, the share capital of the company was represented by 10,210,000 shares rather than 10,210 shares.



16 May 2001

## Capital increase

capital increase of €565.69 through incorporation of a reserve for the conversion of the capital from Belgian francs to euros.

20 June 2014

## Capital increase

Capital increase in kind of €889,004.04 in capital and share premium of €1,191,440.24 through the issuance of 149,425 new shares in connection with the optional dividend for the 2013 financial year. From this date, the share capital of the Company was represented by 10,359,425 shares.



22 June 2015

## Capital increase

Capital increase in cash with irrevocable allocation right. The offering of 2,825,295 new shares was fully subscribed at an issue price of €13.45 per share. The gross proceeds of the capital increase amounted to €38,000,217.75. As of 22 June 2015, the share capital was represented by 13,184,720 shares.



7 February 2016

The Care Property Invest share has been listed on Euronext brussels for exactly 20 years.

## Reduced withholding tax

1 January 2017

Since Care Property Invest is a RREC whose real estate portfolio consists of at least 60% of immovable property that is exclusively or primarily intended or used for residential or health care, it can benefit from a reduced withholding tax rate of 15%.



30 November 2015

## Interim dividend

The Board of Directors decided to pay an interim dividend for 2015 of €0.63 per share, amounting to €0.5355 net (after deduction of 15% withholding tax) to persons who were in possession of both coupon No. 3 and coupon No. 5. The interim dividend was made payable on 21 December 2015.

21 December 2016

Inclusion in the BEL Mid Index as a BEL Mid Cap

15 March 2017

## Capital increase

Capital increase in kind with the creation of 1,844,160 new shares. Care Property Invest raises over €33.5 million. The total number of shares amounts to 15,028,880 as from 15 March 2017.

## 2. Share price and volume

### 2.1 Number and classes of shares

Amounts shown in euros.

Number of ordinary and special shares on 31 December	2016	2015
<b>Total number of shares</b>	<b>13,184,720</b>	<b>13,184,720</b>

of which:

- number of ordinary shares	13,034,720	13,034,720
- number of special shares	150,000	150,000

All shares are no-par. See Article 6 of the Company's articles of association

number of registered and dematerialised shares on 31 December	2016	2015
<b>Total number of shares:</b>	<b>13,184,720</b>	<b>13,184,720</b>

of which:

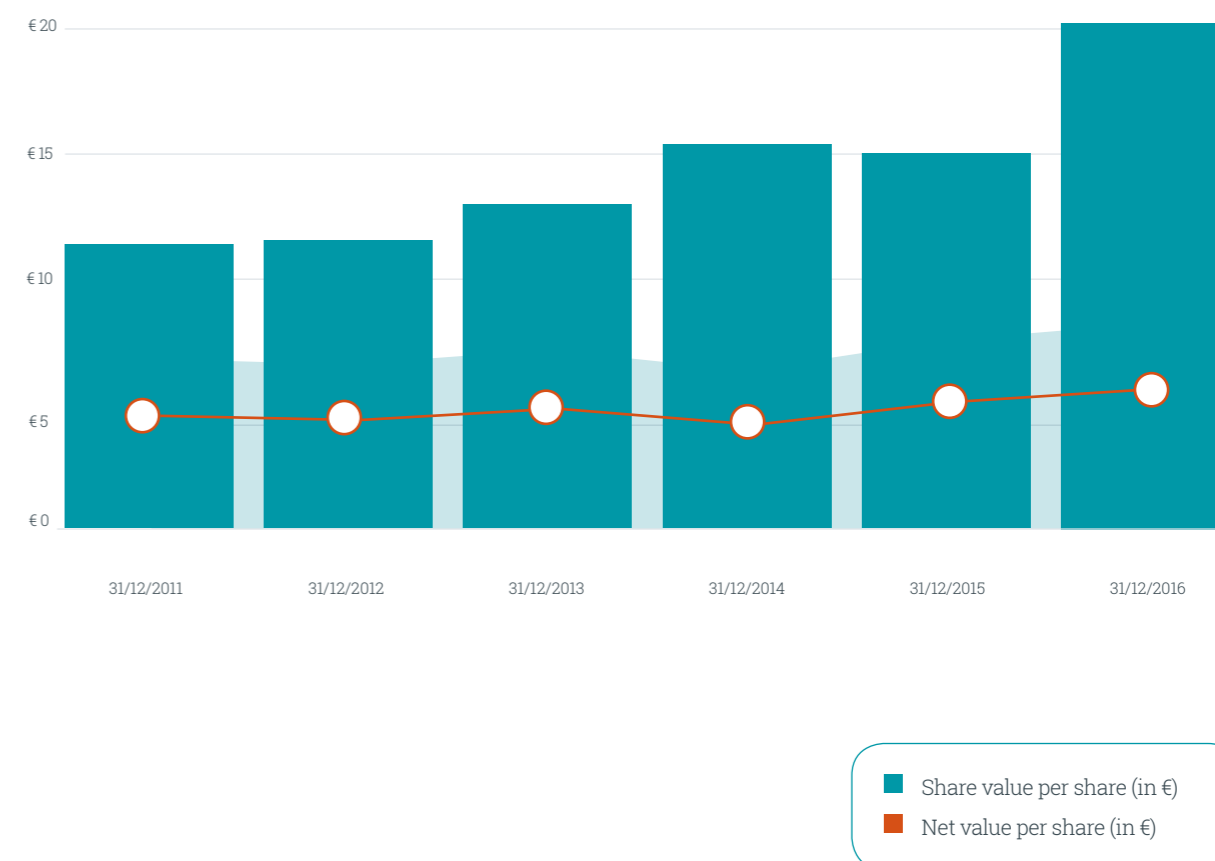
- number of registered ordinary and special shares	237,826	237,826
- number of dematerialised ordinary shares	12,946,894	12,946,894

- number of treasury shares	0	15,030
- number of ordinary shares outstanding (after deduction of treasury shares and registered shares)	12,946,894	12,931,864
- weighted average number of shares	13,184,720	11,853,348

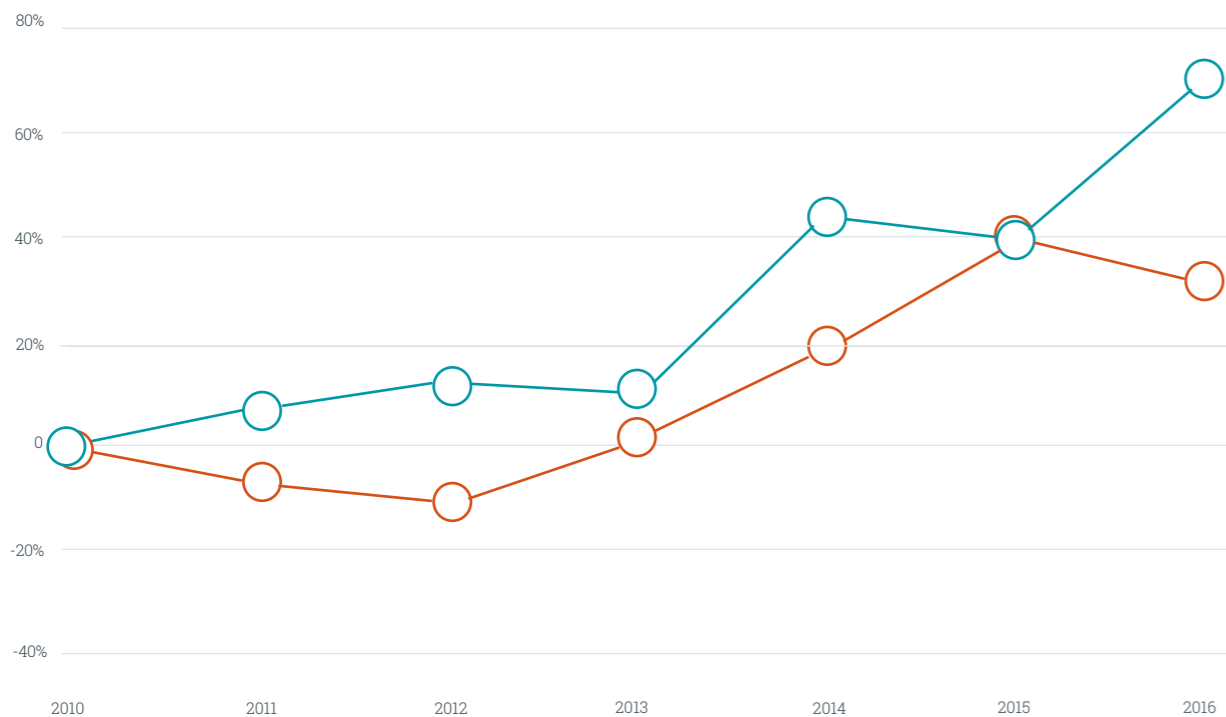
Value of shares on 31 December	2016	2015
- Stock price on cut-off date	20.45	15.20
- Highest closing stock price of the financial year	20.94	16.92
- Lowest closing stock price of the financial year	15.29	13.41
- Average share price	18.10	14.89
- Market capitalisation	269,627,524	200,407,744
- Net value per share	8.24	7.62
- Premium compared to the net fair value	59.70%	49.87%
- Free float	98.86%	98.86%
- Average daily volume	7,456.01	5,282.77
- Turnover rate	14.50%	10.14%
<b>Dividend per share</b>	(*)	
Gross dividend per share	0.63	0.63
Net dividend per share	0.5355	0.5355
Gross dividend per share compared to the share price	3.08%	4.14%
Pay out ratio (on statutory level)	100%	97%
Pay out ratio (on consolidated level)	98.76%	95%

(\*) Subject to the approval of the General Meeting of Shareholders on 17 May 2017.

### 2.2 Evolution of the share price compared to the net value (or inventory value) of the share



### 2.3 Comparison of the share price



■ Share price Care Property Invest  
 ■ Share price Bel 20

### 3. Dividend policy

In accordance with Article 11 §3 of the RREC Law, Article 616 of the Companies Code – which requires a statutory reserve to be kept – does not apply. The minimum pay-out requirement is established in accordance with Article 13 of the RREC Decree. If necessary, and to the extent that there is sufficient profit, a share of the profit is reserved and carried over to the following financial years in order to have more own resources for pre-financing and to be able to provide the shareholders with a stable dividend for the subsequent financial years in accordance with the original prospectus<sup>(1)</sup>. Since Care Property Invest was a residential regulated real estate company, the withholding tax was 15%. The reduced rate of 15% was however repealed by the Act of 26 December 2015 containing measures to promote job creation and purchasing power (BS 30 December 2015) and increased to 27% from 1 January 2016.

On 21 December 2015, an interim dividend was paid for the 2015 financial year for an amount of approximately €0.63 gross per share and €0.5355 net per share.

For the financial year 2016, the the Board of Directors will propose to the Annual General Meeting on 17 May 2017 to pay a dividend of €0.63 gross per share (or €0.5355 net per share), with application of the reduced withholding tax rate (15%) and, thus, keeping it stable compared to last year. This represents a gross dividend of 3.08% compared to the share price on 31 December 2016.

Care Property invest foresees a significant increase of the dividend for the 2017 financial year, taking into account the increase in rental income and the increasing revenue from additional investments during the course of 2017.

### 4. Shareholding structure

The Company has no knowledge of any shareholders holding more than 5% of the voting rights. The Company also opted in its articles of association for the possibility<sup>(2)</sup> granted by law to introduce lower thresholds in the articles of association than the statutory ones (i.e. thresholds of 5%, 10%, 15%, 20% etc., in blocks of 5 per cent). Article 15 of the articles of association provides that when voting rights attached to securities with voting rights held directly or indirectly reach, exceed or fall below the limit of three percent (3%) of the total voting rights, the person concerned must issue a transparency notice (to the Company or the FSMA).

To date, the Company has not received any transparency notices and, therefore, has no knowledge of any shareholders holding more than 3% of the voting rights.

(1) Prospectus for public offering of 10,000 shares as issued by Serviceflats Invest nv.

(2) Article 18 of the Law of 2 May 2007 concerning the publication of significant participating interests in issuers whose shares are admitted for trading on a regulated market and containing various provisions.

Share distribution	% in relation to the total capital	
	On 31 December 2016	On 15 March 2017 (*)
<b>Special shareholders</b>	<b>1.14%</b>	<b>1.00%</b>
BNP PARIBAS FORTIS nv/ SA	0.61%	0.53%
BELFIUS BANK nv/ SA	0.23%	0.20%
KBC BANK nv/ SA	0.23%	0.20%
BANK DEGROOF PETERCAM nv/ SA	0.07%	0.07%
<b>Ordinary shares</b>	<b>98.86%</b>	<b>99.00%</b>
Registered ordinary shares	0.66%	1.81%
Dematerialised ordinary shares	98.20%	97.19%

The above table shows the identity of the four special shareholders and the high percentage of free float, representing the ordinary shares (98.86% on 31/12/2016 and 99.00% on 15/3/2017). Of these ordinary shares, the vast majority are dematerialised. The special shareholders all hold registered shares.


(\*) Following the capital increase and issue of new shares on 15 March 2017, as part of the acquisition of the project in Watermaal-Bosvoorde through a contribution in kind.

## 5. Shareholders' calendar

Dividend : listing ex-coupon (*)	13 March 2017 (instead of 24 May 2017)(*)
Interim statement 1st quarter 2017	11 May 2017
Ordinary General Meeting	17 May 2017
Payment of dividends	Starting from 26 May 2017
Half-yearly financial report	7 September 2017
Interim statement 3rd quarter 2017	16 November 2017

These dates may be subject to changes

(\*)Coupon no. 6 that entitles the holder to a gross dividend (after, and subject to, the approval of the general meeting on 17 May 2017) over the full 2016 financial year, has been detached on 13 March 2017, for the contribution in kind of a property into the capital of Care Property Invest, within the context of the authorised capital (see press releases of 17 February 2017 and 15 March 2017 relating to Watermaal-Bosvoorde).

 Care Property invest foresees a significant increase of the dividend for the 2017 financial year, taking into account the increase in rental income and the increasing revenue from additional investments during the course of 2017.





These data are not compulsory according to the RREC legislation and are not subject to verification by the FSMA or the statutory auditor.



## VI. EPRA <sup>(1)</sup>

### 1. EPRA (European Public Real Estate Association) - Membership

Care Property Invest is a member of the European Public Real Estate Association (EPRA) since the financial year 2016.

With a joint real estate portfolio that exceeds the mark of €365 billion, more than 220 EPRA members represent the core of the European real estate. The purpose of this non profit organisation is to promote the European real estate and its role in society. Its members are listed companies and join forces to improve accounting guidelines, the supply of information and corporate governance within the sector. Furthermore EPRA provides high-quality information to investors and publishes standards for financial reporting which from now on are included in the Company's half-yearly and annual financial reports.

#### 1.1 The EPRA index

The EPRA index is used worldwide as a benchmark and is the most used investment index to compare performances of listed real estate companies and REITS. The index is composed on the basis of a group of more than 100 companies with a joint market capitalisation of more than €200 billion.

In November 2016 the board of directors of the European Public Real Estate Association (EPRA) published an update of the report "EPRA Reporting: Best Practices Recommendations" ("EPRA Best Practices"). The report is available on the EPRA website (www.epra.com). This report contains recommendations for the most important indicators of the financial performance of listed real estate companies. Care Property Invest supports the current tendency to standardise reporting in view of higher quality and comparability of information and provides the investors with the majority of the indicators recommended by EPRA.



(1) These data are not compulsory according to the RREC legislation and are not subject to verification by the FSMA or the statutory auditor.

### 1.2 EPRA key performance indicators: overview

Amounts shown in euros.

Financial year closed on 31 December	2016	2015
EPRA Earnings (in €/share)	0.62	0.57
EPRA NAV (in €/share)	15.76	13.42
EPRA NNNNAV (in €/share)	13.13	10.86
EPRA Net Initial Yield (NIY) (in%)	4.54	4.96
EPRA Topped-up NIY (in%)	4.54	4.40
EPRA Vacancy Rate (in%) (*)	0.00	0.00
EPRA Cost Ratio (including direct vacancy costs) (in %)	14.81	16.95
EPRA Cost Ratio (excluding direct vacancy costs) (in %)	14.81	16.91

(\*) Care Property Invest only encounters a vacancy risk with the project "Tilia" in Gullegem. With respect to the projects in the initial investment program, the risk lies with the counterparty. The Company receives the ground rent, whether or not a certain vacancy exists. For the new projects as well, the Company tries to shift this risk entirely or for a large part to the counterparty. The vacancy rate for the project "Tilia" is therefore negligible in the entire portfolio.

### 1.3 EPRA key performance indicators: detailed overview

The purpose of the indicators included below, is explained in the chapter "XI. Glossary" under point '1.9 EPRA' on page 269.

Amounts shown in euros.

Financial year closed on 31 December		2016	2015
<b>EPRA Earnings</b>	<i>x 1,000</i>	8,124	7,477
Current result from strategic operational activities.	<i>€/share</i>	0.62	0.57
<b>EPRA NAV</b>			
Net Asset Value (NAV) adjusted to include the investment properties at their fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.	<i>x 1,000</i>	207,762	176,770
	<i>€/share</i>	15.76	13.42
<b>EPRA NNNNAV</b>			
EPRA NAV adjusted to include the fair value of (i) financial instruments, (ii) debt and (iii) deferred taxes.	<i>x 1,000</i>	173,168	143,037
	<i>€/share</i>	13.13	10.86
<b>EPRA net initial yield (NIY)</b>			
Annualised gross rental income based on the passing rents at the closing date, less property charges, divided by the market value of the portfolio, increased with estimated transaction costs resulting from the hypothetical disposal of investment properties.	<i>%</i>	4.54	4.96

Financial year closed on 31 December		2016	2015
<b>EPRA "topped up" NIY</b>			
This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods and other incentives.	%	4.54	4.40
<b>EPRA vacancy rate (*)</b>			
Estimated Rental Value (ERV) of vacant space divided by the ERV of the total portfolio.	%	0.00	0.00
<b>EPRA cost ratio (incl. costs of direct vacancy)</b>			
Administrative/operational expenses per IFRS financial results, including the direct costs of vacant buildings, divided by the gross rental income, less ground rent costs.	%	14.81	16.95
<b>EPRA cost ratio (excl. costs of direct vacancy)</b>			
Administrative/operational expenses per IFRS financial results, minus the direct costs of vacant buildings, divided by the gross rental income, less ground rent costs.	%	14.81	16.91

(\*) Care Property Invest only runs a vacancy risk with the project "Tilia" in Gullegem. With respect to the projects in the initial investment program, the risk lies with the counterparty. The Company receives the ground rent, whether or not a certain vacancy exists. For the new projects as well, the Company tries to shift this risk entirely or for a large part to the counterparty. The vacancy rate for the project "Tilia" is therefore negligible in the entire portfolio.

(x € 1,000)

### 1.3.1 EPRA EARNINGS-

Financial year closed on 31 December		2016	2015
<b>IFRS Earnings as mentioned in the annual accounts</b>		<b>7,895</b>	<b>12,014</b>
<b>Adjustments to calculate EPRA Earnings:</b>		<b>228</b>	<b>-4,537</b>
(i) Changes in fair value of investment properties and assets held for sale		-1,925	-1,690
(ii) Profits or losses on disposal of investment properties.		0	0
(iii) Profits or losses on sales of assets held for sale.		0	0
(iv) Tax on profits or losses on disposals.		0	0
(v) Negative goodwill / goodwill impairment.		0	0
(vi) Changes in fair value of financial assets and liabilities (IAS 39) and associated close-out costs.		2,153	-2,847
(vii) Acquisition costs and interests on share deals and joint ventures (IFRS 3).		0	0
(viii) Deferred taxes in respect of EPRA adjustments.		0	0
(ix) EPRA adjustments (i) to (viii) in respect of joint-ventures.		0	0
(x) Minority interests in respect of EPRA adjustments.		0	0
<b>EPRA Earnings</b>		<b>8,124</b>	<b>7,477</b>
Number of shares		13,184,720	13,169,690
<b>EPRA Earnings per share (in €)</b>		<b>0.62</b>	<b>0.57</b>

### 1.3.2 EPRA NET ASSET VALUE (NAV)

(x € 1,000)

Financial year closed on 31 December	2016	2015
<b>NAV per the financial statements</b>	<b>108,699</b>	<b>100,300</b>
<b>NAV per the financial statements (in €/share)</b>	<b>8,24</b>	<b>7,62</b>
Effect of exercise of options, convertibles and other equity interests.	0	0
<b>Diluted NAV, after the exercise of options, convertibles and other equity interests.</b>	<b>108,699</b>	<b>100,300</b>
To be included:		
(i) Re-evaluation to fair value of investment properties.	0	0
(ii) Re-evaluation to fair value of finance lease receivables (*)	76,515	52,630
(iii) Re-evaluation to fair value of assets held for sale.	0	0
To be excluded:		
(iv) Fair value of financial instruments.	21,463	19,310
(v.a) Deferred tax.	1,084	4,530
(v.b) Part of goodwill as a result of deferred tax.	0	0
To be included/ To be excluded:		
Adjustments (i) with respect to (v) respect of joint ventures.	0	0
<b>EPRA NAV</b>	<b>207,762</b>	<b>176,770</b>
Number of shares	13,184,720	13,169,690
<b>EPRA NAV per share (in €)</b>	<b>15.76</b>	<b>13.42</b>

(\*) The fair value of finance lease receivables was calculated by discounting future cash flows, including the investment costs shown under the heading "finance lease receivables", at an IRS rate prevailing on 31 December of the relevant year, depending on the remaining term of the building rights period plus a margin.

### 1.3.3 EPRA TRIPLE NET ASSET VALUE (NNNAV)

(x € 1,000)

Financial year closed on 31 December	2016	2015
<b>EPRA NAV</b>	<b>207,762</b>	<b>176,770</b>
To be included:		
(i) Fair value of financial instruments	-21,463	-19,310
(ii) Fair value of debt	-12,046	-9,893
(iii) Deferred tax	-1,084	-4,530
<b>EPRA NNNAV</b>	<b>173,168</b>	<b>143,037</b>
Number of shares	13,184,720	13,169,690
<b>EPRA NNNAV per share (in €)</b>	<b>13.13</b>	<b>10.86</b>

### 1.3.4 EPRA NET INITIAL YIELD (NIY)

(x € 1,000)

Financial year closed on 31 December	2016	2015
Investment properties in fair value.	85,041	49,961
Finance lease receivables in fair value. (*)	245,299	221,889
Assets held for sale (+)	0	0
Development projects. (-)	0	0
<b>Investments properties in exploitation in fair value</b>	<b>330,340</b>	<b>271,850</b>
Allowance for estimated purchasers' costs (+).	61	83
<b>Investment value of investment properties in exploitation</b>	<b>330,401</b>	<b>271,933</b>
Annualised gross rental income (+)	14,997	13,500
Property charges. (-)	0	0
<b>Annualised net rental income</b>	<b>14,997</b>	<b>13,500</b>
Notional rent expiration of rent free period or other lease incentives (-)	0	-1,525
<b>Topped-up and annualised net rental income</b>	<b>14,997</b>	<b>11,975</b>
<b>EPRA NIY (in %)</b>	<b>4.54</b>	<b>4.96</b>
<b>EPRA TOPPED-UP NIY (in %)</b>	<b>4.54</b>	<b>4.40</b>

(\*) The fair value of finance lease receivables was calculated by discounting future cash flows, including the investment costs shown under the heading "finance lease receivables", at an IRS rate prevailing on 31 December of the relevant year, depending on the remaining term of the building rights period plus a margin.

### 1.3.5 INVESTMENT PROPERTIES - RENTAL INFORMATION

(x € 1,000)

Financial year closed on	31 December 2016						
	Gross rental income (1)	Net rental income (2)	Lettable space (in m <sup>2</sup> )	Contractual rents (3)	Estimated rental value (ERV) on empty spaces	Estimated rental value (ERV)	Vacancy rate (in %) (4)
Investment properties available for lease	2,519	2,519	38	4,186	0	4,481	0.00%
Finance leases	13,111	13,111	-	-	-	-	-
Reconciliation with the consolidated IFRS-balance sheet							
Development projects	0	0					
<b>Total investment properties</b>	<b>15,630</b>	<b>15,630</b>					
Financial year closed on	31 December 2015						
Investment properties available for lease	615	615	24	2,566	0	2,790	0.00%
Finance leases	13,117	13,117	-	-	-	-	-
Reconciliation with the consolidated IFRS-balance sheet							
Development projects	0	0					
<b>Total investment properties</b>	<b>13,732</b>	<b>13,732</b>					

(1) The total "gross rental income" for the period determined in the EPRA Best Practices, reconciled with the consolidated IFRS global result statement, corresponds to the "net rental income" in the consolidated IFRS accounts.-

(2) The total "net rental income" for the period determined in the EPRA Best Practices, reconciled with the consolidated IFRS global result statement, corresponds to the "property operating income" in the consolidated IFRS accounts.

(3) Current lease at the date of closing, plus future lease contracts as the date of 31 December 2016 or 31 December 2015.

(4) Care Property Invest only runs a vacancy risk with the project "Tilia" in Gullegem. With respect to the projects in the initial investment program, the risk lies with the counterparty. The Company receives the ground rent, whether or not a certain vacancy exists. For the new projects as well, the Company tries to shift this risk entirely or for a large part to the counterparty. The vacancy rate for the project "Tilia" is therefore negligible in the entire portfolio.

### 1.3.6 INVESTMENT PROPERTIES - LIKE-FOR-LIKE NET RENTAL INCOME

(x € 1,000)

Financial year closed on	31 December 2015				31 December 2016		
	Gross rental income	Gross rental income on a like-for-like compared to 2015	Acquisitions	Sales	Other	Regularisation of rental income related to past periods	Gross rental income at current perimeter
Investment properties available for lease	615	2,502	17	0	0	0	2,519
Finance leases	13,117	13,111	0	0	0	0	13,111
Reconciliation with the consolidated IFRS-balance sheet							
Development projects	0	0	0	0	0	0	0
<b>Total investment properties</b>	<b>13,732</b>	<b>15,613</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,630</b>

### 1.3.7 INVESTMENT PROPERTIES - VALUATION DATA

(x € 1,000)

Financial year closed on	31 December 2016			
	Fair value	Changes in fair value	EPRA NIY (in%)	Value variance (in %)
Investment properties available for lease	85,041	2,566	1.17	3.02
Finance leases	(*) 245,299	23	3.37	0.01
Reconciliation with the consolidated IFRS-balance sheet				
Development projects	0	0		
<b>Total investment properties</b>	<b>330,340</b>	<b>2,589</b>		
Financial year closed on	31 December 2015			
Investment properties available for lease	49,961	1,690	0.91	3.38
Finance leases	221,889	4,701	4.05	2.12
Reconciliation with the consolidated IFRS-balance sheet				
Development projects	0	0		
<b>Total investment properties</b>	<b>271,850</b>	<b>6,391</b>		

(\*) The fair value of finance lease receivables was calculated by discounting future cash flows including the investment costs shown under the heading "finance lease receivables" at an IRS rate prevailing on 31 December of the relevant year depending on the remaining term of the building rights period plus a margin.



## 1.3.8 INVESTMENT PROPERTIES - LEASE DATA

(x € 1,000)

Financial year closed on		31 December 2016				
		Current rent of leases expiring.				
	Average remaining maturity <sup>1</sup> (in years)	Ending between 0-10 years	Ending between 10-15 years	Ending between 15-20 years	Ending > 20 years	
Investment properties available for lease	17.13	0	121	17	2,381	
Finance leases	22.87	339	5,671	3,219	4,288	
Reconciliation with the consolidated IFRS-balance sheet						
Development projects	0	0	0	0	0	
<b>Total Investment properties</b>	<b>17.54</b>	<b>339</b>	<b>5,792</b>	<b>3,236</b>	<b>6,669</b>	
Financial year closed on		31 December 2015				
		Current rent of leases expiring.				
	Average remaining maturity <sup>1</sup> (in years)	Ending between 0-10 years	Ending between 10-15 years	Ending between 15-20 years	Ending > 20 years	
Investment properties available for lease	18.13	0	44	0	571	
Finance leases	23.7	0	5,207	2,941	5,235	
Reconciliation with the consolidated IFRS-balance sheet						
Development projects	0	0	0	0	0	
<b>Total investment properties</b>	<b>18.41</b>	<b>0</b>	<b>5,251</b>	<b>2,941</b>	<b>5,806</b>	

## 1.3.9 INVESTMENT PROPERTIES - PROPERTIES BEING CONSTRUCTED OR DEVELOPED

(x € 1,000,000)

Financial year closed on		31 December 2016					
	Cost to date	Costs to completion	Future interest to be capitalised	Forecast total cost	Forecast completion date	Number of living units	ERV on completion (x € 1,000)
"Herfstvrede" (Moerbeke)	2.40	1.20	0.00	3.60	23/02/2017	22	191
"Huis Driane" (Herenthout)	0.06	3.10	0.00	3.10	spring 2018	22	146
<b>Total</b>	<b>2.46</b>	<b>4.30</b>	<b>0.00</b>	<b>6.70</b>		<b>44</b>	<b>336</b>
Financial year closed on		31 December 2015					
"Herfstvrede" (Moerbeke)	0.06	3.60	0.00	3.60	mid 2017	22	191
"Huis Driane" (Herenthout)	0.00	3.10	0.00	3.10	spring 2018	20	146
<b>Total</b>	<b>0.06</b>	<b>6.70</b>	<b>0.00</b>	<b>6.70</b>		<b>42</b>	<b>336</b>

## 1.3.10 EPRA COST RATIOS

(x € 1,000)

Financial year closed on	31 December 2016	31 December 2015
<b>Administrative/operating expense line per IFRS statement</b>	<b>-2,315</b>	<b>-2,328</b>
Rental-related charges	0	0
Recovery of property charges	0	0
Rental charges and taxes normally paid by tenants on let properties	0	0
Technical costs	0	0
Commercial costs	0	0
Charges and taxes on unlet properties	-1	-6
Property management costs	0	0
Other property charges	0	0
Overheads	-2,376	-2,403
Other operating income and charges	62	81
<b>EPRA Costs (including direct vacancy costs) (A)</b>	<b>-2,315</b>	<b>-2,328</b>
Charges and taxes on unlet properties	1	6
<b>EPRA Costs (excluding direct vacancy costs) (B)</b>	<b>-2,314</b>	<b>-2,322</b>
<b>Gross Rental Income (C)</b>	<b>15,629</b>	<b>13,732</b>
<b>EPRA Cost Ratio (including direct vacancy costs) (A/C)</b>	<b>v</b>	<b>16.95</b>
<b>EPRA Cost Ratio (excluding direct vacancy costs) (B/C)</b>	<b>14.81</b>	<b>16.91</b>

(\*) General and capitalized operating costs (share of joint ventures included)

Care Property Invest capitalises overhead costs and operating expenses that are directly related to the development projects (legal expenses, project management, ...).

Care Property Invest remains committed to the continuous improvement of its financial transparency. Thanks to these efforts, the Company was included end of 2016 in Euronext's BEL Mid Cap index and became a member of EPRA.







## VII. Real estate report

### 1. Status of the property market in which the Company operates

Care Property Invest distinguishes itself in the market by its specialisation within the market segment of housing for the elderly, in which it is currently active, and already expanded the description of its corporate objectives in its Articles of Association in 2014 to include the market for people with disabilities, in order to also realise projects in this segment in the future. The objectives were also expanded in geographical terms, to include the entire European Economic Area (EEA). The Company aims to make use of this possibility in the near future.

The growing demand for specific infrastructure with a social added value for these residents is one of the factors that shapes the Company's strategy. Demographic developments, which are expected by the Federal Planning Bureau to lead to a peak in population ageing in 2050, is also a major issue. At the same time, Care Property Invest meets the expectations of the operators in this market by focusing on long term contracts.

Care Property Invest still focuses primarily, but not solely on local authorities and charitable organisations where the need for affordable quality residential accommodation for the elderly and people with disabilities has been further exacerbated by the economic crisis. On the other, Care Property Invest also focuses on the private market and private operators.

#### **The market for housing for the elderly<sup>(\*)</sup>**

In Belgium, the total number of retirement home and nursing home beds increased between 6 November 2015 and 3 October 2016 by 2,029 units to 141,307. However, according to most studies, this growth remains below the lower limit of what is stated as the annual additional need. Nevertheless, many studies are based solely on the growth outlook for e.g. the number of over-65s, which will increase from 17% to 22% of the population between 2013 and 2030. However, the proportion of those who are able to care for themselves within this category is also rising sharply, so that the growth in the numbers needing care is less strong. It can be deduced from a Dutch study (by Statistics Netherlands, (CBS)) that life expectancy for men increased from 72.5 to 79 years between 1980 and 2010 and that for women from 79 to 83. The number of 'unhealthy' years has remained stable for men since 1990, at around 15 years, and for women since 1998, at around 20 years. Home automation and home care also play an increasingly important role. However, the average number of days of residence in the institution remains fairly stable. The number of beds has increased by 10,310 units over five years. The private non-profit organisations account for the largest share of these, at over 50%. Another striking fact is that the number of retirement home beds fell systematically from 93,056 in 1997 to 62,545 in 2012, and then rose slightly to 68,418 units.

Health care real estate still attracts a great deal of interest as a long-term investment. The investor market is rapidly expanding to insurance companies and pension funds, for which (very) long term and, furthermore, index-linked contracts form a decisive element. This is also consistent with the desire of health care operators to pursue a policy that is also focused on the long term. However, other financial reasons apply for this group, such as the ratio of debt to revenue, than for real estate investors: for the latter, a debt equal to eight times the revenue (rental income) is quite feasible, while for operators, the debt ratio is usually 25% of the revenue.

The 'affiliated' division between operation and the real estate, which also occurs in the hotel segment, is therefore a logical consequence. However, the two parties remain affiliated in the need for a balanced profitability: they are therefore co-dependent. For the operator, the building, and in the case of expansion, the property is the property machine, as it were, that can never be allowed to stutter. Logically, as in the hotel segment, triple net contracts are also concluded in the care sector.

For the operator, it is crucial that the quality of the property is maintained and that the operator can also intervene quickly if there is a threat of restraints. This is a misleading attraction for the investor. The investor is largely relieved of concern for the management of the building and the contract with the operator is for a very long term. The Achilles heel lies in the financial feasibility of the operation and the technical requirements of the building, including conformity with evolving regional regulations. What remains of the value of a building that, in the foreseeable future, will no longer meet the standards? If it is located in a zone for community facilities, the familiar blue zone, what possibilities for re-zoning remain? If the operation proves to be insufficiently profitable due to a reduction in government intervention, altered regulations or an excessive lease agreement, a downward correction of the contract will become necessary, or operation may even become impossible. The estimation and follow-up of all possible technical, regulatory and operation-related changes and trends are crucial for the investor.

It is to be welcomed that various government bodies are making moves to limit the offer of individual rooms as investment objects. Fortunately, this will lead to a dead end for joint ownership of health care real estate, as with apartments. Furthermore, apart from for justifiable social reasons, in due course it will be impossible to oblige the multitude of joint owners to make sometimes substantial investments at the same time. Hopefully, not only will this legislation be adopted by the different provinces, but it will also be expanded to other types of ownership for the purpose of operation. How do you enforce the quality requirements for a hotel, a student home or even housing converted into multi-family accommodation in a case of joint ownership?

Within this general development of further professionalisation of the operating sector and broadening of the candidate investors, with simultaneous downward pressure on the interest rates, gross rental returns will steadily diminish. Transactions with triple net longer-term rental contracts are already being concluded with rental returns of less than 5%. The need for quality and polyvalence, or in general terms, the sustainability of the investment only increases as a result of this: with such low returns, a correction for incorrect expectations is no longer possible. Research in order to link other target groups needing care, such as young handicapped persons, to the experience built up and the expansion of care for the elderly, in which a number of services are offered jointly, such as nutrition, reception etc. could provide for a desirable addition and flexibility. For a number of target groups, the number of patients is too low to keep the operation affordable and complementarity will generate new opportunities, including for local projects.

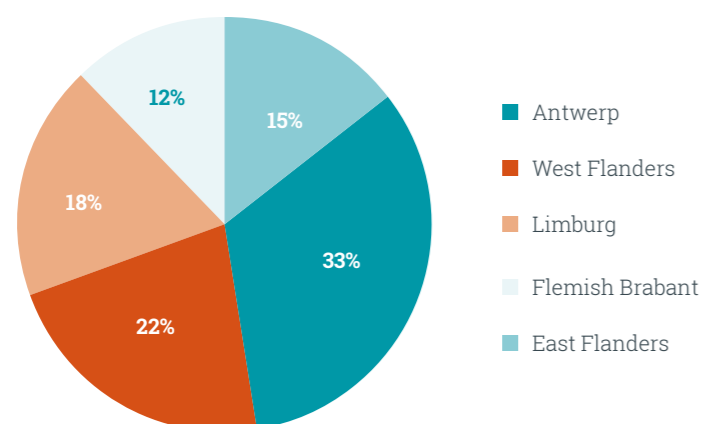
(\*) Drawn up by Stadim cvba and included in this annual financial report with its consent.

## 2. Analysis of the full consolidated property portfolio as at 31 December 2016

### 2.1 Geographical distribution

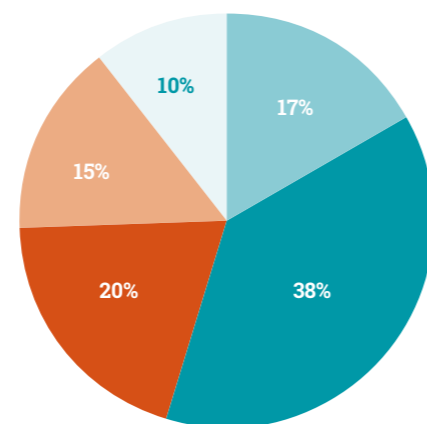
At present, all projects are located on the territory of the Flemish Region. The 82 completed projects (\*) are geographically spread throughout the five Flemish provinces, as follows:

GEOGRAPHICAL SPREAD OF THE NUMBER OF PROJECTS ACROSS FLANDERS



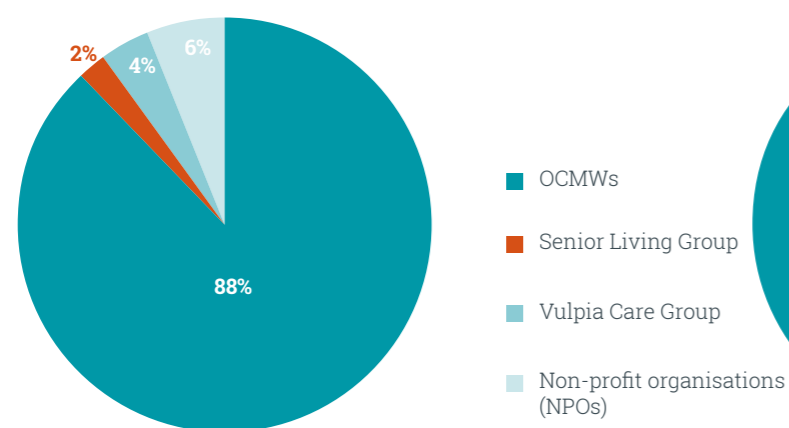
Figures as at 31 December 2016

GEOGRAPHICAL SPREAD OF THE NUMBER OF RESIDENTIAL UNITS ACROSS FLANDERS



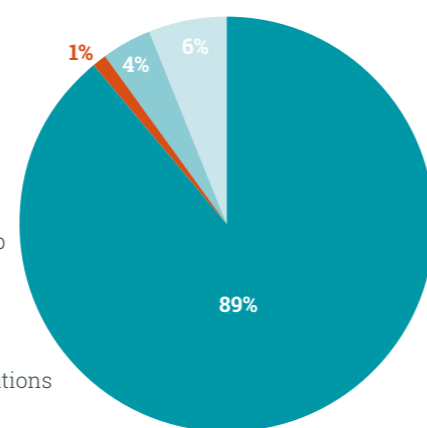
Figures as at 31 December 2016

### 2.2 Distribution of the number of projects per operator



Figures as at 31 December 2016

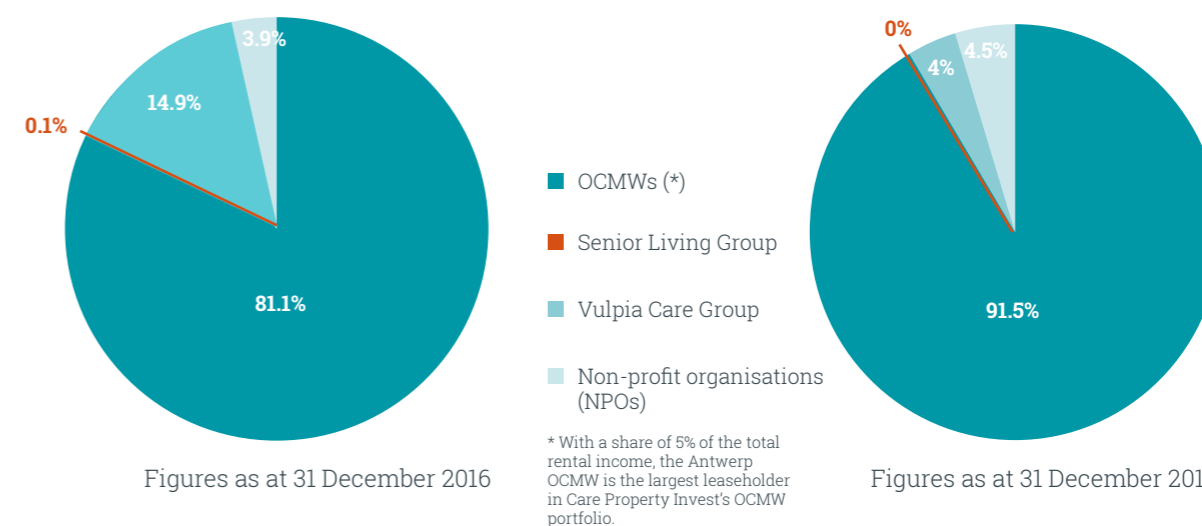
The Antwerp OCMW has four projects in the overall real estate portfolio, the Bruges OCMW another four and the following OCMWs each have two projects in the portfolio: Tienen, Leopoldsborg, Zonhoven, Opwijk, Zaventem, Sint-Niklaas, Destelbergen, Hooglede, Brecht, Ninove, Hamme, Hamont-Achel and Essen.



Figures as at 31 December 2015

(\*) In total, Care Property Invest has 84 projects in its portfolio, including 82 completed projects at the end of the 2016 financial year, one project that was delivered after the close of the financial year, on 23 February 2017 ('Herfstvrede' in Moerbeke) and one project that is currently in development ('Huis Driane' in Herenthout).

### 2.3 Distribution of rental income per operator



Figures as at 31 December 2016

Figures as at 31 December 2015

\* With a share of 5% of the total rental income, the Antwerp OCMW is the largest leaseholder in Care Property Invest's OCMW portfolio.

The OCMWs account for 81.1% of the Company's total rental income revenue as at 31 December 2016, of which the OCMW Antwerp holds the largest share (7.28%), followed by the OCMW Bruges (5.62%) and the OCMW Waregem (4.42%). The remaining net rental income results from the ten projects operated by charitable non-profit associations, Vulpia Care Group and Senior Living Group.

### 2.4 Breakdown of projects by the remaining term of the leasehold or rental period

Financial year ended on	Number of projects	Balance (*)
end between 0 and 10 years	2	€1.96 million
end between 10 and 15 years	31	€44.98 million
end between 15 and 20 years	19	€56.16 million
end > 20 years	30	€165.12 million
<b>Total</b>	<b>82</b>	<b>€268.22 million</b>

(\*) The balance includes the remaining lease and rental income as at 31 December 2016 on the basis of the non-index-linked ground rent for the full remaining term of the contract (due dates not split) and with regard to the project for which the Company bears the risk of voids (Gullegem), taking account of an occupancy rate of 100%.

The first building right (of the initial investment programme) will expire in 2026, i.e. within 9.5 years.

The average remaining term of the contracts is 17.5 years. This period includes the remaining term of the building right which, for the contracts in the initial leasing programme, is equal to the remaining leasehold period and the remaining tenancy period. For the new projects, the rental or leasehold period is taken into account.



## 2.5 Breakdown of projects by age of the buildings

Financial year ended on	31 December 2016
number of projects first occupied in/after 2016	1
number of projects first occupied between 1 and 5 years ago	18
number of projects first occupied between 5 and 10 years ago	18
number of projects first occupied more than 10 years ago	45
<b>Total</b>	<b>(*) 82</b>

(\*) In total, Care Property Invest has 84 projects in its portfolio, including 82 completed projects at the end of the 2016 financial year, one project that was delivered after the close of the financial year, on 23 February 2017 ('Herfstvrede' in Moerbeke) and one project that is currently in development ('Huis Driane' in Herenthout).

## 2.6 Occupancy rate

Due to the increasing demand for modified forms of housing for the elderly, the buildings have few, if any voids and enjoy a very high occupancy rate. The contracts concluded are triple net contracts, as a result of which the ground rent or rental charge is always due in full. This implies that the economic occupancy rate of these projects is always 100%.

Any voids of the residential units therefore have no impact on the revenues generated by the Company, apart from the Tilia project in Gullegem, for which the Company does bear the risk of voids. On 31 December 2016, the occupancy rate of the project in Gullegem was 100%.

The general occupancy rate of our investment properties and leasing portfolio as at 31 December 2016 was 100%.

## 2.7 Insured value of the real estate

For the buildings that the Company develops or has developed itself, the Company contracts CAR insurance as well as liability insurance during the construction phase. 10-year liability insurance is contracted from the date that the projects are made available. The premiums paid by Care Property Invest are all included in the ground rent or rent to be paid by the operator.

The lease contracts and the tenancy and provision contracts include an obligation for all leaseholders, tenants and parties to which the property is made available to contract the necessary fire insurance for the new construction value. The insurance obligation for real estate that is shown in investment properties is also borne by the leaseholder or tenant (operator), in accordance with the requirements included in the lease contracts or tenancy agreements. Care Property Invest therefore pays no insurance premiums for these buildings. The Company exercises control over the compliance of the operators with their insurance obligations.

	Acquisition value	Fair value	Rental income received	Insured value	insurance premium paid
Investment properties in operation	32,642,699	85,040,501	2,518,952	(1) 0	(1) 0
finance leases	193,139,063	245,299,307	13,517,541	(2) 88,888,149	(1) 0
<b>Total</b>	<b>225,781,762</b>	<b>330,339,808</b>	<b>16,036,493</b>	<b>88,888,149</b>	<b>0</b>

(1) The necessary insurance policies should be concluded by the operator of the property (given the "triple net" agreements).

(2) In principle, the 10-year liability is covered by the general contractor of the project in question, however the Company has, for hedging purposes in case of default by the contractor, has concluded itself an additional 10-year liability insurance for the entire project- the insured values refer only to the construction work covered by the 10-year liability for the projects: Lichtervelde: including administrative center, Hooglede: including municipal center, Hamme: including the substructure, Kapellen: including relaxation room and connecting building, Hamont-Achel: including connecting building en connection with flat no. 12, Oosteeklo: including vicarage, Hemiksem: including the eligible part being 70.25% of the general contracting, Kontich: including renovation castle, Zulte: including connecting corridor, Lennik including community facilities, Hooglede (Gits) including day care centre, Sint-Niklaas (Priesteragie): including the substructure – Meise: including connecting corridor – Mol: including the 39 flats. All other insurances should, as determined in the contract, be concluded by the lessees.

## 2.8 Breakdown by building

In compliance with Article 30 of the RREC Law, no more than 20% of the consolidated assets may be invested in property that constitutes a single property unit. As at 31 December 2016, Care Property Invest did not exceed the legal limit of 20% laid down in Article 30 of the RREC Law.

### 3. New projects 2016

Care Property Invest further deploys the expertise and know-how that it gained in the realisation of 1,988 service flats in the initial investment programme to create affordable, high quality and attractive care infrastructure and forms of residential accommodation for the elderly (including residential care centres, service flats, groups of assisted living apartments ...) and people with disabilities. Care Property Invest can develop, realise and finance these facilities itself, or can refinance existing buildings, with or without a renovation or expansion.


A project is included in the property portfolio only after a thorough risk analysis and assessment by the Company's Board of Directors. The property must also always comply with the criteria laid down in the Company's mission statement. This provides that the property offered must always be socially responsible and appropriate for the end-users. This careful selection process takes place in the interests of Care Property Invest's shareholders, for which the Company aims to realise stable long-term returns.

The continuation of the strategy also involves permanent compliance with the requirements of the RREC Law and the RREC Royal Decree (see chapter "IV. Report of the Board of Directors", paragraph '1. Strategy' on page 54).

Care Property Invest was able to include two new investments in the consolidated real estate portfolio in 2016, with a total value of around €32.4 million, namely the 'Ter Bleuk' group of assisted living apartments in Bonheiden-Rijmenamde and the '3 Eiken' residential care centre in Lanaken.

Care Property Invest also had two projects in development in 2016, for a total value of some €7 million: the 'Herfstvrede' group of assisted-living apartments, a public tender of the OCMW Moerbeke and the 'Huis Driane' group of assisted-living apartments, a public tender of the OCMW Herenthout. The contracts for the latter two projects were awarded in 2015 and the financing for these is provided primarily from the Company's own funds.

In relation to its prospecting activities and pipeline, the Company can also report that it has signed a letter of intent under conditions precedent for the acquisition of 100% of the shares of a company owning a residential care centre in Flemish Brabant. The contractual value of this residential care centre is estimated at €17 million and the operation is in the hands of an experienced operator. Further communication on this will follow after realisation of the conditions precedent.

 Care Property Invest was able to include two investment properties in the consolidated investment portfolio in 2016 and further developed two projects.

### 3.1 Investment properties

#### 'Ter Bleuk' assisted living apartments in Bonheiden-Rijmenam

On 22 December 2016, Care Property Invest announced the acquisition of 100% of the shares in the company Ter Bleuk nv, after successfully meeting all conditions precedent. This company owns the Ter Bleuk group of assisted living apartments in Rijmenam-Bonheiden in the Mechelen region, operated by Zonneweelde vzw, a subsidiary of the Senior Living Group nv.

The Ter Bleuk assisted living complex is located in a beautiful green residential environment between Bonheiden-Rijmenam and Keerbergen. The site is close to the Zonneweelde residential care centre, which is also operated by the Senior Living Group. It consists of four residential pavilions with a total of 52 assisted-living apartments and one multi-functional pavilion which houses various common rooms. The residential pavilions are all two-storey buildings in which each floor holds six to eight one or two-bedroom assisted-living apartments.

The contractual value of Ter Bleuk Assisted Living Apartments (buildings and land) is approximately €13.4 million. This conventional value is primarily based on and is in line with the valuation by the real estate expert for the project. Ter Bleuk nv will generate index-linked annual rental via a triple net long term lease agreement with Zonneweelde vzw.

A separate press release was also issued on this on 22 December 2016, which can be viewed on the website.

#### '3 Eiken' residential care centre in Lanaken

Care Property Invest acquired 100% of the shares in the company VSP Lanaken Centrum WZC nv on 30 December 2016, following compliance with the conditions precedent. This company owns a plot of land with a residential care centre with 122 residential units located in Lanaken.

The residential care centre will be run by Foyer De Lork vzw, an entity of the Senior Living Group (SLG), through a long-term triple net lease contract, allowing the payment of a fixed indexed ground rent to VSP Lanaken Centrum NV, which will thus generate a fixed income.

The contractual value of the project is approximately €19 million. This price is primarily based on and is in line with the valuation by the real estate expert for the residential care centre. Care Property Invest realised this acquisition after the provisional delivery of the 3 Eiken residential care centre on 7 December 2016. A separate press release was also issued on this on 30 December 2016, which can be viewed on the website.

## 3.2 Projects in development

### Herfstvrede Residence in Moerbeke

On 30 November 2015, the Moerbeke OCMW Council granted Care Property Invest the final award of a government contract for works relating to the design, construction and financing (through a Design, Build and Finance (DBF) Contract) of a home for the elderly consisting of 22 assisted living apartments, following an invitation for tenders by the Moerbeke OCMW. Care Property Invest made a bid for the contract together with Evolta Engineers nv and Ibens nv, and undertook the financing of the project, with an estimated investment of some €3.60 million.

