

Quality of housing as a core value

ANNUAL FINANCIAL REPORT 2014



HOME INVEST
BELGIUM



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ANNUAL FINANCIAL REPORT 2014

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Home Invest Belgium

...a sound investment in residential real estate

About us

Home Invest Belgium is a public Regulated Real Estate Company (GvV/SIR), which was established in 1999 and is listed on the regulated market of Euronext Brussels. On 16 June 2014, the company celebrated its fifteenth anniversary. At the close of fiscal year 2014 the company's market capitalisation stood at € 269 million.

Home Invest Belgium specialises in residential real estate investments. Over the years the company built a portfolio of 73 buildings and five projects of which the overall fair value is estimated to be approximately € 322 million. Home Invest Belgium's activities are regulated by the Financial Services and Markets Authority (FSMA).

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

- acquisitions;
- development and renovation of buildings;
- administrative, commercial and technical management of the properties;
- sale.

Our strategic priorities:

- The renting of residential urban units and providing quality services to our tenants, which allow us to distinguish ourselves from other market players.
- Portfolio growth through acquisitions and development for own account of buildings based on a concept that is perfectly suited to the target market.
- Value creation through the efficient and professional daily management and active arbitrage of our real estate portfolio.

The portfolio of investment properties in operation amounts to about 142 000 sq.m. with 80.2% invested in the residential segment. The buildings are spread over town centres in Belgium (63.19% in Brussels, 23.75% in Wallonia and 13.06% in Flanders).

1 300

NICE PLACES
TO LIVE

80.2%

RESIDENTIAL SHARE
OF THE PORTFOLIO



2

Risk factors

...professionally dealt with, through the expertise and know how of a dynamic team.

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*Shareholder's
calendar*

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Real estate report

Management report

Overview of 2014

Risk factors

...professionally dealt with, through the expertise and know how of a dynamic team.

Risk factors

As a real estate investor Home Invest Belgium conducts its business in an environment subject to permanent change, which involves certain risks. Should these risks materialise then they could have an adverse effect on the company, its business, its outlook, its financial situation or its results. Home Invest Belgium considers these risks in the company's overall management, its investment and divestment decisions, in its financing and the optimal use of its resources.

As a result, these risks are constantly monitored. The management, the risk manager and the Board of Directors have adopted cautious policies in order to reduce the exposure of the RREC and its shareholders to these factors.

The main risks are listed below as well as the different factors and measures that make it possible to temper the potentially negative impact of these risks. The list of risks in this report should by no means be considered exhaustive. Other unknown and/or relatively unlikely risks may exist, which may have a potentially detrimental impact on the outlook and financial situation of Home Invest Belgium.



2.9%

SHARE OF THE LARGEST
TENANT IN
THE OVERALL RENT

1. MARKET RISKS

1.1 Risk of an economic downturn

Description of the risks

The main risks associated with an economic downturn are: (i) a negative impact on demand both on the rental market and on the acquisition market, (ii) a drop in the occupancy rate, (iii) a drop in the level of the rent at which the surfaces can be re-let, (iv) an increase in the number of unpaid rents, (v) the negative adjustment of the fair value of the investment properties and (vi) the decrease of the sale price.

Risk control

Home Invest Belgium aims to minimise the impact of these risks by:

- the diversification of investments in different categories of buildings (by range – top of the range/ mid-range/low-range -, by type of property) and in different geographical locations;
- the frequent evaluation of the real estate portfolio and the occupancy rate by the RREC's executive management and the Board of Directors;
- the rigorous selection of tenants;
- the rigorous selection of new investments;
- the arbitrage of the disinvestment opportunities;
- the contractual indexation of rents;
- the careful monitoring of rental arrears.

1.2 Risk of inflation

Description of the risks

Home Invest Belgium's exposure to the risk of inflation is limited because of the annual indexation of the rents (based on the health index). Variations in terms of inflation are linked to a variation in the real interest rates. The risk then lies in (i) the increase of the financial costs, which rise faster than the indexation of the income and (ii) a decrease of the net results of the company.

Risk control

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

- the lease agreements provide for the indexation of the base rent, in accordance with the applicable legislation;

- the risk of an increase in the real interest rates is tempered by the implementation of a strict policy for the coverage of these rates, which includes fixed-rate financing on the one hand, and the negotiation of hedging products, which enable the swapping of variable interest rates into fixed interest rates (an Interest Rate Swap contract).

1.3 Risk of deflation

Description of the risks

In the event of deflation or even in case of a temporary – total or partial blockage – of the rents by the authorities, the growth of the rental income may be halted. Deflation could thus lead to a reduction of the interest rates, which in turn would lead to a limited reduction of the financial charges due to the subscription to the above interest rate hedging instruments.

Risk control

The current legislation on residential leases does not make it possible to implement a minimum rent in the event of deflation.

1.4 Risk of concentration

Given the specificity of the residential property and the type of buildings in which Home Invest Belgium has invested the concentration risk is distributed among a very large number of tenants – over 1 300 – in various geographical locations. None of the large buildings in the portfolio is let to a single tenant. The largest tenant accounts for 2.9% of the overall rent. There are no major leases that have ended in 2014. This risk can therefore be regarded as relatively low.

→ *Adagio Hotel*



2. RISKS RELATED TO HOME INVEST BELGIUM'S PROPERTY PORTFOLIO

2.1 Risk of obsolescence of the property portfolio

Description of the risks

The risk of obsolescence of the property portfolio on the technical and/or design side has the following consequences: (i) reduced commercial appeal on the rental and acquisition market, (ii) negative impact on the occupancy rate and (iii) an increase in the cost of maintaining and renovating the property portfolio.

Risk control

Home Invest Belgium mitigates this risk with:

- a regular upkeep and maintenance policy, including the continuous renovation of the property portfolio and the investment in development projects for own account;
- a policy aimed at systematically replacing obsolete facilities; and
- the resale of less attractive buildings¹.

2.2 Inappropriate investment choices or choices of developments for own account

Description of the risks

The potentially negative consequences of the inappropriate choice of investments or developments for own account are: (i) a change in the company's income prospects, (ii) being out of step with market demand which

(1) For financial year 2014 35 apartments have been sold.

→ Florida (Waterloo)



in turn results in increased vacancy and (iii) the expected yields are not achieved.

Risk control

This risk is mitigated by the following factors:

- the strategic analysis of the property, accompanied by technical, legal, fiscal and accounting audit/due diligence before each acquisition;
- for development projects, close monitoring of rental market demand and potential adaptation of the developed project so that it better matches the market requirements;
- the internal and external valuation (by an independent expert) of each property to be acquired or developed; and
- the limits adopted for the development activity for own account:
 - maximum 12.5%;
 - maximum 25%.

2.3 Negative change in the fair value of the buildings

Description of the risks

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

For example, a drop of 1% in the fair value of the investment properties in operation would lead to a reduction of € 2.8 million in the net income of the statutory accounts on 31 December 2014, without affecting the net current result or the distributable result. The net asset value would drop by € 2.8 million, or € 0.9 per share. The statutory debt ratio would increase from 34.3% to 34.6%.

Risk control

This risk is mitigated by the following potentially corrective factors and measures:

- Home Invest Belgium regularly maintains and renovates its properties in order to maintain and even increase its rental income as well as facilitating re-rentals;
- the property assets are valued by an independent expert on a quarterly basis which allows for corrective measures to be taken where necessary;
- the investment strategy is oriented towards qualitative properties and development projects that offer immediate high returns and a stable income;
- the portfolio is diversified, including on the geographical level; and



→ Les "Jardins de la Cambre"



→ Les "Jardins de la Cambre"



→ Erainn

— the company's principal asset only represents 9.2% of the buildings in operation.

2.4 Risks related to the improper management of a renovation or development project for own account

Description of the risks

The improper management of a renovation or development project may have the following consequences: (i) an increase in the company's operating cost, (ii) decreased project profitability, (iii) a postponement of the project or of the end of the works leading to a postponement of the rental income of these buildings (which has a negative impact on the company's results per share).

Risk control

The technical management of the buildings and the coordination of the renovation and development works are the responsibility of specialised in-house teams, which follow up the various construction sites. This risk is also mitigated by the following elements:

— the limits that have been set out for the development activity for own account as referred to under section 2.1 above.

When acquiring a building that requires extensive renovation the building's acquisition value when it enters the property portfolio reflects the building's condition before renovation. As the renovation cost is already included in the financial plan that was drawn up before the investment decision this cost should normally give rise to an equivalent increase in value.

2.5 Total or partial destruction of the buildings

Description of the risks

The risk exists that the buildings may be destroyed by fire, a natural calamity, an accident, a terrorist act and so on. In that case, the company suffers a risk of loss of rents and, therefore, of the net results of the company.

Risk control

The risk that the buildings that are fully owned by the RREC are destroyed by fire, an explosion or other calamities is covered by adequate insurances, which insure their new reconstruction value (excluding land) to the amount of € 221 million on 31 December 2014 for the buildings that are available for letting (the insurance premium paid in 2014 amounted to € 0.1 million and the covering percentage of the fair value of these buildings was 85%). The properties that were co-owned are insured by these various co-ownerships.

2.6 Risks related to mergers, demergers and contributions

Description of the risks

A large number of the buildings in Home Invest Belgium's portfolio were acquired in the framework of mergers, or demergers of companies or following the purchase of shares. Hidden liabilities may thus have been transferred to the company during these operations.

Risk control

Home Invest Belgium has taken the customary precautions for these operations, carrying out audits and due diligence of the properties and the absorbed companies as well as requesting contractual warranties about liabilities. Home Invest Belgium has also established an audit committee notwithstanding the dispensation from establishing such a committee under Article 526 bis of the Company Code.

2.7 Risk of default of co-contractors (building contractors and so on) other than the tenants

Description of the risks

The default or bankruptcy of a contractor with whom the RREC has concluded a works or a service contract may have an impact on the timing or budget of the works.

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Risk control

The RREC mitigates this risk with a rigorous selection of contractors and where possible by working with different contractors on one project.