The Company also acts as contracting authority and in that capacity obtained a right of superficies on the land, for a term of at least 32 years following provisional acceptance. Work on this project began on 4 April 2016. The provisional acceptance of the project took place on 23 February 2017 and the project will therefore generate additional income for the Company from 1 April 2017.

The establishment will be run by the Moerbeke OCMW, which has acquired a right of lease for a term of 27 years. The projects in Moerbeke consequently fits in with the activities developed by the Company under its initial investment programme.

### Huis Driane Residence in Herenthout

On 3 November 2015 Care Property Invest obtained the final allocation of the public tender for works relating to the design, construction and financing (through a Design, Build and Finance (DBF) Contract) of a home for the elderly consisting of 20 assisted living apartments as launched by the OCMW of Herenthout. Care Property Invest participated in the tender together with Evolta Engineers NV (designing architects), Dirk Vanlerberghe (controlling architect) and Ibens NV (contractor), and is responsible for financing, with an estimated investment of some €3.1 million.

The Company also acts as contracting authority and in that capacity it will obtain a right of superficies on the land, at the latest on the date of commencement of the works, for a duration of at least 30 years following provisional acceptance. The building permit for this project has now been obtained. Before this building permit was submitted, the OCMW decided, in order to further increase the economic profitability of the project, to raise the number of assisted-living apartments from 20 to 22. Care Property Invest received the commencement order from the OCMW Herenthout on 6 March 2017. The work will start 30 calendar days after its receipt, in conditions that the building and lease deed has been executed. Delivery of the project is scheduled for the spring of 2018.

This project will be operated by the OCMW Herenthout, which will obtain a leasehold right for a term of 27 years. The project in Herenthout ties in with the activities developed by the Company under its initial investment programme.

Projects in DEVELOPMENT			
Project	Estimated amounts still to be invested, in millions of euros	Planned delivery	Description
Herfstvrede (9180 Moerbeke)	1.20	23 February 2017	realisation of 22 assisted living apartments for the OCMW Moerbeke
Huis Driane (2270 Herenthout)	3.10	spring 2018	realisation of 22 assisted living apartments for the OCMW Herenthout
<b>Total</b>	<b>4.30</b>		



## 4. Overview of the investment properties



### Bonheiden-Rijmenam - Ter Bleuk

- **Address:** Bleukstraat 11, 2820 Bonheiden-Rijmenam
- **Capacity:** 52 assisted-living apartments
- **Location** The Ter Bleuk assisted living complex is located in a beautiful green residential environment between Bonheiden-Rijmenam and Keerbergen. The site is close to the Zonneweelde residential care centre, which is also operated by the Senior Living Group.
- **Acquisition date:** 22 December 2016
- **In operation since** 2015
- **Year of construction/ renovation:** 2013-2016
- **Operator:** Zonneweelde vzw, an entity fully under the control of the Senior Living Group (long-term lease agreement)

### Gullegem - Tilia

- **Address:** Dorpsplein 21, 8560 Gullegem
- **Capacity:** 15 assisted-living apartments
- **Location** Tilia is located on the village square opposite the church, surrounded by local shops and close to the Het Gulle Heem residential care centre (wzc), which also has a service centre.
- **Acquisition date:** 12 May 2015
- **In operation since** 2015
- **Year of construction/ renovation:** 2014 - 2015
- **Operator:** OCMW Wevelgem (long-term agreement)



### Turnhout - Aan de Kaai

- **Address:** Antoine Coppenslaan 33, 2300 Turnhout
- **Capacity:** 74 rooms (82 residential places) + day care centre that can/will be converted into 10 additional rooms
- **Location** Aan de Kaai is located in green and peaceful surroundings in the immediate vicinity of the centre and the marina of Turnhout, within walking distance of shops, banks, a pharmacy, etc. The site is also readily accessible by public transport.
- **Acquisition date:** 18 September 2015
- **In operation since** 2012
- **Year of construction/ renovation:** 2012
- **Operator:** Vulpia Vlaanderen vzw, an entity fully under the control of the Vulpia Care Group (long-term lease agreement)

### Turnhout - De Nieuwe Kaai

- **Address:** Nieuwe Kaai 5-7, 2300 Turnhout
- **Capacity:** 86 rooms (94 residential places) and 13 assisted-living apartments
- **Location** De Nieuwe Kaai has an excellent location in the immediate vicinity of the centre and the marina of Turnhout, within walking distance of shops, banks, a pharmacy, etc. and also easily accessible by public transport.
- **Acquisition date:** 18 September 2015
- **In operation since** 2005
- **Year of construction/ renovation:** 2005
- **Operator:** Vulpia Vlaanderen vzw, an entity fully under the control of the Vulpia Care Group (long-term lease agreement)



### Lanaken - 3 Eiken

- **Address:** Drie Eikenstraat 14, 3620 Lanaken
- **Capacity:** 122 residential places
- **Location** An excellent residential location in the immediate vicinity of the centre of Lanaken in the province of Limburg, located within walking distance of shops, banks, a pharmacy, etc. The site is also readily accessible by public transport.
- **Acquisition date:** 30 December 2016
- **In operation since** 2017
- **Year of construction/ renovation:** 2015 - 2016
- **Operator:** Foyer De Lork vzw, an entity fully under the control of the Senior Living Group (long-term lease agreement)



### Herenthout - Boeyendaalhof

- **Address:** Itegemsesteenweg 3, 2270 Herenthout
- **Capacity:** 105 residential places + 17 assisted-living apartments
- **Location** Boeyendaalhof is located close to the village centre of Herenthout. Public transport and Herenthout's market with shops, cafés, banks, pharmacy, etc. are within walking distance.
- **Acquisition date:** 2015
- **In operation since** 1992
- **Year of construction/ renovation:** Various renovations and expansions between 1991 and 2011
- **Operator:** Vulpia Vlaanderen vzw, an entity fully under the control of the Vulpia Care Group (long-term lease agreement)



## Table summarising the investment properties

Project	Year of construction/ (latest) renovation	In operation since	Occupancy rate	Total lettable residential floor area (m <sup>2</sup> )	Number of residential units	Contractual rents	Contractual rents + estimated rental value (ERV) on voids	Estimated rental value (ERV)	Fair value (in millions of euros)
Tilia (8560 Gullegem)	2014-2015	2015	100%	1,454	15	128,446	128,333	130,960	2.73
Aan de Kaai (2300 Turnhout)	2012	2012	100%	7,950	84	825,000	825,000	892,502	16.81
De Nieuwe Kaai (2300 Turnhout)	2005	2005	100%	7,806	99	862,840	862,840	940,073	17.20
Boeyendaalhof (2270 Herenthout)	1991-2011	1992	100%	7,139	118	750,000	750,000	845,807	15.65
Ter Bleuk (2820 Bonheiden- Rijmenam)	2013-2016	2015	100%	5,593	52	750,000	750,000	704.14	13.40
3 Eiken (3620 Lanaken)	2015-2016	2017	100%	7,990	122	920,000	920,000	967,427	19.17
<b>Total</b>			<b>100%</b>	<b>37,933</b>	<b>490</b>	<b>4,235,955</b>	<b>4,233,592</b>	<b>4,480,912</b>	<b>85.04</b>

The occupancy rate of the investment properties on 31 December 2016 stood at 100%.

The necessary insurance policies must be contracted by the operator of the property (in view of the triple net contracts).

The Company therefore pays no insurance premiums for the investment properties, but supervises the insurance contracted by the operators, primarily in relation to the payment of premiums and the scope of the cover, so that this at least complies with the cover agreed in the lease contracts or tenancy agreements concluded. The Company exercises control over the compliance of the operators with their insurance obligations.

For the hypotheses and principles adopted for the estimate of the rental value, reference is made to paragraph '8. Report of the real estate expert' on page 129

. For the 'Aan de Kaai' investment property, the real estate expert based the calculation of the rental value on the assumption that the day-care centre will/can be converted into an additional 10 rooms.

## Composition of the portfolio of each subsidiary on 31 December 2016

Subsidiary	Investment property
Boeyendaalhof nv and M.S.T bvba	Boeyendaalhof (Herenthout)
Ter Bleuk nv	Ter Bleuk (Bonheiden-Rijmenam)
VSP Lanaken Centrum WZC nv	3 Eiken (Lanaken)

The Company owns all the shares of M.S.T. bvba. This company, in turn, owns all the shares of the Boeyendaalhof nv company.

The Company owns all the shares of Ter Bleuk nv.

The Company owns all the shares of VSP Lanaken Centrum WZC nv.

The two subsidiaries Croonenburg nv and B. Turnhout nv were absorbed by Care Property Invest nv in a tax-free merger on 21 December 2016.

## 5. Overview of finance leases

### 5.1 New developments



#### Moerbeke - Herfstvrede

- **Address:** Herfstvrede 1A, 9180 Moerbeke
- **Capacity:** 22 assisted-living apartments
- **Location:** Centrally located, within walking distance of shops, banks, pharmacy, etc.
- **Award date:** 30 April 2015
- **In operation since:** delivery on 23 February 2017
- **Year of construction/ renovation:** 2016- 2017
- **Operator:** OCMW Moerbeke

#### Herenthout - Huis Driane

- **Address:** Molenstraat 56, 2270 Herenthout
- **Capacity:** 22 assisted-living apartments
- **Location:** located in the inner area of Huis Driane service flats and service centre. Near the centre of Herenthout, within walking distance of shops, banks, pharmacy, etc.
- **Acquisition date:** 3 November 2015
- **In operation since:** expected in spring of 2018
- **Year of construction/ renovation:** 2017
- **Operator:** OCMW Herenthout



These developments are not shown as finance leases in the balance sheet dated 31 December 2016.

### 5.2 Initial investment programme

To date, the Company has 1,988 completed service flats in its portfolio, all of which were realised within the initial investment programme of 2,000 service flats planned on the incorporation of the Company. For these projects, the cooperation between the Company and the OCMWs or non-profit associations was always laid down in a real estate leasing contract. In this structure, leasing is based on a "triple net" leasehold on the building which takes effect after the provisional delivery of the project on the land made available to the Company by the OCMW or non-profit association via building rights. After the end of the 30-year rights of superficies, the OCMW or the association owes Care Property Invest a final fee equal to the nominal amount of the initial investment costs, in order for the OCMW or the association to become the owner of the service flats.

The amount of the final building rights fee is not reviewed or index-linked. Once a building is ready for use, i.e. from the provisional delivery of the service flat building, on average 14 months after the commencement of the right of superficies, a leasehold period of 27 years commences, during which the OCMW or the non-profit association enjoys full use of the building and is fully responsible for its operation as a service flat building, for payment of monthly ground rent instalments for each service flat. The ground rent represents the interest paid on the capital invested by Care Property Invest and is indexed annually. This ground rent is independent of the occupancy of the building.

During the transitional period after the termination of the leasehold period until the end of the 30-year right of superficies, a tenancy agreement will apply, during which the OCMW or the non-profit association will owe a fee in line with the prevailing market interest rates at that time. The first right of lease in these contracts will expire in 2024.

The Flemish Community provided an 18-year subsidy for the benefit of the OCMW or non-profit association for the 2,000 service flats in the initial investment programme, commencing on the date of the final recognition of the service flats by the Flemish government (which is confirmed by the Flemish Community about one year after the delivery of a project).

The company records the investment costs of these projects in its accounts in accordance with the IAS/IFRS standards as long-term exposure (more specifically, as IAS 17 'Lease contracts'). The profit or loss margin allocated in accordance with the IAS/IFRS on the conclusion of these contracts is recorded in "Accounts receivable" and is capitalised via the global result statement.

The discounted value (positive or negative) is calculated by discounting the future cash flows arising from these contracts at a rate equal to the interest rate applying on the contracting date of the lease contract. (Further details on this calculation are provided in paragraph 'A. Accounting policies' on page 138 of chapter "VIII. Financial statements"). In accordance with the RREC regulations, these rights in rem on which the contracts were based do not need to be valued by a real estate expert.

Amounts shown in euros.

Financial year ended on	31 December 2016	31 December 2015
Finance lease receivables	156,938,252.98	157,005,329.44
Trade receivables relating to the completed projects	11,845,645.26	12,534,224.04
Total amount capitalised in relation to the leasing contracts	168,783,898.24	169,539,553.47

Projects from the initial investment programme	projects	flats
Number delivered (completed) (*)	76	1,988

(\*) The initial investment programme involved the development of 2,000 service flats. Ultimately, 1,998 service flats were realised and this number is not expected to rise further, as this is a completed programme.

A review of projects from the initial investment programme is presented below:

Amounts shown in euros.

PROVINCE/MUNICIPALITY	Number flats	Commencement of leasehold	Ground rent received (1)	Insured value (2)	Acquisition cost (a)
<b>ANTWERP</b>					
ZWIJNDRECHT - Village	26	October 1997	195,632.62	1,429,613.34	1,651,929.65
ZOERSEL – Sint-Antonius	24	June 1998	155,656.95	1,283,194.93	1,491,391.73
HOOGST RATEN – Loenhoutseweg	23	January 1999	174,254.24	1,323,036.05	1,591,192.89
ARENDONK - Horeman	20	December 1998	149,074.70	1,050,613.98	1,258,806.57
DEURNE - Boterlaar	24	February 2000	194,466.94	1,318,387.38	1,642,136.89
KAPELLEN - Hoogboom	22	February 2000	164,186.08	1,288,259.07	1,386,416.23
KONTICH - Altena	25	December 2003	246,650.89	895,224.58	2,128,076.52
ESSEN - Maststraat	20	January 2001	170,457.36	1,165,628.20	1,439,363.34
ESSEN - Maststraat expansion (phase 1)	10	April 2010	83,291.08	428,752.46	1,114,374.84
RETIE - Kloosterhof	24	November 2001	198,276.10	621,127.08	1,674,319.74
MERKSEM – De Brem	42	January 2002	320,579.51	871,697.37	2,707,138.69
VOSELAAR – Woestenborghsllaan	17	June 2002	143,897.05	430,284.58	1,215,136.97
ANTWERP - Grisarstraat	28	January 2003	290,562.36	718,280.65	2,453,562.72
HEMIKSEM – Sint-Bernardusabdij	24	May 2004	195,337.55	2,191,183.00	1,685,377.26
RAVELS - Mgr. Paapsstraat	25	August 2004	212,834.57	561,881.56	1,836,289.37
BRECHT - Gasthuisstraat	25	April 2005	185,794.31	1,216,910.79	1,903,193.13
EKEREN - Geestenspoor	19	July 2006	141,714.98	527,990.35	1,735,239.29
NIJLEN - Ten Velden	21	January 2011	97,604.98	892,763.63	2,419,420.86
BRECHT - Sint-Job	36	December 2011	127,665.40	1,400,089.88	4,215,610.62
SCHILDE - Molenstraat	22	December 2012	117,117.15	690,359.98	2,471,297.09
VORSELAAR - Nieuwstraat	22	October 2012	138,372.91	1,146,274.12	2,613,329.68
BEERSE - Boudewijnstraat	37	April 2012	227,226.93	2,458,167.86	4,151,001.06
MOL - Jacob Smitslaan	50	January 2013	140,520.82	4,165,828.54	5,622,718.60
			<b>4,071,175.48</b>	<b>28,075,549.38</b>	<b>50,407,323.74</b>

PROVINCE/MUNICIPALITY	Number flats	Commencement of leasehold	Ground rent received (1)	Insured value (2)	Acquisition cost (a)
<b>WEST FLANDERS</b>					
HOOGLEDE - Hogestraat	22	February 1999	170,214.85	1,492,469.64	1,437,339.01
LICHTERVELDE - Statiesstraat	19	February 1999	145,689.91	1,132,407.67	1,230,240.98
TORHOUT - K. de Goedelaan	21	February 1998	154,758.03	1,185,172.32	1,306,796.30
LO-RENINGE - Reninge	10	March 1999	78,180.38	551,543.46	698,604.38
ROESELARE - Centre	30	October 2000	225,170.25	1,551,196.33	1,901,389.12
ZEDELGEM - Loppem	14	September 2009	113,447.83	375,604.58	995,172.10
WAREGEM - Zuiderlaan	63	April 2002	574,850.81	3,795,305.31	4,854,264.93
WERVIK - Gasstraat	17	March 2002	137,428.60	671,264.07	1,215,889.38
BRUGES - Sint-Andries	36	December 2002	290,609.95	944,635.21	2,718,417.54
BRUGES - De Vliedberg	35	January 2011	161,826.86	n/a	4,536,254.77
BRUGES - 7-torentjes	33	November 2012	104,534.74	1,144,970.90	4,267,463.75
BRUGES - Ten Boomgaard	38	July 2012	173,559.84	2,232,706.76	6,427,227.13
MENEN - Lauwe	19	March 2003	164,111.81	555,425.10	1,385,782.73
MOORSLEDE - Marktstraat	17	January 2006	106,442.82	477,856.61	1,411,631.96
HOOGLEDE, Gits - Singellaan	20	October 2011	146,139.35	1,066,588.22	2,631,140.86
BREDENE - Duinenzichterf	48	December 2011	292,921.45	1,517,187.59	5,152,687.38
KORTEMARK - Hospitaalstraat	33	December 2011	227,179.68	1,166,696.74	3,850,618.15
			<b>3,267,067.16</b>	<b>19,861,030.51</b>	<b>46,020,920.47</b>

<b>EAST FLANDERS</b>					
NINOVE - Denderwindeke	20	November 1997	143,608.48	1,044,505.81	1,212,658.83
ASSENEDE - Bassevelde	15	June 1998	105,222.09	811,548.10	888,510.01
AALST - Moorsel	47	Sept. + Nov. 1998	346,287.19	2,284,370.71	2,924,145.95
NINOVE - Burchtstraat	17	January 2000	136,123.42	912,921.50	1,149,451.51
ASSENEDE - Oosteeklo	16	June 2000	123,921.21	1,169,194.69	1,046,421.43
DE PINTE - Bommelstraat	20	August 2000	160,557.44	1,097,897.81	1,355,767.48
HAMME - Roodkruisstraat	20	January 2001	161,281.02	1,238,490.80	1,361,852.97
DEINZE - Ten Bosse	19	March 2002	142,646.81	906,005.00	1,204,571.93
HAMME - Moerzeke	11	May 2004	113,898.61	300,819.65	996,160.25
ZULTE - Pontstraat	26	June 2005	123,003.59	595,814.12	1,920,143.59
WAASMUNSTER - Molenstraat	24	December 2005	154,654.86	697,046.93	2,064,529.27
DESTELBERGEN – Steenvoordestraat	20	November 2006	153,969.88	600,629.30	1,998,805.04
DESTELBERGEN - Heusden	20	January 2015	164,803.94	1,473,551.85	3,074,689.54
SAINT-NICOLAS - Zwijgershoek	36	February 2009	145,696.40	1,631,812.54	3,382,787.41
SAINT-NICOLAS - Priesteragie	60	January 2013	184,745.60	2,967,983.15	9,663,258.24
			<b>2,360,420.54</b>	<b>17,732,591.96</b>	<b>34,243,753.45</b>

PROVINCE/MUNICIPALITY	Number flats	Commencement of leasehold	Ground rent received (1)	Insured value (2)	Acquisition cost (a)
<b>FLEMISH BRABANT</b>					
OPWIJK - Kloosterstraat	13	March 1998	96,618.37	696,568.88	815,873.14
OPWIJK - Kloosterstraat (phase 2)	32	February 2014	301,096.66	1,544,717.58	4,592,315.29
KORTENBERG - Leuvensestnwg	24	June 2007	171,625.23	742,522.02	2,398,855.72
ZAVENTEM - Sterrebeek	15	September 2008	137,201.59	549,923.76	1,827,654.52
ZAVENTEM - Sint-Stevens-Woluwe	18	December 2010	224,326.58	1,154,168.59	2,965,085.01
TIENEN - Houtemstraat	31	April 2008	269,952.87	1,010,999.74	3,382,906.85
TIENEN - Houtemstraat (phase 2)	31	April 2010	225,944.35	1,249,237.58	3,455,560.46
LENNIK - Stationsstraat	16	September 2011	128,435.92	944,697.97	1,843,166.78
LIEDEKERKE - Fabriekstraat	36	March 2012	122,664.13	1,718,342.13	4,522,250.48
MEISE - Godshuisstraat	43	September 2012	169,444.24	2,258,463.25	6,170,316.20
			<b>1,847,309.94</b>	<b>11,869,641.50</b>	<b>31,973,984.45</b>
<b>LIMBURG</b>					
HAMONT - De Kempkens	16	November 2000	127,745.06	972,542.97	1,078,707.46
LEOPOLDSBURG - Heppen	19	November 2003	166,404.69	470,860.10	1,435,709.20
ZONHOVEN - Rozenkransweg	31	October 2001	255,173.63	754,824.79	2,154,751.95
LEOPOLDSBURG - Centre	31	September 2004	263,499.61	833,141.60	2,304,535.76
AS - Dorpstraat	18	October 2005	163,801.69	400,884.21	1,457,524.43
HAMONT-ACHEL - Achel	25	November 2000	132,533.76	1,104,605.75	3,144,985.21
DILSEN-STOKKEM - Langs de Graaf	28	May 2008	279,423.21	1,100,841.53	3,330,436.58
ZONHOVEN - Dijkbeemdenweg	40	August 2009	158,302.22	2,360,844.65	5,633,460.79
BERINGEN - Klitsbergwijk	24	October 2009	154,449.79	1,071,539.26	2,979,192.56
HEUSDEN-ZOLDER - Hesdinstraat	28	March 2012	159,076.30	981,277.63	3,004,334.33
HAM - Speelstraat	37	May 2013	111,157.37	1,297,972.72	3,969,442.96
			<b>1,971,567.33</b>	<b>11,349,335.21</b>	<b>30,493,081.23</b>
<b>76 projects</b>	<b>1,988</b>		<b>13,517,540.45</b>	<b>88,888,148.56</b>	<b>193,139,063.34</b>

(a) capitalised costs relating to the creation of the service flats, inclusive of VAT (contractual pre-payments of €36,200,810.35 have not yet been deducted from this and will be deducted from the fees still due on termination of the right of superficies)

(1) ground rent owed from 1 January 2016 to 31 December 2016 - this ground rent is independent of the occupancy rate of the building

(2) In principle, liability cover is provided by the principal contractor of the relevant project for 10 years, but in order to hedge against default by that contractor, the Company has itself contracted additional 10-year liability insurance for the entire project - the insured values relate only to the buildings subject to 10-year liability, for the following projects: Lichtervelde, including the administrative centre; Hooglede, including the municipal centre; Hamme, including the foundations; Kapellen, including the relaxation area and the connecting building; Hamont, including the connecting building and link to flat No. 12; Oosteeklo, including the parsonage; Hemiksem, including the subsidisable part comprising 70.25% of the general contract; Kontich: including renovation of the castle; Zulte, including walkway; Lennik, including community facilities; Hooglede (Gits), including the day care centre; Sint-Niklaas (Priesteragie), including foundations; Meise, including walkway, and Mol, including the 39 flats. As contractually agreed, all other insurance must be contracted by the lessees.

#### Detail of fair value of initial investment programme per project

The fair value consists of the amount included in the 'financial lease receivables' item and the amount included in 'trade receivables'.

File No.	project	Fair value on commencement of the leasehold	already recovered on 31/12/2016	amount on 31/12/2016
1102.O.01	Antwerp - Ekeren	1,999,992.80	47,301.85	1,952,690.95
1102.O.02	Deurne	2,122,417.62	178,981.94	1,943,435.68
1102.O.03	Antwerp - AKA	2,822,296.16	93,526.25	2,728,769.91
1102.O.04	Merksem	3,065,650.05	95,110.73	2,970,539.32
1107.O.01	Brecht	2,206,168.00	118,771.95	2,087,396.05
1107.O.02	Brecht - Sint-Job	2,207,814.31	-2,395.38	2,210,209.69
1109.O.01	Essen	1,537,586.53	16,692.54	1,520,893.99
1109.O.02	Essen 2nd phase	1,265,629.07	9,254.36	1,256,374.71
1110.O.01	Hemiksem	2,226,248.68	136,086.75	2,090,161.93
1113.V.01	Kapellen	1,608,869.36	69,594.15	1,539,275.21
1114.O.01	Kontich	2,756,973.84	163,465.20	2,593,508.64
1122.O.01	Schilde	2,306,947.88	-20,594.23	2,327,542.11
1129.O.01	Zoersel	1,315,823.78	-1,889.31	1,317,713.09
1130.O.01	Zwijndrecht	1,550,514.57	-42,888.85	1,593,403.42
1208.V.01	Nijlen	1,365,793.16	1,392.52	1,364,400.64
1301.O.01	Arendonk	1,345,572.70	30,608.07	1,314,964.63
1304.O.01	Beerse	4,167,801.48	-6,094.32	4,173,895.80
1311.O.01	Hoogstraten	1,647,027.73	70,099.45	1,576,928.28
1318.O.01	Mol	2,592,453.24	-27,842.39	2,620,295.63
1321.O.01	Ravels	2,379,908.20	129,593.35	2,250,314.85
1322.O.01	Retie	1,850,850.03	37,867.24	1,812,982.79
1326.O.01	Vosselaar	1,349,764.88	24,525.87	1,325,239.01
1328.O.01	Vorselaar	2,704,652.02	1,725.60	2,702,926.42
2116.O.01	Lennik	1,893,290.06	-4,329.68	1,897,619.74
2117.O.01	Liedekerke	2,246,090.08	-13,789.41	2,259,879.49
2121.O.01	Meise	3,193,886.95	-2,734.58	3,196,621.53
2123.O.01	Opwijk	805,565.46	-12,114.47	817,679.93
2123.O.02	Opwijk 2	5,092,996.29	20,986.22	5,072,010.07
2134.O.01	Zaventem - Sterrebeek	2,114,962.69	41,824.02	2,073,138.67
2134.O.02	Zaventem - Sint-Stevens-Woluwe	3,264,313.90	23,535.32	3,240,778.58
2218.O.01	Kortenberg	2,688,147.48	48,764.21	2,639,383.27
2228.O.01	Tienen	3,953,653.17	93,671.21	3,859,981.96
2228.O.02	Tienen 2	3,722,010.09	26,944.66	3,695,065.43
3103.O.01	Bruges - Sint-Andries	2,847,013.66	98,155.33	2,748,858.33
3103.O.02	Bruges, 7-torentjes	1,828,595.24	-33,458.02	1,862,053.26
3103.O.03	Bruges, Ten Boomgaarde	3,590,178.91	25,277.67	3,564,901.24
3103.O.04	Bruges, Vliedberg	2,491,176.22	12,034.40	2,479,141.82
3108.O.01	Torhout	1,305,199.50	-4,137.82	1,309,337.32
3109.O.01	Zedelgem	1,025,255.84	5,689.18	1,019,566.66



File No.	project	Fair value on commencement of the leasehold	already recovered on 31/12/2016	amount on 31/12/2016
3204.O.01	Kortemark	3,973,652.87	4,098.60	3,969,554.27
3205.O.01	Lo – Reninge	714,931.26	13,169.39	701,761.87
3307.O.01	Wervik	1,284,355.94	21,632.73	1,262,723.21
3408.O.01	Menen	1,528,753.95	24,734.03	1,504,019.92
3410.O.01	Waregem	5,541,923.75	201,646.60	5,340,277.15
3501.O.01	Bredene	5,296,510.81	6,744.56	5,289,766.25
3601.O.01	Hooglede	1,496,330.18	20,953.13	1,475,377.05
3601.O.02	Hooglede - Gits	2,630,234.53	-8,374.70	2,638,609.23
3605.O.01	Lichtervelde	1,292,788.68	20,477.17	1,272,311.51
3606.O.01	Moorslede	1,348,988.62	23,917.05	1,325,071.57
3607.O.01	Roeselare	2,376,411.47	168,810.34	2,207,601.13
4101.O.01	Aalst (A)	1,393,785.28	-2,579.31	1,396,364.59
4101.O.01	Aalst (B)	1,538,075.57	-21.75	1,538,097.32
4108.O.01	Ninove - Denderwindeke	1,143,893.91	-33,089.49	1,176,983.40
4108.O.02	Ninove - Burchtstraat	1,344,184.85	62,416.67	1,281,768.18
4204.O.01	Hamme	1,621,767.05	80,578.29	1,541,188.76
4204.O.02	Hamme - Moerzeke	1,356,795.78	84,487.10	1,272,308.68
4207.O.01	Waasmunster	2,314,189.11	50,614.48	2,263,574.63
4301.O.02	Assenede - Oosteeklo	1,312,118.02	90,288.98	1,221,829.04
4301.V.01	Assenede - Bassevelde	829,691.95	-31,053.19	860,745.14
4402.V.01	Deinze	1,247,301.88	-3,057.46	1,250,359.34
4403.O.01	De Pinte	1,611,638.05	79,543.57	1,532,094.48
4404.O.01	Destelbergen	2,375,850.65	75,081.59	2,300,769.06
4404.O.02	Destelbergen - Heusden	2,793,310.15	-13,266.45	2,806,576.60
4421.V.01	Zulte	1,357,159.99	44,556.39	1,312,603.60
4605.O.01	Sint-Niklaas	1,930,850.00	17,828.81	1,913,021.19
4605.O.02	Sint-Niklaas 2	3,997,829.44	19,138.32	3,978,691.12
5101.O.01	As	1,944,269.96	100,654.16	1,843,615.80
5102.O.01	Beringen	2,217,638.34	7,770.57	2,209,867.77
5107.O.01	Ham	2,025,729.92	-6,629.37	2,032,359.29
5110.O.01	Heusden – Zolder	2,963,255.80	-11,810.32	2,975,066.12
5111.O.01	Leopoldsburg – Centre	3,112,295.88	195,508.53	2,916,787.35
5111.O.02	Heppen	1,908,750.66	118,397.76	1,790,352.90
5117.O.01	Zonhoven	2,401,258.22	63,106.56	2,338,151.66
5117.O.02	Zonhoven 2	2,230,710.51	7,855.12	2,222,855.39
5203.O.01	Dilsen-Stokkem	3,866,990.15	83,735.98	3,783,254.17
5204.O.01	Hamont	1,274,113.56	56,907.65	1,217,205.91
5204.O.02	Hamont-Achel - Achel	1,843,035.61	32,582.07	1,810,453.54
		<b>171,900,463.98</b>	<b>3,116,565.74</b>	<b>168,783,898.24</b>

## 6. Post balance sheet events

### Approval for acquisition of 'Les Terrasses du Bois' residential care centre with service flats In Watermaal-Bosvoorde

On 17 February 2017, Care Property Invest announced an agreement, on conditions precedent, to acquire the 'Les Terrasses du Bois' residential care centre with service flats in Watermaal-Bosvoorde (Brussels Capital Region) through a contribution in kind of the property. This project represents a milestone for Care Property Invest, as this will be its first project in the Brussels Capital Region and the first project to be operated by Armonia.



The residential care centre and the service flats will be run by Home Sebrechts NV, an Armonia subsidiary, on the basis of a long-term lease contract. In relation to this transaction, Care Property Invest will receive the rental income pursuant to this long lease contract from 1 January 2017.

The centrally located site has 34 service flats and the residential care centre holds 130 rooms, divided into 117 single rooms and 13 double rooms, spread over 9 floors.

This new expansion of the portfolio will be realised through a contribution in kind of the aforementioned property to the capital of Care Property Invest, within the limits of the permitted capital. The contractual contribution value of 'Les Terrasses du Bois' is approximately €34 million. The capital increase has been successfully completed on 15 March 2017. The new shares resulting from this, will be issued with Coupon No. 7 et seq. attached and will therefore share in the results for the current financial year (from 1 January 2017 to 31 December 2017).

### Approval for acquisition of 'Bois de Bernihè' residential care centre with group of assisted-living apartments in Libramont

On 23 February 2017, Care Property Invest announced the agreement, subject to conditions precedent, for the acquisition of all shares of the Siger SA company, which in turn is the sole owner of the shares of Dermedil SA, which owns the property. The aforementioned property is the 'Residentie Bois de Bernihè' in Libramont. This project represents a second milestone for Care Property Invest, as this is its first investment in the Wallonian region.

The residential care centre with a group of assisted-living apartments will be operated by Vulpia Wallonie asbl, pursuant to a long-term triple net lease agreement with a term of 27 years.

The building is a four-storey project dating from 2013 and houses a residential care centre with 95 rooms, with space for 108 residents. There is also one room for short stays. On the third floor of the building are 18 assisted-living apartments.



The contractual value of this property is some €11.3 million. This value is primarily based on and is in line with the valuation by the real estate expert. This acquisition will be financed by means of an external line of credit and is expected to be contracted in the second quarter of 2017, after the conditions precedent have been met.

### Acquisition of residential care centre to be developed in Vorst

Care Property Invest announced the acquisition of the development of the planned 'Les Saules' residential care centre in Vorst on 28 February 2017. To this end, it purchased the land on which the residential care centre will be realised on 28 February 2017, and took over all contracts relating to the construction of the residential care centre. The residential care centre will consist of 118 places awarded by COCOM.

After the provisional acceptance, the residential care centre will be run by a subsidiary of Anima Care nv (a subsidiary of Ackermans en Van Haaren), on the basis of a triple net long-term tenancy agreement.

The urban planning permit for the realisation of the residential care centre had already been obtained, as a result of which construction work for this new development can probably start in 2017 and will take a maximum of 24 months to complete.

The land was fully financed with external funds and the construction of the new building will be financed with a mix of shareholders' equity and borrowed funds. The total investment cost is estimated at about €15.2 million.



## 7. Real estate for own use

At the end of 2013, the Company purchased a building (located at Horstebaan 3, 2900 Schoten) with the intention of establishing its offices there, after extensive renovation. The building was occupied on 12 January 2015, and the registered office was thus relocated to Horstebaan 3, 2900 Schoten. The investment cost of the building is included in the financial statements in accordance with IAS 16, property, plant and equipment for own use. The final value amounted to €1,728,121.34, excluding VAT and registration fees.

## 8. Report of the real estate expert

Dear Sir or Madam,

According to the statutory provisions, we have the honour of expressing our view on the value of the real estate portfolio of the public regulated real estate company (public RREC) Care Property Invest as at 31 December 2016.

Both Stadim cvba and the natural persons that represent Stadim confirm that they have acted as independent experts and hold the necessary relevant and recognised qualifications.

The valuation was performed on the basis of the market value, as defined in the International Valuation Standards published by the Royal Institution of Chartered Surveyors (the 'Red Book'). As part of a report that complies with the International Financial Reporting Standards (IFRS), our estimates reflect the fair value. The fair value is defined by the IAS 40 standard as the amount for which the assets would be transferred between two well-informed parties, on a voluntary basis, without special interests, mutual or otherwise. IVSC considers that these conditions have been met if the above definition of market value is respected. The market value must also reflect the current rental agreements, the current gross margin for self-financing (or cash flow), the reasonable assumptions concerning the potential rental income and the expected costs.

The costs of deeds must be adjusted in this context to the current situation in the market. Following an analysis of a large number of transactions, the real estate experts acting in a working group at the request of listed real estate companies reached the conclusion that, as real estate can be transferred in different forms, the impact of the transaction costs on large investment properties in the Belgian market with a value in excess of €2.5 million is limited to 2.5%. The value with no additional costs payable by the buyer therefore corresponds to the fair value plus deed costs of 2.5%. The fair value is therefore calculated by dividing the value with no additional costs payable by the buyer by 1.025. The property below the threshold of €2.5 million and the foreign property are subject to the customary registration laws and their fair value therefore corresponds to the value with costs payable by the buyer.

Both the current lease contracts and all rights and obligations arising from these contracts were taken into account in the estimates of the property values. Individual estimates were made for each property. The estimates do not take account of any potential added value that could be realised by offering the portfolio as a whole in the market. Our valuation does not take account of selling costs or taxes payable in relation to a transaction or development of real estate. These could include estate agents' fees or publicity costs, for example. In addition to an annual inspection of the relevant real estate, our estimates are also based on the information provided by Care Property Invest in relation to the rental situation, the floor areas, the drawings or plans, the rental charges and taxes in connection with the properties concerned, conformity with laws and regulations and environmental pollution. The information provided was deemed to be accurate and complete. Our estimates assume that elements that were not reported are not of a nature that would influence the value of the property. This valuation reflects the value in the market on the valuation date.

On 31 December 2016, the fair value amounted to €85,040,501 and the market value with no additional costs payable by the buyer (or the investment value, before deduction of transfer tax) to €87,166,513.

Antwerp, 31/12/2016

Katrien Van Grieken, MRE  
Consultant Surveyor  
STADIM cvba

Philippe Janssens, FRICS  
Managing Director  
STADIM cvba





## VIII. Financial statements

The consolidated and company financial statements and the management report were prepared by the Board of Directors meeting of 29 March 2017 and will be submitted to the General Meeting of 17 May 2017. The balance sheet, global result statement, cash flow statement and notes together form the financial statements of the Company.

These were prepared in accordance with IFRS, as implemented by the RREC Law and the RREC Royal Decree and regulatory requirements applicable in Belgium. All figures relating to the financial statements are shown in euros unless stated otherwise.

### 1. Consolidated global result statement

Financial year as closed on 31 December		2016	2015	
I.	Rental income (+) rent rental discounts income from finance leasing and other similar leases	C.a.	15,629,497.09 2,520,186.74 -1,235.00 13,110,545.35	13 731 516.84 620 321.69 -5 520.00 13 116 715.15
<b>NET RENTAL INCOME</b>			<b>15,629,497.09</b>	<b>13,731,516.84</b>
<b>REAL ESTATE OPERATING RESULT</b>			<b>15,629,497.09</b>	<b>13,731,516.84</b>
XIV.	General expenses of the Company (-)	C.b.	-2,375,962.76	-2,403,404.92
XV.	Other operating income and expenses (+/-) Other operating expenses relating to the projects Other operating income relating to the projects other operating income and expenses	C.c.	61,780.72 -2,428,614.05 2,490,394.77 0.00	80,936.67 -89,937.74 170,874.41 0.00
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>			<b>13,315,315.05</b>	<b>11,409,048.59</b>
XVIII.	Changes in fair value of real estate investments (+/-) negative changes in fair value of real estate investments positive changes in fair value of real estate investments	C.d.	1,925,213.00 -31,167.03 1,956,380.03	1,690,056.08 -6,941.27 1,696,997.35
<b>OPERATING RESULT</b>			<b>15,240,528.05</b>	<b>13,099,104.67</b>
XX.	Financial income (+)	C.e.	12,431.90	59,437.52
XXI.	Net interest expense (-)	C.f.	-4,873,972.18	-3,808,146.20
XXII.	Other financial costs (-)	C.g.	-3,912.91	-2,613.09
XXIII.	Changes in fair value of financial assets/liabilities (+/-)	C.h.	-2,153,469.00	2,847,152.52
<b>FINANCIAL RESULT</b>			<b>-7,018,922.19</b>	<b>-904,169.25</b>
<b>RESULT BEFORE TAXES</b>			<b>8,221,605.86</b>	<b>12,194,935.42</b>
XXIV.	Corporation tax (-)	C.i.	59,642.56	-54,396.27
XXV.	Exit tax (-)	C.j.	-385,964.99	-126,709.06
<b>TAXES</b>			<b>-326,322.43</b>	<b>-181 105.33</b>
<b>NET RESULT</b>			<b>7,895,283.43</b>	<b>12,013,830.09</b>
<b>GLOBAL RESULT</b>			<b>7,895,283.43</b>	<b>12,013,830.09</b>

#### NET RESULT PER SHARE

Amounts shown in euros.

Financial year as closed on 31 December	2016	2015
<b>NET RESULT</b>	<b>7,895,283.43</b>	<b>12,013,830.09</b>
<b>Net result per share, based on weighted average shares outstanding</b>	<b>€0,5988</b>	<b>€1.0135</b>

See point 'C. Notes to the global result statement' on page 152

## 2. Consolidated balance sheet

Amounts shown in euros.

Financial year as closed on 31 December		2016	2015	
<b>ASSETS</b>				
<b>I.</b>	<b>Non-current assets</b>	<b>258,292,942.67</b>	<b>221,298,315.40</b>	
	C. Investment properties	D.a.	85,040,501.00	49,960,748.55
	D. Other tangible fixed assets	D.b.	4,464,773.43	2,071,965.41
	E. Financial fixed assets	D.c.	3,770.00	6,270.00
	F. Finance lease receivables	D.d.	156,938,252.98	157,005,329.44
	G. Trade receivables and other non-current assets	D.e.	11,845,645.26	12,254,002.00
	concerning projects in progress		0.00	0.00
	concerning delivered projects		11,845,645.26	12,254,002.00
<b>II.</b>	<b>Current assets</b>	<b>4,722,317.34</b>	<b>8,979,912.44</b>	
	D. Trade receivables	E.a.	26,787.65	49,510.40
	E. Tax receivables and other current assets	E.b.	600,530.53	361,757.78
	corporation tax		479,783.54	267,119.66
	other		120,746.99	94,638.12
	F. Cash and cash equivalents	E.c.	3,657,308.89	8,547,845.86
	G. Deferrals and accruals	E.d.	437,690.27	20,798.40
<b>TOTAL ASSETS</b>		<b>263,015,260.01</b>	<b>230,278,227.84</b>	
<b>EQUITY AND LIABILITIES</b>				
		<b>2016</b>	<b>2015</b>	
<b>EQUITY</b>				
	A. Capital	F.a.	78,442,491.65	78,442,491.65
	B. Share premium	F.b.	20,592,745.89	20,592,745.89
	C. Reserves	F.c.	1,768,287.54	-3,281,714.37
	D. Net result for the financial year	F.d.	7,895,283.43	4,546,221.59
<b>LIABILITIES</b>		<b>154,316,451.50</b>	<b>129,978,483.08</b>	
<b>I. Non-current liabilities</b>				
	B. Non-current financial liabilities	G.a.	102,522,085.23	100,263,959.66
	C. Other non-current financial liabilities	G.b.	21,463,004.00	19,309,535.00
	authorised hedging instruments		21,463,004.00	19,309,535.00
	F. Deferred taxation	G.c.	1,084,331.06	4,530,262.59
<b>II. Current liabilities</b>				
	B. Current financial liabilities	G.d.	20,498,673.84	718,507.47
	D. Trade payables and other current liabilities	G.e.	8,160,383.22	4,389,028.40
	a. Exit tax		4,483,638.69	0.00
	b. Other		3,676,744.53	4,389,028.40
	suppliers		3,478,645.56	3,995,195.63
	tenants		50.00	1,700.00
	taxes, remuneration and social insurance charges		198,048.97	392,132.77
	E. Other current liabilities	G.f.	120,012.11	345,630.52
	F. Deferrals and accruals	G.g.	467,962.04	421,559.44
	prepayments of property revenue		45,555.38	72,609.52
	accrued interest and other costs		0.00	167,315.60
	accrued costs		422,406.66	181,634.32
<b>TOTAL EQUITY + LIABILITIES</b>		<b>263,015,260.01</b>	<b>230,278,227.84</b>	



### 3. Cash flow table

Amounts are rounded off to full euros.

Financial year as closed on 31 December	notes	2016	2015
<b>CASH AND CASH EQUIVALENTS AT START OF THE FINANCIAL YEAR</b>		<b>8,547,846</b>	<b>9,316,647</b>
<b>1. CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>12,255,239</b>	<b>9,410,580</b>
<b>Result before tax</b>		<b>8,221,606</b>	<b>12,194,935</b>
Tax payments	C.i.	-326,322	-181,105
<b>Net result for the financial year</b>		<b>7,895,283</b>	<b>12,013,830</b>
+ interest paid and received (included in financing activities)	C.f.	4,873,972	3,808,146
<b>Net result for the financial year (excluding interest)</b>		<b>12,769,256</b>	<b>15,821,976</b>
<b>Non-cash elements added to/deducted from the result</b>		<b>514,987</b>	<b>-4,172,422</b>
changes in fair value of swaps	C.h.	2,153,469	-2,847,153
changes in fair value of investment properties	C.d.	-1,925,213	-1,690,056
tax deductions from deferred taxation	F.c.	-216,294	0
depreciation, amortisation, impairments and reversals of impairments of property, plant and equipment	D.b.	94,669	84,565
profit or loss margin on projects attributed to the period	D.e.	1,362	13,697
diminution in trade receivable (profit or loss margins recognised in earlier periods)	D.d.	406,995	266,525
<b>Change in working capital requirement</b>			
<b>Movements in assets</b>		<b>-1,607,050</b>	<b>-214,121</b>
project developments (projects in progress/in preparation)		0	-64,890
finance lease receivables	D.d.	67,076	0
trade receivables	E.a.	22,723	61,712
recoverable taxes	E.b.	-212,664	-253,042
other current assets	E.b.	-26,109	53,878
deferred charges and accrued income	E.d.	-1,458,077	-11,780
<b>Movements in liabilities</b>		<b>578,046</b>	<b>-2,024,853</b>
trade debts	G.c. + G.e. + G.f.	725,728	-2,279,290
taxes, social insurance charges and liabilities relating to remuneration	G.e.	-194,084	85,682
deferrals and accruals	G.g.	46,403	168,756

Financial year as closed on 31 December	notes	2016	2015
<b>2. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		<b>-34,598,332</b>	<b>-41,767,851</b>
real estate investments	D.a.	-32,113,355	-41,490,430
investments in property, plant and equipment	D.b.	-2,487,477	-277,453
investments in financial fixed assets	D.c.	2,500	32
<b>3. CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>17,452,556</b>	<b>31,588,470</b>
<b>Cash elements included in the result</b>		<b>-4,873,972</b>	<b>-3,808,146</b>
interest payments	C.f.	-4,951,320	-3,898,242
received interest (swap)	C.f.	77,348	90,096
fixed interest rate	C.f.	0	0
<b>Change in financial liabilities and financial debts</b>		<b>22,039,042</b>	<b>13,121,679</b>
increase (+) in financial debts	G.a. + G.d.	26,567,587	13,121,679
decrease (-) in financial debts	G.a. + G.d.	-4,528,545	0
<b>Change in equity</b>		<b>287,486</b>	<b>-13,935,461</b>
buy-back/sale of treasury shares	F.c.	291,486	32,100
payment of bonuses		-4,000	0
dividend payments on founder shares		0	-160,650
dividend payments on registered shares		0	-84,546
dividend payments on other ordinary shares		0	-11,624,868
payment of withholding tax on dividends		0	-2,097,498
<b>Change in equity: capital and share premium</b>		<b>0</b>	<b>36,210,398</b>
increase in capital and share premium	F.a. + F.b.	0	36,210,398
increase in scrip dividend		0	0
<b>TOTAL CASH FLOWS (1) + (2) + (3)</b>		<b>-4,890,537</b>	<b>-768,801</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>		<b>3,657,309</b>	<b>8,547,846</b>

## 4. Statement of changes in consolidated equity

Amounts rounded off to full euros

notes	CAPITAL	SHARE PREMIUM	reserves for the balance of changes in the fair value of real estate		reserves for impact of swaps (*)
	F.a.	F.b.	F.c.	F.c.	F.c.
			reserves for the balance of changes in the investment value of real estate	reserve for the impact on the fair value of the estimated transfer taxes and costs resulting from hypothetical disposal of investment properties (-)	
<b>1 January 2015</b>	<b>61,633,399</b>	<b>1,191,440</b>	<b>0</b>	<b>0</b>	<b>-11,941,155</b>
net result processing for the 2014 financial year					-10,215,012
dividends					
treasury shares					
result for the period					
interim dividend					
capital increase	16,809,093	19,401,306			
<b>31 December 2015</b>	<b>78,442,492</b>	<b>20,592,746</b>	<b>0</b>	<b>0</b>	<b>-22,156,167</b>
<b>1 January 2016</b>	<b>78,442,492</b>	<b>20,592,746</b>	<b>0</b>	<b>0</b>	<b>-22,156,167</b>
net result processing for the 2015 financial year			1,772,676	-82,620	2,846,632
dividends					
treasury shares					
result for the period					
interim dividend					
directors fee (2015 financial year)					
<b>31 December 2016</b>	<b>78,442,492</b>	<b>20,592,746</b>	<b>1,772,676</b>	<b>-82,620</b>	<b>-19,309,535</b>

notes	other reserves	reserve for treasury shares	results carried forward from previous financial years	RESERVES	RESULT FOR THE FINANCIAL YEAR	TOTAL SHAREHOLDERS' EQUITY
	F.c.	F.c.	F.c.	F.c.	F.d.	
<b>1 January 2015</b>	<b>11,283,515</b>	<b>-273,332</b>	<b>7,438,498</b>	<b>6,507,527</b>	<b>-3,305,633</b>	<b>66,026,733</b>
net result processing for the 2014 financial year			6,909,379	-3,305,633	3,305,633	
dividends			-6,515,709	-6,515,709		-6,515,709
treasury shares		32,100		32,100		32,100
result for the period					12,013,830	12,013,830
interim dividend					-7,467,608	-7,467,608
capital increase						36,210,399
<b>31 December 2015</b>	<b>11,283,515</b>	<b>-241,232</b>	<b>7,832,168</b>	<b>-3,281,715</b>	<b>4,546,222</b>	<b>100,299,744</b>
<b>1 January 2016</b>	<b>11,283,515</b>	<b>-241,232</b>	<b>7,832,168</b>	<b>-3,281,715</b>	<b>4,546,222</b>	<b>100,299,744</b>
net result processing for the 2015 financial year			9,534	4,546,222	-4,546,222	
dividends						
treasury shares		241,232	50,254	291,486		291,486
result for the period	(***)216,294			216,294	(**) 7,895,283	8,111,578
interim dividend						
directors fee (2015 financial year)			-4,000	-4,000		-4,000
<b>31 December 2016</b>	<b>11,499,810</b>	<b>0</b>	<b>7,887,956</b>	<b>1,768,287</b>	<b>7,895,284</b>	<b>108,698,808</b>

(\*) Reserve for the net changes in the fair value of permitted hedging instruments that are not subject to hedge accounting as defined in IFRS (+/-).

(\*\*) The consolidated net profit of the Company corresponds to the global result, as the consolidated financial statements contain no "other comprehensive income" within the meaning of IAS 1.

(\*\*\*) See notes under point 'F.c. Reserves' on page 179

No distinction is made between capital changes that do and those that do not result from transactions with shareholder-owners, as the Company has no minority interests.

## 5. Notes

### A. Accounting policies

#### GENERAL

Care Property Invest (the "Company") is a public limited liability company that acquired the status of a public regulated real estate company (RREC) under Belgian law on 25 November 2014.

Care Property Invest actively participates as a real estate player and has the objective of making high-quality projects available to care providers as provided for in the Residential Care Decree. These include nursing homes, service centres, assisted-living complexes and all other housing facilities for people with disabilities. Care Property Invest can develop, realise and finance these facilities itself, or can refinance existing buildings, with or without a renovation or expansion.

The consolidated financial statements of the Company as at 31 December 2016 comprise the Company and its subsidiaries. The financial statements are presented in euros, unless otherwise stated, and cover the 12-month period ended on 31 December 2016.

The main shareholders are listed in the notes to these financial statements. Care Property Invest is listed on Euronext Brussels (BEL Mid-index).

The registered offices of the Company were relocated on 12 January 2015 to Horstebaan 3, 2900 Schoten (Telephone: +32 3 2229494).

The financial statements were approved for publication by the Board of Directors on 29 March 2017. The financial statements will be submitted to the Annual General Meeting of Shareholders to be held on 17 May 2017.

#### DECLARATION OF CONFORMITY

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the Standing Interpretations of the (IFRIC) of the IASB, as in force at the close of the financial year, and as approved by the European Commission. In all material respects, the financial statements are in conformity with the European Directives concerning statutory financial statements. The mandatory scheme for the balance sheet and global result statement imposed by the RREC Royal Decree is used. New standards, amendments to standards and interpretations that became applicable from 1 January 2016 have no impact on these financial statements.

The Company has not opted for early adoption of new standards, amendments or interpretations of existing standards that were issued before the publication of the financial statements but that became effective only after the end of the financial year on 31 December 2016.

Certain new standards, amendments and interpretations to existing standards have been published and will be mandatory. "

The following interpretations and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2016 and apply to the Company.

### IFRS 9 'Financial instruments

*effective date: 1 January 2018.* The standard addresses the classification, measurement, derecognition of financial assets and financial liabilities and general hedge accounting. The Based on early estimates, this new standard will only have a limited impact on Care Property Invest.