2.8 Risk related to administrative authorisations

Description of the risk

In the framework of its real estate development activities Home Invest Belgium must obtain a certain number of administrative authorisations (urban, environmental and other) before it can start to build or renovate a building. These applications for authorisations must be checked by the competent public services but sometimes this takes time, a factor that is not always controllable. Once issued these administrative authorisations can be subject to appeals by third parties. This can result in delays, additional costs or even the abandonment of the project for which costly studies were undertaken. As a result this can have an adverse effect on Home Invest Belgium's activities and results.

Risk control

The company however believes that this risk is limited by (i) the daily monitoring by teams of these procedures for obtaining permissions and (ii) the use of external consultants who are specialised in this field.

3. RISKS CONNECTED TO TENANTS AND LEASE AGREEMENTS

Home Invest Belgium's entire turnover consists of rental income generated by letting properties to third parties (private individuals, public administrations, companies, retailers, foreign embassies and delegations, the operators of nursing homes).

3.1 Risk of reduced solvency or insolvency of tenants

Description of the risks

The arrears or even defaults of tenants may (i) have a negative impact on the results, (ii) give rise to unforeseen rental vacancy and unforeseen costs, or (iii) have as a consequence that the property is leased at less favourable conditions or with rent free periods.

94.01%

OCCUPANCY RATE

Risk control

In order to limit this risk Home Invest Belgium takes the following measures:

- it conducts a diversified investment policy, both from a geographical and sectoral point of view and from the point of view of the tenants its targets;
- it rigorously selects its tenants based on an analysis of their capacity to regularly pay the rent that is due (payslips and so on);
- it requires a bank guarantee which always corresponds to two months of rent from each tenant;
- the rents are payable in advance and almost always on a monthly basis;
- the provisions for charges and taxes are payable in advance; and
- It has a rigorous procedure for the follow-up of unpaid rents.

As far as unpaid rents are concerned the RREC takes advantage of the multiplicity and quality of the selected tenants. For financial year 2014 the unpaid rent amounted to about € 0.07 million or 0.4% of the invoiced rent.

3.2 Risk of rental vacancy

Description of the risk

A drop in the occupancy rate of the properties may also have a negative impact on the results.¹

Home Invest Belgium is exposed to the risk of loss of rental income when tenants leave at the end of the contract. In view of the current economic conditions, finding new tenants may take some time and cause unforeseen costs. Tenants may also negotiate a lower rent, discounts, or incentives². The charges and taxes of unlet buildings are to be covered by the owner in that case³. These elements may also negatively influence Home Invest Belgium's results and have a negative impact on the fair value of the property.

Risk control

Given the large number of tenants, the demographic prospects in Belgium, which have significantly increased and the fact that housing by definition is a key requirement of the population the risk of a significant increase in the rental vacancy can be considered to be low.

The company implements a proactive commercial policy with a view to maintaining a high occupancy rate⁴ (94.01% in 2014 compared with 94.96% in 2013). It also conducts an in-depth analysis of the prospective tenants (standard tenant, student, senior citizen, and so on).

3.3 The average term of rental agreements, risk of termination of major leases and turnover rates

Description of the risks

The normal term of the leases is primarily based on the type of unit and is usually as follows:

- 3 or 9 years for primary residence leases;
- 1 to 12 months for furnished apartments;
- 9 years, renewable three times for commercial leases;
- a 3-year minimum for office space;
- 9 to 27 years for nursing homes.

In spite of the extreme differences in terms of the duration of its lease agreements, the contracts signed by Home Invest Belgium on average are shorter than the leases for commercial properties. This reduced term can thus generate a turnover rate that is higher than that of a commercial property asset resulting in a higher management cost during the asset's life cycle.

There is also the risk of non-renewal at the end of the lease agreement. This risk may cause unforeseen costs, a new lease at less favourable conditions or the granting of a rent free period.

Risk control

The RREC compensates for this, retaining its tenants by making available a team of qualified (property) managers or working with skilled trustees or external managers.

4. REGULATORY AND POLITICAL RISKS

4.1 The RREC framework

Description of the risks

Following the entry into force of the Law of 19 April 2014 on alternative investment funds and their managers (hereinafter the "AIFMD Act") the company had to make a choice: since sicafi were automatically considered AIFMs it had to choose between either maintaining the status of sicafi and the new AIFM status or adopt the new status of regulated real estate company.

If the company were to be considered as an AIFM in the sense of the AIFMD Act this would have a significant effect on its activities, its results and generally speaking its profitability and financial situation.

In case of breach of its obligations under the law of 12 May 2014 and the royal decree of 13 July 2014 in connection with the regulated real estate companies (the RREC Law), the company faces the risk of losing its RREC status.

Risk control

The company decided to adopt the status of public regulated real estate company as established by the RREC Law instead of becoming a public sicafi. The SIR Act gives certain entities operating in the real estate sector the opportunity to adopt a specific status that is in line with their actual economic activity. In brief, the status of RREC means the entity makes available buildings (which is exactly what the company does), providing a protection to shareholders that is similar to that offered by the sicafi regulations and as well as committing to "fiscal transparency". This status is described in more detail in the fact sheet that is published on the company's website.

On 18 June 2014, the Board of Directors decided to submit an application for authorisation as a public RREC. It obtained the approval of the FSMA, the Financial Services and Markets Authority, on 2 September 2014. Home Invest Belgium then convened an Extraordinary General Meeting on 25 September 2014 during which the company's shareholders unanimously approved the change of the company's status into a public regulated real estate company (RREC or SIR).

(1) A drop of 1% of the occupancy rate reduces the rental income by € 201 287.

(2) On 31 December 2014, the item "rental discounts" amounted to € 92 206 or 0.5% of the rental income. These rental discounts and incentives almost exclusively relate to the rental of retail or office space.

(3) On 31 December 2014, the item "Charges and taxes on unrented buildings" amounted to € 113 423, or 0.6% of the rental income.

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

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4.2 Programme law of 27 December 2012 – Residential RREC

Description of the risk

The programme law of 27 December 2012 introduces an increase of the withholding tax applicable to dividends of residential sicafi (fixed at 15% as of 1 January 2013 while these dividends were previously exempt from withholding tax) and establishes a new threshold for residential sicafi to be able to benefit from this reduced percentage of 15%: residential sicafi must invest at least 80% (previously 60%) of their assets in properties with an exclusively residential purpose or use. If the company fails to reach this threshold, it will no longer benefit from the reduced withholding tax rate.

Risk control

On 31 December 2014 Home Invest Belgium had 80.2% properties, which were exclusively used for residential purposes, which is largely in line with the objective of 80%, which it has achieved by early May 2015. We kindly refer to the "Management report" for further details.

4.3 Environmental and urban planning regulations

Description of the risks

Changes to urban and environmental regulations could have an impact on the fair value of buildings or increase the costs for maintaining buildings that are operated and, as a consequence, have a negative impact on the profitability of the company.

Risk control

Home Invest Belgium evaluates the risks related to the various legislations, whether environmental or urban, and progressively adapts in line with the changes to legislation.

5. FINANCIAL RISKS

Home Invest Belgium's financing policy sets out to optimise its financing cost and limit the company's liquidity and counterparty risk.

5.1 Debt ratio

Description of the risk

From a legal point of view, Home Invest Belgium's debt ratio may not exceed 65%. If the company exceeds this debt ratio, it faces the risk of losing its status of a RREC. The terms of the bond issue of 18 June 2014 provide for a consolidated debt ratio of maximum 65%. If Home Invest Belgium breaches this commitment, every bondholder may, by written notice, claim the payment of the principal plus accrued interest (if any). The debt is immediately due on this date and payable without further formality unless the default has been cured just before receipt of the notification by Home Invest Belgium. The contractual provisions of two of the company's two credit facilities (with BNP Paribas Fortis and Bayerisches Landesbank) provide that the margin of these credits will be automatically increased if the debt ratio exceeds certain thresholds.

Risk control

When the consolidated debt ratio exceeds 50% the Board of Directors must draw up a financial plan, in accordance with the Royal Decree on RRECs, with a timetable outlining the measures that will be taken to ensure that the debt ratio does not exceed 65%¹. On 31 December 2014, the consolidated debt ratio amounted to 34.33 %².

Home Invest Belgium has a consolidated debt capacity of about € 290 million before reaching the statutory maximum debt of 65%, which corresponds with a potential growth of the property portfolio of 87% (fair value of the property portfolio of € 290 million compared with the total assets of € 333), which is entirely financed by debt.

34.33%

HOME INVEST BELGIUM'S
DEBT RATIO

5.2 Liquidity risk

Description of the risks

Home Invest Belgium's liquidity risk implies that the company does not have the required financial resources at a given moment in time and will no longer be able to obtain the funding it requires to honour its current debts.

Credit lines

A risk of non-renewal of credit lines exists even in the context of a revision of the credit conditions. The credit margins may also increase at the expiry of credit lines when these must be renewed if the market conditions have deteriorated compared with previous years.

There is also a risk of the cancellation of bilateral credit lines by cancellation, termination or the review of financing contracts because the covenants that were negotiated when these contracts were signed were not satisfied.

In case Home Invest Belgium does not fulfil its obligations and more generally defaults on the terms of these contracts, it runs the risk of an early reimbursement of these loans.

Bond issue for € 40 million

In the framework of the diversification of its financing sources Home Invest Belgium on 18 June 2014 issued a bond with a nominal value of € 40 million. This bond issue with a term of ten years will expire on 18 June 2024. Home Invest Belgium may possibly not be able to repay the bonds on the maturity date.

The contract documents of the bond issue further provide that in case of a change of control of the company, the bondholders may require an early repayment of the bonds.

Risk control

On 31 December 2014, Home Invest Belgium had a total of € 105 million in credit lines, € 7 million of which had already been drawn. Of this no amount will expire in 2015. To find out more about Home Invest Belgium's financing structure kindly refer to the "Financial Statements" chapter of this annual financial report.

€ **105**
MILLION
AVAILABLE CREDIT LINES

Home Invest Belgium has neither granted nor received mortgages, loans or deposits outside of the aforementioned credit lines.

Taking into account its legal status as a RREC and the nature of the property in which Home Invest Belgium invests (with a low risk and generating a stable income) the risk of the non-renewal of credit lines is limited (except for unforeseen events), even in the context of a review of the credit line's conditions.