### IFRS 15 'Revenue from contracts with customers

The IASB and FASB have jointly published a new standard with regards to recognising revenue deriving from contracts with customers. The standard will improve comparability of the top line in financial statements globally. Companies using IFRS will be required to apply the revenue standard for annual periods with effective date 1 January 2018. For the leasing contracts of the initial investment programme and for investments according to IAS 40 property portfolio investment properties, this new standard will probably only have a limited impact on Care Property Invest. This impact will be subject to further research.

The following new standards, amendments and interpretation to standards have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2016 and have not been endorsed by the European Union:

### IFRS 16 'Leases agreements

*effective for annual periods beginning on or after 1 January 2019* This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. It is a first estimation that this new standard will only

have a limited impact on Care Property Invest, seen the limited size (where Care Property Invest intervenes as a lessee) compared to the balance sheet total.

#### CONSOLIDATION PRINCIPLES

The companies included in the Company's consolidated financial statements are subsidiaries over which the Company exerts control. A company exerts control over a subsidiary if, and only if, the parent company:

- has power over the participating interest;
- is exposed to and has rights to variable proceeds based on its involvement in the participating interest and;
- has the possibility of using its power over the participating interest to influence the scale of the investor's yields.

The companies in which the group directly or indirectly holds participating interests of more than 50% or in which it has the power to determine the financial and operating policies so as to obtain benefits from its activities, are included in the consolidated accounts of the group in full. This means that the assets, liabilities and results of the group are fully reflected. Inter-company transactions and profits are entirely eliminated. All transactions between the group companies, balances and unrealised profits and losses on transactions between group companies are eliminated in the preparation of the consolidated financial statements.

#### INFORMATION ON SUBSIDIARIES

The following companies were fully consolidated and are deemed to be related companies:

Company name	Acquisition date	Participating interest as at 31 December 2016
MST bvba	23 December 2015	100%
Boeyendaalhof nv	23 December 2015	included with MST bvba
Ter Bleuk nv	22 December 2016	100%
VSP Lanaken Centrum WZC nv	30 December 2016	100%

The Croonenburg nv and B Turnhout nv companies were absorbed by Care Property Invest in a silent merger on 21 December 2016.

The registered offices of these companies are all located at Horstebaan 3, 2900 Schoten.

These acquisitions took place in the context of an "asset deal" to which IFRS 3 - Business Combinations does not apply. The participating interests were valued at cost.

#### INVESTMENT PROPERTIES

Land and buildings in the Company's portfolio or to be included in the portfolio through acquisition for valuable consideration or through contribution and which are held in order to obtain rental income in the long term, are recognised as investment properties. On initial recognition these are shown at purchase price, including transaction costs and directly attributable expenditure. After initial recognition, the investment property is valued by the real estate experts at fair value in accordance with IAS 40 (defined as "level 3") and no depreciation is applied to buildings.

With its first inclusion, the Company makes an analysis whether an investment should be booked as an investment or an operational lease or as an financial lease by applying the criteria in IAS 17. There is a possible risk of incorrect assessment by the Company when performing this analysis.

The Company also tries to cope with this risk by, if necessary, using the services of external IFRS experts before and during negotiations of an acquisition based on data of the real estate experts, and by already trying to make an analysis concerning the booking under operational leases and by assessing this risk.

From the seller's point of view, the valuation must be understood as subject to the deduction of registration fees. The independent real estate experts conducting the regular valuations of the assets of RRECs take the view that registration fees of 10% to 12.5% must be taken into account for transactions concerning buildings in Belgium with an overall value of less than €2.5 million, depending on the regions in which these buildings are located. For transactions concerning properties with an overall value of more than €2.5 million, real estate experts have valued the weighted average of the fees at 2.5%. This is because a range of different property transfer methods is used in Belgium. This percentage will, if necessary, be revised annually and adjusted per bracket of 0.5%. The experts will confirm the agreed percentage to be deducted in their regular reports to the shareholders.

When there's a difference in value between the acquisition price and the first assessment of the fair value at the moment of inclusion (acquisition), the difference in value that only relates to the transaction costs is allocated to the equity, reserve c) reserve for the impact on the fair value of estimated transaction costs resulting from hypothetical disposal of investment properties. Each year a result allocation is done to b) reserve for the balance of changes the fair value of the investment properties. (+-) and to reserve c) reserve for the impact on the fair value of estimated transfer taxes and costs resulting from hypothetical disposal of investment properties.

Whenever the Company prepares an inventory, variations in the fair value of the real estate determined by the real estate expert are recorded in the Company's accounts via the global result statement.

On the sale of the property, the realised gains, which consist of the difference between the net sale value and the book value last recorded on the one hand, and a cross-entry of the estimated transaction costs under heading 'XVI. Result of sales of investment property' in the global result statement on the other hand.

After initial recognition (including all expenses associated with the acquisition or construction), property under construction or development for future use as investment property (project developments) is shown under the heading 'Investment property' at fair value as also determined by the real estate expert in accordance with the usual methods and assumptions. After initial recognition (including all expenses associated with the acquisition or construction), property under construction or development for future use as investment property (project developments) is shown under the heading 'Investment property' at fair value as also determined by the real estate expert in accordance with the usual methods and assumptions.

Work performed on buildings at the expense of Care Property Invest, such as renovations and significant improvements that increase comfort or add functionality to the building, is capitalised (in other words, this does not involve ordinary maintenance and repair work, which is charged to the net income as costs for the financial year). The capitalised costs relate to materials, contract work, technical studies and the fees of the architects. For projects that take more than one year, the interim interest is capitalised.



## LEASING ACTIVITIES

A lease agreement is classed as a financial lease if it transfers virtually all the risks and benefits associated with ownership to the lessee. All other forms of lease are treated as operational leases. If a lease agreement complies with the terms of a finance lease (according to International Accounting Standards (IAS) 17), Care Property Invest, as the lessor, recognises the lease agreement on its inception in the balance sheet as a receivable at an amount equal to the net investment in the lease agreement. The difference between the latter amount and the book value of the leased property will be recognised in the global result statement. Every regular payment by the lessee will be recognised as financial income and/or a capital repayment, based on a constant regular return.

### Initial investment programme

The lease agreements contracted in relation to the initial investment programme were split, in accordance with IAS 18 §13, into two business activities: firstly construction activities, i.e. the construction of buildings (subject to IAS 11 and IAS 18), and secondly leasing activity, which commenced after the premises had been made available (subject to IAS 17). The profit is largely attributed to the first activity, i.e. the construction phase, through provision of the company's know-how and specialist expertise (co-ordination of studies and works, management of construction costs, specific design for the elderly, appropriate technical equipment, etc.). The economic profits of a project are therefore realised during the construction phase. After the completion of the building, the risks associated with the property are transferred to the lessee to which the service flats are provided on leasehold, and the period of service provision for the RREC is for the most part over. In practice, however, the Company remains involved in the maintenance of the property through the provision of advice or intervention in the event of any construction damage or imposed adjustments, follow-up of the lease payments etc., so a small part of the economic profit generated by the Company in connection with the project relates to the lease period.

The receivables relating to the lease contracts are accounted for in property, plant and equipment under three headings, namely "development projects", "trade receivables" and "receivables from finance leases".

Under the heading "development projects", the nominal value of the costs relating to projects in preparation and projects under construction is shown. Under the heading "receivables from finance leases", the investment cost of the projects transferred and therefore leased is shown, less the contractual prepayments received. The item "trade receivables" includes the profit or loss margin attributed to the construction phase of a project, which is capitalised via the global result statement from the date of signature of the lease contract until the point when a building is made available. This profit or loss margin is determined by the future cash flows (the ground rent-rental and final building rights fee) discounted at a rate equal to the IRS rate plus a margin that would apply on the date on which the lease agreement was contracted. In this way, we receive the present value of future income flows. The profit or loss margin included under the heading "Trade receivables" is thus the difference between this calculated value and the nominal value of the final building rights fee included under the heading "Finance lease receivables". The increase by a margin depends on the margin that the Company pays the bank as a cost of funding. For the bank, the margin depends on the underlying security and is therefore different for an OCMW or a non-profit association.

During the term of the contract, the receivable will be phased out by deducting it in the global result statement from the proceeds of the finance leases under rental income. In this way, the recognition of rental income (see IAS 17 §39) represents a constant return on the net investment. If the discount rate (i.e. the IRS interest rate plus a margin) on the date of the contracting of the lease agreement is higher or virtually equal to the interest rate implicit in the ground rent payments stipulated on commencement of the leasehold, this calculation leads to the recognition of a mathematical loss during the construction phase (e.g. in the event of falling interest rates). Over the entire duration of the contract, however, the projects are profitable, since the ground rent is always higher than the actual cost of financing. There is an estimation uncertainty as regards the profit margin on the projects; this is partly due to altered operating expenses, the impact of which is reviewed annually and adjusted if necessary, but the profit or loss margin also depends on rising or falling interest rates.

## OTHER PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are shown at cost if it is probable that the future economic benefits from the asset will flow to the Company and if the cost of the asset can be determined reliably (the cost of the asset is the equivalent of the cash price on the date of inclusion in the balance sheet). Cost includes all direct costs and any costs directly attributable to bringing the asset to the location and into in the condition necessary for it to function as intended. Subsequent expenditure associated with property, plant and equipment is generally recognised as an expense when it is incurred. Such expenditure is capitalised only if it can be clearly shown to result in an increase in the future economic benefits expected from the use of the asset compared with the original estimate. After initial recognition, all property, plant and equipment is shown at cost less any accumulated depreciation and any accumulated impairment losses. The different categories of property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Depreciation starts when the assets are ready for their intended use. The expected life is reviewed annually.

The estimated useful lives of the main categories of property, plant and equipment lies within the following order of magnitude:

Building (for the Company's own use)	30 years
Equipment of building	3 years
Furniture	10 years
Computers	3 years
Office machines	4 years
Rolling stock	5 years
Office fittings and furnishings	3 years

The gain or loss arising through the disposal or retirement of an asset is determined as the difference between the net proceeds on disposal and the book value of the asset. This difference is shown in the global result statement.

Costs for the development of buildings is booked under other tangible fixed assets. At the provisional delivery of the project, these costs are transferred to the category «finance lease receivables before the profit is booked.

#### TRADE RECEIVABLES (OTHER THAN THOSE RELATING TO LEASING ACTIVITIES)

Trade and other receivables are current receivables and are shown at their nominal value, less any impairments for irrecoverable debts which are shown in the global result statement as impairment losses.

#### IMPAIRMENTS

At each reporting date, the Company assesses whether there are indications that a non-financial asset may be subject to impairment. If any such indication exists, an estimate is made of the realisable value of the asset. If an asset's book value exceeds its realisable value, an impairment is recognised in order to reduce the book value of the asset to the realisable amount. The realisable value of an asset is defined as the higher of the fair value less selling costs (assuming a non-forced sale) or the value in use (based on the present value of the estimated future cash flows). The resulting impairments are charged to the global result statement. Previously recognised impairments are reversed via the global result statement if a change has occurred in the estimate used to determine the realisable value of the asset since the recognition of the last impairment loss.

#### FINANCIAL FIXED ASSETS

Derivatives are valued at fair value, for other financial assets valuation depends on the classification of assets. The guarantees, as stated in the balance sheet are valued at historical cost.

#### TREASURY SHARES

The treasury shares in the Company's possession are deducted from equity at the initial acquisition cost. The increase or decrease in value realised on the sale of treasury shares is taken directly to the balance sheet and has no impact on the EPRA result.

#### DIVIDENDS

Dividends are recognised as a liability in the period in which they are formally awarded, i.e. approved by the General Meeting of Shareholders.

#### FINANCIAL PAYABLES

Financial payables are shown at their amortised cost on the closing date of the financial year, analysed according to whether they are current or non-current liabilities.

#### DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments which the Company uses do not meet the criteria of IAS 39 for the application of hedge accounting, and are recognised in the balance sheet at their fair value; changes in their fair value are taken directly to the global result statement.

The fair value of financial instruments is based on the market value calculations of the counter-party and the respective fair values are regarded as 'Level 2', as defined under IAS/IFRS (see also notes under 'C.f. Net interest expense' on page 161).

#### PROVISIONS

Provisions are included in the balance sheet if the Company has an existing obligation as a result of a past event, if it is probable that the settlement of this obligation will result in an expense and if the amount of the obligation can be reliably determined. The amount of the provision is based on an estimate of the expenditure required to settle the existing obligation as at the balance sheet date. If the effect of the time value of money is significant, provisions are discounted using a discount rate that takes account of the current market assessments of the time value of money and the inherent risks of the liability.

#### TAX RECEIVABLES AND LIABILITIES

Tax receivables and liabilities are shown at the tax rate applying in the period to which they relate.

#### INCOME AND EXPENSES

Income and expenses are shown in the global result statement on a pro rata temporis basis, in accordance with the substance of the relevant agreement.

When rent-free periods are awarded to the leaseholders or tenants, these costs are spread over the entire life of the contract.

#### GROUP INSURANCE

The contracts that Care Property Invest has concluded in relation to group insurance are of the 'defined contribution' type (see the notes on salaries in 'C.b. General expenses of the Company' on page 154 and following). This defined contribution pension plan has been entrusted to Belfius Bank. These pension plans are regarded as "defined contribution" plans with fixed costs for the employer, and are shown under "group insurance contributions". Employees make no personal contribution. Premiums are recognised in the financial year in which they were paid or scheduled. However, under the 'Vandenbroucke law' these group insurance policies would be regarded as 'defined benefit' plans within the meaning of IAS 19, and the Company would be required to guarantee an average minimum rate of return of 1.75% (currently) on the employer's contributions. In principle, the Company would have additional obligations if the statutory minimum return could not be achieved. Belfius Bank confirmed that the minimum return, including profit sharing, has been achieved up to and including 2016. Moreover, the impact on the Company's results would be limited, since it has a limited number of employees.

## TAXES

All information of a fiscal nature is provided on the basis of laws, decrees and administrative guidelines in effect at the time of the preparation of the financial statements.

### CORPORATION TAX

Although Care Property Invest is subject to corporation tax, the basis for this is very limited (Article 185*bis* of the Belgian Income Tax Code), so that in practice, it will pay virtually no corporation tax. Generally, the rental income, financial income and proceeds realised on the sale of assets are exempt from tax, and corporation tax is charged on non-deductible expenses, abnormal and favorable benefits and undisclosed commissions.

Pursuant to Article 161(1°) of the Inheritance Tax Code, the Company must pay tax each year as an RREC, based on the total net amounts outstanding in Belgium as at 31 December of the preceding year.

### Withholding tax

According to the Act regulating the recognition or definition of crowd funding and containing various provisions concerning financing, RRECs in which property located in an EER member state and used or intended solely or primarily for residential units adapted for residential care or health care accounts for at least 60% of their real estate, can once again enjoy a reduced rate of withholding tax, of 15%. This Act was adopted by the Belgian Parliament on 15 December 2016 and published in the Belgian Bulletin of Acts and Decrees on 20 December 2016. The new measure entered into force on 1 January 2017.

In addition, pursuant to Articles 116 and 118, §1(6) of the Royal Decree/1992 Income Tax Code, the Company is exempt from withholding tax on income allocated to Belgian public RRECs.

### Inheritance tax

Subject to compliance with certain conditions, the heirs of shareholders enjoy an exemption from inheritance tax (formerly 'inheritance tax' in the Inheritance Tax Code, Flemish Region, Article 55*bis* - Order of the Flemish Government of 3 May 1995, replaced by Article 11 of the 'Decree containing various provisions on finances and budgets' of 09 November 2012 (BS 26 November 2012) - Circular No. 2 of 27 March 1997 and now Article 2.7.6.0.1. of the Flemish Codex Taxation (VCF)). The shares must have been in the possession of the holder for at least five years on the date of decease. In addition, the shareholder must have acquired the shares no later than the year 2005, excluding acquisition among spouses and heirs in the first degree, for which no exemption from inheritance tax has yet been granted.

To obtain the exemption, the shares must be recorded in the estate declaration and the exemption must be explicitly requested. A valid certificate must be attached to the declaration, issued by the credit institutions that provide financial services for Care Property Invest.

The maximum exemption for the stock market value of the share amounts to its issue price of €5.95 (= value of the issue price/1,000 due to the share split of 24 March 2014). Likewise, the sum of the net dividends paid during the period in which the deceased or his or her spouse was the holder of the shares may also be exempt, in as far as the shares form part of the estate. The conditions for exemption from inheritance tax can also be viewed on the website at [www.carepropertyinvest.be](http://www.carepropertyinvest.be).

### Exit tax

An exit tax was estimated for the subsidiaries of Care Property Invest, calculated at the rate of 16,995%

### MINIMAL EARNINGS PER SHARE

The minimum result to be paid out is calculated according to the RREC Royal Decree and is divided equally between all the shares entitled to dividends.

### POST-BALANCE-SHEET EVENTS

Events may occur after the balance sheet date which provide additional information on the financial situation of the Company at the balance sheet date (adjusting events). This information allows us to improve estimates and to give a better reflection of the actual situation on the balance sheet date. These events require an adjustment of the balance sheet and the global result statement.

Other events after the balance sheet date are disclosed in the notes if they can have a significant impact.

### SEGMENT INFORMATION

As the Company has only one economic activity, the realisation of residential units in relation to the Residential Care Decree, the Company does not provide any segment information. Furthermore, such information would have no added value for the management of the Company in taking operational decisions.

At the same time, one lessee or tenant of the Company represents more than 10% of the total rental income, namely Vulpia Care Group (14.85 %).

## B. Financial risk management

The list of risks described in this chapter is not exhaustive. It is possible that other unknown or unlikely risks, or risks which are not assumed to be able to have an adverse effect on the company, its business or its financial situation, may exist.

Market risks, operational risks and regulatory risks described in Chapter 'I. Risk factors' on page 8 et seq. of the annual financial report.

### 1. Financing strategy and hedging of interest risk

The first service flats built in the initial investment programme were financed with the Company's own resources. After deploying its own resources, the Company took out long-term loans from the banks to finance the remaining flats in the initial investment programme of 2,000 subsidised flats. The long-term loans are contracted in the form of bullet loans. The capital of these loans is repaid as a lump sum on maturity and the Company pays interest only during the term of the loans. These interest charges (subject to the addition of a margin) are calculated as leasehold payments (= monthly ground rent) charged on in the lease contracts concluded with the OCMW and non-profit organisations (information on the treatment of the existing 76 leases in paragraph "5. Notes", "A. Accounting policies" op pagina 138). The Company will be able pay its financing costs through the lease payments that it also receives on a monthly basis and will be able to fulfil its obligations on the maturity of the loans, due to the final building rights fees that it will receive from the contracting lessees.

### 2. Liquidity risk

The Company is exposed to a liquidity risk that could arise through a cash shortage in the event of the cancellation of its credit lines. Compliance with the obligations of Care Property Invest following the conclusion of long-term loans is guaranteed for each project concerned by the OCMW or the non-profit association in relation to the banks, up to the amount of the loan. The loan contracted with ING Bank for the Nijlen project is subject to a guarantee to Immomanda nv by Care Property Invest and the non-profit association that a mortgage mandate will be granted on the building, in the amount of the borrowed sum. Given the guarantees provided and barring any unforeseeable events, there is little or no risk that the Company's financing contracts will be terminated or cancelled or that early repayment will be required. To ensure compliance with the obligations of the lessees to Care Property Invest to pay the final building rights fee, the subsidies received by the OCMW or the non-profit association from the Flemish community are paid into an escrow account.

In principle, a municipal guarantee is also requested for settlement of the OCMW's liabilities to Care Property Invest arising from the lease contract. In the absence of this guarantee, the Company may in any event also seek settlement from the municipal authority on the basis of Article 145 of the OCMW Decree.

A non-profit association must provide a mortgage mandate on the grounds given in the building rights, as well as a first mortgage on the leasehold or equivalent surety. A non-profit association must provide a bank guarantee for payment of the ground rent payments, equivalent to three years of ground rent. To date, the Company has no knowledge of any indications that the lessees will not fulfil their obligations in the future.

Relating to the new portfolio: a 5-year, €35 million roll-over loan was arranged, and €19.7 million was withdrawn on 31/12/16. Care Property Invest closely monitors the liquidity risk on the new portfolio.

Relating to the initial portfolio, the Company has 2 roll-over credit loans for a total amount of €6,890,000 that can be reviewed every three years. Here also, Care Property Invest monitors this risk closely.

### 3. Interest rate fluctuations

The increase or decrease in interest rates has an impact on the financial costs and, therefore, on the net result of the Company. In order to manage this risk, the Company financed its bank debts as at 31 December 2016 at fixed interest rates or hedged fluctuations through the use of interest rate swaps, in which the floating interest rate is converted to a fixed rate. On a consolidated basis the 38 financing contracts concluded have an average fixed rate of 4.013% and an average maturity of 13.61 years. For the 16 financing contracts that were linked to an interest rate swap, despite the fact that these contracts were hedged by a fixed interest rate, fluctuations in the financial instruments should be included in the Company's financial results in accordance with the IAS/IFRS. If the underlying interest rates for these swap transactions fall, the market value of these instruments will be negatively affected and vice versa if the interest rates rise. This variation has a negative or positive impact on the net result of Care Property Invest (no cash flow hedge accounting, within the meaning of IAS 39).

Compared to 31 December 2015, interest rates were slightly lower, as a result of which a negative change was recorded for these financial instruments during the 2016 financial year, amounting to €2.15 million, under 'changes in fair value of financial assets and liabilities'. As at 31 December 2016, the fair value of these instruments was €21.46 million negative, compared to €19.31 million negative as at 31 December 2015. A change in the interest curve of 0.25% (positive or negative) would have an impact on the fair value of the instruments of approximately €3.6 million, as a result of which the net result on a consolidated basis would amount to €6.6 million with an interest rate fall or €13.8 million with an interest rate rise.

These fluctuations concern non-cash items and are not taken into account in the calculation of the minimum result to be distributed or in the calculation of the debt ratio (see Article 13 of the RREC Royal Decree).

Two loans (amounting to 7% of the total long-term financial debt on a consolidated basis) are roll-over loans, in which provision has been made for the possibility of repayment or continuation every three years. During the first half of this year, when the first review date for the first loan is reached, the Company will be exposed to the risk of potential increases in the interest rates. In view of the current low interest rates and the limited amount, the impact is expected to be limited. The loans may be renegotiated or the possibility of repaying the loans from the Company's own resources may be provided.

The increase or decrease of the interest rate with 0.25% implies that on an outstanding amount on the roll-over loans of €19.7 million (as at 31/12/2016), an increase or decrease of the payable interests with €49,250 on an annual basis. Within the framework of the initial portfolio, Care Property Invest also has 2 roll-over loans for a total amount of €6,890,000, which can be reviewed every three years, in 2017 and 2019 to be precise.



An increase/decrease of 0.25% leads to an increase/decrease of interest of €17,225 on the total amount of €6,890,000.

#### 4. Inflation or deflation risk

Care Property Invest has limited exposure to the risks of inflation and deflation, as the current rental income is linked to movements in the consumer price index. A potential impact is offset by the fact that the current lease contracts provide for upward indexation, as a result of which rental income will at least remain at the level of the preceding year. In the event of inflation, a rise in interest rates would potentially mean an increase in financial expenses.

Care Property Invest has taken the necessary steps to protect itself against such risks (see paragraph '3. Interest rate fluctuations' on page 149).

#### 5. Movements in the debt level

The Company's maximum debt burden is calculated in accordance with Article 13 of the RREC Royal Decree and may at no time exceed 65% of its assets. Statutory sanctions apply if this debt level is exceeded, such as a prohibition on the distribution of dividends. Supervision of compliance with maximum debt levels by the supervisory authority has been tightened. The Company therefore pursues a prudent financial policy with continual monitoring of all planned investments and earnings forecasts, in order to avoid any statutory sanctions for exceeding this maximum limit at all times.

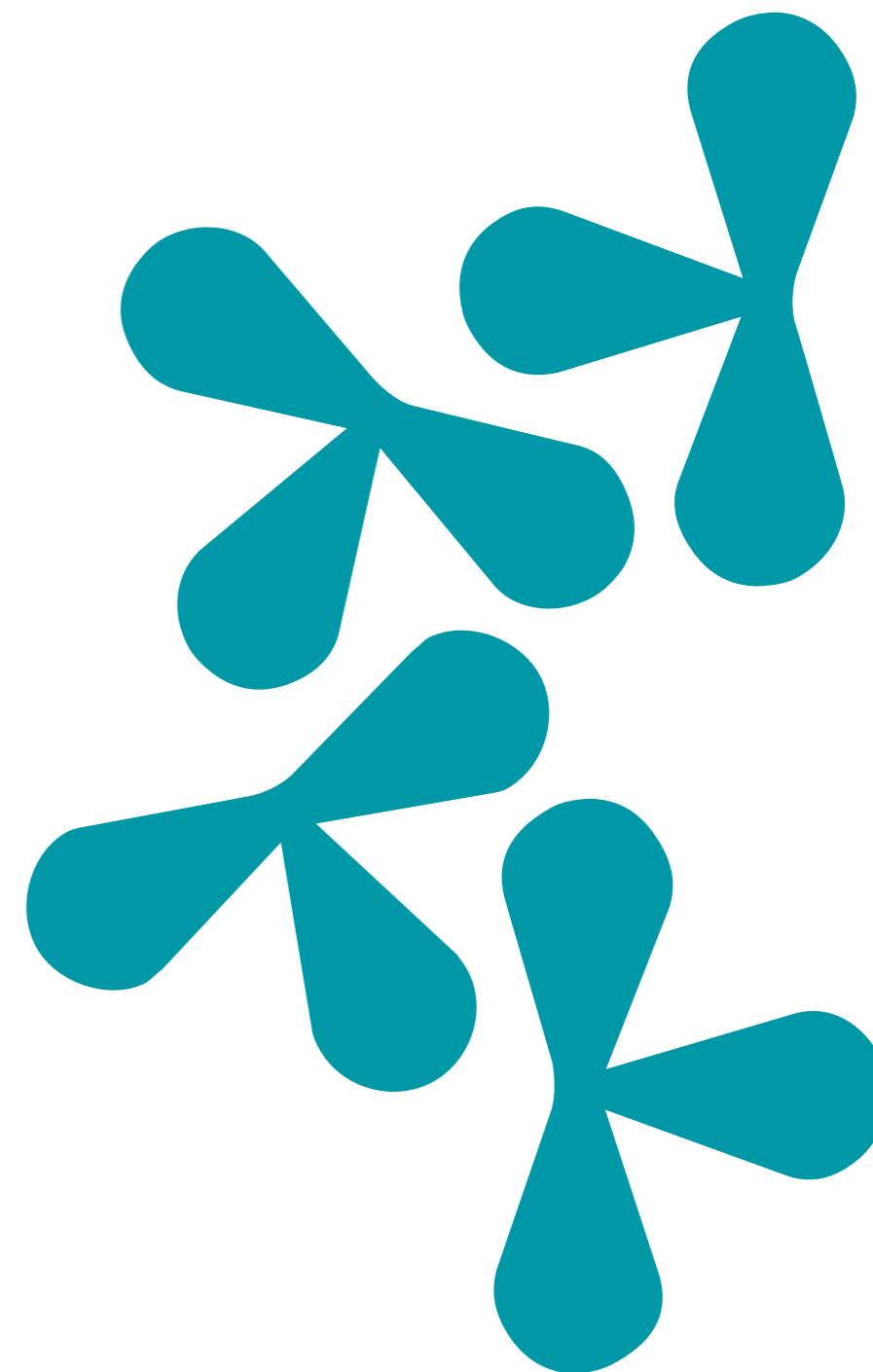
If the Company exceeds a debt ratio of 50% of its assets, it is required to prepare a financial plan. The Company's debt level as at 31 December 2016 was calculated in accordance with Article 13 of the RREC Royal Decree at 49.92%.

#### 6. Exchange rate risk

The exchange rate risk (or currency risk) is the risk that the value of an investment will be influenced by exchange rate fluctuations. Care Property Invest is active in Belgium only and has no exchange rate risk.

#### 7. Risk relating to the banking counter-party

The contracting of a financing agreement or a hedging risk creates a counter-party risk in relation to a banking counter-party. In order to limit this risk, Care Property Invest has long-lasting and sound relationships with its banking partners, which have a good financial rating, so that the risk of default by these counter-parties is limited. In order to ensure a diversity of counter-parties for its financing, the Company and its subsidiaries have used various reference banks (KBC, ING, BNP Paribas Fortis and Belfius Bank). The bank loans represent up to 92.3% of the Company's total liabilities (excluding the fair value of long-term hedging instruments). Should a banking counter-party default, the Company has other financing options (including e.g. the possibility of raising new capital or contracting new loans with other banks).



## C. Notes to the global result statement

Amounts shown in euros.

Financial year as closed on 31 December	2016	2015
<b>NET RESULT</b>	<b>7,895,283.43</b>	<b>12,013,830.09</b>
<b>Net result per share, based on weighted average shares outstanding</b>	<b>€0.5988</b>	<b>€1.0135</b>
<i>gross yield compared to the initial issuing price in 1996</i>	10.07%	17.04%
<i>gross yield compared to stock market price on closing date</i>	2.93%	6.67%

The weighted average of the number of outstanding shares as at 31 December 2015 was 11,853,348.11, compared with 13,184,720 shares as at 31 December 2016, as all additional shares issued as a result of the capital increase in June 2015 are fully entitled to dividends for the 2016 financial year.

The initial issue price in 1996 was €5,949.99 (or € 5.9495 after the stock split of 24 March 2014 (1/1000)). The stock price at 31/12/2016 was €20.45 and €15.20 on 31/12/2015. The gross yield is calculated by dividing the gross dividend (€0.63) by the stock price at the closing date of the respective financial year.

There are no instruments with a potential dilutive effect on net result per share. There were no transactions that have a significant impact on the number of ordinary shares. The capital increase by means of a contribution in kind on 15 March 2017 has no effect on the weighted average shares outstanding on 31 December 2016. These shares are not included in the result for the financial year 2016.

### COMPONENTS OF THE NET RESULT

Amounts shown in euros.

Financial year ended on 31 December	2016	2015
<b>NET RESULT/ GLOBAL RESULT</b>	<b>7,895,283.43</b>	<b>12,013,830.09</b>
<b>NON-CASH ELEMENTS INCLUDED IN THE NET RESULT</b>	<b>514,987.07</b>	<b>-4,172,421.96</b>
<i>depreciation, impairments and reversals of impairments</i>	94,668.77	84,564.60
<i>variations in fair value of investment properties</i>	-1,925,213.00	-1,690,056.08
<i>variations in fair value of authorised hedging instruments</i>	2,153,469.00	-2,847,152.52
<i>transfer of tax from deferred taxation</i>	-216,294.44	0.00
<i>projects' profit or loss margin attributed to the period</i>	1,361.64	13,696.59
<i>decrease in trade receivables (profit or loss margin attributed to previous periods)</i>	406,995.10	266,525.45
<b>EPRA Result</b>	<b>8,410,270.50</b>	<b>7,841,408.13</b>
<b>EPRA RESULT per share, based on the weighted average number of outstanding shares</b>	<b>€0.6379</b>	<b>€0.6615</b>
<i>gross yield compared to the issue price</i>	10.72%	11.12%
<i>gross yield compared to stock market price on closing date</i>	3.12%	4.35%

Amounts shown in euros.

The weighted average of the number of outstanding shares as at 31 December 2015 was 11,853,348.11, compared with 13,184,720 shares as at 31 December 2016, as all additional shares issued as a result of the capital increase in June 2015 are fully entitled to dividends for the 2016 financial year.

There are no instruments with a potential dilutive effect on net result per share. There were no transactions that have a significant impact on the number of ordinary shares. The capital increase by means of a contribution in kind on 15 March 2017 has no effect on the weighted average shares outstanding on 31 December 2016. These shares are not included in the result for the financial year 2016.

C.a. Rental income	2016	2015
<b>Rent and rental discounts</b>		
<b>Rental income and rental discounts for investment properties</b>	<b>2,518,951.74</b>	<b>614,801.69</b>
rent	2,520,186.74	620,321.69
rental discounts	-1,235.00	-5,520.00
<b>Income from finance leases and other similar leases</b>		
<b>Income from finance leases and other similar leases</b>	<b>13,110,545.35</b>	<b>13,116,715.15</b>
interest	13,517,540.45	13,383,240.60
decrease in trade receivables (profit or loss margin attributed to previous periods)	-406,995.10	-266,525.45
<b>Total rental income</b>	<b>15,629,497.09</b>	<b>13,731,516.84</b>

In accordance with the RREC Royal Decree, the ground rent revenue representing the leasehold fees received by the Company in relation to finance leases is shown under the heading "Fees for finance leases and the like". The fee or ground rent is paid regardless of the occupancy rate. The ground rent is reduced by the discounted diminution in the adjustment of the previously recorded profit margin during the construction phase of the projects (see also item 'C.c. Other operating expenses and income of the Company' on page 159

). The OCMWs account for 81% of the Company's revenue as at 31 December 2016. The remaining revenue results from the ten projects realised for charitable non-profit associations, Vulpia Care Group and Senior Living Group.

The income from the investment properties, recorded in accordance with IAS 40, is included under the heading 'Rent and rental discounts'.

Amounts shown in euros

C.b. General expenses of the Company	2016	2015
<b>General operating expenses</b>	<b>-659,158.81</b>	<b>-621,744.60</b>
rental of offices, rent charges, electricity and maintenance	-40,901.87	-57,644.14
costs of lease cars	-53,696.31	-59,267.28
remuneration of the statutory auditor for the audit mandate	-53,354.62	-44,340.00
external advice	-175,666.95	-219,274.84
training courses	-80,580.61	-31,770.00
publications	-19,951.45	-34,418.56
other	-235,007.00	-175,029.78
<b>Costs related to the legal status of the RREC</b>	<b>-171,868.25</b>	<b>-199,984.27</b>
commission costs of dividend	0.00	-17,647.94
contributions to Euronext and Euroclear and other exchange fees	-21,222.90	-22,183.38
internal audit fee	-13,300.18	-13,039.40
costs of real estate expert	-23,767.09	-39,397.04
collective investment undertakings tax	-96,872.18	-93,611.18
contribution to operating expenses of FSMA	-16,705.90	-14,105.33
<b>Remuneration of directors, CEO and Executive Committee members</b>	<b>-804,167.82</b>	<b>-199,772.18</b>
remuneration of directors, CEO and Executive Committee members	-629,062.40	-165,139.04
relocation expenses of directors, CEO and Executive Committee members	-4,531.43	-3,463.33
entertainment allowance of directors, CEO and Executive Committee members	-9,600.00	-3,600.00
insurance of directors, CEO and Executive Committee members	-160,973.99	-27,569.81
<b>Remuneration</b>	<b>-646,099.11</b>	<b>-1,297,339.27</b>
remuneration of office employees	-458,909.06	-865,477.54
group insurance contributions (including National Social Security Office (RSZ))	-20,354.80	-44,943.57
office employees' premiums (including social insurance contributions)	-13,972.60	-124,569.81
social insurance contributions	-119,491.29	-240,041.82
other employee expenses	-33,371.36	-22,306.53
<b>Depreciation, amortisation and impairments</b>	<b>-94,668.77</b>	<b>-84,564.60</b>
depreciation of property, plant and equipment	-94,668.77	-84,564.60
<b>Total general expenses of the Company</b>	<b>-2,375,962.76</b>	<b>-2,403,404.92</b>

'General operational expenses' include various office requisites, costs of the lease vehicles, telephone, electricity, etc. The external advisory services included in this item concern fees paid to lawyers, external consultants, engineers etc. Costs relating to acquisitions are capitalised in accordance with IAS 23.

The costs related to the legal status of RREC include all costs incurred for a listing of the RREC on a public stock exchange (Euronext, cost of paying coupons, ...). This also includes the fees paid to the real estate expert to meet the requirements of the RREC Royal Decree (quarterly valuation) and for valuation of the real estate whenever the Company investigates the yield of a potential new project.

**Remuneration of directors and Executive Committee members:** In accordance with the decisions of the ordinary general meetings of 18 May 2011, 21 May 2014 and 20 May 2015, the directors receive an annual fixed fee of €7,000 and an attendance allowance of €500 for each meeting of the Board of Directors. All fees constitute fixed remuneration and there is no provision for variable remuneration or for remuneration linked to shares. The CEO receives no remuneration for his director's mandate within Care Property Invest. No remuneration is paid for the mandate of a director of a subsidiary of Care Property Invest. The members of the Executive Board, excluding the CEO, receive a second annual payment of €7,000 as remuneration for their mandate as executive directors, supplemented by a fixed representation allowance of €150 per month. Until 30 June 2016, managing directors received an attendance allowance of €300 meeting attended. On the formation of the Executive Committee on 1 July 2016, this attendance allowance was fixed at €500 for each meeting of the Executive Committee in which they take part. Relocation costs are refunded at the statutory rate. All fees constitute fixed remuneration and there is no provision for variable remuneration or for remuneration linked to shares.

As at 31 December 2016, the Board of Directors consisted of 11 members, including three Managing Directors, Messrs. Willy Pintens, Peter Van Heukelom and Dirk Van den Broeck.

As such, the Managing Directors, with the exception of the CEO, Peter van Heukelom, have no contract with the Company and therefore enjoy no contractual provisions such as pension plans and severance arrangements. Under Belgian law, each director's mandate may be terminated "ad nutum" (at any time) without any form of compensation.

For the 2016 financial year, the directors received a gross amount of €119,500 for their participation in the Board of Directors.

The remuneration of the CEO, Peter van Heukelom, with whom a management agreement was contracted from 1 January 2016 for the performance of the mandate of Managing Director/CEO of the Company, totalled €392,142.75 for the 2016 financial year, including a bonus and group insurance and excluding all additional benefits.

On the formation of the Executive Committee on 1 July 2016, the employment contract with two employees was terminated and a management agreement was contracted with them for the performance of their mandate as effective leaders, as the CFO and the COO. Together with the two other Managing Directors and the CEO, they form the Executive Committee. The total remuneration of these two Managing Directors, the CFO and the COO, amounts to €200,335.13 including attendance allowances and entertainment and relocation allowances to two Managing Directors, including insurance and entertainment allowances awarded to the CFO and COO, excluding benefits of all kinds.

The **remuneration** includes a sum of €20,354.80 as a contribution to a group insurance policy for the benefit of the staff of the RREC. A sum of 5% of the annual salary was awarded to each employee. This defined contribution pension plan has been entrusted to Belfius Bank. These pension plans are regarded as “defined contribution” plans with fixed costs for the employer, and are shown under “group insurance contributions”. Employees make no personal contribution. The Board of Directors has also adopted a remuneration policy of payment of a premium (shown under the heading ‘office employees’ premiums’), based on a fixed amount per employee. No pension plans other than the group insurance referred to above have been contracted for the current workforce or for former employees. No advances or loans were granted to any directors or employees. The staff are affiliated to the Company via an employment contract for office employees and may be dismissed, subject to compliance with Belgian labour law.

<b>Staffing of the Company</b>	<b>2016</b>	<b>2015</b>
number of persons working under an employment contract on 31/12	5	9
average number of employees in full-time equivalents (FTEs) during the financial year	7	9

The employment contract with the CEO was exchanged for a management agreement on 1 January 2016 and those with the CFO and COO on 1 July 2016. A number of employees left the Company and new employees were recruited.

The **transactions with related parties** (within the meaning of IAS 24 and the Companies Code) relate only to the costs included in the remuneration of directors paid to members of the Company's Executive Committee, for a total amount of €592,477.88.

Details of the directors' and management remuneration are presented hereafter.

### Remuneration of the directors

The principles of remuneration for the directors are explained at the paragraph “Remuneration of directors and Executive Committee members’ on page 155

In 2016, the Board of Directors convened 11 meetings.

For the 2016 financial year, the directors received a total amount of €119,500 for their participation in the Board of Directors. The allowances paid out to each director are set out in the table below

Amounts shown in euros.

<b>2016</b>	<b>In the capacity of</b>	<b>Attended Board of Directors meeting</b>	<b>Remuneration of Board of Directors member's office</b>	<b>Presence fees Board of Directors meetings</b>
Peter Van Heukelom	Executive director	11 - 11	-	-
Willy Pintens	Executive director	10 - 11	7,000.00	5,000.00
Dirk Van den Broeck	Executive director	10 - 11	7,000.00	5,000.00
Lode De Vrieze	Non-executive director	9 - 11	7,000.00	4,500.00
Brigitte Grouwels	Non-executive director / Independent director	10 - 11	7,000.00	5,000.00
Myriam Lint	Non-executive director	8 - 11	7,000.00	4,000.00
Carol Riské	Non-executive director / Independent director	11 - 11	7,000.00	5,500.00
Mark Suykens	Non-executive director	10 - 11	7,000.00	5,000.00
Kristien Van der Hasselt	Non-executive director	10 - 11	7,000.00	5,000.00
Paul Van Gorp	Non-executive director / Independent director	11 - 11	7,000.00	5,500.00
Lode Verstraeten	Non-executive director	10 - 11	7,000.00	5,000.00
			<b>70,000.00</b>	<b>49,500.00</b>

### Remuneration of the effective managers

The remuneration policy of the managing directors, with the exception of the CEO, is applied as set out below in the paragraph ‘Vergoedingen bestuurders en gedelegeerd bestuurders’ on page 157

The remuneration level of the other effective managers, in particular the CEO and the other members of the Management Committee (CFO and COO) was adopted by the Board of Directors and is based on management contracts concluded as per 1 January and as per 1 July 2016, with supplementary provisions at the Board of Directors' discretion.



**Total (gross) remuneration of the effective leaders in the financial year 2016.**

Amounts shown in euros.

	Peter Van Heukelom, managing director / CEO	Other members of the Management Committee (*)	Total
Fixed basic allowance (management contract or decision Board of Directors)	229,936.00	(**)171.726,47	401,662.47
Allowance for attendance of meetings of the Management Committee / Management Committee by the managing directors.	-	12,900.00	12,900.00
Representation allowance and travel expenses	3,000.00	(***)9,726.59	12,726.59
Pension fund ,	120,000.00	5,982.07	125,982.07
Variable allowance (relating to the financial year 2015)	39,206.75	n/a	39,206.75
Benefits in kind	5,662.64	3,448.38	9,111.02
<b>Total</b>	<b>397,805.39</b>	<b>203,783.51</b>	<b>601,588.90</b>
P.m. severance payment (****)	352,936	357,435	710,371

\* the overall remuneration of the CFO and COO is set out for the period from their membership of the Management Committee (from 1/7/2016 up to and including 31/12/2016).

\*\* including the fixed allowance in the financial year 2016 for the performance of the office of managing directors (Mr Willy Pintens and Mr Dirk Van den Broeck) as determined by the Board of Directors.

\*\*\* including the fixed representation allowance + mobility allowance in the financial year 2016 for fulfilment of the office of Managing Director (Mr Willy Pintens and Mr Dirk Van den Broeck) as determined by the Board of Directors ( In 2016, they have attended 10 meetings of the Board of Directors as Managing Director; the meetings of the Management Committee/ Management Board have been attended 19 times by Willy Pintens and 14 times by Dirk Van den Broeck).

\*\*\*\* Information provided only for illustrative purposes. The Company may either make the CEO, CFO and COO perform a notice period of 12 months or pay them a severance payment, equal to the annual remuneration of the Effective Manager. Based on management agreements with the CFO and the COO, a notice period of 18 months or a severance payment (€536,152.50) will apply in the event of a change of control over the Company.

Amounts shown in euros.

C.c. Other operating expenses and income of the Company	2016	2015
<b>Other operating expenses</b>	<b>-2,428,614.05</b>	<b>-89,937.74</b>
municipal tax/registration fees	-3,834.93	-533.68
provincial and municipal taxes	-368.00	0
housing priority rights contribution	-4,825.29	-4,367.33
costs to be charged on	-887.73	-2,449.97
other operating expenses	-3,564.59	-93.00
withholding tax	-540.00	-3,887.79
property leases - loss margin on delivered projects attributed to the period	-1,498.27	-13,760.97
costs of projects in progress	-2,413,095.24	-64,845.00
<b>Revenue</b>	<b>2,490,394.77</b>	<b>170,874.41</b>
costs charged on	-8,579.55	2,449.98
other operating income	34,147.59	3,925.83
<i>other miscellaneous operating income</i>	30,600.30	3,925.83
<i>operating subsidies and compensatory amounts</i>	3,547.29	0.00
fees for sub-projects	-6,414.69	43,409.84
<i>fees for sub-project management</i>	-4,842.88	25,272.12
<i>project management fees pursuant to Article 80</i>	0.00	18,137.72
<i>project management fees, OCMW financing</i>	-1,571.81	0.00
non-current assets produced	-528.86	56,179.38
insurance deductible (1)	58,538.41	0.00
property leases - profit margins on delivered projects attributed to the period	136.63	0.00
property leases - profit margins on projects in progress attributed to the period	0.00	64.38
capitalised costs of projects in progress	2,413,095.24	64,845.00
extraordinary income	0.00	0.00
<b>Total operating expenses and income</b>	<b>61,780.72</b>	<b>80,936.67</b>

(1) In the contract concluded with the operator, a budget of 2.15% is forecast for technical inspections and insurance. The difference between this forecast and premiums that have actually been paid by the Company, is included in the global result statement, when the final settlement is done, under the item Other operating income, deductible. For the financial year 2016, 2 projects were finally settled compared to none in the 2015 financial year.

The updated profit margin or loss relating to the lease agreements concerns the projects in progress at the end of the financial year and the projects that were delivered during the financial year (see also item D.e 'Trade receivables and other non-current assets'). If investment amounts change as a result of a final settlement, the economic value also changes, and this has an impact on the operational income or expenses. The total economic value is shown as a receivable and is recovered during the remaining term of the building rights period through the deduction of the ground rent revenues included in the rental income.

The amount shown in both expenses (capitalised costs of projects in progress) and income (costs of projects in progress) corresponds to the total cost of the incoming invoices that were capitalised in relation to projects in progress and delivered projects. These costs are shown in "receivables from projects in progress" of "other property, plant and equipment", or in the "finance leasing receivables" if the project has already been delivered.

The other operating expenses include the contribution paid by the Company to lessees towards the daily rate of residential shareholders entitled to priority. When a lessee (OCMW or association) charges other occupants a higher daily rate than the maximum daily rate charged those entitled to residential priority, the Company undertakes to cover the difference. This contribution remains limited, since, to date, it has only had to be paid for two shareholders.

The income includes the amount of 'non-current assets produced'. This depends on the number of lease agreements contracted during the current financial year, as well as the size of the relevant new projects. The excess depends on the number of delivered projects and their size during the financial year. If the Company is mandated by an OCMW or a non-profit association to provide for the performance of environmental works which are subsidised pursuant to Article 80 of the Housing Code, the OCMW or the association pays a fee to Care Property Invest for the services provided (follow-up work and submission of subsidy applications). This also applies to any additional work that an OCMW or a non-profit association wishes to commission, which is not included in the building rights awarded to the Company, for which a fee is paid for the services provided by Care Property Invest.

Amounts shown in euros

C.d. Changes in the fair value of investment properties	2016	2015
positive changes in the fair value of investment properties	1,956,380.03	1,696,997.35
negative changes in the fair value of investment properties	-31,167.03	-6,941.27
<b>Total changes in the fair value of investment properties</b>	<b>1,925,213.00</b>	<b>1,690,056.08</b>

Amounts shown in euros

C.e. Financial income	2016	2015
<b>interest and dividends received</b>	<b>12,431.90</b>	<b>59,437.52</b>
interest	418.66	50,875.75
financial discounts and payment differences	12,013.24	8,561.77
<b>Total financial income</b>	<b>12,431.90</b>	<b>59,437.52</b>

Amounts shown in euros

C.f. Net interest expense	2016	2015
<b>nominal interest charges on loans</b>	<b>-3,267,996.52</b>	<b>-2,216,977.14</b>
cost of straight loans	-3,593.01	-13.30
costs of long-term loans (floating rate)	-78,299.89	-90,246.02
costs of long-term loans (fixed rate)	-2,474,395.24	-1,905,443.48
reinvestment allowance for early redemption	-711,708.38	0.00
interest expense of subsidiaries	0.00	-221,274.34
<b>cost of authorised hedging instruments (not subject to hedge accounting as defined in IFRS)</b>	<b>-1,683,323.17</b>	<b>-1,681,265.13</b>
<b>income from authorised hedging instruments</b>	<b>77,347.51</b>	<b>90,096.07</b>
<b>Total interest expense</b>	<b>-4,873,972.18</b>	<b>-3,808,146.20</b>

The net interest expenses also included the Company's interest expenses for the long-term loans contracted with interest payable monthly at a floating rate. These floating rates are hedged by a swap transaction, through which this floating interest rate is transposed into a fixed interest rate to be paid for a total amount of accrued interest for the 2016 financial year of €1,683,323.17 (transposition of the floating interest rate paid is shown in 'income from authorised hedging instruments' for the same amount of €77,347.51). A total of 16 long-term loans were hedged with a swap transaction. The remaining loans were contracted for a fixed interest rate, for a total cost in 2016 of €2,477,988.25. The investment loans of B Turnhout nv were redeemed early, as a result of which a reinvestment allowance of €711,708.38 was due. The payment of the reinvestment allowance allowed the average interest rate to fall, as this was also covered by a loan on soft terms.

The impact of the financial instruments on the global result statement (i.e. the aforementioned swap transactions) is shown in 'Changes in fair value of financial assets and liabilities (see hereafter in item page 162).

The costs and revenues of financial instruments used for hedging purposes are interest flows paid or received by the Company in relation to derivatives that are presented and analysed in the notes of the liabilities to item "C.g. Other financial expenses" on page 162.

<b>Interest expense by maturity of loans</b>	<b>2016</b>	<b>2015</b>
interest expense for non-current financial liabilities	-4,158,670.79	-3,808,132.90
interest expense for current liabilities	-3,593.01	-13.30
reinvestment allowance for early redemption	-711,708.38	0,00
<b>Total interest expense</b>	<b>-4,873,972.18</b>	<b>-3,808,146.20</b>

<b>Interest expense by floating/fixed interest rates</b>	<b>2016</b>	<b>2015</b>
interest expense with fixed interest rate	-4,160,355.90	-3,809,982.95
interest expense with floating interest rate	-79,255.41	-90,259.32
reinvestment allowance for early redemption	-711,708.38	0.00
interest income with floating rate	77,347,51	90,096,07
<b>Total interest expense</b>	<b>-4.873.972,18</b>	<b>-3.808.146,20</b>

The interest expense is divided according to the maturity date, the credit line and the nature of the interest rate. The average interest rate for the 36 non-current financial debts for 2016 is 4.2 %.

Interest charges for 33 long-term loans are increased by a margin which is passed on as a leasehold fee (monthly ground rent) received by the Company (see also 'B. Financial risk management' on page 148 et seq.).

The remaining three loans are investment loans of (subsidiaries of) Care Property Invest.

Amounts shown in euros.

<b>C.g. Other financial expenses</b>	<b>2016</b>	<b>2015</b>
<b>Bank charges and other commissions</b>	<b>-3,912.91</b>	<b>-2,613.09</b>
bank charges	-3,912.91	-2,613.09
<b>Total other financial expenses</b>	<b>-3,912.91</b>	<b>-2,613.09</b>

Amounts shown in euros.

<b>C.h. Changes in fair value of financial assets and liabilities</b>	<b>2016</b>	<b>2015</b>
<b>Changes in fair value of financial liabilities</b>	<b>-2,153,469.00</b>	<b>2,847,152.52</b>
changes in fair value: forward interest rate swap	-2,153,469.00	2,847,152.52
<b>Total changes in fair value of financial assets and liabilities</b>	<b>-2,153,469.00</b>	<b>2,847,152.52</b>

Care Property Invest has raised borrowed funds to finance new projects.

For the first 16 projects financed with borrowed funds, the floating (variable) interest rate payable by Care Property Invest payable under these financing contracts was hedged through swap transactions in order to limit the interest rate risk, as a result of which the floating interest payable was transposed into a fixed interest rate payable for the full term of the loans. These financial instruments (interest rate swaps (IRS)) hedge against economic risks relating to interest rates, as described in paragraph 'B. Financial risk management' on page 148

The fair value of these instruments is calculated by the banks on the basis of the discounted value of the estimated future cash flows and is recognised in the balance sheet under "other financial assets" (in the case of a positive valuation) or "non-current financial liabilities" (in the case of a negative valuation). The variation of this fair value is shown in "Changes in fair value of financial assets and liabilities" in the global result statement. Hedge accounting is not applied for these derivatives.