Based on the current conditions and the outlook Home Invest Belgium has no knowledge of elements that may indicate that one or more commitments it made under its financing agreements could not be met in the future. This risk is considered theoretical, as the company does everything possible to honour its obligations.

The RREC's liquidity risk is mitigated by:

- the diversification of the sources of funding: 63.64% of the total financial debt drawn excluding received guaranteed rents (i.e. € 110 million) consists of used credit lines, the bond issue representing 36.36%;
- the diversification of the credit lines with five major European financial institutions (Belfius, ING, Bayerisches Landesbank, BNP Paribas Fortis and Banque Degroof); this diversification ensures attractive financial conditions;
- maintaining a lasting relationship with solid banking partners with a good credit rating;
- the maturity of the financial debt: in 2014 the existing total payable debt was refinanced through a bond

(1) Article 23 of the Royal Decree of 13 July 2014 on regulated real estate companies.

(2) The debt ratio is calculated in accordance with Article 13 of the Royal Decree of 13 July 2014 on regulated real estate companies.

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issue of € 40 million, with a maturity of ten years, bringing the average maturity of the credit lines to 5 years and 2 months;

- a regular analysis by the company of the debt structure in order to be sufficiently prepared before the maturity of credit lines to renegotiate credit lines at market conditions;
- taking the necessary steps beforehand to be able to finance portfolio growth.

5.3 Exchange risk

Home Invest Belgium's real estate portfolio only consists of buildings in Belgium and all the leases are in euros as are all the credit lines. The company therefore is not exposed to exchange risks.

5.4 The counterparty bank risk

Description of the risk

When taking out a loan or in the framework of a hedging agreement with a financial institution this creates a counterparty bank risk if this institution defaults. The financial institution may lack the required cash or this may even result in the loss of the deposited cash.

Risk control

To limit this counterparty risk Home Invest Belgium works with different reference banks for the diversification of the sources of funding it uses for its financing and interest rate hedging instruments. At the same time the company also pays attention to the quality/service ratio of the provided services. The cash that the RREC has at its disposal is also primarily used to reduce the debt ratio. Home Invest Belgium therefore never deposits large sums. Even if this risk may be considered as being small it can never quite be excluded – given the turbulent financial times – that one or more banking counterparties of Home Invest Belgium end up defaulting.

5.5 Risk of interest rate changes

Description of the risks

The short and long-term interest rates on the (international) financial markets can fluctuate significantly. There is therefore a risk of an increase in the financial costs of the company and thus a decrease of the company's results.

Except for the bond issue, all of Home Invest Belgium's financial debts currently are floating rate debts (bilateral credit lines at EURIBOR rates). This enables Home Invest Belgium to take advantage of any favourable rates.

Risk control

To cover the risk of rising interest rates Home Invest Belgium's policy is to use interest rate hedging instruments to cover part of its debt. This cautious policy can be explained as follows: a potential increase in nominal interest rates without a corresponding increase in inflation would drive up the real interest rates. In such a situation the increase in the real interest rates would not be offset by the indexation of rental income. Moreover there is always a delay between the increase in nominal interest rates and the indexation of rental income. To this end the Board of Directors approved the objective of maintaining the share of floating rate loans (not covered by the hedging instruments) under 15% compared to the fair value of the property assets.

The risk of rising interest rates is covered by Interest Rate Swap contracts (IRS). All of Home Invest Belgium's loans have floating rates. Home Invest Belgium's hedging policy as described above limits this risk. On 31 December 2014 the total debt drawn at floating rates, i.e. € 70 million, was covered up to € 100 million with IRS type hedging instruments, with maturity between 2018 and 2020. So there is no risk of non-coverage of loans with a floating interest rate.

In 2014, an IRS Callable contract (for a total nominal amount of € 15 million) was replaced with an Interest Rate Swap contract (for a total nominal amount of € 15 million). The aim of this transaction is to control the financing cost.

5.6 Variation in the fair value of the interest rate hedging instruments¹

Description of the risks

Each change in the interest rate curve influences the fair value of the interest rate hedging instruments. Home Invest Belgium records negative variations in the fair value of these interest rate hedging instruments if the applicable interest rates are lower than the rates used to calculate the IRS. These negative variations can affect net income but do not have an impact on the net current result.

Risk control

The commentary 24 of financial statements summarises the fair value of the interest rate hedging instruments. An increase or decrease of one basis point of the interest rates of debts with variable interest rates could theoretically increase or decrease the market value of these hedging instruments by € 0.1 million. This does not affect the company's cash flow: it would have no impact on the net current result, only on the net income.

Generally speaking, at the end of financial year 2014, the decrease in interest rates of recent years has a negative impact of € 8 million (value that would have to be paid to end the contracts on 31 December 2014) on the net asset value (NAV), or € 2.54 per share.

5.7 Risk of the liquidity of the share

Description of the risks

This concerns the difficulty for shareholders to quickly change their position in Home Invest Belgium shares, both upwards or downwards. For the financial year 2014, the total volume of shares that have been traded on the stockmarket equals 254 159 shares in comparison with the 179 166 shares during the financial year 2013.

Risk control

This risk is mitigated by the following elements:

- the RREC actively works on its external communication (press releases, meetings with financial analysts, participation in road shows) with a view to improving its reputation among investors;
- the RREC signed an agreement with Banque Degroof as a liquidity provider (and ended the agreement with ING Bank).

6. OTHER RISKS

6.1 Risk related to the internal organisation and to personnel

Description of the risk

The company is exposed to a certain risk on the organisational level in the case of the departure of certain managers and other individuals who hold a key role in the company's operation. The unexpected departure of certain employees may have a negative effect on the company's development and result in supplementary management costs.

Risk control

This risk is mitigated by the continuous follow-up of the internal organisation by the RREC's management, by the ad hoc committees (appointment and remuneration committee and audit committee) and by the Board of Directors.

If a key executive leaves then Home Invest Belgium can outsource this position and/or rapidly recruit a new employee.

(1) The decrease in the fair value of the financial instruments is accounted for in the equity on 31 December 2014 for the effective part and in the results for the ineffective part. See also "Financial Statements" – "Annex 24".

Overview of 2014

...or how to become a leader
in the residential real estate market.

- | 16 LETTER TO THE SHAREHOLDERS
- | 20 KEY FIGURES 2014
- | 22 KEY EVENTS



Letter to the shareholders

Home Invest Belgium confirms its strategy as a pure player in the residential property market

Approval as a public Regulated Real Estate Company (RREC), growth of the residential share of Home Invest Belgium's portfolio, the first bond issue, the successful continuation of the company's development projects and so on. In many ways 2014 was both a year of development and of consolidation for Home Invest Belgium. The company continued to move forward on the path it took in 2012, arming itself with the resources to strengthen its positioning as a pure player in the residential market. At the same time, this once again proves the potential of regulated real estate companies.

An overview of 2014 with Sophie Lambrighs, CEO and Guillaume H. Botermans, Chairman of the Board of Directors.

What is your opinion of the past year? What were the highlights for Home Invest Belgium?

G.H.B. While 2014 was a year of consolidation it was also marked by several milestones in terms of our development and even some firsts for the market.

Home Invest Belgium was the first Belgian company to obtain its approval as a **Regulated Real Estate Company** (RREC), largely thanks to our shareholders who have supported us every step of the way. The change of status kept our teams busy for several months even though, ultimately, our business, our mission remain the same: to provide affordable and qualitative housing, with a high ROI.

We also increased the **share of residential properties** in our portfolio. By the end of 2014, more than 80% of our portfolio consisted of residential buildings. As a result, our shareholders will benefit from a reduced withholding tax of 15%.

Also in 2014, Home Invest Belgium completed its **first bond issue**. This inaugural bond issue, with a maturity of 10 years at a very interesting rate, allowed us to diversify our sources of financing, alongside purely banking products.

How did your activities develop during the year?

S.L. In 2014, our **project development activities for own account** reached cruising speed. This was a key strategic choice for Home Invest Belgium.

Since our first acquisition in 2013, conditions precedent were satisfied in 2014 and our **Brussels sites** are proceeding according to the agreed time frames and plans. In the case of the building located Place du Trône, the interior is currently being finished. Fifteen apartments and one office will be available in Q2 of 2015. We have also started on the conversion of our buildings in rue Maurice Charlent (with 127 studios to be completed during Q3 2015) and in avenue Ariane (166 small apartments,

expected to be available in 2016). We also obtained planning permission for the works on the building we acquired in rue Marcel Thiry in 2015 and submitted an application for planning permission for the Reine Astrid building in Kraainem.

We currently are working on 450 apartments or studios. These are large projects that **enhance our strategic positioning** in the mid-range and upscale segments of the residential housing market, in urban areas in cities with excellent rental potential. These developments allowed us to increase the **portfolio's fair value** in spite of the arbitrage policy implemented during the year. They represent 15.4% of the total value.

Throughout 2014, furthermore, our **teams** demonstrated their skills and professionalism, more specifically in terms of the management of buildings in the Brussels Region. We decided to insource this in 2013, another strategic choice made with Home Invest Belgium's future in mind.

Currently the company covers all **areas of the property cycle** – acquisition and sale, management and develop-

ment. This approach certainly is a **major competitive advantage** as well as guaranteeing the same high quality of service, which we value so much, to our tenants.

Do these projects target a specific clientele?

G.H.B. In the past 15 years of operation, during which we have experienced constant growth, Home Invest Belgium has acquired extensive knowledge of the rental market. This expertise has allowed us to make investments and implement projects that are in tune with the market's development.

Today **demographic growth** and the changes in **household size** have increased the overall demand for housing, more specifically for smaller, extremely functional units. While Brussels continues to be the biggest rental market in Belgium (the rate of homeownership is lower than 40% here), we like to maintain our **geographic diversity**, concentrating on cities with high rental potential.



Guillaume H. Botermans

This year again the dividend has increased for the fifteenth consecutive year. The Board of Directors has therefore proposed a dividend of € 3.75 before tax per share to the General Meeting of shareholders.



Our current projects must be seen in this light and specifically target **young professionals and students**, who represent a significant share of the tenant market in Belgium.

What are the criteria for carrying out a development project for your own account, and more specifically for converting an office building into residential dwellings?

S.L. Even though cities like Brussels have plenty of vacant office buildings not all of these are suited for conversion into housing.