The financial instruments are regarded as "Level 2" on the scale of fair value defined by IFRS 13. This scale consists of three levels: Level 1: quoted prices in asset markets; Level 2: observable data other than quoted prices included in Level 1; Level 3: unobservable data (see also the notes in 'G.b. Other non-current financial liabilities').

Amounts shown in euros.

<b>C.i. Taxes</b>	<b>2016</b>	<b>2015</b>
corporation tax	-59,642.56	-54,396.27
exit tax	-385,964.99	-126,709.06
<b>Total taxes</b>	<b>-326,322.43</b>	<b>-181,105.33</b>

Although Care Property Invest is subject to corporation tax, the basis for this is very limited (Article 185bis of the Belgian Income Tax Code), so that in practice, it will pay virtually no corporation tax. Generally, rental income, financial income and the gain realised on the disposal of assets are exempt from tax, and the corporation tax is calculated on non-deductible expenses, abnormal and gratuitous advantages and secret commissions. The exit tax will be actually payable if one of the subsidiaries of Care Property Invest merges with the Company.

The deferred taxation forms part of the basis for calculation of the exit tax and is subject to tax at a rate of 16.995%. Through the tax-free merger of Care Property Invest and Croonenburg nv, this exit tax will become payable in the near future. In administrative terms half of this is taken to the global result statement as 'withdrawal from deferred taxation' and half is shown in the balance sheet in 'other reserves, tax-free reserves'.

## D. Notes to non-current assets

Amounts shown in euros

D.a. Investment properties	2016	2015
<b>Properties available for sale</b>	85,040,501.00	49,960,748.55
Gullegem - "Tilia"	2,737,562.00	2,658,000.00
Turnhout - 'Aan de Kaai'	16,808,538.00	16,046,569.35
Turnhout - 'De Nieuwe Kaai'	17,203,604.00	16,206,950.81
Herenthout - 'Boeyendaalhof'	15,650,098.00	15,049,228.39
Lanaken - 'Seniorencampus 3 Eiken'	19,170,745.00	0.00
Bonheiden - 'Ter Bleuk'	13,469,954.00	0.00
<b>Total investment properties</b>	<b>85,040,501.00</b>	<b>49,960,748.55</b>

In accordance with IAS 40, property investments are shown in the Company's financial statements at fair value. This fair value is supported by market data and is based on the valuation performed by an independent real estate expert with a relevant and recognised professional qualification, who has recent experience with regard to the location and nature of similar investment properties. The fair value, as determined by the real estate expert, amounted to €85 million as of 31 December 2016. The valuation was performed by Stadim on the basis of the market value, as defined in the International Valuation Standards published by the Royal Institution of Chartered Surveyors (the 'Red Book'). The market value is defined as 'the estimated amount for which an object would be transferred on the estimation date by a willing vendor to a willing buyer in a commercial transaction, after proper marketing in which the parties were informed and acted with due care and without enforcement'. The capitalisation rate applied to the contractual rental income from the six projects amounted to 5.26%. An increase or decrease in the capitalisation rate would have a limited effect on the Company's results, as only four projects are shown as investment properties in accordance with IAS 40 as at 31 December 2016.

All investment properties are regarded as "Level 3" on the scale of the fair value defined by IFRS 13. This scale consists of three levels: Level 1: quoted prices in asset markets, Level 2: observable data other than quoted prices included in Level 1; Level 3: unobservable data. During the 2015 financial year, no transfers took place between levels 1, 2 and 3. The valuation methods are presented in the permanent document of this annual financial report.

The main quantitative information on the valuation of the fair value of this investment property, based on unobservable data (Level 3) and set out below, is data from the report of the real estate expert.

Amounts shown in euros

Type of asset	Fair value as of 31 December 2016 (x € 1.000)	Assessment method	Unobservable inputs	Min	Max	Weighted average
Senior housing	85.040,50	DCF (*)	ERV/m <sup>2</sup>	90,0	125,9	118,1
			inflation	1.25%	1.50%	1.26%
			discounting level	4.71%	5.36%	5.14%
			remaining duration (years)	13.4	28.0	24.7

(\*) Actualisation of future cash flows

The sensitivity of the fair value measurement to a change of the most important abovementioned unobservable data is generally as follows (all else being equal) in the event of a rise or fall:

Amounts shown in euros

Unobservable data	value	Impact on fair value in the event of a fall	Impact on fair value in event of an increase
Estimated Rental Value (ERV) m <sup>2</sup>	€118.13	Negative	Positive
inflation		Negative	Positive
discounting level		Positive	Negative
remaining duration (years)	22.87 jaar	Negative	Positive

These unobservable data may be connected, as they are partly determined by market conditions. In accordance with the legal provisions, the buildings are valued at fair value on a quarterly basis by the independent expert appointed by the Company.

These reports are based on information provided by the Company, such as contractual rents, tenancy agreements, investment budgets, etc. These data are derived from the Company's information system, and are therefore subject to its internal control environment; assumptions and valuation models developed by the independent experts on the basis of their professional judgement and market knowledge.

The reports of the independent experts are checked by the Company's Executive Committee. If the Committee takes the view that the reports of the independent experts are coherent, they are submitted to the Board of Directors.

A value fluctuation (positive or negative) of 1% of the property portfolio would have an impact of approximately €850,000 on the net result, of approximately €0.07 on the net result per share and of approximately 0.16% on the debt ratio. A value fluctuation (positive or negative) of 1% of the yield would have an impact of approximately €15 million on the value of the investment properties.



Amounts shown in euros.

project	fair value 31/12/2015	acquisitions	Changes in fair value as included in the global result statement	correction revenue for rent free period	Global result statement total	fair value 31/12/2016
GULLEGEM Residentie Tilia Dorpsplein 21 8560 Gullegem	2,658,000	1,365	78,197	0	78,197	2,737,562
TURNHOUT Aan de Kaai Antoine Coppenslaan 33 2300 Turnhout	16,046,569	0	253,049	508,920	761,969	16,808,538
TURNHOUT De Nieuwe Kaai Nieuwe Kaai 5-7 2300 Turnhout	16,206,951	0	464,388	532,265	996,653	17,203,604
HERENTHOUT Boeyendaalhof Itegemse Steenweg 3 2270 Herenthout	15,049,228	0	600,870	0	600,870	15,650,098
LANAKEN 3 Eiken Drie Eikenstraat 14 3620 Lanaken	-	18,761,249	409,496	0	409,496	19,170,745
BONHEIDEN Ter Bleuk Bleukstraat 11 2820 Bonheiden	-	13,350,741	119,213	0	119,213	13,469,954
<b>Total</b>	<b>49,960,748</b>	<b>32,113,355</b>	<b>1,925,213</b>	<b>1,041,185</b>	<b>2,966,398</b>	<b>85,040,501</b>

Amounts shown in euros.

project	leaseholder/tenant	m <sup>2</sup> lettable floor area	quantity residential units	net commercial rent/year
Residentie Tilia	OCMW Wevelgem	1,454	15	115,981
Aan de Kaai	Vulpia Care Group	7,950	84	792.18
De Nieuwe Kaai	Vulpia Care Group	7,806	99	842,401
Boeyendaalhof	Vulpia Care Group	7,139	118	720,919
3 Eiken	Senior Living Group	7,990	122	886,686
Ter Bleuk	Senior Living Group	5,593	52	642,527
<b>Total average</b>		<b>37,933</b>	<b>490</b>	<b>4,000,692</b>

Amounts shown in euros.

project	market rent/ m <sup>2</sup>	commencement of leasehold or tenancy	termination of leasehold or tenancy	remaining leasehold or tenancy from contracting date	rent received
Residentie Tilia	90.04	29/04/2015	28/04/2030	13.33	120,570
Aan de Kaai	112.26	18/09/2015	17/09/2042	25.73	797,345
De Nieuwe Kaai	120.43	18/09/2015	17/09/2042	25.73	833,917
Boeyendaalhof	118.47	23/12/2015	22/12/2042	25.99	750,000
3 Eiken	121.08	01/01/2017	31/12/2044	28.02	0
Ter Bleuk	125.90	01/06/2015	31/05/2035	18.42	17,120
<b>Total average</b>	<b>118.13</b>			<b>22.87</b>	<b>2,518,952</b>

Amounts shown in euros

D.b. Other tangible fixed assets	2016	2015
<b>Property, plant and equipment for own use</b>	1,986,788.40	2,007,075.62
land and buildings for own use	1,667,530.73	1,690,229.79
furniture and vehicles	225,292.54	222,759.38
Other property, plant and equipment	93,965.13	94,086.45
<b>Other</b>	2,477,985.03	64,889.79
other real rights (building rights fees paid)	44.79	44.79
development costs from projects in preparation	56,955.48	0.00
- Herenthout	56,955.48	0.00
development costs from projects in progress	2,420,984.76	64,845.00
- Moerbeke	2,420,984.76	64,845.00
<b>Total other property, plant and equipment</b>	<b>4,464,773.43</b>	<b>2,071,965.41</b>

Amounts shown in euros

Investment and depreciation/amortisation table (other property, plant and equipment for own use)	2016	2015
<b>Acquisition cost</b>		
balance at end of previous financial year	2,185,633.34	1,920,732.90
acquisitions: property, plant and equipment for own use	74,381.55	281,351.34
acquisitions: other ( project developments)	2,413,095.24	64,845.00
transfers and decommissioning	0.00	-81,295.90
<b>Balance at end of the financial year</b>	<b>4,673,110.13</b>	<b>2,185,633.34</b>
<b>Depreciation, amortisation and impairment losses</b>		
balance at end of previous financial year	-113,667.93	-110,399.23
depreciation and amortisation, impairments and reversals of impairments	-94,668.77	-84,564.60
transfers and decommissioning	0.00	81,295.90
<b>Balance at end of the financial year</b>	<b>-208,336.70</b>	<b>-113,667.93</b>
<b>Net book value</b>	<b>4,464,773.43</b>	<b>2,071,965.41</b>

Amounts shown in euros

D.c. Financial fixed assets	2016	2015
other - surety paid in cash	3,770.00	6,270.00
<b>Total financial fixed assets</b>	<b>3,770.00</b>	<b>6,270.00</b>

The amount shown in 'surety paid in cash' concerns a surety payment made by the Company to a municipal authority on the delivery of a building permit.

Amounts shown in euros

D.d. Finance lease receivables	2016	2015
1102.O.01 Antwerp - Ekeren	1,735,239.29	1,735,239.29
1102.O.02 Deurne	1,642,136.89	1,642,136.89
1102.O.03 Antwerp - AKA	2,453,562.72	2,453,562.72
1102.O.04 Merksem	2,707,138.69	2,707,138.69
1107.O.01 Brecht	1,653,193.13	1,653,193.13
1107.O.02 Brecht – Sint-Job	2,149,961.42	2,149,961.42
1109.O.01 Essen	1,439,363.34	1,439,363.34
1109.O.02 Essen 2	1,114,374.84	1,114,374.84
1110.O.01 Hemiksem	1,685,377.26	1,685,377.26
1113.V.01 Kapellen	1,386,416.23	1,386,416.23
1114.O.01 Kontich	2,128,076.52	2,128,076.52
1122.O.01 Schilde	2,471,297.09	2,471,297.09
1129.O.01 Zoersel	1,314,386.48	1,314,386.48
1130.O.01 Zwijndrecht	1,651,929.65	1,651,929.65
1208.V.01 Nijlen	1,259,420.86	1,259,420.86
1301.O.01 Arendonk	1,258,806.57	1,258,806.57
1304.O.01 Beerse	4,151,001.06	4,151,001.06
1311.O.01 Hoogstraten	1,471,431.71	1,471,431.71
1318.O.01 Mol	2,867,586.48	2,867,586.48
1321.O.01 Ravels	1,836,289.37	1,836,289.37
1322.O.01 Retie	1,674,319.74	1,674,319.74
1326.O.01 Vosselaar	1,215,136.97	1,215,136.97
1328.O.01 Vorselaar	2,613,329.68	2,613,329.68
2116.O.01 Lennik	1,843,166.78	1,843,166.78
2117.O.01 Liedekerke	2,306,347.74	2,306,347.74
2121.O.01 Meise	3,146,861.26	3,146,861.26
2123.O.01 Opwijk	815,873.14	815,873.14
2123.O.02 Opwijk 2	4,592,315.29	4,592,315.29
2134.O.01 Zaventem - Sterrebeek	1,827,654.52	1,827,654.52
2134.O.02 Zaventem - Sint-Stevens-Woluwe	2,965,085.01	2,965,085.01
2218.O.01 Kortenberg	2,398,855.72	2,398,855.72
2228.O.01 Tienen	3,382,906.85	3,382,906.85
2228.O.02 Tienen 2	3,455,560.46	3,455,560.46
3103.O.01 Bruges - Sint-Andries	2,453,927.05	2,453,927.05
3103.O.02 Bruges, 7-torentjes	2,176,406.51	2,176,406.51
3103.O.03 Bruges, Ten Boomgaarde	3,277,885.84	3,277,885.84
3103.O.04 Bruges, Vliedberg	2,313,489.93	2,313,489.93
3108.O.01 Torhout	1,306,796.30	1,306,796.30
3109.O.01 Zedelgem	957,988.07	957,988.07

Amounts shown in euros.

D.d. Finance lease receivables		2016	2015
3204.O.01	Kortemark	3,850,618.15	3,850,618.15
3205.O.01	Lo-Reninge	660,172.61	660,172.61
3307.O.01	Wervik	1,160,527.86	1,160,527.86
3408.O.01	Menen	1,385,782.73	1,385,782.73
3410.O.01	Waregem	4,854,264.93	4,854,264.93
3501.O.01	Bredene	5,152,687.38	5,152,687.38
3601.O.01	Hooglede	1,437,339.01	1,437,339.01
3601.O.02	Hooglede - Gits	2,631,140.86	2,631,140.86
3605.O.01	Lichtervelde	1,230,240.98	1,230,240.98
3606.O.01	Moorslede	1,183,631.96	1,183,631.96
3607.O.01	Roeselare	1,901,389.12	1,901,389.12
4101.O.01	Aalst (Block A + Block B)	2,924,145.95	2,924,145.95
4108.O.01	Ninove - Denderwindeke	1,212,658.83	1,212,658.83
4108.O.02	Ninove, Burchtstraat	1,149,451.51	1,149,451.51
4204.O.01	Hamme	1,361,852.97	1,361,852.97
4204.O.02	Hamme - Moerzeke	996,160.25	996,160.25
4207.O.01	Waasmunster	2,064,529.27	2,064,529.27
4301.O.02	Assenede - Oosteeklo	1,046,421.43	1,046,421.43
4301.V.01	Assenede - Bassevelde	888,510.01	888,510.01
4402.V.01	Deinze	1,204,571.93	1,204,571.93
4403.O.01	De Pinte	1,355,767.48	1,355,767.48
4404.O.01	Destelbergen	1,998,805.04	1,998,805.04
4404.O.02	Destelbergen - Heusden	3,074,689.54	3,076,327.30
4421.V.01	Zulte	1,094,520.44	1,094,520.44
4605.O.01	Sint-Niklaas	1,732,787.41	1,732,787.41
4605.O.02	Sint-Niklaas 2	3,713,258.24	3,713,258.24
5101.O.01	As	1,457,524.43	1,457,524.43
5102.O.01	Beringen	2,079,192.56	2,079,192.56
5107.O.01	Ham	2,024,415.92	2,089,854.62
5110.O.01	Heusden-Zolder	3,004,334.33	3,004,334.33
5111.O.01	Leopoldsburg – Centre	2,304,535.76	2,304,535.76
5111.O.02	Heppen	1,435,709.20	1,435,709.20
5117.O.01	Zonhoven	2,154,751.95	2,154,751.95
5117.O.02	Zonhoven 2	2,097,879.99	2,097,879.99
5203.O.01	Dilsen-Stokkem	3,330,436.57	3,330,436.57
5204.O.01	Hamont	1,078,707.46	1,078,707.46
5204.O.02	Hamont-Achel - Achel	1,603,942.46	1,603,942.46
<b>Total finance lease receivables</b>		<b>156,938,252.98</b>	<b>157,005,329.44</b>

The total receivables as at 31 December 2016 are show less the contractual prepayments of €36,200,810.35. The following amounts were prepaid: (Brecht: 250,000 – Zoersel: 177,005.25 – Hoogstraten: 119,761.18 – Bruges: 264,490.49 – Zedelgem: 37,184.03 – Wervik: 55,361.52 – Moorslede: 228,000 – Achel: 1,541,042.75 – Zonhoven 2: 3,535,580.80 – Beringen: 900,000 – Sint-Niklaas: 1,650,000 – Lo-Reninge: 38,431.77 – Zulte: 825,623.15 – Nijlen: 1,160,000 – Bruges Vliedberg: 2,222,764.84 - Sint-Job: 2,065,649.21 - Bruges 7-torentjes: 2,091,057.24 - Meise: 3,023,454.94 - Bruges, Ten Boomgaarde: 3,149,341.29 - Liedekerke: 2,215,902.74 - Mol: 2,755,132.11 - Sint-Niklaas: 5,950,000 – Ham: 1,945,027.05). The amount of contractual prepayments changed in relation to 31 December 2015 through the final delivery (and settlement) of the Ham project.

The amounts of the “finance lease receivables” correspond to the nominal final building rights fees payable (i.e. the total investment costs less the contractual prepayments received). The amount of the ‘finance lease receivable’ changed in relation to 31 December 2015 through the final delivery and settlement of the Destelbergen-Heusden project and the Ham project.

Depending on the project, the estimated investment cost in the lease contract may only be exceeded to a maximum of 2.5% of the construction costs. For Nijlen and Deinze, this limit was set at 1%. For other additional work, the Company must obtain the approval of the relevant lessee in advance.

The following costs are included in the investment cost: general contracting, stock contracting facilities such as ventilation, elevators, bathrooms, kitchens and welfare alarms, the Company's study costs, architects' fees, safety and Energy Performance and Indoor Climate (EPB) reporting, project management, the costs of technical inspections, insurance costs, utility connections, etc. and the applicable VAT.

The final building rights fees, which are equal to the amount shown in the “total finance lease receivables”, must be refunded after the end of the 30-year building rights period, which had an average remaining term of 17.13 years on 31 December 2016.

As at 31 December 2016 there are no lapsed ground rent payments.

Amounts shown in euros.

Financial year as closed on 31 December	2016	2015
gross investment (end of building rights, ground rent and rent)	324,823,271.17	327,267,976.57
<i>maturing &lt; 1 year</i>	<i>9,166,780.44</i>	<i>9,170,070.72</i>
<i>maturing between 1 and 5 years</i>	<i>36,667,121.76</i>	<i>36,680,282.88</i>
<i>maturing &gt; 5 years</i>	<i>278,989,368.97</i>	<i>281,417,622.97</i>

The gross investment in the lease is the aggregate of the minimum lease payments to be received, in this case the nominal value of the final building rights fee, the ground rent and the rent.

Financial year as closed on 31 December	2016	2015
balance of lease receivables and trade receivables	168,783,898.24	169,259,331.44

The balance of lease receivables and trade receivables consists of the investment cost of the building shown under the heading 'finance lease receivables', and the profit or loss margin generated during the construction phase and its write-down, depending on the ground rent payments already received, as shown under the heading 'trade receivables and other non-current assets', excluding the amount shown in the latter item for projects in progress. There are no capitalised costs for projects in progress or under study as at 31 December 2015 or as at that date in 2016.

Financial year as closed on 31 December	2016	2015
unearned financing income	11,845,645.26	12,254,002.00

The unearned finance income concern the unrealised gains related to the projects under construction and the completed projects (see point "D.e Trade receivables and other non-current assets").

Financial year as closed on 31 December	2016	2015
future ground rent and rental payments	167,885,018.19	170,262,647.13
<i>maturing &lt; 1 year</i>	<i>9,166,780.44</i>	<i>9,170,070.72</i>
<i>maturing between 1 and 5 years</i>	<i>36,667,121.76</i>	<i>36,680,282.88</i>
<i>maturing &gt; 5 years</i>	<i>122,051,115.99</i>	<i>124,412,293.53</i>

The future ground rent and rental payments are at least equal to the contractual leasehold payment for the full duration of the project and does not take into account annual changes to the General Index of Retail Prices

Financial year as closed on 31 December	2016	2015
fair value of finance lease receivables (*)	245,299,306.59	221,889,477.53

The fair value of finance lease receivables was calculated by discounting future cash flows from the delivered projects, including the investment costs shown under the heading "finance lease receivables", at an IRS rate prevailing on 31 December of the relevant year, depending on the remaining term of the building rights period plus a margin reflecting the financing risk.

Amounts shown in euros.

D.e. Trade receivables and other non-current assets		2016	2015
Projects shown under the heading "finance lease receivables"		14,962,210.99	14,963,572.63
1102.O.01	Antwerp - Ekeren	264,753.51	264,754.20
1102.O.02	Deurne	480,280.73	480,303.35
1102.O.03	Antwerp, AKA	368,733.44	368,727.91
1102.O.04	Merksem	358,511.36	358,512.21
1107.O.01	Brecht	552,974.87	552,974.91
1107.O.02	Brecht - Sint-Job	57,852.89	57,843.51
1109.O.01	Essen	98,223.19	98,222.28
1109.O.02	Essen 2	151,254.23	151,255.47
1110.O.01	Hemiksem	540,871.42	540,871.34
1113.V.01	Kapellen	222,453.13	222,453.68
1114.O.01	Kontich	628,897.32	628,897.14
1122.O.01	Schilde	-164,349.21	-164,349.34
1129.O.01	Zoersel	1,437.30	1,437.66
1130.O.01	Zwijndrecht	-101,415.08	-101,414.60
1208.V.01	Nijlen	106,372.29	106,371.50
1301.O.01	Arendonk	86,766.13	86,766.77
1304.O.01	Beerse	16,800.42	16,801.03
1311.O.01	Hoogstraten	175,596.02	175,595.46
1318.O.01	Mol	-275,133.24	-275,132.21
1321.O.01	Ravels	543,618.83	543,618.81
1322.O.01	Retie	176,530.29	176,530.00
1325.O.01	Vorselaar	91,322.33	91,321.44
1326.O.01	Vosselaar	134,627.91	134,628.54
2116.O.01	Lennik	50,123.28	50,122.66
2117.O.01	Liedekerke	-60,257.66	-60,258.99
2121.O.01	Meise	47,025.69	47,026.03
2123.O.01	Opwijk	-10,307.68	-10,307.60
2123.O.02	Opwijk 2	500,681.00	500,680.13
2134.O.01	Zaventem - Sterrebeek	287,308.17	287,307.51
2134.O.02	Zaventem - Sint-Stevens-Woluwe	299,228.89	299,229.12
2218.O.01	Kortenberg	289,291.76	289,292.06
2228.O.01	Tienen	570,746.32	570,747.13
2228.O.02	Tienen 2	266,449.63	266,450.18
3103.O.01	Bruges – St. Andries	393,086.61	393,086.27
3103.O.02	Bruges, 7-torentjes	-347,811.27	-347,812.81
3103.O.03	Bruges, Ten Boomgaarde	312,293.07	312,292.89
3108.O.01	Torhout	-1,596.80	-1,597.54
3108.O.04	Bruges, Vliedberg	177,686.29	177,686.08
3109.O.01	Zedelgem	67,267.77	67,267.73



Amounts shown in euros.

D.e. Trade receivables and other non-current assets		2016	2015
3204.O.01	Kortemark	123,034.72	123,033.97
3205.O.01	Lo-Reninge	54,758.65	54,757.84
3307.O.01	Wervik	123,828.08	123,826.81
3408.O.01	Menen	142,971.22	142,971.86
3410.O.01	Waregem	687,658.82	687,659.06
3501.O.01	Bredene	143,823.43	143,823.48
3601.O.01	Hooglede	58,991.17	58,991.20
3601.O.02	Hooglede - Gits	-906.33	-906.26
3605.O.01	Lichtervelde	62,547.70	62,547.19
3606.O.01	Moorslede	165,356.66	165,356.14
3607.O.01	Roeselare	475,022.35	475,022.38
4101.O.01	Aalst, Block A	2,095.66	2,096.29
4101.O.01	Aalst, Block B	5,619.24	5,619.50
4108.O.01	Ninove - Denderwindeke	-68,764.92	-68,764.93
4108.O.02	Ninove, Burchtstraat	194,733.34	194,732.72
4204.O.01	Hamme	259,914.08	259,914.24
4204.O.02	Hamme - Moerzeke	360,635.53	360,636.29
4207.O.01	Waasmunster	249,659.84	249,658.86
4301.O.02	Assenede - Oosteeklo	265,696.59	265,696.86
4301.V.01	Assenede - Bassevelde	-58,818.06	-58,817.77
4402.V.01	Deinze	42,729.95	42,729.93
4403.O.01	De Pinte	255,870.57	255,871.45
4404.O.01	Destelbergen	377,045.61	377,045.30
4404.O.02	Destelbergen - Heusden	-281,379.39	-281,506.62
4421.V.01	Zulte	262,639.55	262,639.08
4605.O.01	Sint-Niklaas	198,062.59	198,061.76
4605.O.02	Sint-Niklaas 2	284,571.20	284,571.95
5101.O.01	As	486,745.53	486,745.00
5102.O.01	Beringen	138,445.78	138,445.10
5107.O.01	Ham	1,314.01	2,799.32
5110.O.01	Heusden-Zolder	-41,078.53	-41,078.10
5111.O.01	Leopoldsburg – Centre	807,760.12	807,759.80
5111.O.02	Heppen	473,041.46	473,041.29
5117.O.01	Zonhoven	246,506.27	246,506.14
5117.O.02	Zonhoven 2	132,830.52	132,831.04
5203.O.01	Dilsen-Stokkem	536,553.58	536,553.53
5204.O.01	Hamont	195,406.10	195,405.68
5204.O.02	Hamont-Achel - Achel	239,093.15	239,093.34

Amounts shown in euros.

D.e. Trade receivables and other non-current assets	2016	2015
projects shown under the heading 'finance lease receivables'		
<b>Total capitalised economic value</b>	<b>14.962.210,99</b>	<b>14.963.572,63</b>
movements in relation to the preceding financial year (*)	-1.361,64	-13.696,59

(\*) The movements in relation to the preceding financial year concern the additional amounts shown in "Other operating income" or "Other operating expenses" of the profit or loss attributed to the projects during the construction phase.

Amounts shown in euros.

	2016	2015
<b>profit and loss margin attributed to the projects during the construction phase</b>	<b>14.962.210,99</b>	<b>14.963.572,63</b>
decrease due to deduction of ground rent receipts	-3.116.565,73	-2.709.570,63
<b>Total trade receivables</b>	<b>11.845.645,26</b>	<b>12.254.002,00</b>

## E. Notes to current assets

Amounts shown in euros.

E.a. Trade receivables	2016	2015
customers	13,331.17	19,990.53
credit notes receivable	10,525.57	8,909.96
income to be collected	2,930.91	18,189.91
suppliers positive balance	0.00	2,420.00
<b>Total trade receivables</b>	<b>26,787.65</b>	<b>49,510.40</b>

Amounts shown in euros.

E.b. Tax receivables and other current assets	2016	2015
<b>Taxes</b>	<b>479,783.54</b>	<b>267,119.66</b>
VAT current account	434,766.50	265,839.82
recoverable taxes	45,017.04	1,279.84
<b>Other miscellaneous receivables</b>	<b>120,746.99</b>	<b>94,638.12</b>
invoices paid for environmental work performed	85,443.59	84,602.99
other miscellaneous receivables	35,303.40	10,035.13
<b>Total tax receivables and other current assets</b>	<b>600,530.53</b>	<b>361,757.78</b>

Amounts shown in euros.

E.c. Cash and cash equivalents	2016	2015
current accounts with financial institutions	3,344,514.40	8,526,179.67
cash	53.69	126.77
short-term deposit	312,740.80	21,539.42
<b>Total cash and cash equivalents</b>	<b>3,657,308.89</b>	<b>8,547,845.86</b>

Cash and cash equivalents comprise cash assets and the balances of current accounts and are recognised in the balance sheet at nominal value.

Amounts shown in euros.

E.d. Prepayments and accrued income	2016	2015
other: deferred charges	174,290.84	5,752.37
other: income received - interest	263,399.43	15,046.03
<b>Total prepayments and accrued income</b>	<b>437,690.27</b>	<b>20,798.40</b>

## F. Notes to equity

Amounts shown in euros.

F.a. Capital	2016	2015
Issued capital	78,442,491.65	78,442,491.65
<b>Total capital</b>	<b>78,442,491.65</b>	<b>78,442,491.65</b>

All shares are fully paid up and are registered or dematerialised.

The capital as at 31 December 2016 is represented by 13,184,720 fully paid-up shares (registered or dematerialised).

Following the capital increase and issue of new shares on 15 March 2017, as part of this transaction, for the acquisition of the project in Watermaal-Bosvoorde through a contribution in kind, the total capital of the Company as per 15 March 2017 amounts to €89,414,321.58. As from 15 March 2017, The capital is represented by a total number of 15,028,880 shares, of which 14,878,880 ordinary shares and 150,000 special shares. The total amount of voting rights is 15,028,880 as from 15 March 2017.

Amounts shown in euros.

### Evolution of the capital

date	transaction	capital movement	cumulative number of shares
30/10/1995	incorporation	1,249,383.36	210
07/02/1996	capital increase through issuance of shares	59,494,445.95	10,210
16/05/2001	capital increase through conversion into euros	565.69	
24/03/2014	share split through division by 1,000	0.00	10,210,000
20/06/2014	capital increase through scrip dividend for 2013 financial year	889,004.04	10,359,425
22/06/2015	capital increase through issuance of shares	16,809,092.61	13,184,720
15/03/2017	capital increase in kind	10,971,829.93	15,028,880
		<b>89,414,21.58</b>	<b>15,028,880</b>

### Details of the capital as at 31 December 2016

Class of shares	number of shares	accounting value	ratio in relation to total special shares	ratio in relation to total number of shares
<b>Special shares</b>	<b>150,000</b>	<b>892,425</b>	<b>100%</b>	<b>1.14%</b>
Belfius Bank nv	80,000	475,960	53.33%	0.61%
BNP Paribas Fortis Bank nv	30,000	178,485	20%	0.23%
KBC Bank nv	30,000	178,485	20%	0.23%
Bank Degroof Petercam nv	10,000	59,495	6.67%	0.07%
<b>Ordinary shares</b>	<b>13,034,720</b>	<b>77,550,066.64</b>		<b>98.86%</b>
<b>Totals</b>	<b>13,184,720</b>	<b>78,442,491.64</b>		<b>100%</b>

### number of dematerialised shares and number of registered shares on 31 December 2016

registered special shares	150,000
registered ordinary shares	87,826
dematerialised ordinary shares	12,946,894
	<b>13,184,720</b>

There are two types of shares: special shares and ordinary shares, all without par value: all shares are subscribed and paid up in full. All shares are registered or are dematerialised. As at 31 December 2016, 150,000 special shares and 13,034,720 ordinary shares were in issue.

The following relevant articles of the articles of association were included in full in the coordinated articles of association, which can be viewed at the Company's website at [www.carepropertyinvest.be](http://www.carepropertyinvest.be) and are also included in this report in paragraph '5. Coordinated articles of association' on page 250 in Chapter

"X. Permanent document".

[ARTICLE 6 of the coordinated articles of association as at 15.3.2017 - CAPITAL](#)

[ARTICLE 7 of the coordinated articles of association as at 15.3.2017 - AUTHORISED CAPITAL](#)

[ARTICLE 8 of the coordinated articles of association as at 15.3.2017 - CHANGE IN THE CAPITAL](#)

[ARTICLE 9 of the coordinated articles of association as at 15.3.2017 - NATURE OF THE SHARES](#)

Pursuant to Article 37 of the articles of association, each share carries the right to one vote (except for the treasury shares, for which the voting rights are suspended).

The transparency legislation has been included in full in the Corporate Governance Charter, which is available on the website at [www.carepropertyinvest.be](http://www.carepropertyinvest.be). The capital as at 31 December 2016 is represented by 13,184,720 fully paid-up shares (registered or dematerialised).

Following the capital increase and issue of new shares on 15 March 2017, as part of this transaction, for the acquisition of the project in Watermaal-Bosvoorde through a contribution in kind, the total capital as per 15 March 2017 amounts to €89,414,321.58. As from 15 March 2017, The capital is represented by a total number of 15,028,880 shares, of which 14,878,880 ordinary shares and 150,000 special shares.

The total amount of voting rights is 15,028,880 as from 15 March 2017.

Amounts shown in euros.

<b>F.b. Share premium</b>	<b>2016</b>	<b>2015</b>
share premium	20,592,745.89	20,592,745.89
<b>Total share premium</b>	<b>20,592,745.89</b>	<b>20,592,745.89</b>

Amounts shown in euros.

<b>F.c. Reserves</b>	<b>2016</b>	<b>2015</b>
b. Reserve for the balance of changes in the fair value of real estate (+/-)	1,772,676.00	0.00
c. Reserve for the impact on the fair value of estimated transfer taxes and costs resulting from hypothetical disposal of investment properties (-)	-82,620.00	0.00
e. Reserve for net changes in the fair value of authorised hedging instruments that are not subject to hedge accounting as defined in the IFRS (+/-)	-19,309,535.00	-22,156,167.00
h. Reserve for treasury shares (-)		
m. Other reserves (+/-)	0.00	-241,231.50
<i>result to be carried forward (impact of IFRS opening balance sheet)</i>	11,499,809.71	11,283,515.27
<i>other reserves</i>	11,283,515.271	11,283,515.27
n. Retained earnings from previous financial years (+/-)	216,294.44	0.00
	7,887,956.83	7,832,168.86
<b>Total reserves</b>	<b>1,768,287.54</b>	<b>-3,281,714.37</b>

Following the approval of the RREC charter by the Extraordinary General Meeting of 25 November 2014, with shareholders being given the opportunity to exercise their withdrawal rights, the Company bought back 17,030 shares at a market value of €16.05 per share. The total amount of €273,331.50 was recorded as a reserve with the Company's equity.

The Company awarded 2,000 shares to the CEO on 11 August 2015 as part of the payment of a bonus. The Extraordinary General Meeting of 18 November 2015 granted approval, within the meaning of Article 622 §2, 2° of the Companies Code, to sell the remaining 15,030 treasury shares within a period of two years on an arm's length basis, with the minimum price being the average share price during the last 30 days before the sale. These shares were sold on 15 September 2016 at a market price of €19.45 per share, for a total gross amount of €292,333.50. The realised added value of €50,254.23 is shown in 'equity'.

The deferred taxation forms part of the basis for calculation of the exit tax and is subject to tax at a rate of 16,995%. Through the tax-free merger of Care Property Invest and Croonenburg nv, this exit tax will become payable in the near future. In administrative terms half (€216,294.44) of this is taken to the global result statement as 'withdrawal from deferred taxation' and half (€216,294.44) is shown in the balance sheet in 'other reserves, tax-free reserves'.

Amounts shown in euros.

<b>F.d. Result for the financial year</b>	<b>2016</b>	<b>2015</b>
result for the financial year	7,895,283.43	12,013,830.09
interim dividend	0.00	-7,467,608.50
<b>Total result</b>	<b>7,895,283.43</b>	<b>4,546,221.59</b>

## Appropriation of the result

A proposal will be submitted to the Company's General Meeting to pay a dividend of €8,306,373.60 for the 2016 financial year. The pay-out ratio will then amount to 100% at the level of the Articles of Association and 98.76% at the consolidated level.

The amount calculated in accordance with Article 13 of the RREC Royal Decree is €6,631,444.53 for the 2016 financial year, which is the minimum amount which should be paid out as reimbursement of the capital in the event of a positive net result for the year (see paragraph page 196

of the statutory financial statement for the financial year 2016 (only available in Dutch on [www.carepropertyinvest.be](http://www.carepropertyinvest.be)) on pagina 196).

The following profit appropriation will be proposed to the general meeting of shareholders on 17 May 2017:

number of shares with rights to dividends	13,184,720
proposed dividends	€ 8,306,373.60
<b>gross dividend per share</b>	<b>€ 0.63</b>
gross yield in relation to market capitalisation as at 31 December 2016	3.08%
<b>net dividend per share</b>	<b>€ 0.5355</b>
net yield in relation to market capitalisation as at 31 December 2016	2.62%

On approval of this profit appropriation, a gross dividend of €0.63 per share will be paid, equating to a gross yield of 3.08% in relation to the market capitalisation as at 31 December 2016. This dividend is subject to a withholding tax of 15%, resulting in a net dividend of €0.5355. The dividend is payable from 26 May 2017.

## G.Notes on liabilities

Amounts shown in euros.

G.a. Non-current financial liabilities				2016	2015
		commencement loan	repayment of principal/ final repayment instalment		
loan at Belfius Bank, hedged with swap transaction				35.791.937,59	35.791.937,59
3606.O.01	Moorslede	1/02/06	1/02/33	1,187,486.05	1,187,486.05
4207.O.01	Waasmunster	2/11/05	2/11/32	2,067,360.12	2,067,360.12
1102.O.01	Antwerpen – Ekeren	1/05/06	2/05/33	1,618,798.95	1,618,798.95
4404.O.01	Destelbergen	1/10/06	3/10/33	1,885,159.00	1,885,159.00
2218.O.01	Kortenbergh	1/04/07	3/04/34	2,147,304.69	2,147,304.69
5204.O.02	Hamont-Achel – Achel	1/10/07	2/10/34	1,511,366.06	1,511,366.06
5203.O.01	Dilsen-Stokkem	1/12/07	1/12/34	3,003,107.81	3,003,107.81
2228.O.01	Tienen	1/03/08	1/03/35	2,993,023.90	2,993,023.90
2134.O.01	Zaventem – Sterrebeek	1/05/08	2/05/35	1,667,307.15	1,667,307.15
4605.O.01	Sint-Niklaas	1/01/09	2/01/36	1,736,652.10	1,736,652.10
5117.O.02	Zonhoven 2	1/08/09	1/08/36	2,406,536.94	2,406,536.94
5102.O.01	Beringen	1/10/09	1/10/36	2,283,967.00	2,283,967.00
3103.O.04	Brugge, Vliedberg	31/12/09	31/12/36	3,222,432.60	3,222,432.60
2228.O.02	Tienen 2	31/12/09	31/12/36	3,786,791.31	3,786,791.31
2134.O.02	Zaventem – Sint-Stev.-Woluwe	1/05/10	1/02/27	3,061,479.19	3,061,479.19
1109.O.02	Essen 2	1/03/10	3/08/26	1,213,164.72	1,213,164.72
loan at ING Bank, taken up with fixed forward interest rate				1,358,100.72	1,358,100.72
1208.V.01	Nijlen	1/08/10	1/07/27	1,358,100.72	1,358,100.72
loans at KBC Bank, taken up with fixed interest rate				10,110,000.00	10,110,000.00
1318.O.01	Mol	31/10/12	31/10/29	2,900,000.00	2,900,000.00
2117.O.01	Liedekerke	13/03/12	12/03/29	2,310,000.00	2,310,000.00
2121.O.01	Meise	30/04/12	30/04/29	2,800,000.00	2,800,000.00
3103.O.02	Brugge, 7-torentjes	1/12/12	30/11/33	2,100,000.00	2,100,000.00
loans at Belfius Bank, taken up with fixed interest rate				33,710,000.00	33,710,000.00
3601.O.02	Hooglede – Gits	3/10/11	3/10/32	2,700,000.00	2,700,000.00
1107.O.02	Sint-Job	1/12/11	1/12/28	2,240,000.00	2,240,000.00
3204.O.01	Kortemark	1/12/11	1/12/28	3,900,000.00	3,900,000.00
3501.O.01	Bredene	1/12/11	1/12/32	5,350,000.00	5,350,000.00
2116.O.01	Lennik	31/05/11	31/12/28	1,750,000.00	1,750,000.00
5110.O.01	Heusden-Zolder	31/01/12	31/01/31	3,150,000.00	3,150,000.00
1304.O.01	Beerse	30/03/12	30/03/30	4,120,000.00	4,120,000.00
4605.O.02	Sint-Niklaas, Priesteragie	30/03/12	1/04/36	4,800,000.00	4,800,000.00
3103.O.03	Brugge, Ten Boomgaard	31/01/12	31/01/31	3,200,000.00	3,200,000.00
1325.O.01	Vorselaar	31/01/12	31/01/31	2,500,000.00	2,500,000.00



Amounts shown in euros.

				2016	2015
<b>loans at Belfius Bank, taken up with fixed interest rate (roll-over loan - reviewed every three years)</b>				<b>6,890,000.00</b>	<b>6,890,000.00</b>
2123.O.02	Opwijk 2	1/02/14	1/02/24	4,590,000.00	4,590,000.00
5107.O.01	Ham	2/05/13	2/05/30	2,300,000.00	2,300,000.00
<b>loans at BNP Paribas Bank, taken up with fixed interest rate</b>					
13040.O.01	Turnhout, Aan de Kaai	1/01/13	1/06/32	4,068,972.70	4,257,336.73
13040.O.01	Turnhout, Aan de Kaai	1/07/12	1/12/32	4,144,900.83	4,335,797.28
<b>loans of Ter Bleuk subsidiary, at a fixed interest rate</b>					
12005.O.01	Bonheiden, Ter Bleuk	31/03/16	31/03/31	6,448,173.39	
<b>loans of subsidiary: B. Turnhout</b>				<b>0.00</b>	<b>3,810,787.34</b>
	investment loan - 10	27/04/05	2/12/16	0.00	280,712.30
	investment loan - 23	7/04/05	2/12/16	0.00	843,950.58
	investment loan - 33	27/04/05	2/12/16	0.00	591,272.91
	investment loan - 58	27/04/05	2/12/16	0.00	1,381,412.26
	investment loan - 02	9/09/05	2/12/16	0.00	549,489.01
	investment loan - 47	30/06/06	2/12/16	0.00	163,950.28
<b>Total non-current financial liabilities</b>				<b>102,522,085.23</b>	<b>100,263,959.66</b>

All non-current financial liabilities were recorded with a fixed interest rate or were converted to a fixed rate by means of a swap transaction. The initial term of the loans is between 17 and 27 years and 85.7% of the loans are guaranteed by the OCMW or the non-profit association in respect of Belfius Bank, KBC Bank and ING Bank. Sixteen loans were contracted with Belfius Bank, providing for monthly payments of a floating interest rate (nominal interest charges are shown in 'net interest expense'). These loans were hedged by a swap transaction which converts the floating rate to a fixed rate for the entire term of the loan. The fixed interest rate of the swap is paid annually and is shown in 'net interest expense' as a cost of authorised hedging instruments, while the floating interest rate of the swap is received monthly and is recognised as revenue in 'net interest expense', as income from authorised hedging instruments (see notes to page 161). In line with IAS 39, the valuation of this transaction is shown in the Company's global result statement (see notes to page 162).

One loan was contracted with ING Bank, with the funds being taken up in August 2010 through a forward interest rate. The leaseholder (non-profit association) provided a mortgage guarantee in favour of ING Bank. No hedging instruments, like for example an IRS, were used for the remaining 10 loans from Belfius Bank, three loans from BNP Paribas Fortis and four loans from KBC Bank. These were contracted at fixed interest rates for the full term of the loan. The loans for the Ham and Opwijk projects were contracted for terms of 17 and 20 years with a fixed interest rate for three years and the option every three years of repayment or continuation of the loan at a fixed interest rate (roll-over loans). As at 31 December 2016, the Company had an unused line of credit of €15,300,000 at KBC Bank.

The extent to which Care Property Invest is able to finance its activities itself has an impact on its profitability.

In the past, the Company used a very cautious strategy, as a result of which 94% of the loans were hedged as at 31 December 2016 with a fixed interest rate for the entire term of the loans, which have an average remaining term of 15.12 years. The first repayment date for these loans is set in 2026 and the last in 2036. The two roll-over loans will be reviewed in 2017 and 2019. As these loans comprise only 6.7% of the total debt financing, any increase in the interest rates will not have a substantial impact on the Company's results (notes to 'B. Financial risk management' on page 148).

Amounts shown in euros.

	Number	Nominal loan amount	Average remaining term
Financing with 1st review date within the year	1	4,590,000.00	0.09 years
Financing with 1st review date between 1 and 5 years	2	6,368,972.70	3.42 years
Financing with 1st review date between 5 and 10 years	1	1,213,164.72	9.59 years
Financing with 1st review date between 10 and 15 years	13	39,737,753.30	12.59 years
Financing with 1st review date between 15 and 20 years	19	50,612,194.51	17.7 years
Financing with 1st review date after more than 20 years	0	0.00	0 years
	<b>36</b>	<b>102,522,085.23</b>	<b>14.34 years</b>

Amounts shown in euros.

<b>G.b. Other non-current financial liabilities</b>	2016	2015
fair value of the interest rate swaps contracted	21,463,004.00	19,309,535.00
<b>Total other non-current financial liabilities</b>	<b>21,463,004.00</b>	<b>19,309,535.00</b>

Care Property Invest has raised borrowed funds to finance new projects. Sixteen of these loans were hedged by a swap transaction. The fair value of these financial instruments is shown in accordance with IAS 39 under financial assets (in the case of a positive valuation) or under non-current financial liabilities (in the case of a negative valuation). Fluctuations in these values are shown via the changes in the fair value of financial assets and liabilities in the global result statement (See notes in C.h. 'changes in fair value of financial liabilities').

The financial instruments are regarded as "Level 2" on the scale of fair value defined by IFRS 13. This scale consists of three levels: Level 1: quoted prices in the asset markets; Level 2: observable data other than quoted prices included in Level 1; Level 3: unobservable data. The hedging instruments are derivatives that do not meet the strict criteria of IAS 39 for the application of hedge accounting, but are derivatives that provide economic hedges against risks relating to interest rates. All hedges were contracted within the framework of financial risk management as described on pagina 148. The fair value is calculated by the bank on the basis of the discounted value of the estimated future cash flows. This fair value is applied in accordance with IFRS 13 in order to show the Company's own credit risk ("debit devaluation adjustment" (DVA)) and the credit rating of the counter-party ("credit valuation adjustment" (CVA)).

The summary of the hedges is presented below:

Amounts shown in euros.

OVERVIEW OF FINANCING AS AT 31 DECEMBER 2016 - BELFIUS fixed interest rate through swap					
financing for the project in	amount of the loan	due date	fixed interest rate of the swap	maturity (in years)	valuation on 31 December 2016
Essen - 2nd phase	1,213,164.72	03/08/26	5.190%	9.59	-456,501.00
Zaventem - Sint-Stevens-Woluwe	3,061,489.19	01/02/27	5.260%	10.09	-1,291,798.00
Waasmunster	2,067,360.12	02/11/32	4.040%	15.85	-939,538.00
Moorslede	1,187,486.05	01/02/33	5.100%	16.10	-787,279.00
Ekeren	1,618,798.95	02/05/33	4.620%	16.35	-936,833.00
Destelbergen	1,885,159.00	03/10/33	4.300%	16.77	-974,528.00
Kortenberg	2,147,304.69	03/04/34	4.065%	17.27	-1,092,167.00
Achel	1,511,366.06	02/10/34	4.850%	17.76	-954,795.00
Dilsen-Stokkem	3,003,107.81	01/12/34	4.940%	17.93	-1,932,148.00
Tienen	2,993,023.90	01/03/35	4.650%	18.18	-1,899,818.00
Zaventem - Sterrebeek	1,667,307.15	02/05/35	4.315%	18.35	-989,283.00
Sint-Niklaas	1,736,652.10	02/01/36	5.050%	19.02	-1,321,438.00
Zonhoven - 2nd phase	2,406,536.94	01/08/36	4.930%	19.60	-1,746,725.00
Beringen	2,283,967.00	01/10/36	5.010%	19.76	-1,682,888.00
Tienen - 2nd phase	3,786,791.37	31/12/36	4.350%	20.01	-2,301,907.00
Bruges - Vliedberg	3,222,432.60	31/12/36	4.710%	20.01	-2,155,358.00
<b>Total fair value confirmed by Belfius Bank</b>					<b>-21,463,004.00</b>

The fair value of the hedging instruments is subject to changes in interest rates on the financial markets. This trend largely explains the variation in the fair value of the hedging instruments between 1 January 2013 and 31 December 2016. This led to a loss of €2.15 million, shown in the Company's global result statement.

A change in the interest curve of 0.25% (positive or negative) would have an impact on the fair value of the instruments of approximately €3.6 million.

A rise in interest rates would have a positive effect on the global result statement and a decrease in interest rates would have a negative impact on the global result statement.

Amounts shown in euros.

G.c. Deferred tax liabilities	2016	2015
exit tax	1,084,331.06	4,097,673.71
other	0.00	432,588.88
<b>Total deferred taxation</b>	<b>1,084,331.06</b>	<b>4,530,262.59</b>

Amounts shown in euros.

G.d. Current financial liabilities	2016	2015
credit institutions	20,498,673.84	717,757.47
other	0.00	750.00
<b>Total current financial liabilities</b>	<b>20,498,673.84</b>	<b>718,507.47</b>

Amounts shown in euros.

G.e. Trade payables and other current liabilities	2016	2015
Exit tax	4,483,638.69	0.00
Other tenants suppliers	3,676,744.55	4,389,028.40
taxes, remuneration and social insurance charges	50.00	1,700.00
	3,478,645.56	3,995,195.63
	198,048.97	392,132.77
<b>Total trade payables and other current liabilities</b>	<b>8,160,383.22</b>	<b>4,389,028.40</b>

Amounts shown in euros.

G.f. Other current liabilities	2016	2015
payable for the acquisition of shares	0.00	251,058.02
dividends payable for previous financial years	94,572.50	94,572.50
miscellaneous debts	25,439.61	0.00
<b>Total other current liabilities</b>	<b>120,012.11</b>	<b>345,630.52</b>

Amounts shown in euros.

G.g. Accruals and deferred income	2016	2015
prepayments of property revenue	131,250.00	72,609.52
accrued costs	336,712.04	181,634.32
accrued interest	0.00	167,315.60
<b>Total accruals and deferred income</b>	<b>467,962.04</b>	<b>421,559.44</b>

## H. Notes to the fair value

In accordance with IFRS 13, the items in the balance sheet for which the fair value can be calculated are presented below, divided into levels as defined by IFRS 13. This scale consists of three levels: Level 1: quoted prices in asset markets; Level 2: observable data other than quoted prices included in Level 1; Level 3: unobservable data.

Amounts shown in euros.

	Level 1	Level 2	Level 3	Amounts shown in the balance sheet as at 31 December 2016
Investment properties			85,040,501.00	85,040,501.00
Receivables from finance leases and trade receivables etc. (*)	245,299,306.59			168,783,898.24
Other tangible fixed assets				
Financial fixed assets		3,770.00		3,770.00
Trade receivables		26,787.65		26,787.65
Cash and cash equivalents	3,657,308.89			3,657,308.89
Long-term and current financial liabilities (*)		153,190,031.63		123,020,759.07
Other non-current financial liabilities		21,463,004.00		21,463,004.00
Trade payables and other current liabilities		8,160,383.24		8,160,383.24
Other current liabilities		120,012.11		120,012.11

	Level 1	Level 2	Level 3	Amounts shown in the balance sheet as at 31 December 2015
Investment properties			49,960,748.55	49,960,748.55
Receivables from finance leases and trade receivables etc. (*)	221,889,477.53			169,259,331.44
Financial fixed assets		6,270.00		6,270.00
Trade receivables		49,510.40		49,510.40
Cash and cash equivalents	8,547,845.86			8,547,845.86
Long-term and current financial liabilities (*)		110,875,259.17		100,982,467.13
Other non-current financial liabilities		19,309,535.00		19,309,535.00
Trade payables and other current liabilities		4,389,028.40		4,389,028.40
Other current liabilities		345,630.52		345,630.52

(\*) The fair value of "receivables from finance leases" and "long-term financial liabilities" is calculated by discounting all future cash flows at an IRS rate prevailing as at 31 December of the relevant year, depending on the maturity of the underlying contract, plus a margin.

## I. Contingent liabilities

### RESIDENTIAL PRIORITY RIGHT: MAXIMUM CURRENT PRICE FOR SHAREHOLDERS WITH PRIORITY RESIDENTIAL RIGHTS

In accordance with the issuing prospectus, priority residential rights may be exercised from 1 January 2005 to 31 December 2020 by each shareholder who has held 10,000 shares (10 shares before the share split) for five years and has reached the age of 75. A shareholder who exercises his/her priority residential rights to an existing project waiting list also pays a maximum daily rate for his/her residence. This daily rate is adjusted annually to the consumer price index and amounted to €22.69 as at 1 January 2016. The maximum daily rate is guaranteed for as long as the shareholder retains at least 10,000 shares and in as far as the pledge on the bare ownership of these shares remains established, as provided for in the terms of the residential priority rights.

The maximum daily rate is guaranteed for as long as the shareholder retains at least 10,000 shares and in as far as the pledge on the bare ownership of these shares remains established, as provided for in the terms of the residential priority rights.

Pursuant to the decision of the Board of Directors, from the contracting of the lease agreements after 1 August 2001, it is agreed with the OCMWs and non-profit associations that Care Property Invest will bear any difference between the maximum daily rate for holders of residential priority rights and other residents. This measure may have a limited financial impact for the Company. The exact impact depends on the actual number of shareholders who exercise residential priority rights for the projects concerned, and calculation of a reliable provision is consequently impossible.

On 31 December 2016, two shareholders were making use of their residential priority rights, for which the Company pays contributions to the landlords concerned of €1,134.78 and €3,690.51 for the year 2016, representing the difference between the maximum daily rate for holders of residential priority rights and the daily rate that the landlord charges the other residents. The maximum daily rate is not exceeded by the other shareholders who make use of residential priority rights. The Company is not required to pay any contribution for these shareholders.

All information concerning the residential priority rights can be obtained at the registered offices of the Company and can also be viewed on the website at [www.carepropertyinvest.be](http://www.carepropertyinvest.be)

## J. Guarantees received from contractors

If a project is awarded to a general contractor following a tendering procedure, the contractor pays a deposit equal to 5% of the original contract sum, in accordance with the administrative provisions of the contract. This deposit can be applied in the event of delays due to late execution or total or partial non-execution of the contract, or even on its dissolution or termination. Half of the bank guarantee is released on provisional delivery of the service flats building. On final delivery of a building, the full guarantee is released. At the time of preparation of the financial statements, the Company had guarantees for a total amount of €938,090.00.

## K. Post balance sheet 2016 events

### Agreement on acquisition 'Les Terrasses du Bois' residential care centre with service flats in Watermaal-Bosvoorde

On 17 February 2017, Care Property Invest announced the agreement under suspensory conditions on the acquisition of "Les terrasses du Bois" in Watermaal- Bosvoorde (Brussels Capital Region) through a contribution in kind of the aforementioned property. This project is a milestone for our Company since it is our first project in the Brussels-Capital Region and also the first one to be operated by Armonea.

The residential care centre and service flats will be operated by Home Sebrechts NV, a subsidiary of Armonea, through a long-term lease agreement of the triple net type. In the context of this transaction, Care property Invest will receive rental income deriving from this lease agreement from 1 January 2017. The centrally located project contains 34 service flats and the residential care centre contains 130 rooms, divided in 117 single rooms and 13 double rooms, spread over 9 floors.

This new expansion of the portfolio was finalized on 15 March 2017 through a contribution in kind of the aforementioned property into the capital of Care Property Invest, within the context of the authorised capital by a decision of the Board of Directors. The contractual contribution value of "Les Terrasses du Bois" is approximately €34 million. The transaction has led to a strengthening of the equity of €33,563,407 of which an amount of €10,971,829.93 was allocated to the balance sheet item 'capital' and an amount of 22,591,577.07 euro to the balance sheet item 'issue premium'. The contribution was remunerated by 1,844,160 new shares .

The issue price of the new shares was approximately 18.20 euro and equals the volume weighted average share price for Care Property Invest 4 trading days before 15 March 2017 (the effective date of contribution not included), minus the announced gross dividend for the accounting year 2016 (€0.63 per share) and minus a 10 % discount. The 1,844,160 new shares are of the same type and have the same rights as the existing shares, provided that they will be issued with coupons nos. 7 and following attached and will therefore share in the result of the current financial year (from 1 January 2017 up to and including 31 December 2017). Since the new Care Property Invest shares will only share in the Company's result as from 1 January 2017 (and not in the result of the 2016 financial year), coupon no. 6 of the existing shares has been detached before listing the new shares, on 13 March 2017<sup>(1)</sup> to be precise. The existing shares are listed as ex- coupon no. 6 since 13 March 2017.

Following the capital increase and issue of new shares on 15 March 2017, as part of this transaction, for the acquisition of the project in Watermaal-Bosvoorde through a contribution in kind, the total capital of the Company as per 15 March 2017 amounts to €89,414,321.58.

As from 15 March 2017, The capital is represented by a total number voting securities of 15,028,880 shares, of which 14,878,880 ordinary shares and 150,000 special shares. The total amount of voting rights is 15,028,880 as from 15 March 2017. As from 15 March 2017, the total number of ordinary shares represents the new denominator for purposes of notification within the framework of transparency regulations.

### Residential care centre with group of assisted living apartments "Bois de Bernihè" in Libramont

On 23 February 2017, Care Property Invest announced the agreement subject to suspensory conditions on the acquisition of 100% of the shares of the company Siger SA. Siger SA possesses 100% of the shares of Dermedil SA, the owner of the property. The aforementioned property is "Residence Bois de Bernihè", located in Libramont.

The residential care centre and group of assisted living apartments will be operated by Vulpia Wallonie asbl, through a long-term lease agreement of the triple net type for a period of 27 years. The project is a four-storey building, built in 2013, and houses a residential care centre with 95 rooms, accommodating 108 residents. One room is available for short-term stays. The 18 assisted living apartments can be found on the third storey of the building.

The conventional value of this project is approximately €11.3 million. This price is largely based on and in line with the valuation of the real estate expert. This purchase will be financed using external credit lines and the closing is expected to take place during the second quarter of 2017, after all suspensory conditions have been met.

### Acquisition of a residential care centre that will be developed in Vorst

On 28 February 2017, Care Property Invest announced the acquisition of the development of a planned residential care centre in Vorst. Herefore the Company has purchased the ground on which the residential care centre will be developed as well as taken over all agreements related to the construction of the residential care centre. The residential care centre will consist of 118 residential places, licensed by COCOM.

After the provisional delivery, the residential care centre will be operated by a subsidiary of Anima Care nv (a subsidiary of Ackermans en Van Haaren), through a long-term lease agreement of the triple net type.

The building permit for the construction of the residential care centre has already been granted and therefore the construction works connected to this new development will begin in 2017 and will be completed within a time period of maximum 24 months.

The building land was fully financed with external resources and the new building will be financed with a combination of equity and debt. The total investment cost is estimated to be approximately €15.2 million.

(1) Following the capital increase and issue of new shares on 15 March 2017 as part of this transaction, the total capital as per 15 March 2017 amounts to 89,414,321.58 euro.



## 6. Statutory auditors' report

### STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF CARE PROPERTY INVEST NV ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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

#### Report on the Consolidated Financial Statements – Unqualified opinion

We have audited the Consolidated Financial Statements of Care Property Invest NV ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2016, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and implemented by the royal decree of 13 July 2014, and with the legal and regulatory requirements applicable in Belgium. The consolidated balance sheet total amounts to EUR 263.015.260,01 and the consolidated global result statement shows a positive net result for the year of EUR 7.895.283,43.

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

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

#### Statutory auditor's responsibility

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

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

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

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

#### Unqualified Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the group's net equity and consolidated financial position as at 31 December 2016 and of its consolidated financial performance and its consolidated statement of cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and implemented by the royal decree of 13 July 2014, and with the legal and regulatory requirements applicable in Belgium.

#### Report on other legal and regulatory requirements

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

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

- The board of directors' report on the Consolidated Financial Statements, prepared in accordance with article 119 of the Companies' Code and to be deposited in accordance with article 100 of the Companies' Code, includes, both in terms of form and content, the information required by law, is consistent with the Consolidated Financial Statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate;
- In accordance with Article 8 of the royal decree of 13 July 2014 "on Regulated Real Estate Companies", applying Article 37 of the Law of 12 May 2014 "on Regulated Real Estate Companies" the financial consequences of the decision of the Board of Directors of 21 December 2016 relating to an investment file to which the aforementioned Article 37 §1 6° is applicable have been adequately disclosed in the 'conflict of interest' section of the consolidated annual report.

Sint-Stevens-Woluwe, 3 April 2017

The Statutory Auditor

PwC Reviseurs d'Entreprises scrl/ Bedrijfsrevisoren bcvba

Represented by

Damien Walgrave

Revisieur d'Entreprises / Bedrijfsrevisor

## 7. Non-consolidated financial statements for the 2016 financial year

The Abridged Statutory Financial Statements of Care Property Invest, prepared under IFRS, are summarised below in accordance with Article 105 of Belgian Companies Code.

The unabridged Statutory Financial Statements of Care Property Invest, its Board of Directors' Report and its Auditors' Report will be registered at the National Bank of Belgium within the legal deadlines. They will also be available for free on the Company's website ([www.carepropertyinvest.be](http://www.carepropertyinvest.be)) or on request at the Company's headquarters. The statutory auditor released an unqualified opinion on the Statutory Financial Statements.

### A. Global result statement

Amounts shown in euros.

Financial year as closed on 31 December		2016	2015
I.	Rental income (+)	13,274,941.55	13,160,464.15
	rent	165,631.20	49,269.00
	rental discounts	-1,235.00	-5,520.00
	income from finance leasing and other similar leases	13,110,545.35	13,116,715.15
<b>NET RENTAL INCOME</b>		<b>13,274,941.55</b>	<b>13,160,464.15</b>
<b>REAL ESTATE OPERATING RESULT</b>		<b>13,274,941.55</b>	<b>13,160,464.15</b>
XIV.	General expenses of the Company (-)	-2,287,913.77	-2,388,438.51
XV.	Other operating income and expenses (+/-)	362,709.82	135,953.55
	other operating expenses relating to the projects	-2,423,606.05	-90,723.24
	other operating income relating to projects	2,786,315.87	226,676.79
	other operating income and charges	0.00	0.00
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>		<b>11,349,737.60</b>	<b>10,907,979.19</b>
XVIII.	Changes in the fair value of investment properties (+/-)	453,621.39	78,350.13
	negative changes in the fair value of investment properties	-11,785.42	-66,000.00
	positive changes in the fair value of investment properties	465,406.81	144,350.13
XIX.	Other portfolio result (+/-)	2,113,863.46	0.00
<b>OPERATING RESULT</b>		<b>13,917,222.45</b>	<b>10,986,329.32</b>
XX.	Financial income (+)	13,697.12	61,480.42
XXI.	Net interest expense	-3,556,682.05	-3,586,871.86
XXII.	Other financial costs (-)	-1,647.54	-1,571.38
XXIII.	Changes in fair value of financial assets/liabilities (+/-)	-2,153,469.00	2,847,152.52
<b>FINANCIAL RESULT</b>		<b>-5,698,101.47</b>	<b>-679,810.30</b>
<b>RESULT BEFORE TAXES</b>		<b>8,219,120.98</b>	<b>10,306,519.02</b>
XXIV.	Corporation tax (-)	-18,824.98	-23,998.95
<b>TAXES</b>		<b>-18,824.98</b>	<b>-23,998.95</b>
<b>NET RESULT</b>		<b>8,200,296.00</b>	<b>10,282,520.07</b>
<b>GLOBAL RESULT</b>		<b>8,200,296.00</b>	<b>10,282,520.07</b>

### B. Components of the net result

Amounts shown in euros.

Financial year as closed on 31 December	2016	2015
<b>NET RESULT / GLOBAL RESULT</b>	<b>8,200,296.00</b>	<b>10,282,520.07</b>
Weighted average of number of shares outstanding	13,184,720	11,853,348
<b>net earnings per share, based on weighted average number of outstanding shares</b>	<b>0.6220</b>	<b>0.8675</b>
gross yield compared to stock market price on closing date	3.04%	5.71%
<b>EPRA RESULT PER SHARE</b>		
<b>NET RESULT/ GLOBAL RESULT</b>	<b>8,200,296.00</b>	<b>10,282,520.07</b>
<b>NON-CASH CHARGES AND INCOME INCLUDED IN THE NET RESULT</b>		
- depreciation and amortisation	94,668.77	84,564.60
- impairments	0.00	0.00
- other portfolio result - added value of mergers	-2,113,863.46	0.00
- changes in fair value of investment properties	-453,621.39	-78,350.13
- changes in fair value of financial assets (participating interests)	0.00	0.00
- changes in fair value of authorised hedging instruments	2,153,469.00	-2,847,152.52
- projects' profit or loss margin attributed to the period	1,361.64	13,696.59
- decrease in trade receivables (profit or loss margin attributed to previous periods)	406,995.10	266,525.45
<b>EPRA RESULT</b>	<b>8,289,305.66</b>	<b>7,721,804.06</b>
<b>EPRA result per share based on the weighted average number of outstanding shares</b>	<b>€0.6287</b>	<b>€0.6514</b>
gross yield compared to stock market price on closing date	3.07%	4.29%

The weighted average of outstanding shares amounted to 11,853,348.11 as at 31 December 2015, compared with 13,184,720 shares as at 31 December 2016, as all additional shares issued in relation to the capital increase in June 2015 were dividend-bearing for the full 2016 financial year.

There are no instruments with a potential dilutive effect on net result per share. There were no transactions that have a significant impact on the number of ordinary shares. The capital increase by means of a contribution in kind on 15 March 2017 has no effect on the weighted average shares outstanding on 31 December 2016. These shares are not included in the result for the financial year 2016.

## C. Balance sheet

Amounts shown in euros.

Financial year as closed on 31 December	2016	2015
<b>ASSETS</b>		
<b>I. Non-current assets</b>	<b>231,775,199.76</b>	<b>199,291,583.75</b>
C. Investment properties	36,749,703.99	2,658,000.00
D. Other tangible fixed assets	4,464,773.43	2,071,965.41
E. Financial fixed assets	21,776,824.10	25,302,286.90
F. Finance lease receivables	156,938,252.98	157,005,329.44
G. Trade receivables and other non-current assets concerning projects in progress	11,845,645.26	12,254,002.00
concerning delivered projects	0.00	0.00
	11,845,645.26	12,254,002.00
<b>II. Current assets</b>	<b>19,145,421.56</b>	<b>10,574,659.24</b>
D. Trade receivables	22,124.67	101,907.75
E. Tax receivables and other current assets	16,537,837.20	2,952,274.42
corporation tax	479,766.50	267,119.66
other	16,058,070.70	2,685,154.76
F. Cash and cash equivalents	2,320,164.12	7,497,465.08
G. Deferrals and accruals	265,295.57	23,011.99
<b>TOTAL ASSETS</b>	<b>250,920,621.32</b>	<b>209,866,242.99</b>

Financial year as closed on 31 December	2016	2015
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>	<b>107,060,216.47</b>	<b>98,568,434.74</b>
A. Capital	78,442,491.65	78,442,491.65
B. Share premium	20,592,745.89	20,592,745.89
C. Reserves	-175,317.07	-3,281,714.37
D. Net result for the financial year	8,200,296.00	2,814,911.57
<b>LIABILITIES</b>	<b>143,860,404.85</b>	<b>111,297,808.25</b>
<b>I. Non-current liabilities</b>	<b>117,536,915.84</b>	<b>107,169,573.31</b>
B. Non-current financial liabilities	96,073,911.84	87,860,038.31
C. Other non-current financial liabilities	21,463,004.00	19,309,535.00
authorised hedging instruments	21,463,004.00	19,309,535.00
<b>II. Current liabilities</b>	<b>26,323,489.01</b>	<b>4,128,234.94</b>
B. Current financial liabilities	20,079,260.48	0.00
D. Trade payables and other current liabilities	5,805,434.54	3,738,593.53
Exit tax	2,215,664.73	0.00
Other	3,589,769.81	3,738,593.53
suppliers	3,402,684.50	3,232,031.63
taxes, remuneration and social insurance charges	161,595.70	255,503.88
payable for the acquisition of real estate/shares	25,489.61	251,058.02
E. Other current liabilities	94,572.50	94,572.50
F. Deferrals and accruals	344,221.48	295,068.91
prepayments of property revenue (ground rent)	68,750.00	10,109.52
accrued interest and other costs	171,661.30	167,315.60
accrued costs	103,810.18	117,643.79
<b>TOTAL EQUITY + LIABILITIES</b>	<b>250,920,621.32</b>	<b>209,866,242.99</b>

## D. Appropriation stipulated by the articles of association

Amounts shown in euros.

Financial year as closed on 31 December	2016	2015
<b>A. NET RESULT/ RÉSULTAT GLOBAL</b>	<b>8,200,296.00</b>	<b>10,282,520.07</b>
<b>B. APPROPRIATION TO/RELEASE FROM RESERVES (-/+)</b>	<b>106,077.60</b>	<b>-2,814,911.57</b>
1. Appropriation to/release from reserve for the positive or negative balance of changes in the fair value of real estate (-/+)	-465,406.81	-144,350.13
2. Appropriation to/release from reserve for estimated charges and costs for hypothetical disposal of real estate investments (-/+)	11,785.42	66,000.00
5. Appropriation to reserve for the net changes in authorised hedging instruments that are not subject to hedge accounting as defined in IFRS (+/-)	2,153,469.00	0.00
6. Release from the reserve for net changes in the fair value of authorised hedging instruments that are not subject to hedge accounting as defined in the IFRS (+)	-0.00	-2,846,632.00
10. Addition to/withdrawal from other reserves (-/+) (financial assets.)		
11. Addition to/withdrawal from retained earnings in previous financial years (-/+)	-1,593,770.01	110,070.56
<b>If A + B is less than C, only this sum may be distributed</b>	<b>8,306,373.60</b>	<b>7,467,608.50</b>
<b>C. RETURN ON CAPITAL IN ACCORDANCE WITH ARTICLE 13 OF THE RREC ROYAL DECREE</b>	<b>6,631,444.53</b>	<b>4,983,789.53</b>
<b>D. RETURN ON CAPITAL, OTHER THAN C</b>	<b>1,674,929.07</b>	<b>2,483,818.92</b>

## E. Dividend payment obligation pursuant to the Royal Decree of 13 July 2014 concerning RRECs

Amounts shown in euros.

Financial year as closed on 31 December	2016	2015
The public RREC is required to pay a return on capital equal to the amount of the positive net result for the financial year after settlement of losses carried forward and appropriations to/releases of reserves, 'D. Appropriation stipulated by the articles of association' on page 195, point 'B. Appropriations to/releases of reserves'.		
net result	8,200,296.00	10,282,520.07
settlement of losses carried forward	0.00	0.00
amount calculated under 'Appropriation account' point B	106,077.60	-2,814,911.57
<b>POSITIVE NET RESULT</b>	<b>8,306,373.60</b>	<b>7,467,608.50</b>

If this calculated positive net result is zero, the Company is not required to pay a dividend.

If this calculated positive net result exceeds zero, the Company must pay a return on the capital amounting to at least the positive difference between 1° and 2°.

1°, being 80% of an amount that is equal to the sum of (A) the EPRA result and of (B) the net gain on disposal of property that is not exempt from distribution.

### (A) the EPRA result is calculated in accordance with Appendix C, Section 3 of the RREC Royal Decree.

net result	8,200,296.00	10,282,520.07
+ depreciation and amortisation	94,668.77	84,564.60
+ impairments	0.00	0.00
- reversals of impairments	0.00	0.00
+/- other non-monetary items	447,962.28	-2,566,866.10
+/- extraordinary income	- 2,113,863.46	0.00
+/- changes in fair value of financial assets and liabilities (swaps)	2,153,469.00	-2,847,152.52
+/- real estate leasing profit or loss margin on projects attributed to the period		
+/- real estate leasing trade receivables (profit or loss margin attributable to prior periods)	1,361.64	13,760.97
	406,995.10	266,525.45
+/- changes in fair value of real estate	- 453,621.39	-78,350.13
+/- changes in fair value of real estate	- 453,621.39	-78,350.13
<b>(A) EPRA RESULT</b>	<b>8,289,305.66</b>	<b>7,721,868.44</b>

### (B) net gain on disposal of property not exempt from distribution

<b>(B) NET GAINS</b>	<b>0.00</b>	<b>0.00</b>
<b>1° = 80% OF THE SUM OF (A) + (B)</b>	<b>6,631,444.53</b>	<b>6,177,494.75</b>

2° being the net reduction in the debts of the RREC during the financial year:

<b>2° =</b>	<b>0.00</b>	<b>1,193,653.67</b>
<b>Positive difference between 1° and 2°</b>	<b>6,631,444.53</b>	<b>4,983,789.58</b>

<b>MINIMUM DIVIDEND PAYABLE IN ACCORDANCE WITH ARTICLE 13 OF THE RREC ROYAL DECREE</b>	<b>6,631,444.53</b>	<b>4,983,789.58</b>
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## F. Non-distributable equity according to Article 617 of the Companies Code

The obligation referred to in Article 13 of the RREC Royal Decree is without prejudice to the application of the provisions of Article 617 et seq. of the Companies Code which provides that no dividends may be distributed if, as a result of this, the net assets of the company would fall below the capital plus the reserves that are not distributable by law or according to the articles of association.

Amounts shown in euros.

Financial year as closed on 31 December	2016	2015
'Net assets' refers to the total assets shown in the balance sheet, less provisions and liabilities.		
net assets	107,060,216.47	98,568,434.74
proposed dividend	-8,306,373.60	0.00
<b>NET ASSETS AFTER DIVIDEND DISTRIBUTION</b>	<b>98,753,842.87</b>	<b>98,568,434.74</b>
The capital plus the reserves which may not be distributed by law or pursuant to the articles of association is calculated as the arithmetical sum of paid-up capital (+), in accordance with the RREC Royal Decree (Appendix C - Chapter 4)		
share premium unavailable in accordance with the articles of association (+)	20,592,745.89	20,592,745.89
reserve for the positive balance of changes in the fair value of real estate (+)	609,756.94	144,350.13
reserve for the impact on the fair value of estimated transfer taxes and costs resulting from hypothetical disposal of investment properties (-)	-77,785.42	-66,000.00
reserve for net changes in the fair value of authorised hedging instruments that are not subject to hedge accounting as defined in the IFRS (+/-)	-21,463,004.00	-19,309,535.00
<b>NON-DISTRIBUTABLE EQUITY</b>	<b>78,104,205.06</b>	<b>79,804,052.67</b>
<b>MARGIN REMAINING UNDER ARTICLE 617 OF THE COMPANIES CODE</b>	<b>20,649,637.81</b>	<b>18,764,382.07</b>



## Statement of changes in non-consolidated equity 2016

	CAPITAL	SHARE PREMIUM	reserves for the balance of changes in the fair value of real estate	reserves for impact of swaps (*)
Notes	F.a.	F.b.	F.c.	F.c.
			reserves for the balance of changes in the investment value of real estate	reserve for the impact on the fair value of estimated transfer taxes and costs resulting from hypothetical disposal of investment properties (-)
<b>1 January 2015</b>	<b>61,633,399</b>	<b>1,191,440</b>		<b>-11,941,155</b>
net result processing for the 2014 financial year				-10,215,012
dividends				
treasury shares				
result for the period				
interim dividend				
capital increase	16,809,093	19,401,306		
<b>31 December 2015</b>	<b>78,442,492</b>	<b>20,592,746</b>	<b>0</b>	<b>0</b>
<b>1 January 2016</b>	<b>78,442,492</b>	<b>20,592,746</b>	<b>0</b>	<b>0</b>
net result processing for the 2015 financial year			144,350	-66,000
dividends				2,846,632
treasury shares				
result for the period				
interim dividend				
capital increase				
<b>31 December 2016</b>	<b>78,442,492</b>	<b>20,592,746</b>	<b>144,350</b>	<b>-66,000</b>
				<b>-19,309,535</b>

	other reserves	reserve for treasury shares	results carried forward from previous financial years	RESERVES	RESULT FOR THE FINANCIAL YEAR	TOTAL SHAREHOLDERS' EQUITY
Notes	F.c.	F.c.	F.c.	F.c.	F.d.	
<b>1 January 2015</b>	<b>11,283,515</b>	<b>-273,332</b>	<b>7,438,498</b>	<b>6,507,527</b>	<b>-3,305,633</b>	<b>66,026,733</b>
net result processing for the 2014 financial year			6,909,379	-3,305,633	3,305,633	
dividends			-6,515,709	-6,515,709		-6,515,709
treasury shares		32,100		32,100		32,100
result for the period					10,282,520	10,282,520
interim dividend					-7,467,609	-7,467,609
capital increase						36,210,399
<b>31 December 2015</b>	<b>11,283,515</b>	<b>-241,232</b>	<b>7,832,169</b>	<b>-3,281,715</b>	<b>2,814,911</b>	<b>98,568,434</b>
<b>1 January 2016</b>	<b>11,283,515</b>	<b>-241,232</b>	<b>7,832,169</b>	<b>-3,281,715</b>	<b>2,814,911</b>	<b>98,568,434</b>
net result processing for the 2015 financial year			-110,071	2,814,912	-2,814,911	
dividends						
treasury shares		241,232	50,254	291,486		291,486
result for the period					(**)8,200,296	8,200,296
interim dividend						
capital increase						
<b>31 December 2016</b>	<b>11,283,515</b>	<b>0</b>	<b>7,772,353</b>	<b>-175,317</b>	<b>8,200,296</b>	<b>107,060,216</b>

(\*) Reserve for the net changes in the fair value of permitted hedging instruments that are not subject to hedge accounting as defined in IFRS (+/-)

(\*\*) The consolidated net profit of the Company corresponds to the overall result, as the consolidated financial statements contain no "other comprehensive income" within the meaning of IAS 1.

No distinction is made between capital changes that do and those that do not result from transactions with shareholder-owners, as the Company has no minority interests.







## IX. Corporate Governance Statement

### 1. Corporate governance

Care Property Invest recognises the importance of correct and transparent corporate governance, and intends to ensure clear communication about this issue with all persons and parties involved.

The Board of Directors dedicated a specific chapter to corporate governance in its annual financial report. This sets out the Company's practices relating to correct corporate governance during the relevant financial year, including the specific information required pursuant to the applicable legislation and the 2009 Corporate Governance Code.

This Corporate Governance Statement is a chapter in the 2016 annual report and is part of the management report. It describes the situation as at 31 December 2016.

Care Property Invest complies with general and sector-specific legislation, the provisions of its own Articles of Association and the Belgian Corporate Governance Code of 12 March 2009 (hereafter referred to as the Code 2009) as a reference code. The Royal Decree of 6 June 2010 set out that the Code 2009 is the only code applicable. The text of the Code 2009 is available from the Belgian Official Gazette's website and from [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be).

The full Corporate Governance Charter sets out the principles, rules and agreements that determine the Company's management, checks and balances, and the company structure that form the framework of the Company's corporate governance. The Board of Directors of Care Property Invest subscribes to these principles based on transparency and accountability. This enhances the shareholders' and investors' trust in the Company and therefore benefits all stakeholders. The Board of Directors guarantees frequent updating of the Charter. The latest version is available from the Company's website, [www.carepropertyinvest.be](http://www.carepropertyinvest.be).

The Charter also contains the rules and Code of Conduct for prevention of market abuse and insider trading (hereafter referred to as the Insider Trading Rules).

The Board of Directors does its utmost to fulfil the principles of corporate governance, always in consideration of the Company's specific character, applying the Code 2009 in accordance with the 'comply or explain' principle. The scope and specific deviations are further explained in this Corporate Governance Statement, which is part of the consolidated management report.

**✔ The Company applies the Corporate Governance Code 2009 as a reference code, doing its utmost to comply with the corporate governance principles at all times, taking into consideration the Company's specific character.**

#### Deviations from the Code

Care Property Invest derogates from the Belgian Corporate Governance Code relating to a limited number of issues:

- Principe 2, Provision 2.9. of the Corporate Governance Code – Secretary: in view of the limited number and the simplicity of the procedures, rules and regulations governing the operation of the Board, no secretary is appointed. Any director can address any questions in this regard directly to the CEO of the Company.
- Principle 5 of the Corporate Governance Code - specialised committees: because of the limited size of the Company, and given the balanced composition of the Board and frequency of meetings, no committees are established with an advisory role in relation to the powers of the Board of Directors concerning audits, appointments and remuneration; instead, the Board will undertake these tasks itself, in plenary sessions. Care Property Invest is also not required by law <sup>(1)</sup> to establish an audit and remuneration committee.
- Principle 7, Provision 7.11 of the Corporate Governance Code: partially variable allowance for the executive management: the CEO, the CFO and the COO receive a partially variable allowance as members of the members of the Management Committee, such in accordance with this provision. The two other Managing Directors are not involved in the activities on a daily basis and are more involved in general supervision of the daily operations, so that variable remuneration seems less appropriate. They receive an allowance for each Management Committee meeting attended.

### 2. Internal audit and risk management

This sections describes the key characteristics of the systems that the Company has specified relating to internal auditing and risk management

#### 2.1. Internal auditing (methodology)

Because of the limited size of Care Property Invest, and given the balanced composition of the Board and frequency of meetings, no committees are established with an advisory role in relation to the powers of the Board of Directors concerning audits, appointments and remuneration; instead, the Board undertakes these tasks itself, in plenary sessions. Since Care Property Invest employed an average of 10 or less full-time equivalents (FTEs) as at 31 December 2016 and net revenue for the 2016 financial year amounted to €15.6 million, Care Property Invest is also exempt from the obligation to establish an audit committee and remuneration committee. The tasks assigned to the audit committee and the remuneration committee pursuant to Article 526 *bis*, §4, and Article 526 *quater*, §5 of the Companies Code are performed by the Board of Directors as a whole, with Mrs Brigitte Grouwels, Mrs Carol Riské and Mr Paul van Gorp being regarded as non-executive and independent directors within the meaning of Article 526 of the Companies Code.

More specifically, Mr Paul Van Gorp has gained the necessary experience and expertise in the accounting and audit area, through his former role as secretary of the OCMW (PCSW) Antwerp and through his current role as executive director of Dorp Nr. 2 Koningin Fabiola vzw.

<sup>1</sup> Article 526*bis* of the Companies Code for the Audit Committee and Article 526 *quater* Of the Companies Code for the Remuneration Committee.

The Management Committee was abolished as a body in 2016 and replaced by the Management Committee. The members include all effective managers of Care Property Invest, the risk manager, the Compliance Officer and the person responsible for internal audits.

The Management Committee is responsible for setting up a system of appropriate internal controls in accordance with Article 17 of the RREC Act. In addition, the Management Board is responsible for the overall supervision of this internal control system.

The Management Committee is required to report to the Board of Directors on the internal control system.

These appropriate internal controls consist of three components, i.e. internal audit (internal audit procedures + internal audit function), risk management (risk management + risk manager) and compliance (integrity policy and compliance function); internal audit should not be seen solely as a stand-alone third pillar here, but also as playing a “transversal” role with respect to the two other pillars.

The internal control system aims to realise the following elements: business operations are conducted in an orderly manner, with due care and clearly delineated objectives; resources are used economically and efficiently; the risks are identified and are adequately controlled to protect the assets; financial and management information is honest and reliable; laws and regulations, as well as general policies, plans and internal regulations are observed.

An internal control system is set up within the Company, which is appropriate to the nature, scale and complexity of the business of the Company and its environment. Care Property Invest has a relatively limited size in terms of employees, which has an impact on the structure and operation of the system of internal controls within the Company. The design of the internal controls took account of the Committee of Sponsoring Organisations of the Threadway Commission (COSO) model, which is built around five components that are discussed below. The guidelines relating to the Law of 6 April 2010 and the Belgian Corporate Governance Code were also taken into account.

The five control components considered were:

- the control environment;
- the risk management process;
- the control activities;
- information and communication;
- management.

#### **Risk management function (Risk Manager)**

At least once a year, the Board of Directors examines the internal control and risk management systems set up by the Management Committee in order to ensure that the main risks (including the risks related to compliance with existing laws and regulations) are properly identified, managed and be notified to the Board of Directors. As a result of the adoption of the RECC status, a risk manager, Mr Dirk van den Broeck, Managing Director / member of the Management Committee, was also appointed, in compliance with Article 17, §5 of the RREC Act.

#### **Compliance function**

The Compliance Officer shall ensure that Care Property Invest complies with the applicable laws, regulations and rules of conduct, in particular the rules relating to the integrity of the Company's activities, by monitoring of the various risks which the Company runs on the basis of its Articles of Association and activities.

The Company appointed Mr Filip Van Zeebroeck, CFO and effective manager / member of the Management Committee as the Compliance Officer. The Compliance Officer has the necessary professional reputation and appropriate expertise for the performance of their duties.

#### **Internal audit function**

The internal audit function, within the meaning of Article 17 §3 of the RREC Act, is fulfilled by an external consultant (known as an “external internal auditor”), MAZARS Bedrijfsrevisoren burg. CVBA, with Companies Registration No. 0428.837.889, represented by Mr Anton Nuttens, Berchemstationstraat 78, 2600 Antwerp. Although Care Property Invest has opted for an external internal auditor, it has also designated Mr Willy Pintens, Managing Director / member of the Management Committee, from among its own members to provide for follow-up of the recommendations of this internal external auditor and who will also control its work.

## **2.2. The control environment**

Care Property Invest's governing body has defined its own corporate culture and ethical rules, subscribing to the principles set out in its integrity policy.

Throughout the Company's organisation, the Company continuously highlights integrity, the ethical values and expertise of the personnel, the management style and its philosophy, the organisational culture in general, the policy relating to delegation of authorisations and responsibilities and the human resources policy. The integrity policy of Care Property Invest forms an inseparable part of its corporate culture and places particular emphasis on honesty and integrity, adherence to ethical standards and the specific applicable regulations. In that regard, the Company or its directors and its employees must conduct themselves with integrity, i.e. in an honest, reliable and trustworthy manner.

The integrity policy specifically includes, but is not limited to the following fields of work:

- (i) rules on conflicts of interest,
- (ii) rules on incompatibility of mandates,
- (iii) the company's code of ethics and
- (iv) insider trading and abuse of power (insider trading and market manipulation),
- (v) rules on abuse of company property and bribery (Article 492 bis of the Criminal Code).

Care Property Invest has a compliance officer, within the meaning of Article 17 §4 of the RREC Act, who is responsible for ensuring compliance with the rules relating to the integrity of the business operations of the public RREC by the RREC itself, its directors, its effective leadership, employees and authorized representative(s) and for drafting and testing recommendations.



The Compliance Officer is part of and reports directly to the Management Committee, and also has the option internally to contact the Board of Directors (or its Chairman) directly. In 2016, a Charter was prepared for the compliance function, setting out the working method and organisation of compliance in further detail.

The Board of Directors supervises the integrity of financial information provided by Care Property Invest, in particular by assessing the relevance and consistency of the accounting standards applied by the Company, as provided for in Article 5 of the RREC Royal Decree.

This supervision involves assessment of the accuracy, completeness and consistency of the financial information. This supervision covers the regular information before it is disclosed.

The Management Board shall inform the Board of Directors of the methods used for recording significant and unusual transactions, the processing of which may be open to different approaches.

The Board of Directors should discuss significant financial reporting issues with both the Management Board and the external auditors. Care Property Invest appointed a CFO, Mr Filip Van Zeebroeck, on 1 July 2016. This reinforces the financial reporting process to the Board of Directors and adds a point of contact for the Board of Directors.

Annual financial statements and half-yearly financial reports are checked by the auditor.

### 2.3. Risk management

At least once a year the Board of Directors examines the internal control and risk management systems set up by the Management Committee in order to ensure that the main risks (including the risks related to compliance with existing laws and regulations) are properly identified, managed and be notified to the Board of Directors. As a result of the adoption of the status of RREC, a risk manager, i.e. one of the managing directors, was appointed, in compliance with Article 17, §5 of the RREC Act. The risk manager's responsibilities include drafting, developing, monitoring, updating and implementing the risk policy and risk management procedures (e.g. the whistleblowers' scheme, conflict of interest regulations and the procedures described in the Dealing Code).

On the basis of his position, the risk manager fulfils his role by analysing and evaluating each category of risks facing the Company, both at regular intervals and on an ad hoc basis. On this basis, concrete recommendations can be formulated for the Management Board or the Board of Directors (which bears final responsibility for the risk management of the Company).

The Board of Directors annually adopts the risk policy, ensuring correct analysis and estimates of the existing risks as prepared by the risk manager prior to inclusion in the annual report. The Company has staff regulations on dealing with suspicions of possible irregularities in financial reporting or other matters (the "whistle-blowers' scheme").

The Board of Directors therefore investigates reports made under the specific regulations according to which staff members may express concerns regarding possible irregularities in financial reporting or other matters in confidence. If deemed necessary, arrangements will be made for an independent investigation and appropriate follow-up of these matters, in proportion to their alleged seriousness. Regulations are also made with regard to which staff members can inform the Chairman of the Board of Directors directly.

The Company also has detailed policies on staff, including with regard to integrity, qualifications, training and assessment, and applies a business continuity policy, including a business continuity plan.

As part of its supervisory tasks, the Board of Directors conducts six-monthly evaluations of the main risks that give rise to an entry in the half-yearly and annual financial reports. In addition to such periodical assessments, the Board of Directors closely monitors the risks during its frequent meetings, also ensuring awareness of the risk analyses and findings of both the internal and external auditors.

### 2.4. The control activities

The organization is structured in such a way that all the important decisions concerning strategic, tactical, financial and operational matters are taken by several different people or are at least be subject to control by the management. This ensures maximum application of the "four eyes" principle.

With regard to the financial reporting process, it can be reported that controls are built in which should ensure the quality and accuracy of the reported information.

The internal audit function, within the meaning of Article 17 §3 of the RREC Act, is fulfilled by an external consultant (also referred to as an "external internal auditor"). This auditor is appointed based on a contract 'relating to outsourcing the internal audit function' with a 3-year term.

The internal auditor performs a risk analysis for each risk area, determining a risk profile and a score for each of these domains. On the basis of this analysis, a plan is prepared and comprehensive annual audits are conducted of each area, with recommendations being formulated. These recommendations are followed up regularly by MAZARS Bedrijfsrevisoren.

Although the Company has opted for an external internal auditor, it has also designated a managing director from among its own members to ensure implementation of the recommendations of this internal external auditor and who will also check the auditor's work. In addition, the reports will be submitted to the Board of Directors and discussed. The Board of Directors follows the recommendations in its capacity as the audit committee.

The financial reporting function is also subject of frequent evaluation by the internal auditor. The findings and any comments from internal and external auditors are also always taken into account. Please see the description above with regard to the supervision by the Board of Directors of the integrity of financial information provided by the Company.

The recommendations provide a guide for the Company to optimise its operations in relation to operational, financial and management matters, as well as risk management and compliance. The Board of Directors receives all internal audit reports or regular summaries of these.

The Board assesses the effectiveness of the internal audit and in particular, makes recommendations regarding its operation. The Board also examines the extent to which its findings and recommendations are met.

## 2.5. Information and communication

Communication is an important element of internal control and within Care Property Invest, is adjusted to the size of the organisation. General staff communication, internal memos, working meetings, e-mail and electronic calendars are used for communications. For the records, there is a system of central archive, stored both in physical form and electronically. The Management Committee is responsible for appropriate communication and exchange of information from and to all levels within the Company, and monitors the objectives and responsibilities required for internal control, supporting the performance level of internal control, and presenting and expressing this with transparency.

Providing periodical financial and other occasional external information is streamlined and supported by appropriate allocation of responsibilities, coordination between the various employees involved and a detailed financial calendar.

## 2.6. Supervision and monitoring

Managing internal control within an organization is a continuous process that should be evaluated on an ongoing basis and if necessary, adjusted. Periodical assessments are conducted at the level of the Board of Directors concerning the adequacy of internal control and risk management. Among other things, the findings and recommendations of the internal and external audit constitute an important source of information in this context.

The follow-up procedure consists of a combination of supervision by the Board of Directors and the Management Committee, and independent objective assessments of these activities based on internal audit, external audit or other third parties. Relevant findings of internal audit and/or the auditor relating to guidelines and procedures, division of responsibilities and application of IFRS accounting standards are reported to the Board of Directors. Financial information is extensively explained by the CFO in the Management Committee and subsequent in the Board of Directors.

## 3. Shareholder structure

As at 31 December 2016, the Company's share capital amounts to €78,442,491.65, represented by 13,184,720 shares: 13,034,720 ordinary shares listed on Euronext Brussels (BEL Mid index) and 150,000 special shares

(\*) Following the capital increase and issue of new shares on 15 March 2017, as part of this transaction, for the acquisition of the project in Watermaal-Bosvoorde through a contribution in kind, the total capital as per 15 March 2017 amounts to € 89,414,321.58. As from 15 March 2017, The capital is represented by a total number of 15,028,880 shares, of which 14,878,880 ordinary shares and 150,000 special shares. The total amount of voting rights is 15,028,880 as from 15 March 2017.

*Amounts shown in euros.*

Category	Number	Group value	Compared with the number of special shares	Compared with the total number of shares
<b>Special shares</b>	<b>150,000</b>	<b>892,425.00</b>	<b>100.00%</b>	<b>1.14%</b>
<b>Belfius Bank NV</b> Pachecolaan 44, 1000 Brussels	80,000	475,960.00	53.33%	0.61%
<b>Fortis NV</b> Warandeborg 3, 1000 Brussels	30,000	178,485.00	20.00%	0.23%
<b>KBC Bank NV</b> Havenlaan 12, 1080 Brussels	30,000	178,485.00	20.00%	0.23%
<b>Bank Degroof Petercam SA</b> Nijverheidsstraat 44, 1040 Brussels	10,000	59,495.00	6.67%	0.07%
<b>Ordinary shares (free float)</b>	<b>13,034,720</b>	<b>77,550,066.65</b>		<b>98.86%</b>
<b>Total (*)</b>	<b>13,184,720</b>	<b>78,442,491.65</b>		<b>100.00%</b>

(\*) Following the capital increase and issue of new shares on 15 March 2017, as part of this transaction, for the acquisition of the project in Watermaal-Bosvoorde through a contribution in kind, the total capital as per 15 March 2017 amounts to € 89,414,321.58. As from 15 March 2017, The capital is represented by a total number of 15,028,880 shares, of which 14,878,880 ordinary shares and 150,000 special shares. The total amount of voting rights is 15,028,880 as from 15 March 2017.

## 4. Board of Directors and Management Committee

### 4.1. Current members of the Board of Directors

As at 31 December 2016, the Board of Directors consists of eleven members. Three independent members fulfil the conditions of Section 526ter of the Companies Code. Three members are Executives (Managing Directors) and eight members are non-executive Directors. The three Managing Directors are part of the Management Committee. Eight members were nominated by the holders of special shares; three members were nominated by the holders of ordinary shares.

Pursuant to Article 518 bis, §1 of the Companies Code, introduced by the Law of 28 July 2011, from the first day of the eighth financial year commencing after 14 September 2011, i.e. from 1 January 2019, at least one third of the members of the Board of Directors (rounded off to the nearest whole number) should be of a different gender to that of the other members.

On 31 December 2016, the Board of Directors consisted of 11 members, of whom four were women and seven were men, as a result of which the Company already complies with the aforementioned one-third rule.

The directors do not need to be shareholders.

There are no family ties between the members of the Board of Directors.

The members were appointed for a three-year term of office during the ordinary general meeting of shareholders of 2015. Their term of office expires after the ordinary general meeting of shareholders of May 2018; however, their appointment may be revoked by the General Meeting of Shareholders at any time. The members are eligible for re-appointment.

**MARK SUYKENS****Chairman - Non-executive director****On the nomination of the special shareholders**

° 04/01/1952

Association of Flemish Cities and Municipalities, Paviljoenstraat 9, 1030 Brussels

- Start of mandate: 28.01.2004, Chairman of the Board of Directors since 01.01.2006 (independent director until 16.09.2015).
- Current mandate expires: after the Ordinary General Meeting in May 2018.
- Current position: CEO, Association of Flemish Cities and Municipalities (VVSG) NPO (retired from 1/2/2017).
- As Chairman of the Board of Directors, Mark Suykens, a law graduate, heads the Board and oversees the interaction between the Board and the Management Committee. His experience and knowledge in the field of municipal and public welfare authorities are particularly important to his constructive contribution to the decision-making of the Board and, where appropriate, its communications with the public authorities.
- Mandates held on 31/12/2016: Director of Pinakes nv. He holds no other directorships of listed companies.
- Mandates expired on 31/12/2016 and executed from 2012 until 2016./

**WILLY PINTENS****(Executive) Managing Director****Member of the Management Committee (from 1 July 2016)****On the nomination of the special shareholders**

° 11/09/1946

Biezenmaat 10, 8301 Ramskapelle

- Start of mandate: since the formation of the Company on 30.10.1995 (at first as permanent representative of the Gemeentekrediet van België/Crédit Communal de Belgique, and from 16.05.2001 in a personal capacity), Managing Director since 08.04.1998, also serving as Chairman of the Board of Directors from 28.01.2004 - 01.01.2006.
- Current office of Director expires: after the Ordinary General Meeting in May 2018.
- Current position: retired.
- Mr Willy Pintens, Commercial Engineer and graduate in Commercial and Consular Sciences, has extensive professional experience at Belfius Bank in the areas of finance, investment in social profit and the public sector. As a director and Managing Director, his expertise gives him the necessary skills to contribute towards balanced and well-founded decision-making by the Board. Willy Pintens has been closely involved in the effective management and daily operations of the Company since its formation.
- Mandates held on 31/12/2016: Executive Board non profit organisation (NPO) Frontida
- Mandates expired on 31/12/2016 and executed from 2012 until 2016: Director B. Turnhout nv, Croonenburg nv He holds no other directorships of listed companies.

**DIRK VAN DEN BROECK****(Executive) Managing Director****Member of the Management Committee (from 1 July 2016)****On the nomination of the ordinary shareholders**

° 11/09/1956

Leo de Bethunelaan 79, 9300 Aalst

- Start of mandate: as a non-executive director nominated by the special shareholders from the formation of the company on 30.10.1995, on the nomination of the ordinary shareholders from 18.05.2011 and as an (executive) Managing Director appointed by the Board of Directors from 01.07.2012.
- Current office of Director expires: after the Ordinary General Meeting in May 2018.
- Current position: Company director.
- Dirk van den Broeck, a Law and Economics graduate, was a partner at Petercam until the end of 2010, a former member of several boards of directors of property companies and was involved in the launch of several REITs. He is currently active as an independent consultant and director of real estate companies. His financial expertise in this field contributes to balanced and well-founded decision-making of the Board.
- Mandates held on 31/12/2016: Reconstruction Capital II Limited\*, Meli NV, Patrimmonia Fund Europe nv and subsidiaries, Promotus bvba, Chairman of the Board of Terra Capital Partners\* and Radiomatix nv, Independent Director of the Omega Preservation Fund.
- Other mandates expired on 31/12/2016 and executed from 2012 until 2016. Director of Warehouses De Pauw Comm. VA (mandate expired in April 2015)\*

\*Directorship of a listed company

**PETER VAN HEUKELOM****(Executive) Managing Director****Chairman of the Management Committee (from 1 July 2016)****On the nomination of the special shareholders**

° 26/08/1955

Ruggeveldstraat 103, 2110 Wijnegem

- Start of mandate: director since 21.05.2003, for the period 17.09.2003 - 30.09.2009 Managing Director, Managing Director again since 01.04.2010.
- Current office of Director expires: after the Ordinary General Meeting in May 2018.
- Current position: CEO (Managing Director) of Care Property Invest.
- After graduating in Commercial Law and Financial Sciences, specialising in marketing, and post-graduate studies in Health Economics, Peter van Heukelom has continually enhanced his professional experience through courses in the field of finance/investments in social profit and the public sector. Prior to taking up his position as CEO of the Company in October 2009, he served in several positions, most recently as General Manager Social Profit and Public Sector at KBC Bank.
- Other mandates held on 31/12/2016: Treasurer of vzw Link 29, and VSP Lanaken Centrum NV (subsidiary of Care Property Invest). He also acts as the permanent representative of Care Property Invest, which is the Director of Boeyendaalhof nv, MST BVBA, VSP Lanaken Centrum nv and Ter Bleuk nv (all subsidiaries of Care Property Invest)
- Other mandates expired on 31/12/2016 and executed from 2012 until 2016: permanent representative of Care Property Invest as Director of B. Turnhout nv and Croonenburg nv (subsidiaries of Care Property Invest - end of mandate 21/12/2015). He holds no other directorships of listed companies.

**LODE DE VRIEZE****Non-executive director****On the nomination of the special shareholders**

° 07/12/1957

Bank Degroof Petercam, Nijverheidsstraat 44, 1040 Brussels

- Start of mandate: 18/05/2011.
- Mandate expires: after the Ordinary General Meeting in May 2018.
- Current position: Head of private bank; Flanders
- Lode de Vrieze holds a degree in Law and a Special Degree in Marketing. After working in various positions in the financial sector, he is currently head of Private Banking Flanders at Bank Degroof Petercam.
- Other mandates held on 31/12/2016: Director Petercam Institutional Bonds (office terminated after Bank Degroof merged with Petercam), President of the Omega Preservation Fund. He holds no other directorships of listed companies.
- Other mandates expired on 31/12/2016 and executed from 2012 until 2016: /

**BRIGITTE GROUWELS****Non-executive director - Independent director****On the nomination of the ordinary shareholders**

°30/05/1953

Bordiaustraart 30, 1000 Brussels

- Start of mandate: 20/05/2015.
- Current mandate expires: after the Ordinary General Meeting in May 2018.
- Current position: Representative, Parliament of the Brussels-Capital Region, Deputy Chairman of the Board of the Flemish Community Commission and Senator
- The political career of Ms Grouwels includes the following public functions:
- Member of the Parliament of the Brussels-Capital Region (1992-97)/ Member of the Flemish Parliament (1995-97) / Flemish Minister for Brussels Affairs and Equal Opportunities Policy (1997-99) / Party leader in the Parliament of the Brussels-Capital Region and member of the Flemish Parliament (1999 -2004) / State Secretary, Brussels-Capital Region (2004-2009), responsible for Equal Opportunities Policy, Public Administration and the Port of Brussels; member of Flemish Community Commission (VGC) for Welfare, Health and Family, Ethnic and Cultural Minorities and Civil Service Affairs/ Minister of the Brussels Regional Government (2009-2014) responsible for Public Works and Transport, Information Technology Policy, Port of Brussels; member of Flemish Community Commission for Welfare, Health and Family Affairs (including Flemish local service centres, child care, care of the disabled and other areas), Ethnic and Cultural Minorities and media policy; member of Joint Community Commission for Assistance to persons (bi-Community N/F rest homes, care of the disabled, etc.; guardianship of OCMWs and Public Hospitals).
- Other mandates held on 31/12/2016: /
- Other mandates expired on 31/12/2016 and executed from 2012 until 2016: Brigitte Grouwels does/did not hold any other directorships of listed or non-listed companies.
- In the opinion of the Board of Directors, she meets the independence criteria of imposed by Article 526 ter of the Companies Code.

**MYRIAM LINT****Non-executive director****On the nomination of the special shareholders**

° 22/07/1962

Belfius Bank nv, Grotesteenweg 454, 2600 Berchem

- Start of mandate: 12.01.2000 (initially as permanent representative of Belfius Bank (formerly Dexia Bank) and since 19.05.2004 in a personal capacity).
- Current mandate expires: after the Ordinary General Meeting in May 2018.
- Current position: Senior Account Manager Distribution Public & Social Banking, Flanders, Belfius Bank
- Myriam Lint, T.E.W. Graduate in Applied Economics, Public Economics and Public Administration, has gained valuable experience over the years at Belfius in the areas of finance, investments, contacts with public authorities and minister's offices, and as a director is therefore able to provide the necessary expertise to contribute to balanced and well-founded decision-making by the Board.
- Other mandates held on 31/12/2016: Director of Finimmo nv, Domus Flandria nv. She holds no other directorships of listed companies.
- Other mandates expired on 31/12/2016 and executed from 2012 until 2016: /

**CAROLINE RISKE****Non-executive director - Independent director****On the nomination of the special shareholders**

° 11/05/1964

Vrijgeweide 7, 2980 Zoersel

- Start of mandate: 16/09/2015
- Current mandate expires: after the Ordinary General Meeting in May 2018.
- Current position: manager / gerontologist at ADINZO & Senes BVBA.
- Caroline Riské is a qualified Hospital Nurse with a degree in Medical and Social Sciences (Catholic University of Leuven), a Master's degree in Gerontology (Benelux University) and a Post Graduate degree in Health Care Real Estate. She has attended various courses in subjects such as social legislation and psycho-gerontology and has gained experience in a variety of health care-related fields. With her expertise, she is able to make a valuable contribution to decision-making by the Board.
- Other mandates held on 31/12/2016: /
- Other mandates expired on 31/12/2016 and executed from 2012 until 2016: manager at Senes bvba, which acted as the shareholder and director of C.Consult (Curaedis) (July 2014 through December 2015). She currently holds no directorships of listed or non-listed companies and has not done so during the past five years.
- In the opinion of the Board of Directors, she meets the independence criteria of imposed by Article 526 ter of the Companies Code.