There are certain (specific) technical aspects that we examine before acquiring the building and which are vital, since the **finished product really has to be housing**, that is both affordable and qualitative. The building's **geographic location** obviously is an important, variable element when choosing a building. Another aspect is the building's **structural potential** – the façade, the height of the floors, and so on –, which is also a key factor for the feasibility and budgeting of such a project.

On the investment side, conversion projects have certain advantages on the market. Firstly, the **volume** of the building you acquire is known from the start. This aspect also facilitates the application for planning permission. On the other hand, these projects are considered renovation projects, which are subject to a **VAT rate of 6%**, because we are the end users.

Last but not least, and this is a strategic choice for us, these developments allow us to acquire buildings of **superior quality**, which have been exclusively created for the rental market. We also work hard to ensure the building's long-term efficiency, its sustainability, and consequently its **value-added** potential.

At the end of 2014, what was the outcome of your strategic choices? Did the results meet your expectations?

G.H.B. Yes, the results are in line with analysts' forecasts. On the sales side, Home Invest Belgium has proven that it has the ability to make choices, to sell buildings when necessary. The development projects are evolving in line with the budgets and schedules.



Sophie Lambrighs

Our objective, and our challenge, is to become the benchmark in the Belgian residential housing market, providing quality rentals as well as new services that allow us to distinguish ourselves from the competition and which also generate a profit.



This year again the **dividend has increased**, for the **fifteenth consecutive year**. The Board of Directors has therefore proposed a dividend of **€ 3.75** before tax per share (a net dividend of € 3.1875) to the General Meeting of shareholders compared with € 3.50 before tax per share in 2013 (a net dividend per share of € 2.975), amounting to an increase of 7.1%.

What are the challenges for 2015?

S.L. Firstly, our objective is to **successfully let** the properties that will enter the market this year. In that sense, 2015 will be a year of consolidation of the quality of our portfolio.

We also have to continue to feed the **pipeline** of new development projects to supplement our portfolio for the years to come.

Another priority of Home Invest Belgium is to continue to proactively raise the level of its buildings and to carry out renovations that will also allow us to increase the value of our portfolio.

Finally, on the company level, we intend to continue to invest in our IT system to ensure that it better meets the requirements of our teams and of the market.

How do you expect Home Invest Belgium to evolve in the medium term?

S.L. In the medium term, Home Invest Belgium wants to continue to grow based on its developments for its own account. Our objective, and our challenge, is to become the **benchmark in the Belgian residential housing market**, providing quality rentals as well as new services that will allow us to distinguish ourselves from the competition and which also generate a profit.

In terms of the market's development, the population in Brussels as well as in other cities is expected to grow. This basic premise will continue to benefit the housing market. Historically speaking Belgium has never been much of a producer of housing. There is no overproduction of housing meaning the risk of oversupply is very low.

What is the impact of the current economic situation on your line of business?

G.H.B. The fall in interest rates, coupled with a continuing resistance to the stock markets, has confirmed the position of real estate as a **safe haven** for investments.

Therefore, we have noticed a lot of **competition on the acquisition side** and the prices remain high. This benefits our resale activity because every year we sell off approximately 4% of our portfolio to ensure rotation and rejuvenate our offering.

In the **rental market**, the demand for entry-level properties is still strong, resulting in prices that tend to remain stable or increase very slightly. The upscale end of the market is under greater pressure, largely due to

the restrictions that companies are enforcing in terms of the housing of executives and expats.

Finally, given the current low yields, regardless of the product, **investors seem to have a real appetite** for the shares of real estate companies. They are a good first step into real estate investment and require no management at all.

In **conclusion**, the current economic situation has prompted several trends, sometimes with paradoxical results. Home Invest Belgium expects a period of continuity: on the one hand, we have a stable rental income while on the other hand the value of our portfolio continues to grow, given the persistent market demand.

Sophie Lambrighs,
Chief Executive Officer

Guillaume H. Botermans,
President of the Board of Directors

...or how to become a leader in the residential real estate market.

Key figures 2014

Property portfolio	2014	2013	2012
Total fair value	322.3 M€	316.2 M€	260.1 M€
Investment properties in operation	282.6 M€	290.4 M€	241.8 M€
Development projects	33.9 M€	16.3 M€	0.9 M€
Buildings to be sold	5.8 M€	9.4 M€	17.3 M€
Detailed overview of investment properties in operation			
Surface area of the investment properties	142 200 sq.m.	147 935 sq.m.	125 077 sq.m.
Number of properties	73	75	73
Number of sites	42	44	42
Number of leases	1 311	1 318	1 142
Occupancy rate	94.01%	94.96%	94.16%
Gross yield on rental income or guaranteed rental commitments	6.00%	6.11%	6.11%

Consolidated results	2014	2013	2012
Net rental income	18.8 M€	19.1 M€	16.5 M€
Property result	17.7 M€	17.8 M€	15.4 M€
Property operating result before result on portfolio (EBIT)	12.1 M€	12.4 M€	11.0 M€
Portfolio result	11.0 M€	14.9 M€	6.7 M€
Operating result	23.0 M€	27.3 M€	17.6 M€
Net result	15.9 M€	24.9 M€	11.6 M€
Net current result	5.0 M€	10.0 M€	4.9 M€
Net current result excluding IAS 39	8.0 M€	8.5 M€	8.1 M€
Distributable result	13.1 M€	11.5 M€	11.0 M€
Operating margin ⁽¹⁾	68.07%	69.53%	71.14%
Payout ratio ⁽²⁾	88.93%	93.03%	88.37%

(1) Operating result before portfolio result / Property results.
(2) Dividend / Distributable result (based on the statutory accounts).

€ 3.75

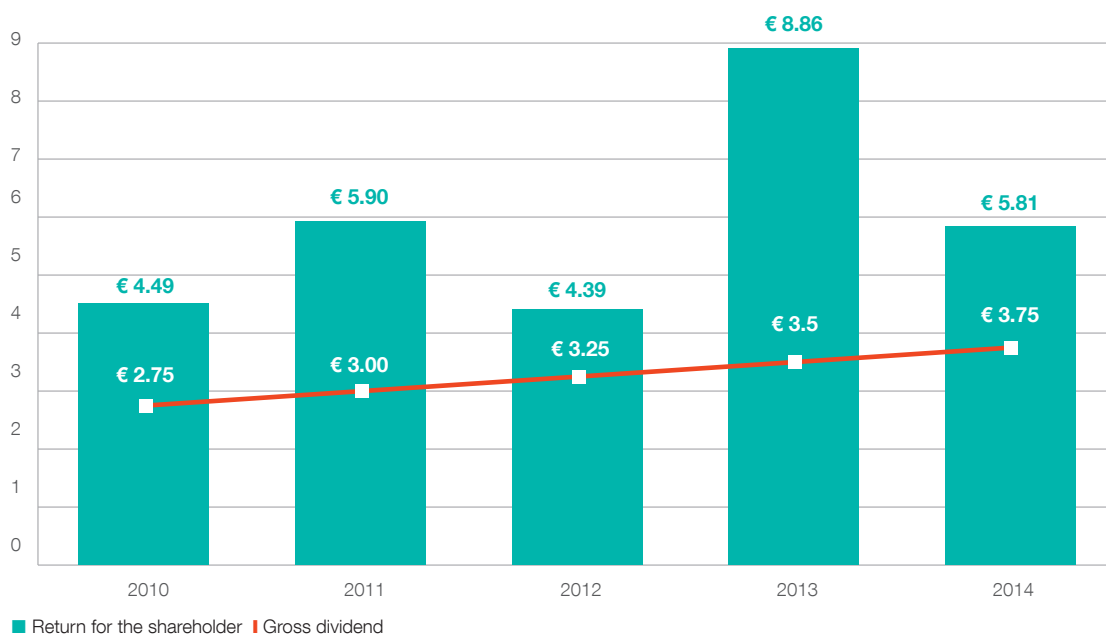
GROSS DIVIDEND

Data per share	2014	2013	2012
Net asset value (before distribution)	€ 66.15	€ 64.09	€ 58.73
Property result	€ 5.71	€ 5.86	€ 5.06
Operating result before portfolio result	€ 3.89	€ 4.07	€ 3.60
Portfolio result	€ 3.53	€ 4.90	€ 2.20
Net result	€ 5.14	€ 8.18	€ 3.82
Net current result	€ 1.61	€ 3.29	€ 1.62
Net current result excluding IAS 39	€ 2.61	€ 2.79	€ 2.65
Growth in value ⁽¹⁾	€ 2.06	€ 5.36	€ 1.14
Gross dividend	€ 3.75	€ 3.50	€ 3.25
Return for the shareholder	€ 5.81	€ 8.86	€ 4.39
Return in % ⁽²⁾	9.07%	15.09%	7.60%

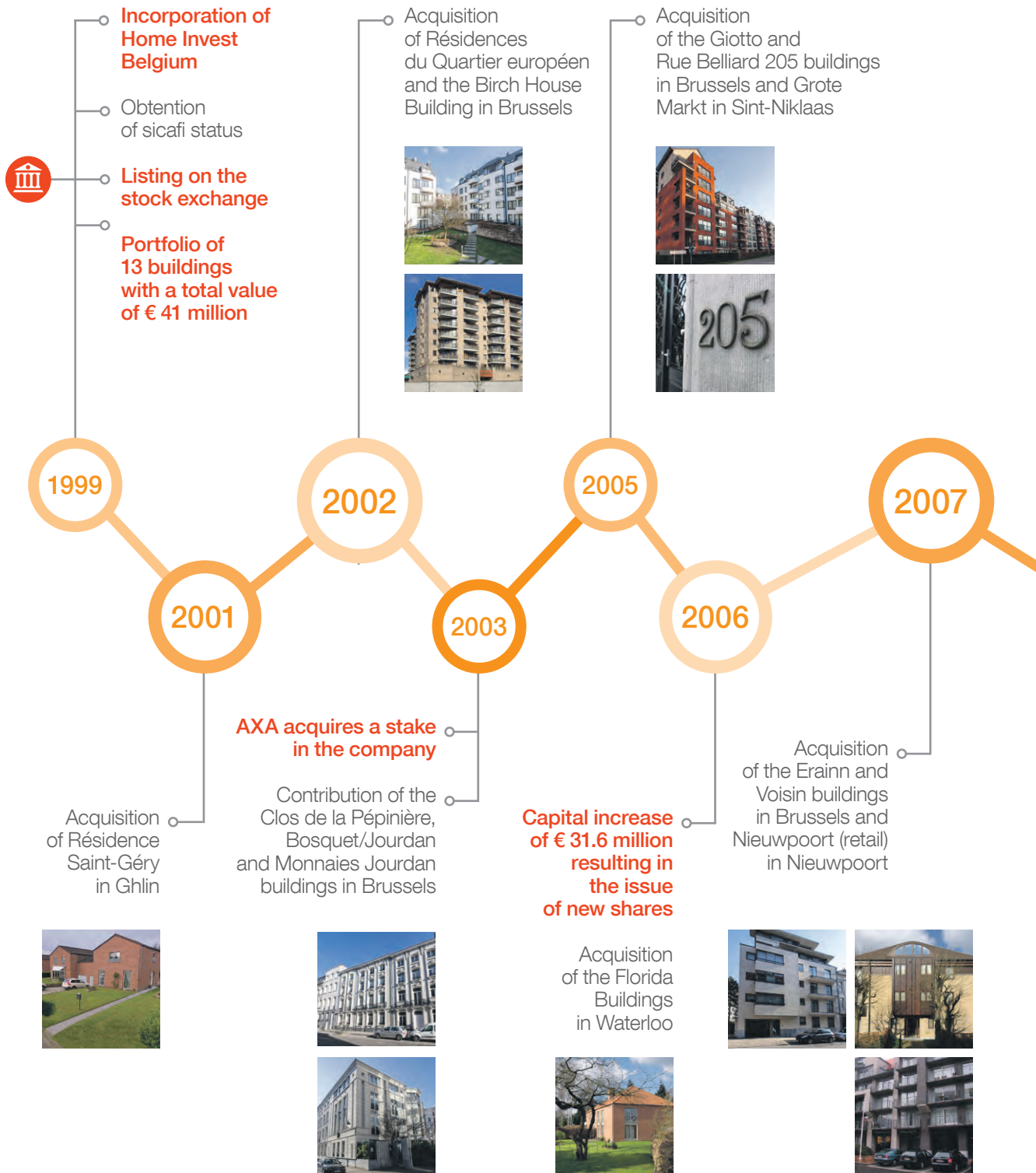
(1) The difference between the net asset values at the beginning and the end of the financial year.

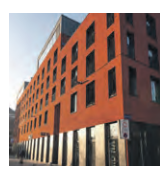
(2) Return, dividend by the net asset value at the beginning of the period.

Gross dividend and return for the shareholder



Key events





Management report

...or how we manage to create
value along with growth.

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...or how we manage to create value along with growth.

Strategy

Home Invest Belgium wishes to be a reference in the market for lettable residential properties that are affordable and highly qualitative.

“Our ambition is to maximise value creation and accelerate the company’s growth by operating on three levels:

- the acquisition of existing buildings and development projects;*
- the constant improvement of our existing portfolio;*
- the selective sale of assets to rejuvenate the portfolio.”*



ACQUISITIONS

Prioritise the quality of the investments and the potential capital gains



Home Invest Belgium invests in quality residential buildings, which on the one hand allow the company to generate a stable and recurrent income while on the other hand generating capital gains with unit per unit sales. Each building is subject to the usual technical, legal and fiscal due *diligence* examinations. The buildings are also regularly evaluated, taking into account their intrinsic characteristics as to location, accessibility, immediate surroundings and energy performance.

The company anticipates on the demographic evolution and the needs of the residential property market and consequently closely monitors the segment of housing for young professionals and students. This segment indeed provides an answer to the needs of the younger generations who are searching for qualitative housing that meets the current standards in terms of sustainability, accessibility and attractive living environment.

In terms of geographical diversification, Brussels and the other major Belgian cities continue to be Home Invest Belgium's core markets.

In the common interest of its tenants and its shareholders, Home Invest Belgium searches for residential buildings that can generate a **high return** (reflected by the net rental income) in combination with **capital gains potential** (reflected by the evolution of the fair value) by relying on the property expertise of its team. In so doing the company respects the legal framework for RRECs (Regulated Real Estate Companies)¹, of which the principal characteristics are as follows:

- the residential share of the portfolio must be at least 80% in May 2015 (on 31 December 2014 this share amounted to 80.2%)²;
- a maximum of 20% of the total value of the property assets may be invested in a single property complex, except where a special dispensation has been obtained³;



→ Trône

- the debt ratio is limited to maximum 65% of the total assets;
- in the event of profit during the financial year the distributed dividend should at least amount to the positive difference between 80% of the *corrected result*⁴ and the net decrease of the RREC's debt during the financial year under review, subject to Article 617 of the Company Code.

DEVELOPMENTS

Priority on sustainable projects that create capital gains and innovative concepts



With a view to accelerating the growth and rejuvenation of its portfolio Home Invest Belgium also pays special attention to opportunities for acquiring **development projects for own account**, such as the reconversion of office buildings into residential buildings.

Home Invest Belgium applies rigorous criteria in terms of quality and sustainability to all of its projects. It closely monitors the demographic evolution and the emerging trends in the residential market, such as the smaller size of housing units, the emergence of shared housing, the demand for services in apartment buildings, environmental concerns... The company thus develops new housing concepts that are part of the evolution of "**city living**".

Such development projects have the following advantages:

- the product can be controlled, meaning its adequacy in line with the rental market can be controlled as well as the technical, commercial and environmental qualities;

(1) The Law of 12 May 2014 and the Royal Decree of 13 July 2014 on Regulated Real Estate Companies.

(2) In accordance with the Programme Law of 27 December 2012.

(3) No special dispensation has been requested to date.

(4) The corrected result is defined in Article 13, 1st paragraph, 1st subparagraph of the Royal Decree of 13 July 2014 and in Chapter of its annex C.

- the possibility of finding large assets more easily, while avoiding the competition of unit per unit sales to private individuals by real estate developers and professional sellers;
- the higher initial yield, as a result of the absence of a margin to be paid to third parties;
- in the long term, the creation of capital gains upon the unit per unit sales of the property.

Home Invest Belgium has entrusted its subsidiary - SA Home Invest Development – with the management, the follow-up and the supervision of the development of new buildings.

Given that the experiences with the projects that are already underway were positive, the Board of Directors has defined development as a **key element in the company's growth for years to come**. The company's ambition is to achieve substantial annual growth (potentially in the order of 10%) of its portfolio by incorporating the development projects. In order to achieve this objective and given the relatively long lead times to obtain the required planning permission company envisages to acquire new projects, that are still in the study phase, while continuing to work on those projects that are already ongoing.

The project development for own account is subject to the following restrictions:

- neither the RREC nor its subsidiaries can act as real estate developers (Article 41 of the Royal Decree on RRECs);
- the overall cost of the development projects may not exceed 25% of the total value (in total cost for the

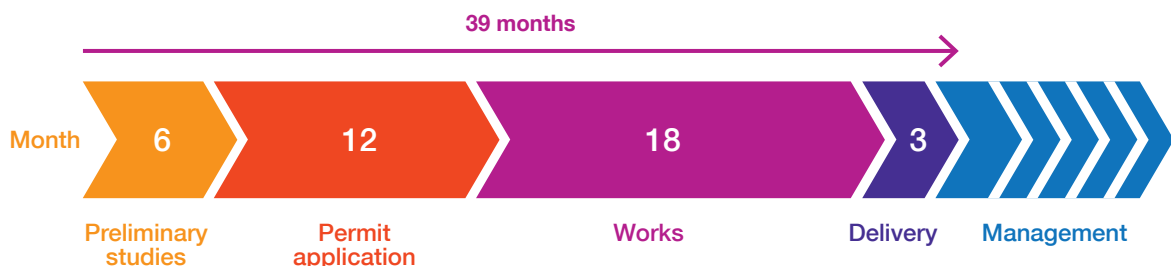
- buildings for which the permits have been obtained and in acquisition cost plus initial expenses for the projects for which the permits are still to be obtained, as per a decision of the Board of Directors);
- one single development project may not exceed 12.5% of the total value (decision of the Board of Directors).

Common criteria for acquisitions and developments

The investment criteria – that apply to the acquisitions of buildings as well as of development projects – are as follows:

- a net yield – immediately or just after works are completed – in line with the profitability objectives of the RREC, combined with the existence of a potential for capital gains when the asset is sold;
- the minimum size of a transaction is € 3 million (immediate investment value or after the works are completed) and € 5 million for a portfolio;
- the liquidity, both with regard to the rental market in a specific city and with regard to the possibility of block or split sales in the future;
- the location, which, in principle, is strictly limited to Belgium; priority is given to cities with over 50 000 inhabitants in a healthy economic state, with a favourable demographic evolution and having an appreciable growth potential in terms of property value;
- the intrinsic technical and commercial quality of the project (no risk of structural vacancy);
- the energy performance of the buildings;
- the architectural quality, the sustainability of the concept and the materials.

Duration of a development project



ADMINISTRATIVE, COMMERCIAL AND TECHNICAL MANAGEMENT

Optimisation of rental management and occupancy rate as well as rejuvenation of the portfolio



Home Invest Belgium manages a large number of leases - **over 1 300** at the end of December 2014. The company's ambition is to realise economies of scale and to distinguish itself from the multitude of private investors that operate in the residential market by offering a qualitative service to its tenants. The quality of the service, on the administrative, technical and commercial levels, is an essential part of the company's success, benefiting both the tenants and the shareholders.

Continuous efforts are made to harmonise and automate this management, while taking into account the rigorous control of the operating expenses, more specifically with regard to personnel.

On the **commercial level**, Home Invest Belgium manages the rental of the units in its real estate portfolio itself while also relying on the services of specialised real estate agents to optimise the occupancy rates. In the course of financial year 2014, the RREC has consolidated the insourcing of the **technical, administrative and accounting management** of the majority of its buildings in the Brussels Region, while leaving the management of other properties to external managers and trustees, who are rigorously selected. Insourcing the technical management has the main advantage of providing a better service to tenants, gaining a better insight into the buildings in the portfolio, and an accurate follow-up of invoicing of common charges.