KRISTIEN VAN DER HASSELT

**Non-executive director****On the nomination of the special shareholders**

° 10/08/1966

BNP Paribas Fortis SA/NV, Real Estate Origination Belgium - Warandeborg 3, 1000 Brussels

- Start of mandate: 18/11/2015
- Current mandate expires: after the Ordinary General Meeting in May 2018.
- Current position: Senior Relationship Manager Real Estate Finance Group, Corporate Banking, BNP Paribas Fortis nv.
- Kristien van der Hasselt, who holds a teacher training qualification in mathematics, physics and economics, has held various positions at BNP Paribas Fortis since 1988. In her current position, she is responsible for structuring real estate financing for customers and prospects, ranging from balance sheet financing for e.g. RRECs to specific project financing, including in residential real estate, offices, retail, health care real estate and logistics. The Board of Directors takes the view that with her knowledge in this field, she can make a contribution to decision-making by the Board.
- Other mandates held on 31/12/2016: permanent representative of BNP Paribas Fortis acting as the director of Domus Flandria.
- Other mandates expired on 31/12/2016 and executed from 2012 until 2016: director of Prestibel Left Village NV (22/05/2015 – 04/03/2016). She holds no other offices as a board member of listed companies.



LODE VERSTRAETEN

**Non-executive director****On the nomination of the special shareholders**

° 31/01/1966

KBC Bank nv, Corporate Center Brussels - Havenlaan 6, 1080 Brussels

- Start of mandate: 16/09/2015.
- Current mandate expires: after the Ordinary General Meeting in May 2018.
- Current position: Senior Banker – Head of Public Sector & Institutionals, KBC Bank Corporate Banking, Center Region
- Lode Verstraeten holds a Master of Accountancy (EHSAL Management School) and a Master of Business Economics (financial) degree (Catholic University of Leuven). He has more than 27 years of professional experience at KBC Bank, the last 17 years in senior positions, and in this capacity has developed expertise in fields including real estate development and structuring of financing and investment solutions for the needs of the sector, ranging from economic and social infrastructure, public-private partnerships, urban development, real estate and social housing. As a director, this gives him the necessary skills to contribute towards balanced and well-founded decision-making by the Board.
- Other mandates held on 31/12/2016: /
- Other mandates expired on 31/12/2016 and executed from 2012 until 2016: Secretary and Director of Kerkfabriek Sint-Servaas in Grimbergen, Director of Justinvest nv (mandate expired in 2013), Rabot Invest nv (mandate expired in 2013). He holds no directorships of listed companies.



PAUL VAN GORP

**Non-executive director - Independent director****On the nomination of the ordinary shareholders**

° 18/10/1954

Dorp Nr. 2 Koningin Fabiola vzw, Bosuil 138, 2100 Deurne.

- Start of mandate: 18/05/2011.
- Current mandate expires: after the Ordinary General Meeting in May 2018.
- Current position: Managing Director of Dorp Nr. 2 Koningin Fabiola vzw
- Paul Van Gorp graduated in Commercial and Financial Sciences and served as General Secretary of the Antwerp Public Social Welfare Centre (OCMW) in the period from 2000 to 2007, with responsibilities including the management of 17 nursing homes (2,400 beds), more than 2,000 assisted living flats and nine general hospitals. As managing director of a non-profit association, he is today active in employment, housing and care for people with disabilities.
- Other mandates held on 31/12/2016: managing director of non profit organisation (NPO) ACG and non profit organisation (NPO) De Vijver.
- Other mandates expired on 31/12/2016 and executed from 2012 until 2016: Executive Board VKA and Het Orgel in Vlaanderen non profit organisation (NPO) (term of office ended in 2016)(social organisations). He holds no other directorships of listed companies.
- In the opinion of the Board of Directors, he meets the independence criteria imposed by Article 526 *ter* of the Companies Code.

Amounts shown in euros.

## 4.2. Assignments of the Board of Directors

The Board of Directors has the broadest powers to perform all acts that are necessary or useful for the realisation of the objects of the Company. The Board may perform all other actions that are not expressly reserved for the General Meeting by law or by the Articles of Association. The Board of Directors decides upon the long-term operating strategy, investments, disinvestments and financing strategy of the Company, closes the annual financial statements, and draws up the half-yearly and quarterly financial statements of the RREC. It draws up the "Report of the Board of Directors" that contains, among others, the "Corporate Governance Statement", it decides how the authorized capital is used and convenes the Ordinary and Extraordinary General Meetings of Shareholders. It ensures the relevance, accuracy and transparency of communication to the shareholders, financial analysts and the general public, such as prospectuses, Annual Financial Reports, half-yearly and quarterly statements, and press releases. It is also the body that decides on the Company's Management Committee structure and determines the powers and duties of the Company's Effective Managers.

## 4.3. Functioning of the Board of Directors

### 4.3.1. FREQUENCY AND CONVOCATION OF MEETINGS

The Board of Directors convenes meetings as often as necessary for the performance of its duties. The Board normally meets every two months, and also whenever this is required in the interests of the Company.

The Board of Directors is convened by the Chairman or by two directors whenever the interests of the Company so require.

The notices convening meetings state the location, date, time and the agenda for the meeting and are sent at least two full days before the meeting, by letter, telegram, e-mail, fax or in some other written form. Each director who attends a meeting of the Board of Directors or is represented at such meeting is considered to be regularly called up.

### 4.3.2. DELIBERATIONS AND VOTING

The Board of Directors can only validly deliberate and decide if at least a majority of the directors are present or represented and if at least three directors nominated by the holders of special shares are present or represented. If this quorum is not reached, a new Board of Directors may be convened with the same agenda, which will validly deliberate and decide if at least two directors are present or represented.

With respect to items not on the agenda, it may only deliberate with the consent of the entire Board of Directors and provided that all directors are present or represented.

Any director may authorise a fellow director by letter, telegram, fax, e-mail or in another written form to represent him or her at a meeting of the Board of Directors.

The Board of Directors may meet by conference call, video conference or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Any director may also provide his or her advice to the Chairman by letter, telegram, fax, e-mail or other written form. When justified by an emergency and by corporate interest, a decision may be adopted by unanimous written consent of all directors. However, this procedure should not be used for the approval of the financial statements and the authorised capital.

Decision-making within the Board may not be dominated by a single individual or by a group of directors. Resolutions are carried by a simple majority of the votes cast.

However, changes in policy regarding the options laid down in the Company's investment budget and business plan require a majority of 70% of the votes cast by the members of the Board of Directors. Blank or invalid votes are not counted as votes cast. In the event of a tied vote within the Board of Directors, the Chairman will cast the deciding vote.

### 4.3.3. MINUTES

The decisions made by the Board of Directors are recorded in minutes after each meeting. The Minutes are distributed to all Directors, together with the invitation to the next meeting, at which the Minutes will be adopted and signed.

The minutes of the meetings summarise the discussions, specify the decisions taken and record any reservations of certain directors. These are filed at the registered office of the Company.

In view of the limited number and simplicity of the procedures, rules and regulations governing the operation of the Board, no secretary is appointed. Any director can address any questions in this regard directly to the CEO of the Company.

### 4.3.4. INTEGRITY AND COMMITMENT OF THE DIRECTORS

All directors, executive and non-executive, and the latter regardless of whether or not they are independent, must make decisions on the basis of an independent view.

The directors should ensure that they receive detailed and accurate information and should study it thoroughly in order to be able to control the main aspects of the Company's business properly, in the present and the future. They should seek clarification whenever they deem it necessary.

Although they are part of the same collegiate body, both executive and non-executive directors each have a specific and complementary role on the Board. The executive directors provide the Board of Directors with all relevant business and financial information to enable it to fulfil its role effectively. The non-executive directors discuss the strategy and key policies proposed by the Management Board in a critical and constructive manner and help to develop these in more detail. Non-executive directors should scrutinise the performance of the Management Board in light of the agreed goals.

Directors must treat confidential information they have received in their capacity as directors with due care and may use it only in the context of their mandate.

### 4.3.5. REPRESENTATION

In accordance with Section 28 of the Articles of Association, the Board of Directors appointed a Management Board to which the Board of Directors may transfer certain mandates under its supervision, subject to the determination of the general policy of the Company or of all acts which pursuant to other statutory provisions are reserved for the board of directors.

The Company is lawfully represented by two directors in all its actions, including representation in legal matters, acting jointly; or by two members of the Management Board, acting jointly within the scope of the mandate and authorisation they were granted by the Board of Directors as set out in this Charter; or by a Managing Director acting alone within the context of the Company's daily management.

The Board of Directors may delegate its powers to an agent, even if this is not a shareholder or director, for special and specific matters. Authorised representatives legally bind the Company within the limits of the powers granted, without prejudice to the responsibility of the Board of Directors in the event that they exceed their powers.

#### 4.4. Activity report of the Board of Directors

During the 2016 year, the Board of Directors met 11 times.

The most important agenda items that have been discussed by the Board of Directors during the financial year 2016, can be summarized as follows:

- Operating and financial reporting.
- Analysis and approval of the financial- and business plan.
- Discuss the financial and investment strategy
- Analysis and determination of the strategic initiatives of the Company
- Reporting on implementation of decisions taken.
- Reporting of the managing directors.
- Preparation of the interim statements, annual and half-year financial reports.
- Updating the Corporate Governance Charter and dealing code
- Remuneration policy and bonus scheme.
- Staff-related matters
- Foundation and structure of the Management Committee, determination of its powers and responsibilities.
- Setting out principles for the conclusion of Company contracts with the CFO and COO as members of the Management Committee.
- Evaluation of the size, composition and functioning of the Board of Directors and its interaction with the managing directors.
- Organisation of the general meetings of shareholders.
- Proposing to the general meeting of shareholders to reappoint the statutory auditor.
- Analysis and approval of investment dossiers
- Deciding whether or not to participate in tenders.
- Follow-up of the 'exemption from withholding tax' dossier
- Approval of merger proposals and their realisation

#### 4.5. The presence of the members at meetings of the Board of Directors and the associated remunerations

Amounts shown in euros.

2016	In the capacity of	Attended Board of Directors meeting	Remuneration of Board of Directors member's office	Presence fees Board of Directors meetings
Peter Van Heukelom	Executive director	11 - 11	-	-
Willy Pintens	Executive director	10 - 11	7,000.00	5,000.00
Dirk Van den Broeck	Executive director	10 - 11	7,000.00	5,000.00
Lode De Vrieze	Non-executive director	9 - 11	7,000.00	4,500.00
Brigitte Grouwels	Non-executive director / Independent director	10 - 11	7,000.00	5,000.00
Myriam Lint	Non-executive director	8 - 11	7,000.00	4,000.00
Carol Riské	Non-executive director / Independent director	11 - 11	7,000.00	5,500.00
Mark Suykens	Non-executive director	10 - 11	7,000.00	5,000.00
Kristien Van der Hasselt	Non-executive director	10 - 11	7,000.00	5,000.00
Paul Van Gorp	Non-executive director / Independent director	11 - 11	7,000.00	5,500.00
Lode Verstraeten	Non-executive director	10 - 11	7,000.00	5,000.00
			<b>70,000.00</b>	<b>49,500.00</b>

#### 4.6. The powers of the governing body, in particular as regards the power to issue or buy back shares

The Company may buy back its own fully paid-up shares and hold these in pledge pursuant to a decision of the General Meeting in accordance with the provisions of Articles 620 through 630 of the Companies Code. The same meeting may determine the conditions of sale of these shares.

Following the approval of the RREC charter by the Extraordinary General Meeting of 25 November 2014, with shareholders being given the opportunity to exercise their withdrawal rights, the Company bought back 17,030 shares at a market value of €16.05 per share. The total amount of €273,331.50 was recorded as a reserve with the Company's equity.

The Company awarded 2,000 shares to the CEO on 11 August 2015 as part of the payment of a bonus. The general meeting of 18 November 2015 granted approval, within the meaning of Article 622 §2, 2° of the Companies Code, to sell the remaining 15,030 treasury shares within a period of two years on an arm's length basis, with the minimum price being the average share price during the last 30 days before the sale. These shares were sold on 15 September 2016 at a market price of €19.45 per share, for a total gross amount of €292,333.50.

The general meeting did not grant consent for any other buy-back of shares.

#### 4.7. Management Committee and effective managers

As per 1 July 2016, the Board of Directors decided to appoint a Management Committee in accordance with Section 524bis of the Companies Code. The Management Committee was abolished as a body as per the same date.

In accordance with Article 524bis of the Companies Code, and Article 28 of the coordinated Articles of Association, the Board of Directors delegated board level authorisation. The Management Committee is responsible for the daily management of the Company. The role, functioning and composition of the Management Committee have been determined, in addition to the Statutes, by the Board of Directors and are described below:

##### 4.7.1 THE ROLE OF THE MANAGEMENT COMMITTEE

The role of the Management Committee mainly consists of:

- Implementing the decisions made by the Board of Directors;
- Performance of the daily management of the Company and reporting to the Board of Directors accordingly;
- A suitable governance structure and implementing and maintaining an administrative, accounting, financial and technical organisation that enables the Company to perform its activities and organise suitable controls, such in accordance with the RREC Act, based on a reference framework as approved by the Board of Directors;
- Supervision of the financial reporting process in accordance with the applicable standards for annual financial statements, the accounting standards and the valuation rules of the Company;
- Proposing a balanced and comprehensible assessment of the Company's financial situation, the budget and the business plan to the Executive Board;
- Implementing general management of the property assets insofar not already inherent in the items above.

#### 4.7.2. THE POWERS AND FUNCTIONING OF THE MANAGEMENT COMMITTEE

The powers of the Management Committee include at least the following elements:

- Analysis, definition and setting out proposals of the Company's general policy and strategy, and presenting this to the Board of Directors for discussion and adoption (including the general policy themes relating to financial management, risk management, preparing the business and the budget);
- Studying investment and disposal projects in accordance with the general strategy determined by the Board of Directors and preparing recommendations to the Board of Directors relating to property projects;
- Detailing, preparing and presenting proposals to the Board of Directors or its committees, if any, relating to all issues that fall within their responsibility;
- All financial and non-financial communication, including publication of the Company's mandatory disclosures (including the non-compounded and consolidated annual financial statements, the annual and half-year financial reports and interim statements) and other key financial and non-financial information, based on mandatory or voluntary disclosure;
- Operational management of the Company; daily operations that includes the following aspects, not limited to the listed items:
  - \* Implementing the decisions made and policies issued by the Board of Directors;
  - \* The commercial, operational and technical management of the property assets;
  - \* Managing the financial liabilities;
  - \* Preparing financing themes relating to investment projects;
  - \* The introduction and continued implementation of a suitable internal control in accordance with the RREC Act (including an independent internal audit function, a risk management function and a risk policy, and an independent compliance functions including integrity policy, based on the reference framework as adopted by the Board of Directors and any committees, without prejudice to the statutory requirements to persons tasked with the internal controls as set out in the RREC Act;
  - \* Organisation and management of the supporting functions, including:
    - . Human resources, including recruitment, training and remuneration of the Company's personnel;
    - . Internal and external (if relevant) communication;
    - . Management of the information systems (IT);
    - . Legal and tax issues.
- Providing all the information in due course that the Board of Directors requires for the performance of its obligations.
- The managing director, who is also the CEO, has, next to his responsibility as the president of the Management Committee, a general and coordinating function and is responsible for the daily management of the Company. As head of staff he is also responsible for the general management and supervision of the team, including determination of the task allocation and monitoring of their presence, missions and performance.
- The other managing directors are also monitoring the daily operations and are performing the role of internal audit and risk manager.
- The CFO has been designated as compliance manager of the Company.

Article 28 of the Articles of Association sets out that two members of the Management Committee, acting jointly, may represent the Company in respect of the powers transferred by the Board of Directors to the Management Committee.

The Management Committee and its members execute their powers in accordance with the Corporate Governance charter, the Articles of Association of the Company, the decisions of the Management Committee and the Board of Directors, the provisions in the Companies Code and all other applicable legal, administrative or regulatory provisions.

Should a conflict of interest occur, on account of one of the members of the Management Committee, this member shall not take part in this deliberation and the decision will be taken by the other members of the Management Committee.

The Management Committee has gathered 19 times over the financial year 2016.

#### 4.7.3 COMPOSITION OF THE MANAGEMENT COMMITTEE

As at 31 December 2016, the Management Committee consisted of the following persons, all effective managers in the sense of Article 14 of the Act of 12 May 2014:

Name	Position
Peter Van Heukelom	Chief Executive Officer (CEO)/Managing Director + Chairman of the Management Committee
Dirk Van den Broeck	Managing Director/Risk management - Risk Manager
Willy Pintens	Managing Director/Internal audit function
Filip Van Zeebroeck	Chief Financial Officer (CFO) - Compliance Officer
Valérie Jonkers	Chief Operating Officer (COO)

Mr Peter Van Heukelom, Mr Willy Pintens and Mr Dirk Van den Broeck were already executive directors (effective managers) before the Management Committee was founded, and were members of the Management Committee (the body that was abolished when forming the Management Committee). Mr Van Heukelom will serve as Chairman of the Management Committee as from 1 July 2016.

Mr Filip Van Zeebroeck was appointed as an effective manager / member of the Management Committee as per 1 July 2016. He had been working for the Company as the internal legal specialist since April 2014, and has fulfilled the role of Chief Financial Officer since 1 July 2016. He also serves as the Compliance Officer.

Mrs Valérie Jonkers has fulfilled the position of Investment Manager at the Company since May 2014. As per 1 July 2016, she was appointed as an effective manager / member of the Management Committee in the role of Chief Operating Officer.

The mandate of the members of the Management Board is in principle not for a defined term of office, with the proviso that the mandate of the Managing Directors (excepting that of the CEO / General Managing Director) coincides with the term of their mandate within the Board of Directors.





The full Management Committee



**FILIP VAN ZEEBROECK**

**Effective Manager - Member of the Management Committee (as per 1 July 2016)**

° 30/05/1979

Cornelis de Herdtstraat 16, 2640 Mortsel

- Start of mandate: 1 July 2016.
- Current position: Chief Financial Officer and Compliance Officer.
- Offices held currently and during the previous five financial years: Director of VSP Lanaken Centrum NV (subsidiary of Care Property Invest).



**VALERIE JONKERS**

**Effective Manager - Member of the Management Committee (as per 1 July 2016)**

° 7/09/1985

Kempenlaan 25, 2160 Wommelgem

- Start of mandate: 1 July 2016.
- Current position: Chief Operating Officer
- Offices held currently and during the previous five financial years: Treasurer of vzw Frontida, vzw Herenhof, Director of VSP Lanaken Centrum NV and Ter Bleuk NV (both subsidiaries of Care Property Invest)

**List of the terms of office of the effective managers:**

Name	office	Position	mandate as Managing Director		mandate as a member of the Management Committee founded on 1 July 2016	
			start date	expiration date	start date	expiration date
Peter Van Heukelom	Managing Director	CEO Chairman of Management Committee	17/09/2003	07/01/2004	01/07/2016	Permanent contract
			28/01/2004	16/05/2007		
			16/05/2007	30/09/2009		
			01/04/2010	18/05/2011		
			18/05/2011	20/05/2015		
			20/05/2015	18/05/2018		
Dirk Van den Broeck	Managing Director	Risk management - Risk Manager	01/07/2012	20/05/2015	01/07/2016	18/05/2018 (= office of Director)
			20/05/2015	18/05/2018		
Willy Pintens	Managing Director	Internal audit	08/04/1998	16/05/2001	01/07/2016	18/05/2018 (= office of Director)
			16/05/2001	28/01/2004		
			28/01/2004	16/05/2007		
			16/05/2007	18/05/2011		
			18/05/2011	20/05/2015		
20/05/2015	18/05/2018					
Filip Van Zeebroeck	Effective manager	Chief Financial Officer (CFO) + Compliance Officer			01/07/2016	Permanent contract
Valérie Jonkers	Effective manager	Chief Operating Officer (COO)			01/07/2016	Permanent contract

**4.8. Remuneration of the members of the Management Board**

See item '6.3. Remuneration of the effective managers' on page 232 below.

**4.9. Prevention of conflicts of interest**

Each Director and Effective manager is encouraged to arrange his/her personal and business affairs so as to avoid any direct or indirect conflicts of interest with the Company.

Relating to the rules governing conflict of interest, the Company is subject to legislation (Sections 523 and 524 of the Corporate Code and the sections 36 through 38 of the RREC Act of 12 May 2014, the rules in its Articles of Association and the provisions of the Corporate Governance Charter.

Without prejudice to the application of legal procedures, the Company's Corporate Governance Charter sets out specific procedures to offer a way of resolving potential conflicts.

The Board of Directors ensures that the Company is managed exclusively in the interests of Comp and in accordance with the provisions of the RREC legislation. The integrity policy attached to the Corporate Governance Charter also sets out rules relating to conflicts of interest.

**4.9.1 CONFLICTS OF INTEREST RELATING TO DIRECTORS / MEMBERS OF THE MANAGEMENT COMMITTEE**

If a director has a direct or indirect financial interest that conflicts with a decision or transaction within the authority of the Board of Directors, he/she must act in accordance with the provisions of Article 523 of the Companies Code.

This means that all directors must notify the Board of Directors and the statutory auditor of any conflicts of interest when they arise and must abstain from voting on these matters. Any abstention due to a conflict of interest must be disclosed in accordance with the relevant provisions of the Companies Code and is therefore reported in the annual report.

The members of the Board of Directors must also comply with Articles 36 to 38 of the RREC Act.

In addition to the provisions of the Corporate Code and the rules on conflict of interest arising from the RREC Act, Care Property Invest requires each (managing) director or member of the Management Board to avoid conflict of interest as far as possible.

If a conflict of interest (not covered by the statutory regulations on conflicts of interest) nevertheless arises in relation to a matter that falls within the competence of the Board of Directors or the Management Board, and on which it must take a decision, the director in question must notify his fellow-directors of this. They then decide whether the member concerned may or may not vote on the matter to which the conflict of interest relates and whether he/she may attend the discussions on this matter. It is explicitly made clear here that non-compliance with the above (additional) rules on conflicts of interest cannot affect the validity of decision-making by the Board of Directors.

**4.9.2 CONFLICTS OF INTEREST RELATING TO TRANSACTIONS WITH AFFILIATED COMPANIES**

Care Property Invest must also comply with the procedure of Article 524 of the Companies Code if making a decision or regarding a transaction relating to:

- relations of the Company with an affiliated company, excluding its subsidiaries and
- relations of a subsidiary of the Company with an affiliated company, with the exception of subsidiaries of that subsidiary.

**4.9.3. CONFLICTS OF INTEREST CONCERNING TRANSACTIONS WITH AFFILIATED PERSONS, THE EFFECTIVE MANAGERS AND STAFF OF THE COMPANY**

Transactions between the Company or an affiliated company and a member of the Board of Directors, Management Board or member of staff must always be conducted on an arm's length basis, under the supervision of the Board of Directors.

Pursuant to Article 37 of the RREC Act, the Company must notify the FSMA in advance if one of the persons referred to below acts as a counterparty in a property transaction with the Company or with a company over which it has control, or if any benefits are gained through such a transaction by persons including those listed below:

- the persons who control the public RREC or hold participating interests in it;
- the promoters of the public RREC;
- the persons with whom the RREC or a promoter of the RREC are affiliated or with which the RREC or a promoter of the RREC have a participating interest relationship;

- the directors, managers, members of the Management Committee, the persons responsible for the daily management, the senior managers or agents of the RREC or the promoters of the RREC, or the persons who control the Company or hold participating interests in the Company.

In its notification of the FSMA, the RREC must show its interest in the planned transaction and that the transaction in question forms part of the normal activities of the RREC. If the FSMA finds that the information in the aforementioned notice is insufficient, incomplete, inconclusive or irrelevant, it shall notify the RREC accordingly. If no action is taken in response, the FSMA may publish its position.

These transactions must be conducted on an arm's length basis.

When a transaction that takes place in the circumstances described above relates to property as referred to in Article 47 § 1 of the RREC Law, the valuation of the expert is binding on the RREC (for determining the minimum price in the case of a transfer, or the maximum price in the case of an acquisition).

The transactions referred to above, as well as the information contained in the preceding notice to the FSMA, must be disclosed immediately and explained in the annual financial report and the statutory auditor's report.

Pursuant to Article 38 of the RREC Act, these provisions do not apply to:

- transactions relating to a sum of less than the lower of 1% of the Company's consolidated assets and €2,500,000;
- the acquisition of securities by the Company in connection with a public issue by a third-party issuer for which a promoter of the RREC or one of the persons referred to in Article 37 § 1 of the RREC Act act as intermediaries within the meaning of Article 2, 10° of the Law of 2 August 2002;
- the acquisition of or subscription to shares in the Company issued pursuant to a decision of the General Meeting by the persons referred to in Article 37 § 1 of the RREC Act; and
- transactions relating to cash and cash equivalents of the Company or one of its subsidiaries, provided that the person acting as the counterparty has the status of intermediary within the meaning of Article 2, 10°, of the Law of 2 August 2002 and that these transactions are conducted on an arm's length basis.

#### 4.10. Conflicts of interest procedure during the 2016 financial year:

In accordance with Article 523bis of the Companies Code, any conflicts of interest between the Company and a Director, the following was applied in the Board of Directors' considerations:

The Board of Directors meeting of 13 April 2016 made a decision relating to raising the attendance allowances of the managing directors Mr Willy Pintens and Mr Dirk Van den Broeck relating to their attendance at Management Committee meetings as per 1 July 2016.

**As quoted from the Minutes:** *"Mr Dirk Van den Broeck and Mr Willy Pintens explain having a direct financial interest set out in Article 523 of the Companies Code with the decision relating to raising the remuneration, and have reported to the internal and external auditor accordingly. Mr Dirk Van den Broeck and Mr Willy Pintens took no further part in the discussions and voting, and left the meeting, together with the Minutes Secretary (Mr Filip Van Zeebroeck) and Valérie Jonkers. The CEO, Mr Peter Van Heukelom, proposes raising the current remuneration of Mr Willy Pintens and Mr Dirk Van den Broeck, from 300 EUR to 500 EUR. The Board of Directors unanimously decides to raise the remuneration of Mr Willy Pintens and Mr Dirk Van den Broeck to 500 EUR per meeting for their participation in the Management Committee / Management Committee."*

The meeting of the Board of Directors of 18 May 2016 resolved to award a bonus to the staff and a special bonus to Peter Van Heukelom, managing director.

**As quoted from the Minutes:** *"Mr Peter Van Heukelom, CEO, reported with regard to decision-making on his bonus, he has a direct financial interest as referred to in Article 523 of The Companies Code and has reported accordingly to the internal and external auditors. Mr Peter van Heukelom took no further part in the discussions and voting, and left the meeting during the deliberations, together with the Minutes Secretary (Mr Filip Van Zeebroeck) and Mrs Valérie Jonkers.*

*The other members of the Management Committee, Mr Willy Pintens and Mr Dirk Van den Broeck, discuss their proposal relating to the bonus for the CEO, Mr Peter Van Heukelom.*

*The Board of Directors unanimously decides to award Mr Peter Van Heukelom, the CEO, the bonus at the reserved amount of 0.5% of the net cash result, which equates to an amount of 39,206.75 EUR."*

The Board of Directors meeting of 26 October 2016 made a decisions relating to the 2017 bonus plan. Among others, this confirmed the quantitative and qualitative targets and objectives, and the way of determining the maximum amount of variable remuneration per Board member that may be paid out.

**As quoted from the Minutes:** *"Mr Peter Van Heukelom states that he has a conflict of interest relating to discussing this agenda item, and leaves the meeting for deliberations.*

*Mr Filip Van Zeebroeck and Mrs Valérie Jonkers leave the meeting during the deliberations.*

*The Board of Directors takes note of the memorandum.*

*The Board of Directors unanimously approves the memorandum subject to some minor changes. The slightly edited text of the bonus plan is attached to these Minutes."*

The meeting of the Board of Directors of 21 May 2016 made a resolution relating to an investment project in which Mr Dirk Van den Broeck, as a managing director, has a direct financial interest.

**As quoted from the Minutes:** *"Investment project Watermaal-Bosvoorde (Armonea) – (Appendix 7)*

*Prior to the discussion, Mr Dirk Van den Broeck stated he has a conflict of interest relating to this agenda item. Mr Dirk Van den Broeck consequently leaves the meeting prior to the relevant deliberations.*

*The Board of Directors is informed about the investment project Watermaal - Bosvoorde (Armonea).*

*The decision relating to this investment project is as follows:*

*"Advise in favour relating to input in kind for the residential care centre with service flats Terrasses du Bois at 1000 Brussels, Terhulpssteenweg 130, based on an investment value of the property (including the plot) of 33,975,104.00 euros.*

*Advice in favour of taking over the long-term lease agreement concluded with Home Sebrechts NV. The Board of Directors unanimously decides to approve the investment project and recommends starting up due diligence and further negotiations with the other party."*

In application of Article 8 of the RREC Decree, the Company wishes to add that it has sent out a press release on 17 February 2017, valid as a publication pursuant to Article 37 of the RREC legislation. The Company states that this transaction is of interest for the RREC, fits within the corporate strategy, and is executed under normal market conditions. The Company is not aware of any other potential conflicts of interest.

#### Conflict of interest related to the Management Committee (Article 523ter of the Belgian Company Code):

In application of the Article 524ter of the Belgian Company Code, the following conflicts of interest have been reported in 2016.

**Extract from the board minutes of the Management Committee meeting of 12 December 2016:**

"As chairman and secretary of the Management Committee, Mr Dirk Van den Broeck has sent me an email: "Hereby I declare to have a conflict of interest concerning the agenda item, on the agenda of the Management Committee meeting of 12 December 2016 in the sense of Article 524ter of the Belgian Company Code". It is related to the agenda item of Watermaal-Bosvoorde: preparation of the decision of the Board of Directors 21/12/2016. "Mr Dirk Van den Broeck leaves the meeting and no longer takes part when this item is being discussed.

The financial implications of this transaction are a strengthening of the equity with approximately €34 million through a contribution in kind. Care Property Invest is entitled to a ground rent of approximately €1.7 million. The Management Committee has decided to submit the investment dossier with a favourable opinion to the Board of Directors on 21/12/2016.

**4.10. Supervision of Care Property Invest share transactions**

Board of Directors set out its policy relating to market abuse and insider trading in the Corporate Governance Charter.

Mr Filip Van Zeebroeck, also the CFO and an effective manager since 1 July 2016, performs the independent compliance function. The Company prepared a Compliance function Charter setting out the purpose and process of the Compliance function in accordance with the FSMA circular. The Board of Directors, Management Committee and employees of the Company are aware of the content of this Charter.

The Compliance Officer monitors compliance with the bylaws and statements relating to transactions in Care Property Invest shares completed at personal accounts of the Directors and other Insiders in order to limit the risk of insider trading.

**5. Evaluation process**

Led by the Chairman, the Board of Directors evaluates its size, composition and operation, as well as the interaction with the Management Board, every two to three years. Prior to the reappointment of directors, the individual contribution, commitment and effectiveness of each director is evaluated in accordance with the evaluation process.

The evaluation process has four objectives:

- assessing the functioning of the Board of Directors;
- checking that important items of business are thoroughly prepared and discussed;
- evaluating the actual contribution of each director, his or her attendance of meetings of the Board and his or her constructive involvement in discussions and decision-making;
- examining whether the current composition of the Board of Directors corresponds to the desirable composition.

The non-executive directors should regularly (preferably once a year) assess their interaction with the Management Board. They must meet for this purpose at least once a year, in the absence of the Management Board members.

The contribution of each director is reviewed periodically - taking account of changing circumstances - in order to be able to adjust the composition of the Board of Directors.

The Board should act on the basis of the results of the evaluation by recognising its strengths and addressing its weaknesses. Where appropriate, this will mean that nominations are made for new members, proposals are made not to reappoint existing members or that measures are taken that are deemed to be conducive to the effective functioning of the Board of Directors.

The Board of Directors ensures that the necessary measures are taken to provide for orderly succession of the members of the Board of Directors. The Board also ensures that all appointments and reappointments of both executive and non-executive directors make it possible to maintain an appropriate balance of skills and experience on the Board.



## 6. Remuneration report

This remuneration report is in line with the provisions of the Code 2009 and Section 96 paragraph 3 of the Companies Code. The remuneration report is included as a specific component in the Corporate Governance Declaration, which is part of the annual report.

### 6.1. Principles of the policy

Care Property Invest is not legally required to establish a remuneration committee, since it does not comply with the criteria of Article 526<sup>quater</sup> §4 (of the Companies Code).

The Board of Directors determines the remuneration policy of the non-executive and executive directors (managing directors) and the other members of the Management Board. Nobody decides on his or her own remuneration.

The remuneration of directors is proposed to and then adopted by the General Meeting.

When determining the remuneration level of the managing directors and the other members of the Management Board, these do not participate in the deliberations and voting in the Board of Directors.

#### Remuneration of the directors

The performance of the Board's mandate is based on remuneration on a fixed, annual basis and an additional attendance allowance. This does not grant entitlement to performance-based remuneration, such as bonuses or long-term share-related incentive programmes, benefits in kind or benefits linked to pension plans.

Under Belgian law, each director's mandate may be terminated "ad nutum" (at any time) without any form of compensation.

During the 2016 financial year, the applicable remuneration policy was not changed.

#### Remuneration of the executive directors excepting the CEO

The executive directors (managing directors) with the exception of the managing director / CEO, receive the same remuneration for the performance of their mandate of managing director as the remuneration allocated to all directors by the General Meeting of Shareholders. The managing directors, with the exception of the CEO, therefore receive two remunerations: one allowance allocated by the General Meeting of Shareholders for their position as a director, and an allowance allocated by the Board of Directors as an allowance for their additional tasks as a member of the Management Board. This allowance is increased with an attendance allowance for each attendance to a Management Committee meeting and a fixed monthly representation allowance. Transportation expenses are reimbursed based on the statutory rate.

This does not grant entitlement to performance-based remuneration, such as bonuses or long-term share-related incentive programmes, benefits in kind or benefits linked to pension plans, nor is there any provision for severance pay.

#### Remuneration of de CEO, CFO and COO as the effective managers

The Board of Directors determines the remuneration of the CEO, CFO and COO for the performance of their respective offices.

##### - management contract concluded with the managing director - CEO

The managing director who is also the CEO receives a remuneration based on the specific conditions set out in the specific management contract (non-temporary), effective as per 1 January 2016. The CEO does not receive a separate allowance for the performance of his/her mandate as a director or as a managing director.

##### - management contracts concluded with the CFO and COO

Since 1 July 2016, both the CFO and COO receive remuneration in accordance with the management contracts adopted by the Board of Directors.

In order to align the interests of the CEO, CFO and the COO as effective leaders to those of the Company and its shareholders, a suitable part of the remuneration package is linked to the realisation of the targets and objectives as defined by the Board of Directors.

The Board of Directors regularly reviews the Company's remuneration policy in order to offer a competitive remuneration to the directors and effective managers, that allows to attract the desired profiles, motivate and retain them. The Board of Directors also adapts the remuneration policy to new strategic visions and operational improvements as well.

For the financial year 2017 the general meeting will be proposed to adapt the annual fixed remuneration for the directors, except for the Managing Director / CEO, who receives no separate remuneration for his mandate, from €7,000 to €8,750 and to grant a fixed fee to the chairman of €17,500. The allowance granted per meeting to the directors remains unchanged. For managing directors, excluding the CEO, the same remuneration fee for the execution of the mandate of managing director / member of the Management Committee will be granted as from 1 January 2017. Unless decided otherwise by the Board of Directors, the remuneration policy for directors will be maintained at the same level for the next two financial years.

Concerning the Effective Managers, the management contracts, concluded on 1 July 2016 with the COO and CFO, contain a run-in period during the 2016 financial year (1 July 2016 until and including 31 December 2016). Besides the indexation of the remuneration, the basic remuneration will be increased with 25% as from 1 January 2017, in order to continue to offer an appropriate and motivating competitive remuneration level. Unless decided otherwise by the Board of Directors, the remuneration policy for the CEO, CFO and COO will be maintained at the same level for the next two financial years.

The remuneration policy was applied as follows during the financial year 2016:

## 6.2. Remuneration of the directors

In accordance with the decisions of the ordinary general meetings of 18 May 2011, 21 May 2014 and 20 May 2015, the directors receive an annual fixed fee of €7,000 and an attendance allowance of €500 for each meeting of the Board of Directors. All fees constitute fixed remuneration and there is no provision for variable remuneration or for remuneration linked to shares.

The CEO receives no remuneration for his director's mandate within Care Property Invest. No remuneration is paid for the mandate of a director of a subsidiary of Care Property Invest.

In 2016, the Board of Directors convened 11 meetings.

For the 2016 financial year, the directors received a total amount of €119,500 for their participation in the Board of Directors. The allowances paid out to each director are set out in the table below, item '4.5. The presence of the members at meetings of the Board of Directors and the associated remunerat' on page 218

## 6.3. Remuneration of the effective managers

The remuneration policy of the managing directors, with the exception of the CEO, is applied as set out below:

The members of the Executive Board, excluding the CEO, receive a second annual payment of €7,000 as remuneration for their mandate as executive directors, supplemented by a fixed representation allowance of €150 per month. Until 30 June 2016, managing directors received an attendance allowance of €300 meeting attended. On the formation of the Management Committee on 1 July 2016, this attendance allowance was fixed at €500 for each meeting of the Management Committee in which they take part. Relocation costs are refunded at the statutory rate. All fees constitute fixed remuneration and there is no provision for variable remuneration or for remuneration linked to shares.

The remuneration level of the other effective managers, in particular the CEO and the other members of the Management Committee (CFO and COO) was adopted by the Board of Directors and is based on management contracts concluded as per 1 January and as per 1 July 2016, with supplementary provisions at the Board of Directors' discretion.

These contain the following principles:

### 6.3.1. REMUNERATION OF THE MANAGING DIRECTOR / CEO:

The effective date of the non-temporary management contract concluded with Mr Peter Van Heukelom, managing director/CEO, is 1 January 2016. It sets out an indexed annual gross basic allowance, payable in monthly instalments, a representation allowance and a variable director's remuneration in the form of a year-end bonus. This bonus concerns the financial year 2015 and is based on 0.5% of the Company's EPRA result (net result corrected for non-cash elements, such as depreciations, revaluations etc. This bonus was paid out in June 2016 upon adoption of the annual financial statements by the ordinary general meeting of shareholders of May 2016 and after a positive evaluation by the Board of Directors.

Furthermore, the remuneration includes a pension plan in the form of group insurance with a monthly defined contribution and sadditional coverage (for an annual amount of €120,000) and other components of remuneration (hospitalisation insurance, benefits in kind associated with the use of a company car, mobile telephone, laptop and meal vouchers).

The variable remuneration for the financial year 2016, to be paid out in 2017, will consist of an amount equal to maximum 15% of the fixed remuneration (basic allowance + pension plan contribution + expense allowances). The amount to be paid out is subject to the overall score issued by the Board of Directors based on quantitative and qualitative targets and objective set out by the Board of Directors. The payment modalities can be determined as follows: cash payment, acceptance in the pension plan, warrants or share options, or payments in the form of shares in Care Property Invest.

The following criteria are considered in the Board of Directors' evaluation:

1. Quantitative targets concerning adding new project developments / investments in the reference period, representing a pre-determined total annual value in ground rent and/or lease income.
2. Qualitative objectives: quality of the HR management (team spirit, organisation, performance, employee satisfaction, etc.); the quality of the communication with the Board of Directors; the quality of the investment projects.

The Board of Directors evaluates the CEO's performance and determines the final amount of the variable remuneration to be allocated. No provision is made for the Company to recover variable remuneration allocated on the basis of any inaccurate financial data.

### Contractual provisions in the management contracts concerning dismissal and severance pay:

Contractual provisions in the management contract with the managing director / CEO concerning dismissal and severance pay set out the following:

- If one of the parties terminates the contract, this is subject to a 12-month period notice which starts on the first day of the month following the notice of termination. The Company may terminate the contract with immediate effect at any time, replacing some or all of the notice period with payment of a fee based on the basic allowance or the period corresponding with the remaining duration of the relevant notice period. Care Property Invest reserves the right to unilaterally terminate the contract without being subject to a notice period and without being liable for any severance pay if Mr Peter Van Heukelom:

- is unable to efficiently perform the task he was entrusted with for a total period of 12 weeks within any six-month period;
- is prohibited, or will be prohibited, the performance of the task he was entrusted with;
- is guilty of a material error or gross negligence relating to his obligations toward the Company or toward a client of the Company (whether pursuant to the Contract or otherwise), or refuses or omits compliance with the relevant requirements that apply in the context of regular performance of the contract; or
- is gaining or has gained such a reputation due to his behaviour or conduct towards third parties - among others in the context of criminal and penalised actions - that he no longer can be expected to represent the Company.

### 6.3.2. REMUNERATION OF THE CFO AND COO:

The effective date of the non-temporary management contract concluded with Mr Filip Van Zeebroeck, CFO, and Mrs Valérie Jonkers, COO, is 1 July 2016 (upon establishing the Management Committee). It sets out an indexed annual gross basic allowance, payable in monthly instalments and subject to annual review by the Board of Directors, a representation allowance and a variable director's remuneration in the form of a year-end bonus subject to the condition of achieving the pre-determined objectives/ targets. Furthermore, the allowance includes an insurance policy 'Individual Pension Commitment' with certain contributions and supplementary cover (a total amount of € 5,982,07 for the CFO and COO), and other remuneration components (hospitalisation insurance, benefits in kind associated with the use of a company car, mobile telephone, laptop and meal vouchers).

The variable remuneration for the financial year 2016, to be paid out in 2017, will consist of an amount equal to maximum 15% of the fixed remuneration (basic allowance + pension plan contribution + expense allowances). The amount to be paid out is subject to the overall score issued by the Board of Directors based on quantitative and qualitative targets and objective set out by the Board of Directors. The payment modalities can be determined as follows: cash payment, acceptance in the pension plan, warrants or share options, or payments in the form of shares in Care Property Invest. The extent to which the quantitative targets were realised is audited based on the accounting and financial data analysed by the Board of Directors.

The following criteria are considered in the Board of Directors' evaluation,

1. Quantitative targets concerning adding new project developments / investments in the reference period, representing a pre-determined total annual value in ground rent and/or lease income.
2. Qualitative objectives: quality of the HR management (team spirit, organisation, performance, employee satisfaction, etc.); the quality of the communication with the Board of Directors; quality of the investment projects.

The Board of Directors evaluates the CFO's and COO's performance and determines the final amount of the variable remuneration to be allocated. No provision is made for the Company to recover variable remuneration allocated on the basis of any inaccurate financial data.

### Total gross remuneration of the effective managers in the financial year 2016.

Amounts shown in euros.

	Peter Van Heukelom, managing director / CEO	Other members of the Management Committee (*)	Total
Fixed basic allowance (management contract or decision Board of Directors)	229,936.00	(**)171.726,47	401,662.47
Allowance for attendance of meetings of the Management Committee / Management Committee by the managing directors.	-	12,900.00	12,900.00
Representation allowance and travel expenses	3,000.00	(***)9,726.59	12,726.59
Pension fund ,	120,000.00	5,982.07	125,982.07
Variable allowance (relating to the financial year 2015)	39,206.75	n/a	39,206.75
Benefits in kind	5,662.64	3,448.38	9,111.02
<b>Total</b>	<b>397,805.39</b>	<b>203,783.51</b>	<b>601,588.90</b>
Pm. severance payment (****)	352,936	357,435	710,371

\* the overall remuneration of the CFO and COO is set out for the period from their membership of the Management Committee (from 1/7/2016 up to and including 31/12/2016).

\*\* including the fixed allowance in the financial year 2016 for the performance of the office of managing directors (Mr Willy Pintens and Mr Dirk Van den Broeck) as determined by the Board of Directors.

\*\*\* including the fixed representation allowance + mobility allowance in the financial year 2016 for fulfilment of the office of Managing Director (Mr Willy Pintens and Mr Dirk Van den Broeck) as determined by the Board of Directors ( In 2016, they have attended 10 meetings of the Board of Directors as Managing Director; the .meetings of the Management Committee/ Management Board have been attended 19 times by Willy Pintens and 14 times by Dirk Van den Broeck).

\*\*\*\* Information provided only for illustrative purposes. The Company may either make the CEO, CFO and COO perform a notice period of 12 months or pay them a severance payment, equal to the annual remuneration of the Effective Manager. Based on management agreements with the CFO and the COO, a notice period of 18 months or a severance payment (€ 536,152.50) will apply in the event of a change of control over the Company.

### Contractual provisions in the management contracts concerning resignation and severance pay:

The management contracts concluded with the CFO and COO relating to their office as members of the Management Committee set out the following contractual provisions relating to termination and severance pay:

The Company may at any time terminate the office, subject to a 12-month notice period or payment of a corresponding penalty equal to the annual allowance as set out in the agreement.

- In the event where the member of the Management Committee wishes to terminated his/her mandate, termination is subject to a 12-month cancellation period, subject to the Company's approval of early termination.
- In the event of gross negligence of the either a member of the Management Committee or the Company, the mandate may be terminated with immediate effect without any reminders and without any notice of default. This does not affect the right to claim compensation.
- Furthermore, in derogation of the above provision, the Company may terminate the office of the Board of Directors member without being subject to any notice period and/or payment of the fees set out in the 'Defined Suspension Contract, if one of the Management Committee:

During a consecutive period of 3 months, for whichever reason, excepting in the event of illness or accident, cannot efficiently perform the office of member of the Management Committee;

During a consecutive period of 6 months, for whichever reason, pursuant to illness or accident (other than pregnancy) cannot efficiently perform the office of member of the Management Committee;

- is guilty of a material error or gross negligence relating to his/her obligations toward the Company or toward a client of the Company (whether pursuant to the Contract or otherwise), or refuses or omits compliance with the relevant requirements that apply in the context of regular performance of the contract governing the office of Member of the Management Committee; or
- is gaining or has gained such a reputation due to his/her behaviour or conduct towards third parties - among others in the context of criminal and penalised actions - that he/she no longer can be expected to represent the Company.
- In the event of termination due to control of the Company changing hands, the Company may at any time terminate the office, subject to an 18-month notice period or payment of a corresponding penalty, converted to 18 months and equal to the annual allowance as set out in the agreement. This severance pay is set out in the management contracts that were concluded with the CRO and COO in 2016 and are in accordance with current market conditions. In accordance with Article 9 of the Act of 6 April 2010 relating to amendment of the Companies Code, this severance pay is not subject to the General Meeting of Shareholders' approval.

## 7. Other relevant parties

### 7.1 The auditor

The audit of the financial situation, the financial statements and the regularity in terms of the Belgian Corporate Code and the Articles of Association of the operations of the Company, shall be entrusted to one or more statutory auditors appointed by the auditors or firms of auditors approved by the FSMA in compliance with Article 52 of the Law of 22 March 1993 concerning the Articles of Association and supervision of credit institutions.

The General Meeting of 18 May 2016 reappointed the civil cooperative company with limited liability (CVBA) PwC Bedrijfsrevisoren, with registered offices at Woluwedal 18, 1932 Sint-Stevens-Woluwe, as its auditors, for a term of three years. This company designated Mr Damien Walgrave, auditor, as the representative authorized to represent it and charged with exercising the mandate in the name and on behalf of the CVBA PwC Bedrijfsrevisoren. The mandate expires after the general meeting of shareholders convened to adopt the annual financial statements as at 31 December 2018.

The auditor fee for the financial year 2016 amounts to €48,000.00 exclusive of VAT, and is specified as follows:

remuneration for the mandate of the financial year 2016:	€ 30,000.00
statutory engagement subsidiaries:	€ 18,000.00

### 7.2 Internal audit

The internal audit function, within the meaning of Article 17 §3 of the RREC Act, is fulfilled by an external consultant (also referred to as an "external internal auditor"). This auditor is appointed based on a contract 'relating to outsourcing the internal audit function' with a temporary contract period.

Mazars Bedrijfsrevisoren burg. CVBA, represented by Mr Anton Nuttens, Berchemstadionstraat 78, 2600 Antwerp, was appointed for a period of 3 years. The contract will expire on 9 September 2017. The fee paid in 2016 for this auditing contract amounted to €13,300.18, exclusive of VAT.

### 7.3 Real estate expert

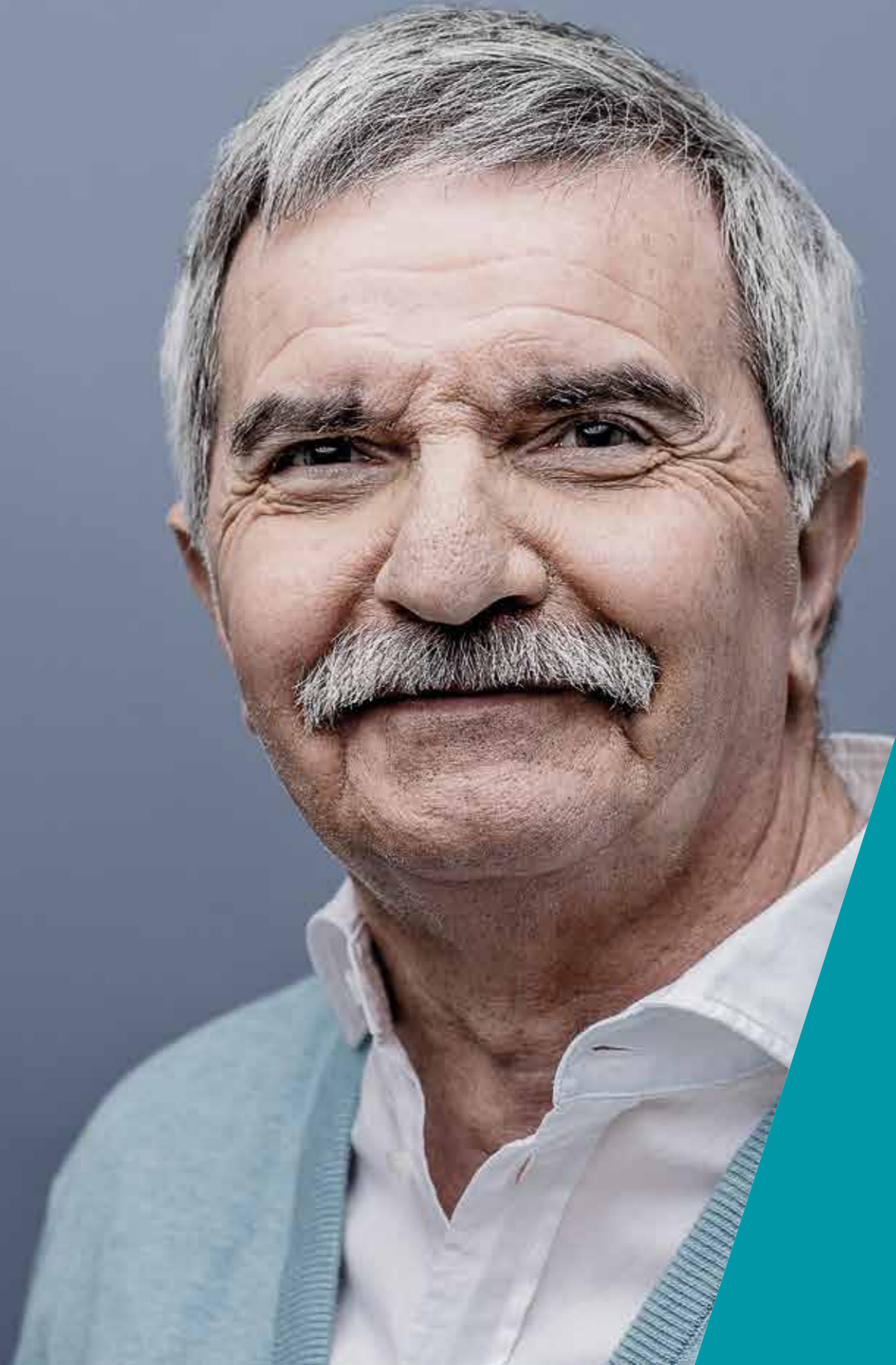
The Company appoints a real estate expert to value the property portfolio based on a temporary contract. The real estate expert Stadim CVBA, represented by Philippe Janssens, was appointed for a period of three years with effect from 1 January 2014.

The fee is determined according to the nature of the property to be valued (nursing home or assisted living accommodation), the number of units and the valuation method (full report on initial valuation or quarterly valuation). The fee is therefore independent of the fair value of the property.

The fee for the valuations of the property portfolio in the financial year 2016 amounts to €19,796.00 and is determined as follows.

<b>assisted living apartments</b>	€75 per unit first entry €1,250.00
<b>residential care centres</b>	€81.50 per unit €40.70 per unit above 40 residential units first entry at 30% with a minimum of €1,527.00 final entry at 50% with a minimum of €1,018.00 projects in project phases at 75%.





X. Permanent document

## IX. Permanent document

### 1. General information

#### 1.1 Company name (*Article 1 of the Articles of Association*)

The Company has the status of a public limited liability company. It is subject to the statutory system of public regulated real estate companies, legally abbreviated to "public RREC". It bears the name "CARE PROPERTY INVEST", abbreviated to "CP Invest".

The corporate name of the Company and all of the documents that it produces (including all deeds and invoices) contain the words "public regulated real estate company" or are immediately followed by these words. The company name must always be preceded or followed by the words "public limited liability company" or the abbreviation "nv".

The Company raises its financial resources, in Belgium or elsewhere, through a public offering of shares, and thus makes a public demand on the savings system within the meaning of Article 438(1) of the Companies Code. The Company's shares have been admitted for trading on a regulated market, Euronext Brussels.

The Company is subject to the regulations currently applicable to RRECs and in particular to the provisions of the Law of 12 May 2014 concerning regulated real estate companies (the "RREC Law") and the Royal Decree of 13 July 2014 with respect to regulated real estate companies (the "RREC Decree").

The Company is also subject to Article 2.7.6.0.1 of the Flemish Tax Code (VCF) in respect of exemption from inheritance rights pertaining to the social rights in companies incorporated within the framework of the realisation and/or financing of investment programmes for service flats, as amended from time to time.

#### 1.2 Registered office location

With effect from 12 January 2015, the Company's registered office is located at Horstebaan 3, 2900 Schoten and it can be contacted by telephone on the number +32 3 2229494, by fax on the number +32 3 2229495 or by e-mail at the address info@carepropertyinvest.be.

The Board of Directors may relocate the company to any other location in the Flemish Region. It must arrange for the publication of any change in the registered office of the Company in the Annexes to the Belgian Official Gazette.

The Board of Directors is also authorised to establish offices, registered business offices, branches and subsidiaries in Belgium and abroad.

#### 1.3 Incorporation and notification

The public limited liability company Care Property Invest was incorporated on 30 October 1995 under the name "Serviceflats Invest" pursuant to a deed executed before notary Jan Boeykens in Antwerp and published in the Annexes to the Belgian Official Gazette of 21 November 1995 under number 1995-11-21/176.

#### 1.4 Registration number

The Company is registered in the Trade Register (RPR) of Antwerp (Antwerp branch) under number 0456.378.070.

#### 1.5 Purpose (*Article 3 of the Articles of Association*)

The sole objects of the Company are, (a) to make real estate available to users directly or through a company in which they have a shareholding, in accordance with the provisions of the RREC Law and its implementing decisions and regulations; and (b) to own real estate within the limits of the RREC Law, as stated in Article 2, 5°, vi to x of the RREC Law. Real estate is defined as real estate within the meaning of the RREC Law, as well as all other property, shares or rights defined as real estate by regulations applicable to regulated real estate companies.

The activity, as described in the preceding paragraphs, must relate to the financing and realisation of (i) with regard to the Flemish Region, only projects concerning (a) the realisation of service flats as referred to in Article 88, §5, of the Residential Care Decree of 13 March 2009 (as amended from time to time) or (b) real estate for facilities in relation to the Residential Care Decree of 13 March 2009, or (c) real estate for persons with disabilities, (ii) with regard to the European Economic Area, with the exception of the Flemish Region, projects equivalent to the projects referred to in (i) or (iii) other projects which are approved from time to time under the applicable legislation on exemption from inheritance tax, without withdrawal of recognition under that legislation (hereinafter jointly referred to as "Projects").

In the context of the provision of real estate, the Company may, in accordance with regulations applicable to RRECs and within the aforementioned limits, perform all activities related to the establishment, construction (without prejudice to the prohibition to act as a property developer, except in the case of occasional transactions), refurbishment, renovation, furnishing and fitting, development, acquisition, disposition, lease, sublease, exchange, contribution, transfer, parcelling, placement under a system of co-ownership or joint ownership of real estate as described above, the provision or acquisition of building rights, usufruct, leasehold or other real or personal rights to real estate as described above, the management and operation of real estate. The Company may, in accordance with the regulations applicable to RRECs and within the aforementioned limits:

- act as the lessee for real estate, with or without a purchase option;
- as a principal or secondary activity, lease real estate, with or without granting a purchase option, (with the proviso that leasing real estate with a purchase option may only be the main activity in cases as referred to in and subject to compliance with the provisions of Article 17(3) of the RREC Decree); and
- develop activities within the framework of public-private partnerships, transferred to an institutional RREC or otherwise;
- in a secondary or temporary capacity, invest in securities which are not property securities within the meaning of the regulations applicable to RRECS. These investments will be carried out in accordance with the risk management policy adopted by the Company and will be diversified so that they ensure adequate risk diversification. The Company may also own unallocated cash and cash equivalents. The cash assets may be held in any currency, in the form of deposits on demand or term deposits, or any readily available monetary instrument;
- provide mortgages or other securities, or issue guarantees in the context of the funding of the real estate activities of the company or its group, within the limits of the regulations applicable to RRECs;
- grant credit, within the limits of the legislation applicable to RRECs;
- conduct transactions in permitted hedging instruments (as defined in the regulations applicable to RRECs), where such operations form part of a policy adopted by the company to cover financial risks, with the exception of speculative transactions.

The Company shall, in compliance with the regulations applicable to RRECs, within the above limits, carry out all immovable, movable, financial, commercial and industrial actions which are directly or indirectly related to its objects or of a basic nature to pursue their realisation or to facilitate this, both domestically and abroad.

In compliance with the regulations applicable to RRECs, and within the above limits, the Company may acquire, by means of contribution in cash or in kind, merger, de-merger or other corporate law restructuring, subscription, participation, financial intervention or otherwise, a share in any existing or future companies or businesses in Belgium or abroad, whose objects are identical, similar or related to its own, or of a nature as to pursue or promote the objects of the Company.

### **1.6 Duration (*Article 5 of the Articles of Association*)**

The Company is established for an indefinite period and commences operations on the date of its formation. It can be dissolved by a decision of the General Meeting, deliberating in accordance with the conditions and forms required for an amendment of the Articles of Association.

### **1.7 Financial year (*Article 41 of the Articles of Association*)**

The financial year commences on the first of January and ends on the thirty-first of December of each year. At the end of each financial year, the Board of Directors prepares an inventory and the financial statements. The directors also draw up a report in which they account for their running of the Company. This report contains a commentary on the financial statements, which includes a fair overview of the state of affairs and the position of the company. This report also contains the information required by the Companies Code, including a corporate governance statement, which forms a specific part of it. This corporate governance statement also contains the remuneration report, which forms a specific part of it. As soon as the notice convening the meeting has been published, the shareholders may examine the financial statements and other documents referred to in the Companies Code (except for the first financial year, which ran from 30.10.1995 to 31.12.1996).

### **1.8 General Meeting**

In accordance with Article 32 of the coordinated Articles of Association, the Ordinary General Meeting is convened on the third Wednesday of May.

### **1.9 Accredited auditor**

In accordance with Article 29 of the Articles of Association, the General Meeting of 18 May 2016 reappointed bcvba PwC Bedrijfsrevisoren, with registered offices at Woluwedal 18, 1932 Sint-Stevens-Woluwe, as the statutory auditor for a term of three years. Mr Damien Walgrave, accredited auditor (A02037), was designated as the representative authorised to represent that company and charged with the exercise of the mandate in the name and on behalf of the bcvba. The mandate expires after the Ordinary General Meeting of Shareholders convened to adopt the financial statements as at 31 December 2018.

### **1.10 Internal audit**

Mazars Bedrijfsrevisoren, represented by Mr Anton Nuttens. The mandate was renewed by the Board of Directors for a period of three years with effect from 7 September 2014.

### **1.11 Real estate expert**

Pursuant to the RREC Law and RREC Royal Decree, the Company's real estate must be valued by a recognised, independent real estate expert. This expert must determine the "fair value" of the buildings, which is included in the financial statements of the Company. The Company uses the services of Stadim SCRL, represented by Mr Philippe Janssens, for this purpose. The fees of the real estate expert are independent of the fair value of the property to be appraised. The agreement with Stadim has been contracted until the end of the 2016 financial year.

#### **Valuation method**

The following approach is used for the purpose of the appraisal:

- First, the capitalisation of the commercial rental value, with an adjustment for both revenue fluctuations in relation to this market reference and other charges or costs that must be incurred for the continued operation of real estate.
- Alternatively, a detailed calculation of the present value of the financial flows based on explicit assumptions of future developments in this revenue and the final value. In this case, the discount rate takes into account the financial interest rates in the capital markets, plus a specific risk premium for real estate investments. Interest rate fluctuations and inflation prospects will be taken into account in the evaluation, in a conservative manner.
- These evaluations are also assessed in terms of the unit prices quoted on the sale of similar buildings, after which a correction will be applied to take account of any differences between these reference properties and the properties in question.
- The development projects (construction, renovation or extension work) are valued by deducting the costs of the project on completion from its estimated value, as determined by applying the above estimates. The costs of the study phase of the construction, renovation or extension works are stated at the acquisition cost.

### **1.12 Financial services**

Belfius Bank, BNP Paribas Fortis, KBC Bank, Bank Degroof Petercam and VDK Spaarbank.

### **1.13 Stock market quotation**

Euronext Brussels - Industry Classification Benchmark - 8673 Residential REITs.

Care Property Invest has been included in the Euronext Brussels' BEL Mid index as from 19 December 2016. ISIN code: BE0974273055. Care Property Invest's LEI number is 54930096UUTCOUQCQDU64.

### 1.14 Public information

The necessary information concerning the Company is made available to the public to ensure the transparency, integrity and proper functioning of the market, as required by the Royal Decree of 14 November 2007 concerning the obligations of issuers of financial instruments admitted for trading on a regulated market. The required information is distributed and stored in accordance with this Royal Decree via the Company's website (at [www.carepropertyinvest.be](http://www.carepropertyinvest.be)), as well as in accordance with FSMA Circular/2012\_01 dated 11 January 2012. In accordance with the aforementioned Royal Decree, the Board of Directors must ensure that the information provided is reliable, accurate and fair, and that it enables the shareholders and the public to assess the influence of the information on the position, business and results of the Company. The convening of General Meetings is published in the Belgian Official Gazette, in a financial newspaper and will also be announced via the Belga press agency and on the Company's website ([www.carepropertyinvest.be](http://www.carepropertyinvest.be)), in accordance with the Companies Code.

Any interested party can register free of charge on the Company's website in order to receive press releases by e-mail.

The decisions on appointments and dismissals of members of the Board of Directors and the statutory auditor are published in the Annexes to the Belgian Official Gazette.

The financial statements are filed with the National Bank of Belgium.

The annual and half-yearly financial reports are sent to the registered shareholders and to any other persons on request. These reports, the Company's press releases, annual information, publications concerning the payment of dividends, all information subject to mandatory disclosure, as well as the company's Articles of Association and the Corporate Governance Charter, are available on the Company's website at [www.carepropertyinvest.be](http://www.carepropertyinvest.be). Certain relevant articles of law, royal decrees and decisions applicable to Care Property Invest are posted on the website purely for information purposes and can be viewed there.

### 1.15 Analysts

Care Property Invest is monitored by:

- Bank Degroof Petercam  
Sandra Aznar y Gil  
+32 2 229 62 08  
[s.aznar@degroofpetercam.com](mailto:s.aznar@degroofpetercam.com)  
Herman van der Loos  
+32 2 229 63 40  
[h.vanderloos@degroofpetercam.com](mailto:h.vanderloos@degroofpetercam.com)
- KBC Securities  
Koen Overlaet-Michiels  
+32 2 429 37 21  
[koen.overlaet-michiels@kbcsecurities.be](mailto:koen.overlaet-michiels@kbcsecurities.be)
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[Wim.Lewi@ValueScan.be](mailto:Wim.Lewi@ValueScan.be)
- Flemish Federation of Investors  
Gert De Measure  
+32 2 253 14 75  
[gert.de.measure@skynet.be](mailto:gert.de.measure@skynet.be)

### 1.16 Investor profile

Taking account of the legal regime of the RREC in general and that for residential RRECs in particular, Care Property Invest shares could form an attractive investment for both private and institutional investors.

### 1.17 Information regarding the annual financial report 2014 and 2015

- Statutory accounts 2014: page 75 until page 129 of the annual financial report 2014.
- The board of directors' report on 2014: page 29 until page 48 of the annual financial report 2014.
- The auditor's report on 2014: page 130 until page 132 of the annual financial report 2014.
- The consolidated annual accounts 2015: page 85 until page 135 of the annual financial report 2015.
- The abridged statutory accounts 2015: page 138 until page 145 of the annual financial report 2015.
- The board of directors' report 2015: page 33 until page 52 of the annual financial report 2015.
- The auditor's report 2015: page 136 until page 137 of the annual financial report 2015.

This information may be viewed at the head office or on the website ([www.carepropertyinvest.be](http://www.carepropertyinvest.be)) of Care Property Invest.

### 1.18 Significant change in the financial or commercial position

The Company's financial or commercial position has not altered significantly since the end of the previous financial year for which the audited annual financial statements or interim financial statements have been published.

### 1.19 Change in the rights of shareholders

Pursuant to Articles 558 and 560 of the Companies Code, the rights of shareholders may only be changed by an Extraordinary General Meeting. The document containing the information on the rights of shareholders referred to in Articles 533ter and 540 of the Companies Code can be viewed on the website ([www.carepropertyinvest.be](http://www.carepropertyinvest.be)) of Care Property Invest. (Care Property Invest - Investments – Shareholders' rights)

### 1.20 Strategy or information on governmental, economic, budgetary, monetary or political policies or factors that have or may have a direct or indirect material impact on the activities of Care Property Invest

See chapter I "Main risks" on page 8 of the Annual Financial Report.



### 1.21 History and evolution of the company - important events in the development of the activities of Care Property Invest

The history of Care Property Invest is marked by its IPO on 7 February 1996 (see chapter 'V. Care Property Invest on the stock market' on page 86 and onwards) which led to the creation of a portfolio of real estate investments of almost 2,000 service flats.

Following the (quasi-)completion of the investment programme, the Company underwent a restart. This included a name change, a share split and the broadening of the Company's objectives according to its Articles of Association. Since 2013, Care Property Invest has been able to invest in all forms of housing referred to in the Residential Care Decree (residential care and service centres, groups of assisted living residences, day care centres etc.) and all forms of housing for people with disabilities, in the Flemish, Walloon and Brussels-Capital Regions and throughout the European Economic Area.

Since 25 November 2014, Care Property Invest has held the status of a public regulated real estate company (public RREC) under Belgian law.

In 2015, thanks to a successful capital increase whereby gross proceeds of approximately €38 million were collected, Care Property Invest was able to expand with seven new investments for a total value of approximately €74 million.

On 15 March 2017, Care Property Invest was able to reinforce its equity again with approximately €33.5 million with the acquisition of the project Watermaal-Bosvoorde through a contribution in kind in the Company's equity.

### 1.22 Voting rights of the main shareholders

The main shareholders of Care Property Invest do not have voting rights other than those arising from their participation in the share capital (within the meaning of Section 18.2 of Annex I of Regulation (EC) No. 809/2004).

## 2. Persons responsible for the information contained in the registration document

### (Annex I of Regulation (EC) No. 809/2004)

Messrs Peter VAN HEUKELOM, Willy PINTENS and Dirk VAN DEN BROECK, Managing Directors declare that, having taken all reasonable measures to ensure this and to the best of their knowledge, the information in the registration documents is consistent with the facts and no information has been omitted which could alter the purport of the registration document.

## 3. Other declarations

### 3.1 Persons responsible (Royal Decree 14 November 2007)

Peter VAN HEUKELOM, Willy PINTENS and Dirk VAN DEN BROECK, Managing Directors, hereby declare that, to the best of their knowledge, the financial statements which were prepared in accordance with the applicable accounting standards for financial statements, present a true and fair view of the assets, the financial position and the results of the Company and that this report includes a fair review of the development, performance and position of the Company and the undertakings included in the consolidation, as well as a description of the principal risks and uncertainties facing the Company and the undertakings included in the consolidation.

### 3.2 Third party information

Care Property Invest declares that the information provided by the experts and the recognised statutory auditor has been faithfully reproduced and is included with their permission. As far as Care Property Invest is aware and has been able to ascertain from information published by the third party concerned, no facts have been omitted that result in any error or misstatement in the information presented. This relates in particular to the explanation 'The market for housing for the elderly' on page 106 drawn up by and included in this annual financial report in Chapter "VII. Real estate report" with permission of the real estate expert Stadim SCRL, '8. Report of the real estate expert' on page 129 in Chapter "VII. Real estate report" and the auditor's report on the consolidated financial statements on page 192 in Chapter "VIII. Financial statements".

### 3.3 Statements relating to the future

This annual report contains statements relating to the future. Such statements are based on estimates and forecasts of the Company and naturally contain unknown risks, uncertain elements and other factors that could lead to material differences in the results, the financial position, the performance and the presentations from those expressed or implied in these forward-looking statements. Given these uncertainties, the statements relating to the future do not entail any guarantees whatsoever.

### 3.4 Litigation and arbitration proceedings

The Care Property Invest Board of Directors declares that no government intervention, litigation or arbitration proceedings are pending that could have a relevant impact on the financial position or profitability of Care Property Invest and that, to the best of its knowledge, there are no facts or circumstances that could give rise to such government intervention, litigation or arbitration proceedings.

### 3.5 Statements concerning the directors (Annex I of Regulation (EC) No. 809/2004)

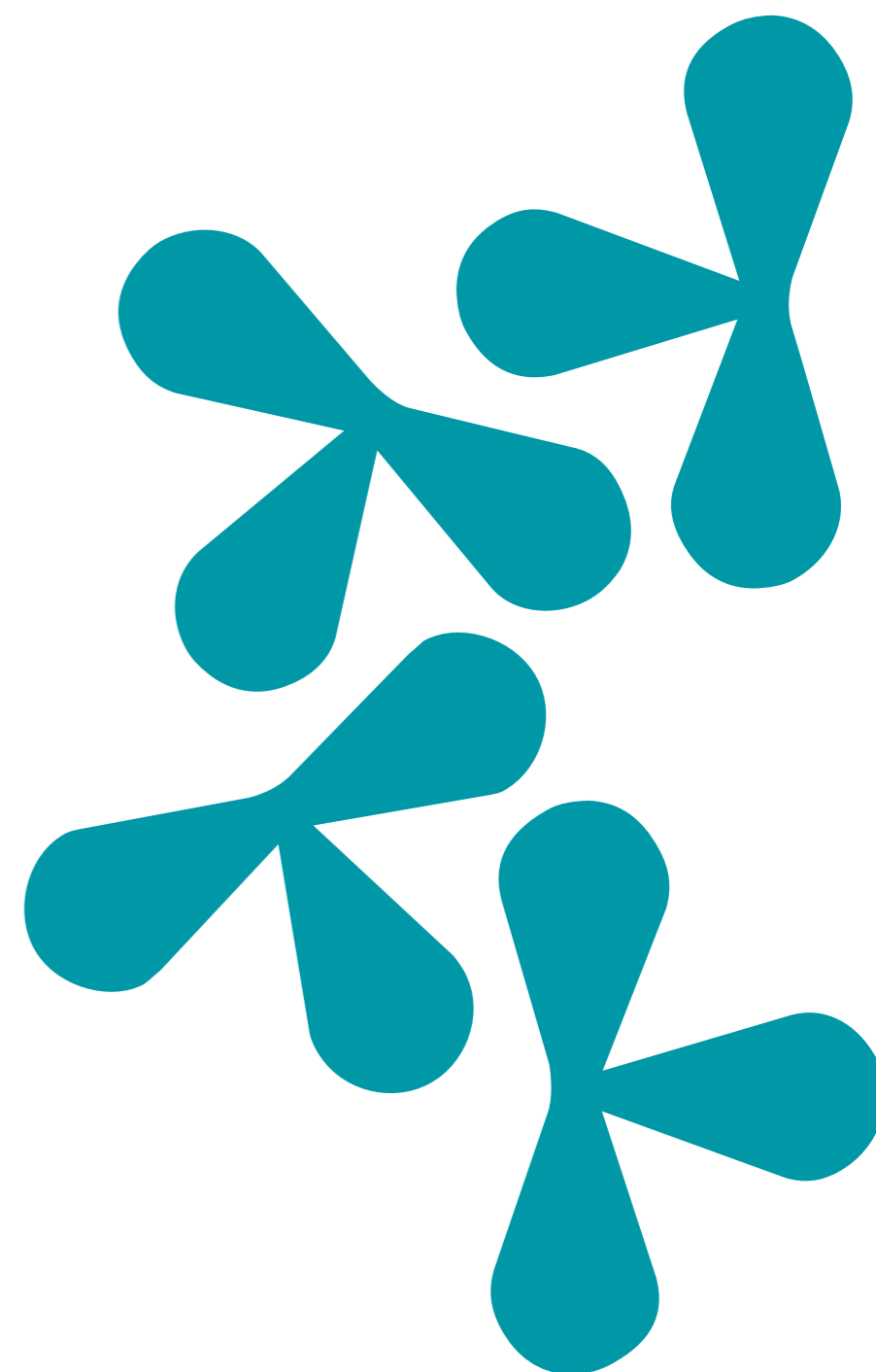
The Board of Directors of Care Property Invest declares that, to the best of its knowledge:

- none of its directors have been convicted of fraud in the past five years, no official charge and/or public sanction has been pronounced and no sanctions have been imposed by an authority registered by statute or regulatory authority (including professional associations);
- none of its directors have been prohibited by a court in the past five years from serving as a member of an administrative, management or supervisory body of an issuer or from involvement in the management or administration of the affairs of an issuer;
- none of its directors has been involved in a bankruptcy, sequestration or liquidation in the past five years;
- no employment contract has been concluded with the directors providing for the payment of compensation on termination of the contract.
- the following directors hold Care Property Invest shares: Willy Pintens, Peter Van Heukelom, Mark Suykens and Dirk Van den Broeck (since 15 March 2017);
- to date, Care Property Invest has not granted any options on the shares of Care Property Invest;
- there are no family relationships between the directors.

## 4. History of the share capital

Amounts shown in euros.

Date	Nature of the operation	Amount of the share capital (in euros)	Number of shares (without par value)
30 October 1995	Initial capital through cash contributions on incorporation from ASLK Bank, BACOB Bank, Gemeentekrediet, Kredietbank, Petercam and GIMV, (share capital on incorporation through contributions in cash)	1,249,383.36	210
		<b>1,249,383.36</b>	<b>210</b>
7 February 1996	Capital increase through contribution in cash	59,494,445.95	10,000
		<b>60,743,829.31</b>	<b>10,210</b>
16 May 2001	Reserve incorporation in the capital	565.69	10,210
		<b>60,744,395.00</b>	<b>10,210</b>
19 February 2004	Conversion of 60 special shares in the name of GIMV into ordinary shares		
24 March 2014	Division of the number of shares by 1,000		10,210,000
		<b>60,744,395.00</b>	<b>10,210,000</b>
20 June 2014	Capital increase through contribution in kind in relation to stock dividend	1,191,440.24	149,425
		<b>61,633,399.04</b>	<b>10,359,425</b>
22 June 2015	Capital increase in cash with irrevocable allocation right	16,809,092.61	2,825,295
		<b>78,442,491.65</b>	<b>13,184,720</b>
15 March 2017	Capital increase through contribution in kind	10,971,829.93	1,844,160
		<b>89,414,321.58</b>	<b>15,028,880</b>



## 5. Coordinated articles of association

### COMPANY HISTORY

The company was incorporated by deed executed before the undersigned civil-law notary Jan Boeykens on 30 October 1995, published in the Annexes to the Belgian Official Gazette of 21 November 1995 under number 19951121/176.

The Articles of Association were amended by deeds executed before the aforementioned civil-law notary Jan Boeykens on:

- 30 October 1995, published in the Annex to the Belgian Official Gazette of 24 November 1995 under number 19951124/208.
- 7 February 1996, published in the Annex to the Belgian Official Gazette of 19 March 1996 under number 19960319/128.
- 9 June 1999, published in the Annex to the Belgian Official Gazette of 16 July 1999 under number 19990716/228.

The capital was adjusted and converted into euros by a resolution of the general meeting dated 16 May 2001, published in the Annex to the Belgian Official Gazette of 17 August 2001 under number 20010817/309.

The Articles of Association were subsequently amended by deeds executed before the aforementioned civil-law notary on:

- 28 January 2004, published in the Annex to the Belgian Official Gazette of 16 February 2004 under number 20040216/0025164.
  - 7 November 2007, published in the Annex to the Belgian Official Gazette of 7 December 2007 under number 20071207/0176419.
  - 27 June 2012, published in the Annex to the Belgian Official Gazette of 17 July 2012 under number 20120717/0125724.
  - 26 June 2013, published in the Annex to the Belgian Official Gazette of 19 July 2013 under number 20130719/0112410.
  - 19 March 2014, published in the Annex to the Belgian Official Gazette of 16 April 2014 under number 20140416/0082192.
- The Articles of Association were subsequently amended by deed executed before civil-law notary Alvin Wittens in Wijnegem on:
- 20 June 2014, published in the Annex to the Belgian Official Gazette of 15 July 2014 under number 20140715/0136439.
  - 25 November 2014, published in the Annex to the Belgian Official Gazette of 16 December 2014 under number 20141216/0233120.
  - 22 June 2015, published in the Annex to the Belgian Official Gazette of 17 July 2015 under number 20150717/0103638.
  - 22 June 2016, published in the Annex to the Belgian Official Gazette of 14 July 2016 under number 20160714/0098793.

### COORDINATED TEXT OF THE ARTICLES OF ASSOCIATION AS AT 15 MARCH 2017

Where these Articles of Association refer to "the regulations applicable to the regulated real estate company" this shall mean "the regulations applicable to the regulated real estate company at any time".

### TITLE I - STATUS - NAME - REGISTERED OFFICE - PURPOSE - INVESTMENT POLICY - DURATION

#### ARTICLE 1 - STATUS AND NAME

The Company has the status of a public limited liability company (société anonyme/naamloze vennootschap).

It is subject to the statutory system for public regulated real estate companies, which is called "public RREC" or "PRREC". It bears the name "CARE PROPERTY INVEST", abbreviated as "CP Invest". The Company name and all of the documents that it produces (including all deeds and invoices) contain the words "Openbare geregementeerde vastgoedvennootschap naar Belgisch recht" ("Public regulated real estate company under Belgian law") or "OGVV naar Belgisch recht" ("PRREC under Belgian law") or are immediately followed by these words.

The Company name must always be preceded or followed by the words "naamloze vennootschap" ("public limited liability company"/"société anonyme") or the abbreviation "NV"/"SA". The Company draws its funding, in Belgium or abroad, from a public offering of shares and therefore publicly relies on the savings system in the sense of Article 438, first paragraph, of the Belgian Companies Code. The Company's shares are admitted to trading on a regulated market.

The Company is subject to regulations applicable to regulated real estate companies at any time and in particular to the provisions of the Act of 12 May 2014 concerning regulated real estate companies

(the "RREC Act") and the Royal Decree of 13 July 2014 with respect to regulated real estate companies (the "RREC Decree").

The Company is also subject to the Decree of the Flemish government of three May nineteen hundred and ninety-five governing the exemption from inheritance rights attached to the ownership rights in companies established within the framework of the realisation and/or financing of investment programs of service flats, such as amended from time to time (the "Inheritance Tax Exemption Decree").

#### ARTICLE 2 - REGISTERED OFFICE

The registered office of the Company is at 2900 Schoten, Horstebaan 3.

The Board of Directors can move this registered office to any other location in the Flemish Region. It shall arrange for the publication of any change in the registered office of the Company in the Annexes to the Belgian Official Gazette.

The Board of Directors is also authorised to establish offices, registered business offices, branches and subsidiaries in Belgium and abroad.

#### ARTICLE 3 - PURPOSE

The sole purpose of the Company is, (a) to make real estate available to users directly or through a company in which it holds a participation, in accordance with the provisions of the RREC Act and its implementing decisions and regulations; and (b) to own real estate within the limits of the RREC Act, as stated in Article 2, 5°, vi to x of the RREC Act. Real estate is defined as real estate within the meaning of the RREC Act, as well as all other property, shares or rights defined as real estate by regulations applicable to regulated real estate companies.

The activity, as described in the preceding paragraphs, must relate to the financing and realisation of (i) where the Flemish Region is concerned, only projects concerning (a) the realisation of service buildings mentioned in Article 88, §5, of the Residential Care Act of 13 March 2009 (as amended from time to time) or (b) real estate for facilities within the framework of the Residential Care Act of 13 March 2009, or (c) real estate for persons with disabilities, (ii) where the European Economic Area is concerned, with the exception of the Flemish Region, projects similar to the projects mentioned under (i) or (iii) other projects which are allowed from time to time under the applicable legislation on the exemption from inheritance tax, without withdrawal of recognition under that legislation (hereinafter jointly, the "Projects").

In the context of the provision of real estate, the Company may, in accordance with regulations applicable to regulated real estate companies and within the aforementioned limits, perform all activities related to the establishment, construction (without prejudice to the prohibition to act as a property developer, except in the case of occasional transactions), refurbishment, renovation, furnishings and fittings, development, acquisition, disposition, lease, sublease, exchange, contribution, transfer, parcelling, the placement under a system of co-ownership or joint ownership of real estate as described above, the provision or acquisition of building rights, usufruct, leasehold or other real or personal rights to real estate as described above, the management and operation of real estate. The Company may, in accordance with regulations applicable to regulated real estate companies and within the aforementioned limits:

- act as the lessee of real estate, with or without a purchase option;
- act as the lessor of real estate, as the main activity or as an additional activity, with or without a purchase option (with the proviso that the leasing of real estate with a purchase option may only be the main activity, as defined in and subject to compliance with the conditions of Article 17, paragraph three of the RREC Decree); and
- develop activities within the framework of public-private partnerships, whether or not placed incorporated in an institutional regulated real estate company;
- invest in securities which are not real estate within the

meaning of the legislation applicable to regulated real estate companies, in an additional or temporary capacity.

- These investments will be carried out in accordance with the risk management policy adopted by the Company and will be diversified so that they ensure adequate risk diversification. The Company may also own unallocated cash and cash equivalents. The cash and cash equivalents may be held in any currency in the form of deposits on demand, or term deposits or any monetary instrument, which are readily available for mobilisation;
- provide mortgages or other securities or guarantees in the context of the funding of the real estate activities of the Company or its group, within the limits of legislation applicable to regulated real estate companies;
- grant credit within the limits of legislation applicable to regulated real estate companies;
- carry out transactions concerning authorised hedging instruments (as defined in the regulations applicable to regulated real estate companies), where these operations are part of a policy adopted by the Company to cover financial risks, with the exception of speculative transactions.

The Company shall, in compliance with the regulations applicable to regulated real estate companies, within the above limits, carry out all immovable, movable, financial, commercial and industrial actions which are directly or indirectly related to its objects or of a basic nature to pursue their realisation or to facilitate this, both domestically and abroad.

In compliance with the regulations applicable to regulated real estate companies, and within the above limits, the Company may acquire, by means of contribution in cash or in kind, merger, de-merger or other corporate law restructuring, subscription, participation, financial intervention or otherwise, a share in any existing or future companies or businesses in Belgium or abroad, whose objects are identical, similar or related to its own, or of a nature as to pursue or promote the purpose of the Company.

#### ARTICLE 4 - PROHIBITORY PROVISION

The Company may not act as a property developer within the meaning of the legislation applicable to regulated real estate companies, unless these are occasional activities.

The Company is not permitted to:

- 1° participate in an underwriting or guarantee association;
- 2° lend financial instruments, with the exception of loans which are granted in accordance with the provisions and under the conditions of the Royal Decree of 7 March 2006; and
- 3° acquire financial instruments issued by a company or a private association which has been declared bankrupt, entered into an amicable settlement with its creditors, been the subject of a judicial reorganisation, been granted a suspension of payments or which has been the subject of similar measures in another country.

#### ARTICLE 5 - DURATION

The Company is established for an indefinite period and commenced operations on the date of its formation. It can be dissolved by a decision of the General Meeting, deliberating in accordance with the conditions and forms required for an amendment of the Articles of Association.

### TITLE II - CAPITAL - SHARES - OTHER SECURITIES

#### ARTICLE 6 - CAPITAL

The capital amounts to eighty-nine million four hundred fourteen thousand three hundred and twenty-one euro and fifty-eight cents (€89,414,321.58).

The capital is represented by fifteen million twenty-eight thousand eight hundred eighty (15,028,880) shares without par value, of which one hundred and fifty thousand (150,000) are special shares and fourteen million eight hundred seventy-eight thousand eight hundred eighty (14,878,880) are ordinary shares.

Special shares have the same rights as ordinary shares, as well as the rights as provided in Articles 12, 15, 16, 17, 18, 19, 20, 31 and 35 of these Articles of Association.

All shares must be fully paid up upon subscription.

#### ARTICLE 7 - AUTHORISED CAPITAL

The Board of Directors is authorised to increase the fully paid up share capital, on one or more occasions, up to sixty million seven hundred and forty-four thousand three hundred and ninety-five euros (€60,744,395), on the dates and under the conditions which it will determine.

This authorisation is valid for a period of five years from the publication of the minutes of the Extraordinary General Meeting of 19 March 2014. It is renewable.

This capital increase is carried out by contribution in cash, by contribution in kind or by the conversion of reserves, including retained earnings and issue premium as well as all private assets under the statutory IFRS financial statements of the Company (prepared under the regulations applicable to regulated real estate companies) that are amenable to conversion into capital, and with or without the creation of new securities, in accordance with the rules prescribed by the Belgian Companies Code, the regulations applicable to regulated real estate companies and to these Articles of Association. Moreover, the Board of Directors may issue new shares with the same or with different rights (i.a. concerning voting rights, dividend rights (whether or not the transferability of any preference dividends) and/or rights to the liquidation balance and any preference regarding the repayment of capital) as the existing shares and in that context amend the Articles of Association to reflect any such different rights.

In such case, the issue premium, in the event of a capital increase decided by the Board of Directors, must be placed by the Board of Directors in a non-available reserve account that shall constitute the guarantee of third parties in the same way as the capital and which in no case may be reduced or eliminated other than by a decision of the General Meeting deciding as concerning an amendment of the Articles of Association, except for the conversion into capital as provided above.

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

Without prejudice to the application of Articles 592 to 598 and 606 of the Belgian Companies Code, the Board of Directors may only restrict or cancel the preferential right, even if this is done in favour of one or more specific persons other than employees of the Company or its subsidiaries, provided that the existing shareholders are granted an irrevocable allocation right upon the allocation of new shares (to the extent required by law). This irrevocable allocation right must at least meet the conditions stated in Article 8.1 of these Articles of Association. Without prejudice to the application of Articles 595 to 599 of the Belgian Companies Code, the aforementioned restrictions in connection with the cancellation or restriction of the preferential right are not applicable in the case of a cash contribution with restriction or cancellation of the preferential right, which is made to supplement a contribution in kind for the purpose of distributing an optional dividend, provided this is made payable to all shareholders. Upon the issue of securities against non-monetary contributions, the conditions set out in Article 8.2 of the Articles of Association must be complied with (including the ability to deduct an amount equal to the portion of the undistributed gross dividend). However, the special rules set out under Article 8.2 regarding the non-monetary capital increase shall not apply to the transfer of the right to dividend for the purposes of the payment of an optional dividend, provided this is made payable to all shareholders.

**ARTICLE 8 - CHANGE IN THE CAPITAL**

Notwithstanding the option of using the authorised capital pursuant to a resolution by the Board of Directors, and with due regard to the legislation applicable to regulated real estate companies, a capital increase or capital reduction may only be decided by an Extraordinary General Meeting in the presence of a civil-law notary.

If the General Meeting decides to request an issue premium, this must be placed in an non-available reserve account that shall constitute the guarantee of third parties in the same way as the capital and which may not be reduced or eliminated in any case other than by a decision of the General Meeting deciding as concerning an amendment of the Articles of Association, except for the conversion into capital as provided above. In the event of a reduction in the issued capital, shareholders must be treated equally in equivalent circumstances, and the other rules contained in Articles 612 and 613 of the Belgian Companies Code must be complied with.

**8.1 Capital increase in cash**

In the case of a capital increase by contribution in cash and without prejudice to the application of Articles 592 to 598 of the Belgian Companies Code, the preferential right may only be restricted or cancelled provided the existing shareholders are granted an irrevocable allocation right upon the allocation of new shares.

This irrevocable allocation right shall meet at least the following conditions:

1. it must relate to all newly issued securities;
2. it must be granted to the shareholders pro rata to the portion of the capital that is represented by their shares at the time of the transaction;
3. a maximum price for each share must be announced no later than the eve of the opening of the public subscription period; and
4. the public subscription period must in such case be at least three trading days.

Without prejudice to the application of Articles 595 to 599 of the Belgian Companies Code, the aforementioned restrictions in connection with the capital increase in cash are not applicable in the case of a cash contribution with restriction or cancellation of the preferential right, which is made to supplement a contribution in kind for the purpose of distributing an optional dividend, provided this is made payable to all shareholders.

**8.2 Capital increase in kind**

The following conditions must be fulfilled upon the issue of securities against contribution in kind, without prejudice to Articles 601 and 602 of the Belgian Companies Code:

1. the identity of the contributor must be stated in the report of the Board of Directors referred to in Article 602 of the Belgian Companies Code and, where appropriate, in the notice convening the General Meeting for the purpose of the capital increase;
2. the issue price shall not be less than the lower of (a) a net value per share, which dates back more than four months before the date of the contribution agreement or, at the option of the Company, prior to the date of the deed of capital increase, and (b) the average closing price of the thirty calendar days prior to that date;
3. unless the issue price and the relevant conditions are determined no later than the working day following the conclusion of the contribution agreement and communicated to the public, specifying the period within which the capital increase will be effectively implemented, the deed of capital increase will be executed within a maximum period of four months; and
4. the report envisaged in point 1 above must also explain the impact of the proposed contribution on the situation of former shareholders, in particular as regards their share in the profits, the net value per share and in the capital, as well as the impact in terms of voting rights.

For the purposes of point 2 above, it is permitted to deduct the amount referred to in paragraph (b) of point 2 that is equal to the portion of the undistributed gross dividend to which the new shares would eventually not give any rights. In such case, the Board of Directors shall specifically account for the deducted dividend amount in its special report and explain the financial conditions of the transaction in its annual financial report.

The special rules set out under this Article 8.2 regarding the non-monetary capital increase shall not apply to the transfer of the right to dividend for the purposes of the payment of an optional dividend, provided this is made payable to all shareholders.

**8.3 Mergers, demergers and similar transactions**

The special rules concerning the capital increase in kind as set out under Article 8.2, shall apply mutatis mutandis to mergers, demergers and similar transactions as referred to in Articles 671 to 677, 681 to 758 and 772/1 of the Belgian Companies Code. In such case, the "date of the contribution agreement" refers to the date on which the merger or demerger proposal is deposited.

**ARTICLE 9 - NATURE OF THE SHARES**

The special shares are registered and must remain registered.

The ordinary shares may be registered or dematerialised, at the option of the shareholder.

Bearer shares issued by the Company and which were in a securities account on 1 January 2008, exist in dematerialised form from that date. The other bearer shares, as and when they were registered on a securities account as from 1 January 2008, are also automatically dematerialised.

Shareholders may at any time request in writing the conversion of registered shares into dematerialised shares or vice versa. In accordance with the Act of the fourteenth of December two thousand and five abolishing bearer securities, the shares that were not converted by 31 December 2013 at the latest, were automatically converted into dematerialised shares. These shares were entered into a securities account which is registered to the Company, without the Company thus acquiring ownership of these shares. The exercise of the rights attached to these shares shall be suspended until a person who is lawfully able to demonstrate the capacity of holder, applies for and obtains the shares registered in his or her name in the register of registered shares or on a security account.

In such case, the transfer or deposit of these shares shall take place in accordance with the Act of the fourteenth of December two thousand and five concerning the abolishment of bearer securities.

Dematerialised securities are represented by an entry in an account with an approved account holder or a settlement institution, in the name of the owner or holder, and shall be transferred by transfer from account to account. The number of dematerialised shares in circulation at any time will be registered in the register of registered shares in the name of the settlement institution.

A register is maintained for each category of registered securities at the registered office of the Company. This register of the registered securities may be kept in electronic form. Each holder of securities may inspect the register with respect to his or her securities.

**ARTICLE 10 - SECURITIES**

The Company may, with the exception of profit-sharing certificates and similar securities and provided it is in compliance with the regulations applicable to regulated real estate companies, issue other securities referred to in Article 460 of the Belgian Companies Code and which are allowed by the Company in accordance with the rules as prescribed and the legislation applicable to regulated real estate companies.

**ARTICLE 11 - EXERCISE OF RIGHTS ATTACHED TO THE SHARES**

The shares are indivisible with respect to the Company. If a share belongs to several people or the rights attached to a share are divided among several people, the Board of Directors may suspend the exercise of the rights attached thereto until one person has been designated as a shareholder vis-à-vis the Company.

If a share is encumbered with usufruct, then the voting rights connected to that share shall be exercised by the usufructuary, except in the case of a prior written objection from the bare owner.

**ARTICLE 12 - TRANSFER OF SHARES A, B, C, D, E and F****12.1. Principle**

Special shares can only be transferred in accordance with the following rules.

**12.2. Transfer of special shares**

The special shares that a shareholder wants to transfer to a shareholder who does not hold any special shares and which are not under the control of the transferring shareholder (an "External Transfer"), must be presented prior to sale to the holders of the special shares in proportion to the number of special shares that they hold.

In this context, control should be understood as defined in Article 5 of the Belgian Companies Code.

If the Company holds special shares pursuant to a transfer other than an External Transfer and these shares are no longer under the control of the transferring shareholder, then the special shares will be transferred back to the original shareholder or the procedure of sale to third parties will be followed.

**12.3 Procedure**

In the case of an External Transfer, the transferring shareholder must inform the shareholders who have a pre-emption right by registered letter of his or her intention to transfer, which letter shall be sent to the address listed for these shareholders in the share register. A copy of this letter will be sent to the Board of Directors of the Company.

This registered letter shall state the name and address of the person to whom the transferring shareholder wishes to transfer the special shares as well as the number of special shares or the rights attached thereto, and the price at which he or she wishes to transfer the shares and the name of the other shareholders to whom this letter was sent.

Attached to this letter will be a copy of the agreement with the prospective acquirer or the declaration of the latter that he or she is willing to acquire the shares or the rights attached thereto at the price proposed by the transferring shareholder. The price proposed by the transferring shareholder to the holders of the pre-emption rights cannot differ from the price agreed with the prospective acquirer.

The offer of the transferring shareholder is only valid and the procedure for sale can only take place if it complies with the previous two paragraphs, except where relevant for that which is hereinafter provided regarding the price. The registered letter constitutes an irrevocable invitation to the recipient shareholder to exercise his or her pre-emption rights to a number of shares, in accordance with the preceding paragraphs of this Article.

He or she may validly transfer this pre-emption right to a person or company controlled by him or her, provided this is communicated in writing to the transferring shareholder.

The holder of the pre-emption right must exercise this right by sending a registered letter to the transferring shareholder within sixty days of the date of dispatch of the registered letter by the transferring shareholder to the shareholder concerned at the latest.

In this letter, the holder must undertake to accept all shares that are offered for sale and for which no pre-emption rights were exercised (by another shareholder). If only part of the recipient shareholders or companies or persons controlled by him or her exercise their pre-emption right, the shares on which no pre-emption right was exercised accrue to

these first shareholders pro rata to the number of shares they hold as specified above.

If no pre-emption rights are exercised, the transferring shareholder may only validly transfer the shares or the rights attached thereto which he or she has offered for sale, to the prospective acquirer mentioned in the registered letter within fifteen days and at the price proposed by the holders of the pre-emption rights.

**12.4.** The 'transfer' of shares in any form shall be understood to include donations, exchanges and transfers due to the merger or division of companies. The pledge or transfer of a majority of the voting rights in the shareholder-company to a company or person not controlled by the holder of these voting rights, shall also be regarded as a transfer.

**12.5.** These pre-emptive rules also apply to securities giving the right to special shares and which may be issued by the Company in accordance with Article 10 of these Articles of Association.

**12.6.** A transfer in breach of the provisions of this Article is not enforceable against the Company. In the case of a transfer to a third party in breach of these provisions, the shareholders and the companies or persons controlled by them to whom the transferring shareholder should have offered the shares, have an option to purchase these at the price paid by the third party for a period of sixty days after the entry in the share register of the transfer to the third party.

Upon payment to the third party that has acquired the shares, this option is validly exercised and the ownership of the shares in question are transferred by operation of law.

In the case of transfer for no consideration, the price at which the option can be exercised is recorded at the market price of the ordinary shares at the date of acquisition or in the case of securities that are not quoted on the stock exchange, on the basis of their net asset value as determined by an independent expert.

**12.7.** Any third party that has acquired special shares from a shareholder must inform the Board of Directors about this transfer and the price.

**12.8.** In the case of an External Transfer of special shares, the special shares which are the subject of this External Transfer shall be converted into ordinary shares, unless otherwise decided by the Board of Directors in this respect.

**ARTICLE 13 - TRANSFER OF ORDINARY SHARES**

The ordinary shares are freely transferable.

**ARTICLE 14 - ACQUISITION OF OWN SHARES**

The Company may acquire its own fully paid-up shares and pledge these subject to the decision of the General Meeting in accordance with the provisions of the Belgian Companies Code. The same meeting may determine the conditions of disposal of these shares.

**ARTICLE 15 - DISCLOSURE OF SIGNIFICANT INTERESTS**

In accordance with the provisions, terms and contractual conditions stipulated in Articles 6 to 13 of the Act of the second of May two thousand and seven and the Royal Decree of the fourteenth of February two thousand and eight concerning the disclosure of major shareholdings, as amended from time to time (the "Transparency Law"), any natural or legal person must inform the Company and the Financial Services and Markets Authority (FSMA) of the number and the percentage of voting rights that he or she holds directly or indirectly, whenever the number of voting rights is 5%, 10%, 15%, 20%, etc., in each case in blocks of 5 percent, reaches, exceeds or falls below of the total of the existing voting rights, under the conditions stipulated by the Transparency Act. Pursuant to Article 18 of the Act of the second of May two thousand and seven, this requirement also applies when the voting rights attached to the securities with voting rights that are held directly or indirectly reach, exceed or fall below the limit of three percent (3%) of the total existing voting rights.



**TITLE III - MANAGEMENT AND AUDIT****ARTICLE 16 - COMPOSITION OF THE BOARD OF DIRECTORS**

The Board of Directors has a variable number of members. The minimum number of directors is five. The directors do not need to be shareholders. The Board of Directors shall be composed of at least three independent members within the meaning of Article 526ter of the Belgian Companies Code.

The duration of the mandate of a director shall not exceed four years. Retiring directors are eligible for re-appointment. The members of the Board of Directors are appointed by the General Meeting, which also determines their remuneration. The holders of special shares are entitled to propose a list of at least sixteen (16) prospective board members. The General Meeting can choose up to eight directors from this list. The directors are called "directors nominated by the holders of special shares". The holders of ordinary shares are entitled to propose one or more prospective candidates. The General Meeting may choose directors from among these candidates, with a maximum of three. If a Board mandate becomes vacant for any reason, a new director shall be elected from a list proposed by the class of shareholders who had proposed the list from which the director whose mandate is vacant was selected, notwithstanding the provisions of Article 17. The effective management of the Company must be entrusted to at least two persons who, like the members of the managing body, must have the necessary professional reputation and appropriate expertise for the performance of their duties and must comply with the regulations applicable to regulated real estate companies.

**ARTICLE 17 - PREMATURE VACANCY**

If a Board mandate becomes vacant for any reason, the vacancy shall be filled as follows;

- if it concerns a director nominated by the holders of special shares, then the Board of Directors has the right to fill the vacancy pending the General Meeting.
- if it concerns a director nominated by holders of ordinary shares, then the remaining directors shall immediately convene a General Meeting for the appointment of a new director, provided that no annual meeting takes place within six months after notice by the Board of Directors of the vacancy of the Board mandate.

The new director is always appointed at the recommendation of the shareholders of the same class, as provided for in Article 16. Each director appointed in this way by the General Meeting terminates the mandate of the director he or she replaces.

**ARTICLE 18 - CHAIRMANSHIP**

The Board of Directors shall elect a chairman among the directors nominated by the holders of the special shares.

**ARTICLE 19 - MEETINGS OF THE BOARD OF DIRECTORS**

The Board of Directors shall be convened by the chairman or by two directors whenever the interests of the Company so require. The convening notices state the place, date, time and agenda of the meeting and are sent at least two full days before the meeting by letter, telegram, fax, e-mail or by any other written means. If the chairman is unable to attend, the Board of Directors is chaired by the most senior director nominated by the holders of the special shares. Each director who attends a meeting of the Board of Directors or is represented at such meeting is considered to be regularly called up.

**ARTICLE 20 - DECISION-MAKING**

The Board of Directors can only validly deliberate and decide if at least a majority of the directors are present or represented and if at least three directors nominated by the holders of special shares are present or represented.

If this quorum is not reached, a new Board of Directors may be convened with the same agenda, which will validly deliberate and decide if at least two directors are present or represented. With respect to items not on the agenda, it may only deliberate with the consent of the entire Board of Directors and provided that all directors are present or represented.

Any director may give a colleague a proxy by letter, telegram, fax, e-mail or other written form to represent him or her at a meeting of the Board of Directors.

The Board of Directors may meet by conference call, video conference or similar communications equipment, by means of which all persons participating in the meeting can hear each other.

Any director may also provide his or her advice to the chairman by letter, telegram, fax, e-mail or other written form.

When justified by an emergency and by corporate interest, a decision may be adopted by unanimous written consent of all directors. However, this procedure should not be used for the approval of the financial statements and the authorised capital. If a director has a direct or indirect interest of a financial nature that conflicts with a decision or transaction that falls within the competence of the Board of Directors, he or she must act in accordance with Article 523 of the Belgian Companies Code. The members of the Board of Directors shall also comply with Articles 37 and 38 of the RREC Act.

Subject to the subsequent provisions, decisions of the Board of Directors are adopted by a majority of votes cast. Changes in policy regarding the options identified in the investment budget and the business plan of the Company require a seventy per cent majority.

Blank or invalid votes shall not be counted as votes cast. In the event of a tie of votes within the Board of Directors, the chairman will cast the deciding vote.

**ARTICLE 21 - MINUTES**

The decision-making of the Board of Directors shall be recorded in minutes signed by the members present. These minutes shall be included in a special register. The proxies shall be attached to the minutes.

The copies or extracts, required to be presented by law or otherwise, shall be signed by two directors or by a person charged with the daily management. This authority may be delegated to an agent.

**ARTICLE 22 - POWERS OF THE BOARD OF DIRECTORS**

The Board of Directors has the broadest powers to perform all acts that are necessary or useful for the realisation of the objects of the Company.