Home Invest Belgium constantly looks at ways of increasing the value of its assets. In this framework the company also acts as delegated project manager for major renovations of the buildings in its portfolio. The requirements in terms of renovation are highlighted by the rigorous monitoring of the performance of each building. Renovations programmes are developed in close collaboration with the sales and technical teams.

SALES

Selective disinvestment through unit per unit sales of the buildings in portfolio



Every year all the buildings in the portfolio are subjected to a thorough examination, combined with a study of the local property market. Based on this, the company's **Executive Committee** and Investment Committee propose a selection of buildings to be put up for sale, in the context of the preparation of the annual budget. This is subject to the approval of the **Board of Directors**.

This selective disinvestment of the buildings to be sold off contributes to the **growth of the return on investment**, in a significant and regular way through the substantial capital gains that are realised in the interest of the shareholders.

Since 2012, the Board has set itself a target to reach an **annual sales volume** of at least 4% of the portfolio of the buildings in operation. In this context, priority is given to:

- buildings which have reached their peak in terms of valuation;
- buildings with an insufficient net return, that are estimated to be too small compared with the management costs involved or buildings with an inadequate energy performance;
- assets that no longer match the company's strategy and are consequently, in principle, destined to be sold.

...or how we manage to create value along with growth.

Highlights of the financial year



HOME INVEST BELGIUM SA IS THE FIRST BELGIAN SICAFI TO OBTAIN RREC STATUS

On 1 September 2014, the FSMA (the Financial Services and Markets Authority) approved Home Invest Belgium as a public RREC (Regulated Real Estate Company) and approved all the documents which the company drafted in this context, subject to the approval of the change to the articles of association by an Extraordinary General Meeting.

The Extraordinary General Meeting of 25 September 2014 unanimously voted in favour of the change in status of the company from sicafi into RREC (a public Regulated Real Estate Company) (in accordance with the Law of 12 May 2014 on Regulated Real Estate Companies).

Home Invest Belgium is happy to benefit from this new status as it will allow the company to continue to operate as a residential real estate investor, in the interest of the company and its shareholders.

15TH ANNIVERSARY!

On 16 June, Home Invest Belgium celebrated its fifteenth anniversary. On this occasion, the Brussels stock exchange held a bell ringing ceremony for the company.

On that date the company also welcomed its new CEO, Ms. Sophie Lambrighs.

80% OF THE PORTFOLIO CONSISTS OF RESIDENTIAL REAL ESTATE

The share of residential buildings in Home Invest Belgium's portfolio has significantly increased in 2014. On 31 December 2014 it stood at 80.2%, thus exceeding the threshold of 80% and allowing the shareholders to benefit from the reduction in withholding tax on the dividends to be paid out as of 2015 1.

€ **30**
MILLION

NEW CREDIT LINES
NEGOTIATED IN 2014

STRENGTHENING OF THE FINANCIAL STRUCTURE

During financial year 2014, Home Invest Belgium diversified its sources of funding and significantly extended the average duration of its credit lines and interest rate hedging instruments.

Home Invest Belgium's bond issue was successful, (closing on the first day of the subscription period). This bond issue was in the form a private placement addressed to institutional investors to the amount of € 40 million. This inaugural bond issue was realised with a maturity of 10 years. The final maturity date is 18 June 2014. This duration is a first in the RREC sector.

These bonds generate a fixed gross annual yield of 3.79%. The denominations of these bonds were fixed at € 100 000 with an issue price of 100%. The bonds were admitted to trading on Euronext Brussels as of 18 June 2014.

Thanks to the maturity of ten years these bonds are an important step forward in extending the average duration of Home Invest Belgium's overall funding, at particularly attractive financial conditions.

The RREC also obtained two new bank credit lines for a total amount of € 30 million:

- one amounting to € 20 million provided by ING Bank with maturity on 31 July 2020;
- the other, to the amount of € 10 million, is supplied by ING Bank, with maturity of one year, which is renewable.

Thanks to these agreements,

- the **weighted average duration of funding has been increased to 5 years and 2 months** per 31 December 2014, compared with 3 years and 1 month on 31 December 2013;
- the average duration of the interest rate hedging instruments was increased to 4 years and 8 months on 31 December 2014, compared with 4 years and 2 months on 31 December 2013.

Financing	Amounts of the confirmed credit lines (€)	Withdrawal (€)	Average duration
Bank Financing	105 M€	70 M€	3 years and 7 months
BELFIUS	25 M€	25 M€	4 years and 1 months
BNP PARIBAS FORTIS	25 M€	€ 0	3 years and 5 months
ING	30 M€	20 M€	3 years and 9 months
BAYERISCHES LANDESBANK	15 M€	15 M€	2 years and 11 months
DEGROOF	10 M€	10 M€	3 years and 4 months
Bond issues	40 M€	40 M€	9 years and 6 months
Bond issue of 18/06/2014	40 M€	40 M€	9 years and 6 months
TOTAL	145 M€	110 M€	5 years and 2 months

Hedging instruments	Amount of the hedging instruments (€)	Average duration
BELFIUS	35 M€	5 years and 6 months
BNP PARIBAS FORTIS	25 M€	3 years and 5 months
ING	40 M€	4 years and 8 months
IRS type hedging instruments	100 M€	4 years and 8 months

On 31 December 2014 the average interest rate of the company amounted to 3.63%.

(1) Under the currently applicable legislation.

EVOLUTION OF THE REAL ESTATE PORTFOLIO



Acquisitions

Ariane Project – realisation of the condition precedent of obtaining the building permits

After obtaining the building permits Home Invest Belgium became the owner of the Ariane project at 208, avenue Marcel Thiry in 1200 Woluwé-Saint-Lambert. This building was acquired by the company through a contribution in kind by AXA Belgium SA on 11 June 2014 (in the framework of the authorised capital). This contribution was remunerated by the attribution of 104 666 new shares to AXA Belgium SA, which resulted in an increase of the company's capital of € 2 548 072.84. Following this transaction the company's share capital now amounts to € 76 949 294.75 and is represented by **3 160 809 shares**.

Maurice Charlent Project – final acquisition of all the shares of SPRL Charlent 53 Leasehold and of SPRL Charlent 53 Freehold, the holders of the rights in rem in connection with a building located at 51-53, rue Maurice Charlent, in 1160 Auderghem - realisation of the condition subsequent of obtaining the final and executory building permit, not subject to any appeal

Following the receipt of the final and executory building permit in mid-2014, the acquisition of the shares of SPRL Charlent 53 Leasehold and SPRL Charlent 53 Freehold became final.

The conventional value of the full ownership of the property, based on which the price of the shares of these two companies was calculated, amounts to € 5.1 million¹, whereas the total investment is estimated at € 11.2 million.

On 12 December 2014, the Board of Directors of Home Invest Belgium also approved the absorption of SPRL Charlent 53 Leasehold. This transaction is equivalent to a merger by absorption of the company, under articles 676 and 719 and following of the Company Code, which implies that the merger has not been approved by an Extraordinary General Meeting of shareholders. Given that the entire capital of SPRL Charlent 53 Leasehold is now held by Home Invest Belgium, no new shares were

created on the occasion of the merger, in accordance with Article 726 of the Company Code. The shares of Charlent 53 Leasehold were cancelled after its absorption.

Following this merger Home Invest Belgium became the direct holder of the long lease rights in connection with the Maurice Charlent building, on the corner of rue Maurice Charlent and the rue Jean Cockx in 1160 Auderghem. The building is currently undergoing a major conversion programme, which will create 127 studio apartments.

Acquisition of a furnished apartment building, in rue Joseph II in 1000 Brussels

Home Invest Belgium acquired a residential building in rue Joseph II in 1000 Brussels.

The building is in very good condition, with 15 furnished apartments with some services, covering a total surface area of 1 341 sq.m. The ground floor is occupied by two commercial spaces. The purchase price excluding costs amounts to € 3 500 000 and the gross rental yield is more than 8% (which is in line with the valuation carried out by the independent real estate expert). The building is located near the Résidence Quartier Européen building, which is also owned by Home Invest Belgium. The proximity of these two buildings will allow Home Invest Belgium to optimise the building management for the two buildings.

Project Reine Astrid – Acquisition of a parcel of land

The company has acquired a parcel of land next to its development project Reine Astrid in Krainem. This acquisition will allow the company to enhance the project that was initially foreseen on this site.



Development projects

During 2014 the five development projects for own account of the RREC have seen some significant progress.

The Trône project, which is situated on the corner of rue de la Pépinière and rue de Brederode, in 1000 Brussels – 15 apartments and an office space: the structural work is completed, the roof has been raised and the insulation works and technical facilities are advancing well. The delivery of 15 apartments and an office space is scheduled for Q2 2015.

(1) The acquisition price is not higher than the investment value, which was determined by the real estate surveyor.

The Maurice Charlent project, on the corner of rue Maurice Charlent and rue Jean Cockx, in 1160 Auderghem – 127 studios: work began in July 2014. By the end of December 2014, the structural work was progressing well and the building site was ready to welcome the special technical companies. The 127 studio apartments will be finished and ready to welcome their first tenants by September 2015.

The Ariane project, at 208, avenue Marcel Thiry, in 1200 Woluwé-Saint-Lambert – 166 apartments: the dismantling work started at the end of September 2014. By the end of December, the building had been completely dismantled and the structural work started.

The Marcel Thiry C project, at 204 C, avenue Marcel Thiry, in 1200 Woluwé-Saint-Lambert: the administrative process of the permit application has run its course. Planning permission was obtained during the last days of December 2014. Work on the building will start in Q2 2015.

The Reine Astrid project, at 278, avenue Reine Astrid, in 1950 Kraainem: the studies for submitting the application for planning permission continued. The application was submitted in Q4 2014. The public enquiry was organised in December 2014. Planning permission is expected to be approved during the first half of 2015.

The schedules and budgets of these projects were respected thanks to the close monitoring of the various projects by the development team.



Administrative, commercial and technical management

Occupancy rate

The average occupancy rate¹ for the entire financial year 2014 continues to be high, namely 94.01%, but dropped slightly (0.98%) compared with financial year 2013 (94.96%). This slight drop can be explained in part by a rental market which remains difficult, especially the upscale end of it. At the same time, Home Invest Belgium also wisely chose to invest in major renovations in some of the buildings in its portfolio. To this end 15 houses in the **Clos Saint-Géry** in Ghlin, the residential **Yser** building

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



→ Maurice Charlent

→ Ariane



Filip Van Wijnendaele
Chief Operating Officer

Our ambition is to differentiate ourselves by providing a high quality service to our tenants.



in Etterbeek and the **Léopold** building in Liège were not rented out again. This obviously affects the overall occupancy rate of the portfolio. When excluding these buildings, the occupancy rate would be at a level of 95.06%.

Rejuvenation of the portfolio

Home Invest Development also acts a delegate project manager for the **RREC's large renovation projects**. In 2014, the implementation of the rejuvenation and optimisation policy of the buildings in the company's portfolio was accelerated. This trend will continue in the years to come.

The delivery of 6 supplementary apartments – built in the existing roof volume of the **Galerie de l'Ange** in Namur – took place during Q4 2014.

The far-reaching renovation of the houses in **Clos Saint-Géry** in Ghlin started and will continue in 2015.

In Liège, architectural studies are ongoing for the **Léopold** building in view of the complete redesign of the apartments' structure.

Finally, an application for building permit permission was submitted for the renovation of the façades of the Charles Woeste Building in Jette. These works, as well as the renovation of the shared spaces and the shopping gallery are expected to start in 2015.

Insourcing of the technical and administrative management

During financial year 2014 the RREC consolidated the **technical, administrative and accounting management** of the majority of its buildings in the Brussels-Capital Region, leaving the management of the other assets to rigorously selected external managers and trustees.



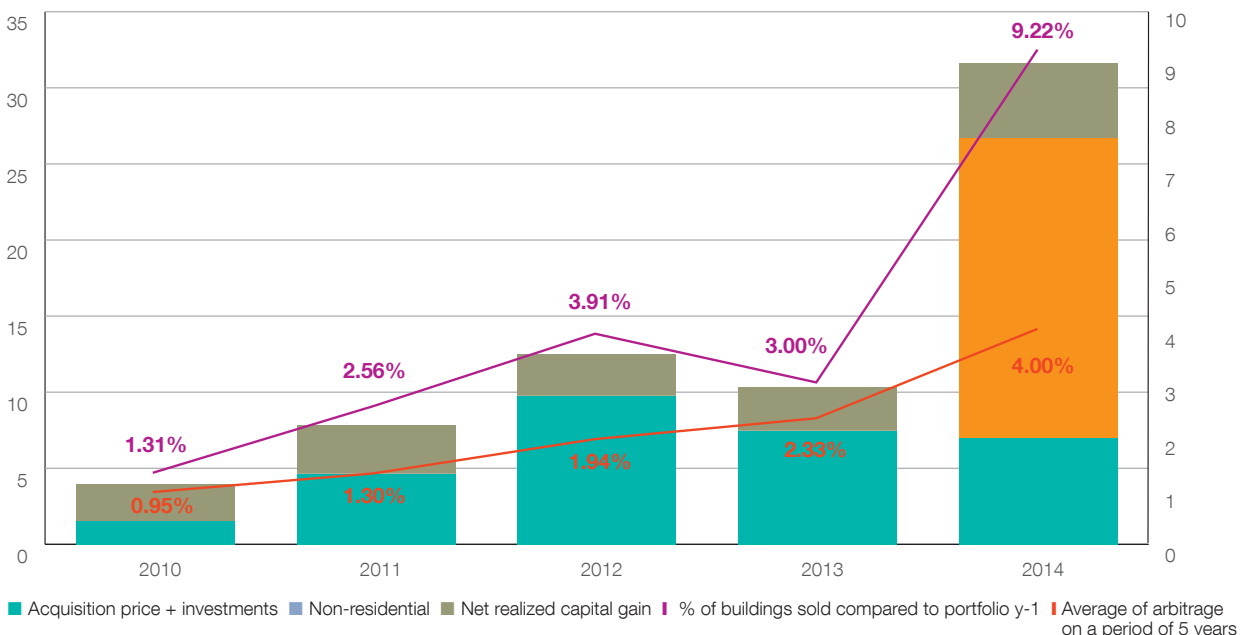
Sales

During 2014, the Home Invest Belgium team continued to concentrate on increasing the residential share in the portfolio, while also ensuring that capital gains were created, which benefited the company's shareholders.

Montoyer 25 Building

In this framework Home Invest Belgium sold the 25 Montoyer **office** building, in 1000 Brussels, for € 4.8 million excluding transfer taxes to the Kairos Group. This building is located in the Leopold neighbourhood in Brussels and has about 2 900 sq.m. of office space. The sales price was higher than the most recent fair value determined by the real estate surveyor. This sale allowed the company to book substantial capital gains compared with the acquisition price (€ 1.3 million).

Sales volume



Belliard 205 Building

On 27 November 2014, the company sold an **office** building located at 205, rue Belliard in 1000 Brussels for € 4.9 million, which is higher than the most recent fair value determined by the real estate surveyor of the company. Upon this sale a substantial capital gain has been realised compared to the acquisition price of the building (€ 1.8 million)

Adagio Hotel

On 18 December 2014, in the framework of its disinvestment strategy, Home Invest Belgium sold the Adagio **Hotel**, at 12, rue de l'Industrie in 1000 Brussels, to the Kanam Group, which operated on behalf of its newly opened fund called LEADING CITIES INVEST. The hotel is operated by the Pierre & Vacances Group. The sales price was higher than the most recent fair value determined by Home Invest Belgium's real estate surveyor.

Sale by unit of apartments

In accordance with its fourth strategic principle, namely the selective desinvestment of its portfolio, Home Invest Belgium has also continued to sell off assets unit per unit (generally apartments). In 2014, 35 apartments have been sold.

Summary of the sales

	2014	2013	2012
Number of buildings sold	9	13	17
Net sales price (excl. transaction costs)	31.6 M€	10.3 M€	12.5 M€

In 2014, the various sales during the year amounted to a volume of 9.22% of the fair value of the buildings in operation on 31 December 2013, resulting in a distributable result of € 4.96 million. This unusual volume can be explained by the RREC's aim to significantly increase the share of residential buildings in its portfolio, which is why it is divesting assets that do not belong in this category. These represent 6.8% of the fair value of the property portfolio as at 31 December 2013.

The various sales of financial year 2014 allowed the company to book a net realised capital gain of € 4.0 million compared with the most recent fair value of the sold buildings.

This amount allows the company to increase the result to be distributed to the shareholders for financial year 2014 and confirms the importance of disinvestment as a strategic approach for Home Invest Belgium.



→ Belliard 205



Alexander Hodac
Chief Commercial Officer

In the future, the growth of our portfolio will primarily be realised through investments in residential property and through the completion of our project developments.



...or how we manage to create value along with growth.

Overview of the consolidated financial statements¹

(also see the “Financial statements” chapter)

+3%

**Increase
in the value
of investment
properties**

**€4.0
million**

**Capital gains
realised in 2014**

“

**Jean-Luc Colson
Chief Financial Officer**

The net asset value per share increased by 3.4%. This good result once again demonstrates Home Invest Belgium’s capacity to generate value for its shareholders’ benefit.

”



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

CONSOLIDATED BALANCE SHEET ON 31 DECEMBER 2014

ASSETS	2014	2013
I. Non-current assets	317 610 294	307 933 429
B. Intangible assets	11 891	16 049
C. Investment properties	316 492 961	306 753 952
D. Other tangible assets	190 973	122 902
E. Non-current financial assets	69 440	76 012
F. Finance lease receivables	845 029	964 515
II. Current assets	14 170 877	17 166 414
A. Assets held for sale	5 810 465	9 402 061
C. Finance lease receivables	119 486	112 237
D. Trade receivables	2 694 041	3 199 473
E. Tax receivables and other current assets	312 992	296 970
F. Cash and cash equivalents	4 925 898	3 882 740
G. Deferred charges and accrued income	307 995	272 933
TOTAL ASSETS	331 781 170	325 099 843
SHAREHOLDERS' EQUITY		
A. Capital	75 999 055	73 469 670
B. Share premium account	24 903 199	19 093 664
C. Reserves		
a. Legal reserve (+)	98 778	98 778
b. Reserve from the balance of changes in fair value of investment properties (+/-)	103 516 959	90 909 201
c. Reserve from estimated transfer costs and rights resulting from hypothetical disposal of investment properties (-)	-27 561 611	-25 730 630
d. Reserve from the balance of changes in fair value of allowed hedges to which hedge accounting according to IFRS is applied (+/-)	-1 098 342	-671 198
h. Reserve for treasury shares (-)	-757 323	-757 323
m. Other reserves (+/-)	1 259 467	1 259 467
n. Result carried forward from previous financial years (+/-)	15 926 094	12 446 842
D. Net result of the financial year	15 937 954	24 907 336
SHAREHOLDERS' EQUITY	208 224 230	195 025 808
LIABILITIES		
I. Non-current liabilities	117 633 818	79 471 529
B. Non-current financial debts	109 627 454	75 000 000
C. Other non-current financial liabilities	8 006 364	4 471 529
II. Current liabilities	5 923 123	50 602 505
B. Current financial debts	644 327	47 382 687
D. Trade debts and other current debts	3 509 489	2 290 190
E. Other current liabilities	119 654	120 734
F. Accrued charges and deferred income	1 649 654	808 895
LIABILITIES	123 556 941	130 074 035
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	331 781 170	325 099 843
Number of shares at the end of the period ¹	3 147 897	3 043 231
Net asset value	208 224 230	195 025 808
Net asset value per share	66.15	64.09
EPRA NAV²	68.69	65.55
Indebtedness	113 900 923	124 793 611
DEBT RATIO	34.33%	38.39%

(1) Number of shares at the end of the period is calculated with the exclusion of 12 912 held in auto-control and including the 104 666 new shares created in June 2014.

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

COMMENTS ON THE 2014 BALANCE SHEET

Assets

The *intangible assets* relate to the Winiris management software.