It is authorised to perform all acts that are not expressly reserved for the General Meeting by law or by the Articles of Association.

**ARTICLE 23 - SPECIAL POWERS**

The Board of Directors may authorise a mandatory for special and specific matters, even if he or she is not a shareholder or director. The proxies legally bind the Company within the limits of the powers granted, without prejudice to the responsibility of the Board of Directors in the event of excessive power.

**ARTICLE 24 - REMUNERATION**

The mandate of directors is remunerated. The General Meeting determines the remuneration of the directors. The members of the Board of Directors are entitled to a refund of the costs directly related to their mandate.

**ARTICLE 25 - COMMITTEES****25.1 Advisory committees**

The Board of Directors carries out the tasks assigned to the audit committee or the remuneration committee, respectively, in full and in accordance with Article 526 bis, §3 and Article 526 quater, §4 of the Belgian Companies Code, subject to the proviso that the Board of Directors will establish an audit committee or remuneration committee from its members at such time as the Company no longer meets the criteria laid down in Article 526 bis, § 3 of the Belgian Companies Code and Article 526 quater, §4 of the Belgian Companies Code.

**25.2 Other committees**

Subject to Article 25.1, the Board of Directors will establish one or more advisory committees from its members and under its responsibility, in accordance with Article 522 of the Belgian Companies Code, such as a strategic committee or a nomination committee.

The Board of Directors determines the composition and powers of these committees, in compliance with the applicable regulations.

**ARTICLE 26 - EXTERNAL POWER TO REPRESENT**

The Company shall be legally represented by two directors in all its actions, including representation at law.

**ARTICLE 27 - DAILY MANAGEMENT**

The Board of Directors may entrust the daily management and the representation concerning the daily management of the Company to one or more directors who will bear the title of managing director.

In the event of the delegation of the daily management, the Board of Directors determines the remuneration associated with this mandate.

The Company is duly represented by one managing director in respect of daily management.

A managing director may transfer his or her powers for special and specific matters to an agent, even if the agent is not a shareholder or director.

**ARTICLE 28 - MANAGEMENT COMMITTEE**

The board of directors can transfer certain managerial authorities to a management committee under its supervision, subject to the determination of the general policy of the company or of all acts which pursue to other statutory provisions are reserved for the board of directors. Two members of the management committee can represent the company in respect of authorities which have been transferred by the board of directors to the management committee.

**ARTICLE 29 - AUDITS**

The audit of the financial situation, the financial statements and the regularity in terms of the Belgian Companies Code and the Articles of Association of the operations of the Company, shall be entrusted to one or more statutory auditors appointed by the auditors or firms of auditors approved by the Financial Services and Markets Authority (FSMA).

The General Meeting shall determine the number of statutory auditors and their remuneration by simple majority. The statutory auditors are appointed for a renewable term of three years. Under penalty of damages, they may be dismissed by the General Meeting only for legitimate reasons during their mandate, subject to compliance with the procedure described in Article 136 of the Belgian Companies Code.

**ARTICLE 30 - RESPONSIBILITIES OF THE STATUTORY AUDITORS**

The statutory auditors have an unrestricted right of audit over all operations of the Company, either jointly or separately. They may inspect the books, correspondence, minutes and in general all documents of the Company on site.

Every six months, the Board of Directors shall hand them a statement summarizing the assets and liabilities of the Company. The statutory auditors may be assisted by employees or other persons for whom they are responsible in the exercise of their mandate, at their own expense.

**TITLE IV - GENERAL MEETING****ARTICLE 31 - THE GENERAL MEETING - COMPOSITION AND POWERS**

The regularly constituted General Meeting represents the totality of the shareholders. The resolutions of the General Meeting

are binding on all shareholders, even on those absent from the meeting or those who voted against them.

**ARTICLE 32 - MEETINGS OF THE GENERAL MEETING**

The General Meeting shall be held on the third Wednesday of the month of May at 11 a.m. If that day is a statutory public holiday, the meeting will be held on the next working day.

An Extraordinary General Meeting may be convened whenever the interests of the Company require it, and must always be convened in the following cases:

- whenever shareholders representing one fifth of the subscribed capital so request;
- whenever the holders of special shares, jointly representing one fifth of the capital represented by the special shares so request.

Such request shall be sent by registered letter to the office of the Company and shall precisely describe the subjects to be deliberated and decided by the General Meeting. The request should be addressed to the Board of Directors and the statutory auditor, who must jointly convene a meeting within three weeks of receipt of the request. The convening notice may set out the other items provided by shareholders for the agenda. Unless otherwise stated in the convening notice, the General Meeting will be held at the registered office of the Company.

**ARTICLE 33 - CONVENING A MEETING**

The Board of Directors or the statutory auditor(s) convenes the General Meeting.

The notices convening meetings state the venue, date, time and agenda of the General Meeting as well as the proposed resolutions, and are issued in the form and within the periods required by the Belgian Companies Code.

Each year, a General Meeting will be held whose agenda includes at least the following points: the discussion of the annual report and the report of the statutory auditor(s), the discussion and approval of the financial statements and the appropriation of net profit, discharge of the directors and the statutory auditor(s) and, where applicable, the appointment of directors and the statutory auditor(s). The regularity of the convening of meetings cannot be disputed if all shareholders are present or duly represented.

**ARTICLE 34 - ELIGIBILITY**

A shareholder may only participate in the General Meeting and exercise voting rights, subject to the following requirements:

- (1) A shareholder may only participate in the General Meeting and exercise voting rights on the basis of the administrative registration of the shares of the shareholder on the registration date, either by registration in the register of registered shares of the Company, or by their registration in the accounts of a recognised account holder or a clearing institution, irrespective of the number of shares held by the shareholder at the General Meeting. The fourteenth day before the General Meeting, at midnight (Belgian time), counts as the registration date.
- (2) Holders of dematerialised shares who wish to attend the meeting must submit a certificate issued by a recognised account holder or the clearing institution and confirming, as appropriate, how many dematerialised shares are registered in the name of the shareholder on the record date and for which the shareholder has indicated that he or she intends to participate in the General Meeting. Such submission shall be made no later than the sixth day preceding the date of the General Meeting at the registered office or at the institutions mentioned in the invitation. The owners of registered shares who wish to participate in the meeting, must inform the Company by ordinary mail, fax or e-mail no later than six days before the date of the meeting of their intention to participate in the meeting.
- (3) The Board of Directors shall keep a register of each shareholder who has indicated he or she wishes to participate in the General Meeting, which will list his or her name and address or registered office, the number of shares in his or her possession

on the registration date and with which he or she indicated they will participate in the General Meeting, and a description of the documents showing that he or she held the relevant shares on the registration date.

#### ARTICLE 35 - REPRESENTATION

Each shareholder may appoint a proxy to represent him or her at the General Meeting in accordance with the relevant provisions of the Belgian Companies Code. The proxy does not have to be a shareholder.

A shareholder of the Company may only appoint one person as a proxy at each General Meeting. This can only be waived in accordance with the relevant provisions of the Belgian Companies Code.

A person who acts as a proxy holder may hold a proxy of more than one shareholder. Where a proxy holder holds proxies of several shareholders, he or she may vote differently for one shareholder than for another shareholder.

The appointment of a proxy holder by a shareholder takes place in writing or through an electronic form and must be signed by the shareholder, in such case by an advanced electronic signature within the meaning of Article 4, §4 of the Act of 9 July 2001 concerning the establishment of rules relating to the legal framework for electronic signatures and certification services, or by an electronic signature which meets the requirements of Article 1322 of the Belgian Civil Code. The notification of the proxy to the company must be in writing. This notification may also be made electronically at the address indicated in the notice.

The Company must receive the proxies by the sixth day before the date of the General Meeting at the latest.

Notwithstanding the possibility to deviate from the instructions in certain circumstances in accordance with Article 549, second paragraph of the Belgian Companies Code, the proxy holder shall cast votes in accordance with any instructions of the shareholder who appointed him or her. The proxy holder shall keep a record of the voting instructions for at least one year and confirm that he or she has complied with the voting instruction sat the request of the shareholder.

In the case of a potential conflict of interest, as defined in Article 547bis, §4 of the Belgian Companies Code, between the shareholder and the proxy holder he or she has designated, the proxy holder must disclose the specific facts that are relevant for the shareholders in order to assess whether there is any risk that the proxy holder might pursue another interest than the interest of the shareholder. In addition, the proxy holder may only vote on behalf of the shareholder, provided that he or she has received specific voting instructions for each item on the agenda.

#### ARTICLE 36 - BUREAU

Every General Meeting is chaired by the chairman of the Board of Directors or, in his or her absence, by the oldest director present nominated by the holders of the special shares.

The chairman appoints a secretary and vote teller, who need not be a shareholder. These two positions can be filled by one person. The chairman, the secretary and the vote teller form the Bureau.

#### ARTICLE 37 - POSTPONEMENT

The Board of Directors may, at any General Meeting, during the session, postpone the decision regarding the approval of the financial statements for five weeks.

This postponement does not affect the other decisions taken, unless otherwise decided by the General Meeting in this regard. The next meeting has the right to determine the final financial statements.

The Board of Directors also has the right to postpone any other General Meeting or any other item on the agenda of the annual meeting during the session by five weeks, unless the meeting was convened at the request of one or more shareholders representing at least one fifth of the capital or one fifth of the capital

represented by the special shares or by the statutory auditor(s).

#### ARTICLE 38 - NUMBER OF VOTES – EXERCISE OF VOTING RIGHTS

Every share confers the right to one vote.

Shareholders without voting rights, warrant holders and holders of bonds may attend all General Meetings, but only in an advisory capacity. In the cases provided for in Article 481 of the Belgian Companies Code, the holders of shares without voting rights have the usual voting rights.

#### ARTICLE 39 - PROCEEDINGS OF THE GENERAL MEETING - DECISION-MAKING

1. An attendance list which displays the name of the shareholders and the number of shares they represent at the meeting, shall be signed by each of the shareholders or by their proxy before the meeting is opened.
2. The General Meeting may not deliberate or decide on items not listed on the agenda unless all shareholders are present or represented at the meeting and they unanimously decide to extend the agenda. The required approval is certain if no opposition is noted in the minutes of the meeting. The aforementioned shall not affect the possibility of one or more shareholders jointly holding at least 3% of the share capital, and provided that the relevant provisions of the Belgian Companies Code are met, having items placed on the agenda to be discussed at the General Meeting and submitting proposals for resolutions relevant to the agenda or including items to be discussed, until the twenty-second day before the date of the General Meeting.

This does not apply if a General Meeting is convened by a new convening notice because the required quorum was not reached with the first notice, provided that the first notice was in compliance with the legal requirements, the date of the second meeting was mentioned in the first convening notice and no new items are put on the agenda.

The Company must receive the proxies by the twenty-second day before the date of the General Meeting at the latest.

The subjects to be covered and the related draft resolutions that would be added to the agenda in such case, shall be published in accordance with the conditions of the Belgian Companies Code. If a proxy was already notified to the Company before the publication of this revised agenda, the proxy holder must comply with the relevant provisions of the Belgian Companies Code. The items to be discussed and the proposed resolutions that have been placed on the agenda pursuant to the preceding paragraph, may be discussed only if all relevant provisions of the Belgian Companies Code have been met.

3. The Board of Directors shall answer the questions raised during the meeting or in writing regarding their report or regarding the agenda items, to the extent sharing the details or facts is not potentially detrimental to the Company's business interests or to the confidentiality to which the Company or its directors have committed to.

The statutory auditors shall answer the questions raised during the meeting or in writing regarding their report, to the extent sharing the details or facts is not potentially detrimental to the Company's business interests or to the confidentiality to which the Company, its directors or the statutory auditors have committed to. The statutory auditors are entitled to address the General Meeting regarding fulfilment of their task.

If there are various questions regarding the same subject, the Board of Directors and the statutory auditors may answer these in a single response. Once the convening notice is published, the shareholders may ask the above questions in writing, in accordance with the relevant provisions of the Belgian Companies Code.

4. Unless there are other mandatory statutory or regulatory requirements, decisions shall be taken by simple majority of the votes cast. Blank and invalid votes are not counted as votes cast. In the case of a tie vote the proposal will be rejected. Voting takes place by show of hands or by roll call, unless the General Meeting decides otherwise by a simple majority of the votes cast.

The Extraordinary General Meeting must be held in the presence of a civil-law notary who will prepare an authentic official record. The General Meeting may only validly deliberate and decide on an amendment of the Articles of Association if those attending the meeting represent at least half of the share capital. If a quorum is not reached, then a new convening notice is required in accordance with Article 558 of the Belgian Companies Code; the second meeting shall deliberate and decide validly, irrespective of the present or represented portion of the capital.

Moreover, an amendment of the Articles of Association is only adopted if it was previously approved by the Financial Services and Markets Authority (FSMA) and if three quarters of the votes attached to the present or represented shares are acquired (or any other special majority stipulated in the Belgian Companies Code).

In the case of an amendment of the Articles of Association or a decision for which the law imposes a similar majority requirement as for an amendment of the Articles of Association and where the rights and obligations of a certain class of shareholders are affected, the statutory majority requirements must be complied with for each class of shareholders separately.

#### ARTICLE 40 - MINUTES

Minutes shall be drawn up of every General Meeting.

The minutes of the General Meeting are signed by the members of the Bureau and by shareholders who request to do so.

The copies required to be presented by law or otherwise, shall be signed by two directors or by a managing director.

For each decision, the number of shares on which valid votes have been issued, the percentage in the authorised capital of these shares, the total number of votes for and against each decision and the number of abstained votes, if any, will be reported. This information will be published on the Company website within fifteen days of the General Meeting.

#### TITLE V - FINANCIAL STATEMENTS - PROFIT APPROPRIATION

##### ARTICLE 41 - FINANCIAL YEAR - FINANCIAL STATEMENTS - ANNUAL REPORT

The financial year commences on one January and ends on thirty-one December of each year.

At the end of each financial year, the Board of Directors prepares an inventory and the financial statements and the directors also prepare a report in which they render account of their policy. This report contains a commentary on the financial statements, which includes a fair overview of the state of affairs and the position of the Company. This report also contains the information required by the Belgian Companies Code, including a corporate governance statement, which forms a specific part of it. This corporate governance statement also contains the remuneration report, which forms a specific part of it.

As soon as the notice of the meeting has been published, the shareholders may examine the financial statements and other documents referred to in the Belgian Companies Code.

#### ARTICLE 42 - APPROVAL OF THE FINANCIAL STATEMENTS

The General Meeting shall be presented with the annual report and the report of the statutory auditor(s) and decide by a simple majority on the approval of the financial statements. After approval of the financial statements, the General Meeting shall decide by a simple majority, by separate vote, regarding the discharge granted to the directors and the statutory auditor(s). This discharge is only valid if the balance sheet does not contain omissions or false statements concealing the true state of the Company and, in respect of acts contrary to the Articles of Association, only if these were specifically indicated in the convening notice.

The Board of Directors shall ensure that the statutory and consolidated financial statements are filed with the National Bank of Belgium within thirty days of the approval of the financial statements, in accordance with the legal provisions.

The annual and half-yearly financial reports, the annual and half-yearly financial statements and the statutory auditor's report and the Articles of Association of the Company, are also available at the Company's offices and can be consulted, for information purposes, on the website of the Company.

#### ARTICLE 43 - APPROPRIATION OF PROFIT

At the proposal of the Board of Directors, the General Meeting shall vote by a simple majority on the appropriation of net profit in accordance with Article 13 of the RREC Decree.

#### ARTICLE 44 - PAYMENT OF DIVIDENDS

1. The payment of dividends shall take place at the time and place determined by the Board of Directors.
2. The Board of Directors may pay interim dividends on the results of the financial year, within the limits specified in Article 618 of the Belgian Companies Code. This payment may only be made on the profit for the current financial year, reduced where appropriate by the transferred loss or increased by retained earnings, without withdrawal from the reserves pursuant to a legal or statutory provision that is or must be formed. Furthermore, the stipulations of Article 618 of the Belgian Companies Code shall be complied with.

#### ARTICLE 45 - GENERAL MEETING OF BONDHOLDERS

The Board of Directors and statutory auditor(s) of the Company may call the bond holders, if there are any, to a General Meeting of bondholders, which will have powers provided by Article 568 of the Belgian Companies Code.

They must convene the General Meeting if the bondholders representing one fifth of the amount of the securities in issue so request.

The convening notice shall contain the agenda and shall be prepared in accordance with Article 570 of the Belgian Companies Code. To be admitted to the General Meeting of bondholders, the bondholders must comply with the formalities provided for in Article 571 of the Belgian Companies Code as well as any formalities anticipated in the issuance conditions of the bonds or in the convening notice.

The General Meeting of bondholders shall be conducted in accordance with the provisions of Articles 572 to 580 of the Belgian Companies Code.

#### TITLE VI - DISSOLUTION - LIQUIDATION

##### ARTICLE 46 - LIQUIDATION

In the event of the dissolution of the Company, for any reason or at any time, the liquidation will be performed by liquidators appointed by the General Meeting and, in the absence of such appointment, the liquidation will be performed by the Board of Directors acting in the capacity of liquidation committee. The liquidators shall commence work only after the competent Commercial Court has confirmed their appointment following the decision of the General Meeting.

Unless decided otherwise, the liquidators shall act jointly. To this end, the liquidators shall have the broadest powers in accordance with Articles 186 and following of the Belgian Companies Code, subject to limitations imposed by the General Meeting. The General Meeting determines the remuneration of the liquidators.

#### ARTICLE 47 - DISTRIBUTION

After the settlement of all debts, charges and expenses of the liquidation, the net assets must first be applied to repay, in cash or in kind, the amount paid up on the shares. Any surplus shall be distributed to the shareholders in proportion to their rights.

**TITLE VII - GENERAL PROVISIONS****ARTICLE 48 - ELECTED DOMICILE**

Every director, manager and liquidator who resides abroad shall elect domicile at the registered office of the Company for the duration of his or her assignment, where writs and notices concerning the affairs of the Company and the responsibility for its governance may be validly served, with the exception of notices that are sent in accordance with these Articles of Association.

The holders of registered shares are required to notify the Company of any change of address. In the absence of notification, they shall be deemed to have chosen their former address.

**ARTICLE 49 - JURISDICTION**

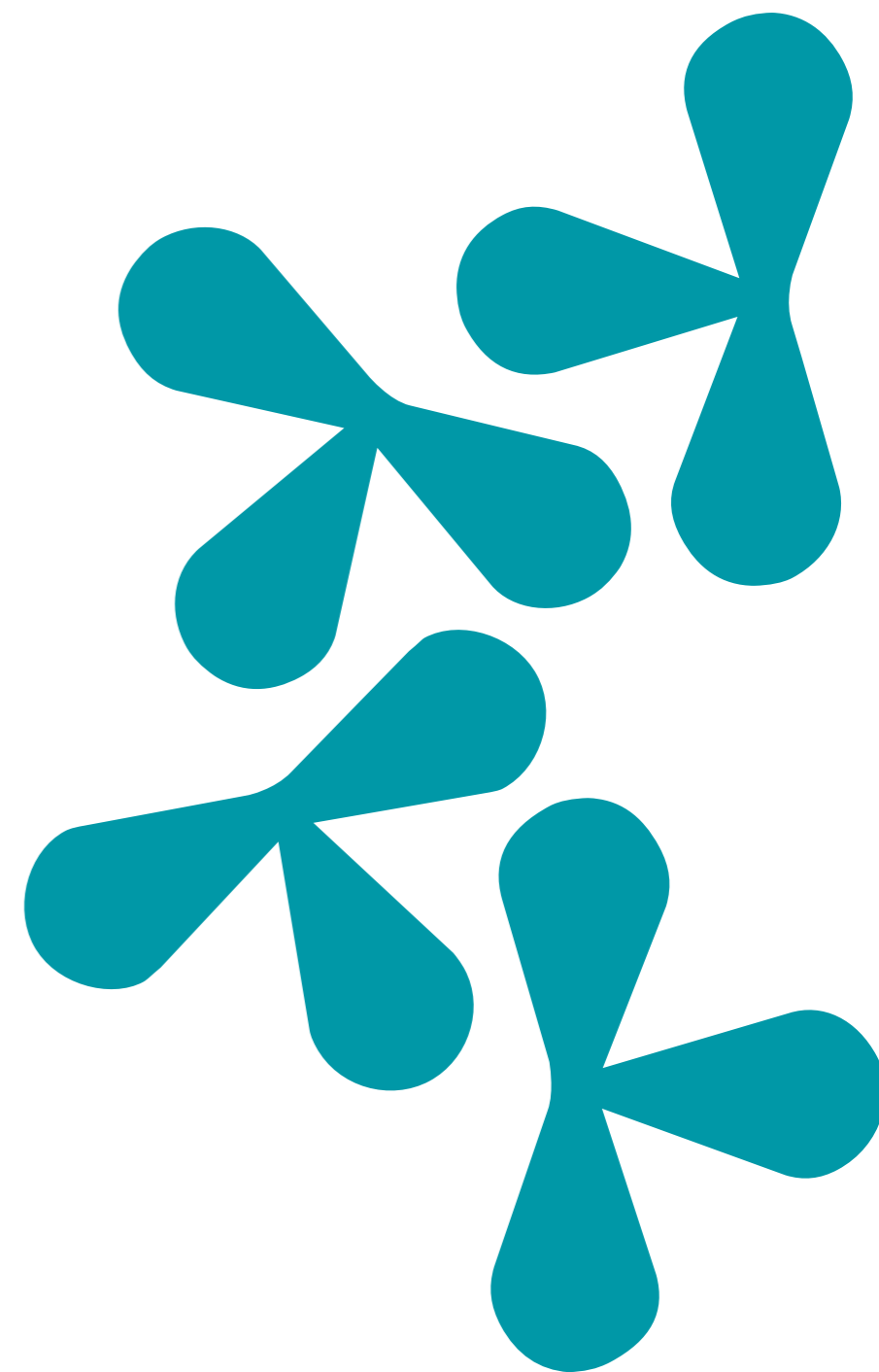
Unless the Company expressly decides otherwise, any disputes between the Company, its directors, its stockholders and liquidators concerning the affairs of the Company and the implementation of these Articles of Association shall be settled exclusively by the District Court where the Company has its registered office.

**ARTICLE 50 - COMMON LAW**

The parties declare that they will fully comply with the Belgian Companies Code, as well as the regulations applicable to regulated real estate companies (as amended from time to time).

Accordingly, any provisions of these Articles of Association which unlawfully deviate from the provisions of the aforementioned laws, shall be deemed not to be included in the current document, and the clauses which are contrary to the provisions of these laws shall be deemed not written.

It is specifically stated that Articles 111, 439, 448, 477 and 616 of the Belgian Companies Code do not apply.



## 6. The public regulated real estate company (RREC)

### 6.1 Definition

The public regulated real estate company (RREC) was established on 12 May 2014 by the RREC Act of 12 May 2014 and the RREC Royal Decree. The RREC Act defines the RREC as a company that (i) is established for an indefinite period, (ii) performs the activity referred to in Article 4 of the RREC Act (*see below*) and (iii) is licensed as such by the Belgian Financial Services and Markets Authority (FSMA). The public RREC is an RREC, the shares of which are admitted for trading on a regulated market and which raises its financial resources in Belgium or elsewhere through a public offering of shares. A public RREC is therefore a listed company, subject to the requirement that at least 30% of its marketable shares should be issued to the public (free float).

According to the RREC Act, an RREC carries on a business consisting of:

- (a) making real estate available to users directly or via a company in which it holds a participation, in compliance with the provisions of the Act and decrees and regulations issued for the implementation of the Act; and
- (b) property ownership, within the limits of the Act, as referred to in Article 2(5°)(VI) to 2(5°)(X) of the Act;

'Real estate' refers to 'real estate' within the meaning of the RREC legislation;

In the context of the provision of real estate, the Company may perform all activities relating to the construction, refurbishment, renovation, development (for its own portfolio), acquisition, disposal, management and operation of real estate.

RRECs are subject to the supervision of the FSMA and must comply with extremely strict rules regarding conflicts of interest.

From its formation until 25 November 2014, Care Property Invest held the status of a property investment fund with fixed capital (BEVAK/sicafi). On 25 November 2014, the Company acquired the status of a public RREC.

### 6.2 Main features

#### 6.2.1 ACTIVITIES

As mentioned above, an RREC must carry on a business consisting solely of making real estate available to users (e.g. via rental or leasing), directly or through a company in which it has a shareholding, in compliance with the provisions of the RREC Act and RREC Royal Decree. Within the limits set by the RREC Act, it may also own real estate indirectly.

In the context of the provision of real estate, a RREC may perform all activities relating to the construction, refurbishment, renovation, development (for its own portfolio), acquisition, disposal, management and operation of real estate (Article 4, §1 of the RREC Act).

A public RREC pursues a strategy that serves to maintain long-term ownership of its real estate and, in the performance of its activities, focuses on active management, which implies in particular that it takes responsibility itself for the development and day-to-day management of the real estate, and that all other activities that it performs have added value for that real estate or its users, such as the provision of services that are complementary to the provision of the relevant properties.

To this end: (i) the RREC performs its activities itself, without delegating such performance to a third party, other than to an affiliated company, (ii) it maintains direct relationships with its clients and suppliers, and (iii) it has operational teams at its disposal which constitute a significant part of its workforce. In other words, an RREC is an operational and commercial real estate company.

It may own the following types of real estate (as defined by the RREC Act):

#### Ordinary real estate:

- i. real estate and rights in rem to real estate (leasehold, rights of usufruct, etc.), excluding property of a forestry, agricultural or mining character;
- ii. shares with voting rights issued by real estate companies, which are exclusively or jointly controlled;
- iii. option rights on real estate;
- iv. Shares of public or institutional RRECs, provided that, in the latter case, joint or exclusive control is exercised by the public RREC;
- v. rights arising from contracts leasing one or more properties to the RREC, or granting other similar rights of use.

#### Other real estate (within certain limits):

- vi. shares of public property investment funds (BEVAK/sicafi);
- vii. participating rights in foreign collective property investment institutions registered in the list referred to in Article 260 of the AICB Act;
- viii. participating rights in collective real estate investment institutions established in another Member State of the European Economic Area (EEA) and not registered in the list referred to in Article 260 of the AICB Act, in as far as they are subject to equivalent supervision to the public property investment funds (BEVAK/sicafi);
- ix. shares issued by companies (i) having legal personality; (ii) governed by the law of another EEA Member State; (iii) the shares of which are admitted for trading on a regulated market and/or which are subject to a prudential supervision regime; (iv) the principal activity of which is the acquisition or construction of real estate with a view to making it available to users, or the direct or indirect ownership of participating interests in companies with similar activities; and (v) which are exempt from tax on income from the profits generated by the activities referred to in (iv) above, subject to compliance with certain legal obligations, and which are at least required to distribute part of their income to their shareholders (real estate investment trusts (REITs));
- x. real estate securities, as referred to in Article 5,§4 of the Act of 16 June 2006.



An RREC may not invest more than 20% of its consolidated assets in real estate which constitutes a single property (same rule as that applying to property investment funds (BEVAK/sicafi) and may not hold 'other property' (as referred to in paragraphs vi to x) or option rights for such assets, other than in as far as the fair value of these does not exceed 20% of its consolidated assets.

The Company's business consists of the provision of real estate to users (in particular all forms of housing covered by the Residential Care Act plus accommodation for the disabled) and the active development and management of its real estate. The added value that Care Property Invest provides here consists in offering customised real estate solutions, in which the properties are adapted to the specific needs of users. Care Property Invest develops, renovates or extends real estate for this purpose. Care Property Invest wishes to continue deploying its expertise and know-how accumulated in the realisation of 2,000 (subsidised) service flats in order to realise projects provided for in the Residential Care Act in the future. This includes nursing homes, short-stay centres, day care centres, service centres, groups of assisted living residences, as well as all residential facilities for people with disabilities. The Company focuses primarily here on local government and charitable organisations active in care for the elderly and the disabled.

### 6.2.2 OBLIGATIONS

In order to acquire and maintain the status of a public RREC and the fiscal transparency regime provided for this Company (*see below*), the Company is subject to, inter alia, the following obligations;

Dividend pay-out ratio: the public RREC must (if it makes a profit) pay out at least the positive difference between the following amounts as return on capital: 1°) 80% of the amount equal to the sum of the adjusted result and the net gain on disposal of property that is not exempt from mandatory payouts 2°) the net reduction of the debt during the financial year;

Limit on the debt ratio: the consolidated debt ratio of the public RREC and its subsidiaries and the corporate debt ratio of the public RREC must not exceed 65% of the consolidated or corporate assets, as the case may be, less the permitted hedging instruments unless this is because of a change in the fair value of the assets; if the consolidated debt ratio of the public RREC and its subsidiaries exceeds 50% of the consolidated assets less the permitted hedging instruments, the public RREC should draw up a financial plan together with an implementation timetable, with a description of the measures that will be taken to prevent the consolidated debt ratio from exceeding 65% of the consolidated assets.

Diversification of real estate: the assets of the public RREC must be diversified in such a way as to ensure an appropriate spread of the risks in terms of real estate, by geographical region and by category of user or lessee; no operation performed by the public RREC may result in more than 20% of its consolidated assets being invested in real estate that constitutes a "single real estate entity" (subject to the exceptions permitted by the FSMA and to the extent that the consolidated debt ratio of the public RREC and its subsidiaries does not exceed 33% of the consolidated assets less the permitted hedging instruments).

Risk management: the Company must, as a public RREC, have an appropriate risk management function and appropriate risk management policy. It may only subscribe to hedging instruments (excepting any transactions of a speculative nature) if the articles of association allow for this and if these form part of a policy intended to cover financial risks. This policy must be published in the annual and half-yearly reports.

Management structure and organisation: the Company must, as a public RREC, have its own management structure and suitable administrative, accounting, financial and technical organisation, enabling it to carry out its activities in accordance with the RREC regulations, an appropriate internal control system, an appropriate independent internal audit function, an appropriate independent compliance function and an appropriate integrity policy.

### 6.2.3 TAX CONSEQUENCES

#### Tax regime for the RREC

The taxable basis of the RREC is limited to non-deductible professional expenses, unusual or gratuitous advantages and a special assessment on "secret commissions" on expenses that are not properly accounted for. The RREC may not apply the venture capital deduction or the reduced corporation tax rates.

If an RREC participates in a merger, demerger or a similar transaction, that transaction will not qualify for the fiscal neutrality regime but will give rise to the application of the exit tax at a rate of 16.995%, as is the case for property investment funds (BEVAK/sicafi). The contribution of a branch of activity or totality of assets to an RREC does not benefit from the neutrality regime.

The RREC is subject to the "subscription fee" in Articles 161 and 162 of the Inheritance Tax Code.

#### The tax regime for the shareholders of the RREC

The following paragraphs summarise certain effects of the ownership and transfer of shares in an RREC under Belgian tax law. This summary is based on the tax laws, regulations and administrative commentaries applicable in Belgium on the date of preparation of this document, and is included subject to changes in Belgian law, including changes with retroactive effect. This summary does not consider or treat the tax laws of countries other than Belgium and does not take into account special circumstances peculiar to each shareholder. The shareholders are invited to consult their own advisers.

### Natural persons domiciled in Belgium

The dividends paid out by a RREC to a natural person domiciled in Belgium were formerly subject to withholding tax at a reduced rate of 15% (the applicable rate when the RREC was rated as "residential" - which was the case for the Company), because at least 80% of the property of the RREC is directly invested in real estate situated in a Member State of the European Economic Area and solely used or intended to be used as a dwelling. The reduced rate of 15% was repealed by the Act of 26 December 2015 containing measures to promote job creation and purchasing power (Belgian Official Gazette, 30 December 2015) and increased to 27% from 1 January 2016.

Pursuant to the Law regulating the recognition and definition of crowd funding and containing various provisions concerning financing which was adopted by the House of Representatives on 15 December 2016 and was published in the Belgian Official Gazette on 20 December 2016, shareholders of Care Property Invest can again enjoy a reduced rate of withholding tax, of 15%. The Company satisfies the requirement of investing at least 60% of its property being located in the EEA and which is used or intended solely or primarily for residential care or residential units adapted for residential care or health care.

The tax that is withheld by the RREC discharges Belgian shareholders-natural persons from their obligations.

Capital gains realised by Belgian natural persons who have not acquired the shares in the RREC in the context of the exercise of a professional activity are not taxable if they are part of the normal management of private assets. Capital losses are not deductible.

### Belgian domestic companies

Dividends paid to a Belgian domestic company by the RREC give rise to collection of withholding tax at a rate of 25% or 15% in the case of a residential RREC, such as the Company. The reduced rate of 15% was repealed by the Act of 26 December 2015 containing measures to promote job creation and purchasing power (Belgian Official Gazette, 30 December 2015) and increased to 27% from 1 January 2016.

Pursuant to the Law regulating the recognition and definition of crowd funding and containing various provisions concerning financing which was adopted by the House of Representatives on 15 December 2016 and was published in the Belgian Official Gazette on 20 December 2016, shareholders of Care Property Invest can again enjoy a reduced rate of withholding tax, of 15%.

These dividends in principle do not entitle the holder to a deduction by way of definitively taxed income for the Belgian shareholder company, as is the case for dividends from the property BEVAK.

As is the case for capital gains on the shares of property BEVAKs, the capital gains on the shares of RRECs are not exempt from corporation tax.

As a rule, the withholding tax on dividends paid by the RREC can be offset against corporation tax, and any overpayment is refundable, in as far as the shareholder corporation had full ownership of the shares at the time when the dividend was awarded or became payable and in as far as this award or provision for payment does not entail any impairment of or capital loss on these shares.

### Non-resident shareholders

RREC dividends paid to non-resident shareholders normally give rise to the collection of withholding tax at the rate of 30% or 15% (in the case of residential RRECs, such as the Company). The reduced rate of 15% was repealed by the Act of 26 December 2015 containing measures to promote job creation and purchasing power (Belgian Official Gazette, 30 December 2015) and increased to 27% from 1 January 2016. Pursuant to the Law regulating the recognition and definition of crowd funding and containing various provisions concerning financing which was adopted by the House of Representatives on 15 December 2016 and was published in the Belgian Official Gazette on 20 December 2016, shareholders of Care Property Invest can again enjoy a reduced rate of withholding tax, of 15%. The Company satisfies the legal requirement of investing at least 60% of its property being located in the EEA and which is used or intended solely or primarily for residential care or residential units adapted for residential care or health care.

Certain non-citizens domiciled in countries with which Belgium has concluded tax treaties may, under certain conditions and subject to certain formalities, enjoy a reduction or an exemption from withholding tax.

### Tax on stock exchange transactions

As a rule, the purchase, sale and any other acquisition and transfer for consideration in Belgium of existing shares in an RREC (secondary market) arranged through a "professional intermediary", as is the case for property BEVAKs, is usually subject to the tax on stock exchange transactions, currently at a rate of 0.09% with a maximum of €650 per transaction and per party.

### Inheritance tax

Subject to the conditions referred to in Article 2.7.6.0.1 of the Flemish Tax Code (VCF), the shares of Care Property Invest can be exempted from inheritance tax, as the Company has accreditation within the meaning of this Article. The change of status from BEVAK to RREC does not, therefore, affect this exemption in any way.







## XI. Glossary

### 1. Definitions

#### 1.1 Acquisition cost

The acquisition cost of projects concerns the activated costs relating to the establishment of the buildings, excluding VAT.

#### 1.2 Market capitalisation

Share price multiplied by the total number of listed shares.

#### 1.3 Privileged information or inside knowledge

Privileged information about the Company is any information that has not been disclosed and that is accurate, referring to an existing situation or a situation that can reasonably be expected to arise or an event that has occurred or that can reasonably be expected to occur, and that is sufficiently precise to enable conclusions to be drawn on the potential impact of that situation or event for the price of the financial instruments or financial derivatives of Care Property Invest, that relates directly or indirectly to Care Property Invest, and that, if it were disclosed, could influence the price of Care Property Invest's financial instruments or financial derivatives, including information regarded as price-sensitive for the financial instruments or financial derivatives if an investor, acting reasonably, is likely to use this information as a partial basis for his/her investment decisions.

#### 1.4 Occupancy rate

The occupancy rate is the result of the total number of occupied serviced flats in relation to the total number of housing units (both occupied and unoccupied).

With regard to the initial investment programme, the leasehold fee agreed in the relevant agreements contracts is payable, regardless of occupancy.

#### 1.5 Bullet loan

A loan which is repaid as a lump sum at the end of the term and for which only the interest charges are payable during the term of the loan.

#### 1.6 Corporate Governance

Sound management of the company. These principles, such as transparency, integrity and balance of responsibilities, are based on the recommendations of the Belgian Corporate Governance Code, as announced by the Corporate Governance Committee on 12.03.09 and as available on the website at [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be).

#### 1.7 Dividend yield

Gross dividend divided by the closing price of Care Property Invest shares during the relevant financial year or at a specific time or divided by the subscription price at the IPO (excluding costs).

#### 1.8 Duration

Weighted average term of the lease contracts, in which the weighting is equal to the ratio of rental income to the total rental income of the portfolio.

#### 1.9 EPRA

European Public Real Estate Association is an association founded in 1999 for the promotion, development and grouping of European listed real estate companies. EPRA establishes best practices regarding accounting, reporting and corporate governance and harmonises these rules in various countries, in order to provide high quality and comparable information to the investors. EPRA organises also discussion forums concerning the issues that determine the future of the sector. Finally, EPRA has created indexes that serve as benchmark for the real estate sector. All this information is available on the website [www.epra.com](http://www.epra.com).

EPRA Key Performance Indicatoren	Definition	Objective
<b>EPRA Earnings</b>	Current result from strategic operational activities	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.
<b>EPRA NAV</b>	Net Asset Value (NAV) adjusted to include the investment properties at their fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.	Net Asset Value (NAV) adjusted to include the investment properties at their fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.
<b>EPRA NNNAV</b>	EPRA NAV adjusted to include the fair value of (i) financial instruments, (ii) debt and (iii) deferred taxes.	Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within a real estate company.
<b>EPRA Net Initial Yield (NIY)</b>	Annualised gross rental income based on the passing rents at the closing date, less property charges, divided by the market value of the portfolio, increased with estimated transaction costs resulting from the hypothetical disposal of investment properties.	A comparable measure for portfolio valuations. This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.
<b>EPRA 'topped-up' NIY</b>	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods and other incentives..	This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.
<b>EPRA Vacancy Rate</b>	Estimated Rental Value (ERV) of vacant space divided by the ERV of the total portfolio.	A "pure" (%) measure of investment property space that is vacant, based on ERV.
<b>EPRA Cost Ratios (including costs of direct vacancy)</b>	Administrative/operational expenses per IFRS income statement, including the direct costs of vacant buildings, divided by the gross rental income, less ground rent costs.	A key measure to enable meaningful measurement of the changes in a company's operating costs.
<b>EPRA Cost Ratios (excluding costs of direct vacancy)</b>	Administrative/operational expenses per IFRS income statement, less the direct costs of vacant buildings, divided by the gross rental income, less ground rent costs.	A key measure to enable meaningful measurement of the changes in a company's operating costs.



### 1.10 Leasehold agreement

Contract with a term of at least 27 years and no more than 99 years, which grants a temporary right in rem to the leaseholder, consisting of the full enjoyment of the property during that period. In return, the leaseholder pays called an annual fee, known as the "ground rent".

### 1.11 Exit tax

Companies that request recognition as an RREC or merge with an RREC are subject to a specific tax or exit tax. This tax is similar to a liquidation tax on net unrealised gains and on tax-exempt reserves. The exit tax rate is 16.5% plus 3% additional crisis contribution, or 16.995% in total.

### 1.12 Free float

The free float is the number of shares circulating freely on the stock exchange and, therefore, in the hands of the public.

### 1.13 FSMA

The Financial Services and Markets Authority, as referred to in the Law of 2 August 2002 on the supervision of the financial sector and financial services.

### 1.14 Closed period

Period in which persons discharging managerial responsibilities or all persons appearing on the lists drawn up by the Company in accordance with Article 5.5 Trading rules - Rules on the prevention of market abuse of the Corporate Governance Charter, or any other persons affiliated to such persons, may not conduct any transactions involving financial instruments or financial derivatives of Care Property Invest. The closed periods are set out in the Dealing Code of Care Property Invest, which is part of the Corporate Governance Charter that is available on the website [www.carepropertyinvest.be](http://www.carepropertyinvest.be).

### 1.15 RREC Decree

The Royal Decree dated 13 July 2014 regarding regulated real estate companies (SIR/GVV), as published in the Belgian Official Gazette of 16 July 2014.

### 1.16 RREC Law

The Law of 12 May 2014 concerning regulated real estate companies (SIR/GVV), as published in the Annexes to the Belgian Official Gazette of 30 June 2014.

### 1.17 IAS/IFRS

The IAS/IFRS were issued by the IASB, which develops the international standards for the preparation of financial statements. European listed companies must apply these rules in their consolidated accounts for financial years beginning on or after 1 January 2005. In accordance with the Royal Decree of 13 July 2014, Care Property Invest has applied these rules to its statutory financial statements since the financial year commencing on 1 January 2007.

### 1.18 Interest rate swap

Financial instrument with which parties contractually agree to swap interest payments over a certain period. This allows parties to swap fixed interest rates for floating interest rates and vice versa.

### 1.19 Investment value

The investment value is the value determined by an independent real estate expert, from which the transfer rights have not yet been deducted (formerly known as "value deed in hand").

### 1.20 Transfer tax

The transfer of ownership of real estate is in principle subject to collection by the State of transfer tax, which constitutes most of the transaction costs. The amount of this tax depends on the transfer method, the capacity of the buyer and the geographical location of the property. The first two conditions, and thus the amount payable for the rights, are only known after the conclusion of the transfer of ownership.

In Belgium, the main possible methods of transfer of real estate and the associated registration fees are as follows:

- *contracts of sale relating to real estate: 12.5% for real estate in the Brussels-Capital Region and the Walloon Region, and 10% for real estate in the Flemish Region;*
- *sales of real estate under the regime of a real estate agent: 5% to 8%, depending on the region;*
- *establishment of building rights and leasehold rights (up to 50 years for the right to build and to 99 years for leasehold: 2% or 0.5% if the tenant is a non-profit organisation);*
- *contracts of sale relating to real estate where the buyer is a public body (e.g. an entity of the European Union, the federal government, a regional government or a foreign government.): tax exempt;*
- *contribution of real estate in kind, for the issuance of new shares to the benefit of the contributor: tax exempt;*
- *contracts of sale of the shares in a real estate company: tax exempt;*
- *mergers, splits and other corporate restructuring: tax exempt;*
- *etc.*

The effective rate of the transfer tax therefore varies between 0 and 12.5% without it being possible to give the percentage applying to a specific property before the transfer is executed.

N.B.: It should be noted that, as a result of the interpretation of the IAS/IFRS standards calculated by the Belgian Association of Asset Managers (BEAMA), the book value of buildings for the IAS/IFRS balance sheet is determined by deducting a fixed sum for transfer tax from the investment value, which is currently set by the real estate experts at 2.5%. However, for properties with a value of less than €2.5 million, the registration fees that apply according to the location of the property are deducted.

### 1.21 Net value per share

The value obtained by dividing the consolidated net assets of the RREC, net of minority interests, or, if no consolidation takes place, the net assets at statutory level, by the number of shares issued by the RREC, not including any treasury shares that may be held at the consolidated level.

This term is synonymous with "net asset value of the shares".

### 1.22 Net Rental Income

Rental income

- reversals of transferred and discounted rent
- expenses relating to rentals

### 1.23 Turnover rate

Total volume of shares traded during the year, divided by the total number of shares, as defined by Euronext

### 1.24 Building rights

A building right is a right in rem to have buildings, works or plantations partially or fully on, above or below another party's land (see Article 1 of the Law of 10 January 1824 concerning building rights).

### 1.25 Pay-out ratio

Gross dividend per share divided by the appropriated earnings per share, with the gross dividend being calculated on the basis of the EPRA result.

### 1.26 Fair value

The fair value of the investment properties is calculated as follows:

#### Buildings with an investment value exceeding €2.5 million:

The fair value = investment value/(1 + average determined as the lower of the investment unit value/(1 + percentage of the transactions costs, depending on the region in which the building is located) and the investment value as a whole/(1 + average percentage of the transaction costs as determined by BEAMA);

#### Properties with an investment value of less than €2.5 million:

1. if the real estate expert finds that the building can be sold per apartment, the fair value is determined as the lower of the investment unit value/(1 + percentage of the transaction costs, depending on the region where the building is located), and the investment value as a whole/(1 + average percentage of the transaction costs as determined by BEAMA);
2. if the real estate expert finds that the building cannot be sold per apartment, the fair value is equal to the investment value as a whole/(1 + percentage of the transfer taxes, depending on the region in which the building is located).

The average percentage of the transaction costs, as determined by BEAMA, is reviewed annually and adjusted if necessary per threshold of 0.5%. The real estate experts confirm this deduction percentage in their regular reports to shareholders. The rate now stands at 2.5%.

### 1.27 Financial debt ratio

"Total liabilities" on the balance sheet

- I. Non-current liabilities - A. Provisions
- I. Non-current liabilities - C. Other non-current financial liabilities - Hedging instruments
- I. Non-current liabilities - F. Deferred tax liabilities
- II. Current liabilities - A. Provisions
- II. Current liabilities - C. Other current financial liabilities - Hedging instruments
- II. Current liabilities - F. Deferrals and accruals

as provided in the schedules in the Appendix to the Royal Decree of 13 July 2014 concerning regulated real estate companies. The amounts still payable by the RREC for the acquisition of real estate, which will be settled within a customary period, may be deducted in the calculation of the debt level.

### 1.28 Total assets net of authorised hedging instruments

≤ 65%.

### 1.29 Transparency legislation

The Law of 2 May 2007 concerning the disclosure of significant participating interests in issuers, the shares of which are admitted for trading on a regulated market and laying down various provisions, and the Royal Decree of 14 February 2008 concerning the disclosure of significant participating interests.

### 1.30 Triple net

When the operating costs, maintenance costs and loss of rent associated with voids are borne by the operator.

### 1.31 Distributable result or EPRA result

As a return on capital, the company must pay a sum equal to at least the positive difference between the following amounts:

- 80% of an amount equal to the sum of the EPRA result (A) and the net gain on disposal of real estate assets that are not exempt from distribution (B).

(A) and (B) are calculated according to the following schedule:

Net result

+ depreciation and amortisation

+ impairments

- reversals of impairments

- reversals transferred and discounted rent

+/- other non-monetary items

+/- result of sales of property

+/- changes in fair value of real estate, changes in fair value of financial assets/liabilities

= EPRA result (A)

+/- gains and losses on real estate (gains and losses relative to the cost plus activated investment costs) realised during the financial year

- gains on real estate realised during the financial year that are exempt from mandatory distribution subject to their reinvestment within a period of four years (gains in relation to the cost plus activated investment costs).

+ realised gains on real estate that were previously exempt from mandatory distribution and were not reinvested within a period of four years (gains in relation to the acquisition value plus activated investment costs).

= Net gain on disposal of real estate that is not exempt from mandatory distribution (B)

and

- the net diminution in the debt of the public RREC in the course of the financial year, as provided for in Article 13 of the Royal Decree of 13 July 2014 (see the above definition of debt ratio).

### 1.32 Share turnover velocity

Shows how many shares are traded on an annual basis or in other words, the annual traded volume divided by the total number of listed shares.

### 1.33 Company

Care Property Invest NV

### 1.34 Prohibited period

The period that is communicated as such by the Compliance Officer on the instructions of the Management Board or the Board of Directors and commencing on the date on which inside knowledge becomes known to the Board of Directors, the Management Board and lasting until immediately after the disclosure of the said inside knowledge or to the date on which the inside knowledge loses its price-sensitive character.

### 1.35 Law of 16 June 2006

Law of 16 June 2006 on the public offering of investment instruments and the admission of investment instruments to trading on a regulated market, as published in the Belgian Official Gazette on 21 June 2006 and as amended from time to time.

### 1.36 Companies Code (W. Venn.)

The Companies Code, dated 7 May 1999, as published in the Belgian Official Gazette on 6 August 1999 and as amended from time to time.

### 1.36 Residential Care Decree

The Residential Care Decree of 13 March 2009, as published in the Belgian Official Gazette on 14 May 2009, which entered into force on 1 January 2010, together with its implementing decrees, as amended from time to time.

## 2. Abbreviations

BEAMA	Belgian Asset Managers Association (Belgische Vereniging van Asset Managers)
BEVAK	Investment company with fixed capital (BeleggingsVennootschap met Vast Kapitaal)
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
ECB	European Central Bank
EPRA	European Public Real Estate Association
FSMA	Financial Services and Markets Authority
ERV	Estimated rental value
RREC	Regulated Real Estate Company
IAS	International Accounting Standards
UCI	Undertaking for Collective Investment
IFRS	International Financial Reporting Standards
IRS	Interest Rate Swap
NV	Public limited company (Naamloze Vennootschap)
VCF	Flemish Codex Taxation (Vlaamse Codex Fiscaliteit)
W. Venn.	Companies Code (Wetboek van Vennootschappen)
VZW	Non-profit organisation (Vennootschap Zonder Winstoogmerk)

## 3. Glossary of Alternative Performance Measures

An APM is a financial indicator, historical or forward-looking, of the performance, financial situation or cash flows other than financial indicator defined or described by the applicable accounting standards. In its financial reporting Care Property Invest has used APMs (Alternative Performance Measures) within the meaning of the guidelines recently laid down by the European Securities and Markets Authority, ESMA. These APMs have been defined by the Company with a view to offering the reader a better understanding of its results and performances. Performance indicators defined by IFRS or by law are not considered to be APMs. Nor are indicators that are not based on balance sheet or global result statement headings.

### 3.1 Operating margin

Definition	Use	Reconciliation	
This is the operating result before portfolio income divided by rental income.	This APM allows the Company to measure its operating profitability as a percentage of rental income.	Details of the calculation of this APM are provided hereunder.	
Financial year closed at 31 December		2016	2015
Operating result before portfolio income	= A	13,315,315.05	11,409,048.59
Net rental income	= B	15,629,497.09	13,731,516.84
<b>Operating margin</b>	<b>= A/B</b>	<b>85.19%</b>	<b>83.09%</b>

### 3.2 Financial result before changes in fair value of financial assets and liabilities

Definition	Use	Reconciliation	
This is the financial result (financial income, net interest charges and other financial charges), excluding changes in fair value of financial assets and liabilities (authorised hedging instruments not qualifying for hedge accounting as defined in IFRS and others such as financial assets available for sale).	This APM does not take into account the impact financial instruments have on the global result statement, which are to be considered as "not realised". By not taking into account the changes in fair value (IAS 39 - IAS 40), earnings from the core operational activities can be calculated.	Details of the calculation of this APM are provided hereunder.	
Financial year closed at 31 December		2016	2015
Financial result	= A	-7,018,922.19	-904,169.25
Changes in fair value of financial assets / liabilities	= B	2,153,469.00	-2,847,152.52
<b>Financial result before changes</b>	<b>= A+B</b>	<b>-4,865,453.19</b>	<b>-3,751,321.77</b>

### 3.3 Equity before changes in fair value of financial products

Definition	Use	Reconciliation	
Equity, excluding the reserve for the balance of changes in fair value of hedging instruments (not qualifying for hedge accounting as defined in IFRS).	This APM shows equity without taking into account the hypothetical market value of derivative instruments.	Details of the calculation of this APM are provided hereunder.	
Financial year closed at 31 December		2016	2015
Equity	= A	108,698,808.51	100,299,744.76
Reserve for balance of changes in fair value of hedging instruments	= B	-19,309,535.00	-22,156,167.00
<b>Equity before changes in fair value of financial products</b>	<b>= A-B</b>	<b>128,008,343.51</b>	<b>122,455,911.76</b>

More information is always available at:  
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*The 2015/2016 Annual Financial Report constitutes a registration document in accordance with Article 28 of the Belgian Act of 16 June 2006 on the public offering of investment instruments and the admission of investments instruments to trading on a regulated market. It has been approved by the FSMA on 12 September 2016 in accordance with Article 32 of the abovementioned Act. The approval by the FSMA of this registration document is not an assessment of the financial situation of the Company.(in accordance with article 23, 2° of the aforementioned Law).*