In the course of the financial year, the fair value of the *investment properties* including the development projects increased from € 306.8 million on 31 December 2013 to € 316.5 million on 31 December 2014, or an increase of 3%, mainly due to:

- the acquisition of the various assets described above;
- the reclassification or the effective sale of buildings;
- the continuation of the development projects, described above;
- various renovation works carried out in our buildings to ensure that they meet the demands of the current market;
- the balance resulting from a positive change in the fair value of the buildings in portfolio (+ € 7.0 million) in the course of financial year 2014.

On 31 December 2014, the investment properties in operation amounted to € 282.6 million while the ongoing development projects amounted to € 33.9 million (compared with € 290.4 million and € 16.3 million respectively on 31 December 2013).

The *non-current financial assets* amount to € 0.07 million, following a reduction in the fair value of the hedging instruments as a result of the application of accounting standard IAS 39.

The *financial lease receivables* of € 1.0 million represent the value of the receivables from property leasing for the building in rue Belgrade and for Résidence Lemaire. The long-term part of this has already been accounted for under non-current assets while the short-term part (less than a year) is accounted for under current assets.

The *assets held for sale* item amounts to € 5.8 million; this represents the fair value at the closing of the financial year of the buildings for which the sales procedure had already been started up on this date.

The *trade receivables*, which had dropped by € 2.7 million compared with € 3.2 million last year, for the majority correspond with the amounts to be received within the framework of private sale deeds signed at the end of

financial year 2014 (€ 1.4 million) and, for the balance (€ 1.3 million), to rent receivables on investment properties.

The *tax receivables and other current assets* amount to € 0.3 million.

The *cash and cash equivalents* amount to € 4.9 million, compared with € 3.9 million last year.

The deferred charges and accrued income amount to € 0.3 million.

Shareholders' equity and liabilities

On 31 December 2014, Home Invest Belgium's *capital* of € 76.0 million was represented by 3 160 809 shares, of which 12 912 own shares held by the company which are excluded from the calculations per share.

The reserves progressed with 17.8%, to € 91.4 million compared to € 77.6 million one year earlier, which is explained by the appropriation of the 2013 result.

The *result carried forward from previous financial years* currently stands at € 15.9 million, or € 5.06 per share, compared with € 12.4 million the previous year (+ 28%).

Finally, the *net result of the financial year* amounts to € 15.9 million. This corresponds with the net result of the financial year, before appropriation of the result. It has to be noted that this figure comprises amongst others the net balance of the changes in fair value of the investment properties in the course of the financial year, an amount that will be booked under the reserves within the scope of the appropriation of the result.

The *reserve from the balance of changes in fair value of allowed hedges to which hedge accounting according to IFRS is applied* corresponds to the evolution of the fair value of the effective interest rate hedges in the sense of IAS 39, concluded by the RREC. This negative item amounts to € 1.1 million compared to € 0.7 million the previous year. This item thus influences in a negative, though latent way, Home Invest Belgium's shareholders' equity and consequently the net asset value per share.

The *non-current financial debts* amount to € 109.6 million, in comparison with € 75.0 million a year ago.

The *current financial debts* amount to € 0.6 million compared to € 47.4 million in 2013. It has to be pointed out that this item also comprises the received rental guarantees.

The *trade debts and other current debts* amount to € 3.5 million compared to € 2.3 million the previous year. They comprise debts to suppliers for € 1.6 million, rents received in advance for an amount of € 1.4 million, and finally, corporate tax debts of € 0.5 million.

The *other current liabilities* amount to € 0.1 million and comprise the dividends of previous financial years, not claimed by shareholders, of € 0.05 million.

The *deferred charges and accrued income* have increased and amount to € 0.4 million.

Finally, the net asset value per share¹ amounts to € 66.15 compared to € 64.03 on 31 December 2013, or an increase by 3.2%. The net asset value per share, calculated according to EPRA (i.e. without the latent impact of hedging instruments) rises to € 68.69 compared to € 65.55 the previous year (growth of 4.8%).



€ **33.9**
MILLION

**VALUE OF THE ONGOING
DEVELOPMENT PROJECTS**



→ Adagio Hotel

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

...or how we manage to create value along with growth.

CONSOLIDATED RESULTS ON 31 DECEMBER 2014

CONSOLIDATED RESULTS	2014	2013
I. Rental income (+)	18 941 328	19 353 320
III. Rental-related expenses (+/-)	-183 360	-252 403
NET RENTAL RESULT	18 757 968	19 100 917
IV. Recovery of property charges (+)	125 760	90 977
V. Recovery of charges and taxes normally borne by the tenant on let properties (+)	735 818	662 528
VII. Charges and taxes normally borne by the tenant on let properties (-)	-1 877 271	-2 021 064
VIII. Other revenues and expenditures related to the renting (+/-)	-15 982	-778
PROPERTY RESULT	17 726 293	17 832 578
IX. Technical costs (-)	-1 240 741	-1 110 397
X. Commercial costs (-)	-256 272	-539 042
XI. Taxes and charges on unlet properties (-)	-113 423	-255 581
XII. Property management costs (-)	-2 922 621	-2 557 758
XIII. Other property charges (-)	-147 343	-25 566
PROPERTY COSTS	-4 680 401	-4 488 344
PROPERTY OPERATING RESULT	13 045 891	13 344 234
XIV. General corporate expenses (-)	-945 034	-682 319
XV. Other operating income and charges (+/-)	-34 553	-263 587
OPERATING RESULT BEFORE PORTFOLIO RESULT	12 066 304	12 398 328
XVI. Result on sale of investment properties (+/-)	3 968 854	2 517 584
XVIII. Changes in fair value of investment properties (+/-)	6 990 080	12 387 402
OPERATING RESULT	23 025 238	27 303 314
XX. Financial income (+)	94 499	101 768
XXI. Net interest charges (-)	-3 999 979	-4 035 036
XXII. Other financial charges (-)	-51 715	-69 590
XXIII. Changes in fair value of financial assets and liabilities	-3 107 691	1 501 542
FINANCIAL RESULT	-7 064 885	-2 501 317
PRE-TAX RESULT	15 960 353	24 801 997
XXIV. Corporation tax (-)	-22 400	105 340
TAXES	-22 400	105 340
NET RESULT	15 937 954	24 907 336
NET RESULT ATTRIBUTABLE TO THE OWNERS OF THE MOTHER COMPANY	15 937 954	24 907 336
NET RESULT PER SHARE	5.14	8.18
Average number of shares ¹	3 101 729	3 043 231
NET CURRENT RESULT (excluding the items XVI. XVII. XVIII and XIX.)	4 979 019	10 002 351
NET CURRENT RESULT PER SHARE (excluding the items XVI. XVII. XVIII and XIX.)	1.61	3.29
NET CURRENT RESULT EXCLUDING IAS 39 (excluding the items XVI. XVII. XVIII XIX. and XXIII.)	8 086 711	8 500 809
NET CURRENT RESULT EXCLUDING IAS 39 PER SHARE (excluding the items XVI. XVII. XVIII XIX. and XXIII.)	2.61	2.79
PORTFOLIO RESULT (XVI. to XIX.)	10 958 934	14 904 985
PORTFOLIO RESULT PER SHARE (XVI. to XIX.)	3.53	4.90
DISTRIBUTABLE RESULT	13 120 205	11 495 870
DISTRIBUTABLE RESULT PER SHARE	4.23	3.78
Operating margin (Operating result before the portfolio result) / Property result	68.07%	69.53%
Operating margin before tax (Pre-tax result – portfolio result) / Property result	28.21%	55.50%
Net current margin (Net result – portfolio result) / Property result	28.09%	56.09%
PROPOSED DIVIDEND PER SHARE	3.75	3.50

(1) Calculated excluding the 12 912 Home Invest Belgium treasury shares (IAS 33, paragraph 20).

COMMENTS ON THE RESULTS FOR 2014

The net rental result

The *rental income* amounts to € 18.9 million compared to € 19.4 million in 2013 (-2.13%), following the negative influence of the sales and renovation programmes during this financial year.

The *rental-related* expenses have decreased to € 0.2 million, namely under the influence of reductions in value on trade receivables which tend to fall.

The net rental result consequently stands at € 18.8 million compared to € 19.1 million a year ago, a decrease by 1.8%.

The property result

The *rental charges and taxes normally payable by the tenant* mainly consist of the property tax paid by the RREC and remain quasi invariable at € 1.9 million. A part of these taxes (€ 0.7 million) could however be re-invoiced to certain tenants, in accordance with the applicable legislation (commercial spaces, offices, nursing homes). Consequently, the property result amounts to € 17.7 million compared to € 17.8 million a year ago, which represents a slight decrease of 0.6%.

The property charges

The *technical costs* involve maintenance costs for the owner and renovation costs. They amount to a total of € 1.2 million, an increase of 11.7% in comparison with € 1.1 million in 2013.

The *commercial costs* dropped by 52% and amount to € 0.3 million. These costs include commissions paid to estate agents for the conclusion of new leases, the shared cost of inventories and the fees of lawyers engaged in the context of rental management of the portfolio.

The *taxes and charges on unlet properties* amount to € 0.1 million, and cover the charges the RREC has to bear in case of rental vacancy.

The *property management costs* represent staff and operating expenses, the remuneration of the Executive Management and the directors and the fees paid for

the outsourced management of various buildings. They amount to € 2.9 million compared to € 2.6 million a year ago, an increase by 14.3%.

In total the *property charges* increased by 4.3% to € 4.7 million in comparison with € 4.5 million in 2013.

The property operating result

The property operating result amounts to € 13.0 million, an increase by 2.2% in comparison with the result of € 13.3 million recorded in 2013.

The operating result before the portfolio result

The RREC's *general expenses* include all charges not directly connected with the direct management of the properties and managing of the company. They consist mainly of fees associated with the RREC's stock exchange listing and with its special legal status (NYSE Euronext Brussels, supervisory authority, subscription tax to the SPF Finances, expenses related to the change in status from sicafi to RREC, etc.), the fees due to the Auditor, to advisors and to the RREC's approved property surveyor. They have increased in comparison with 2013 and amount to € 0.9 million, of which € 0.2 million are costs related to the obtention of the new status as a SIR. This results in an *operating result before the portfolio result* of € 12.1 million in comparison with the result recorded at the end of 2013 (€ 12.4 million).

The operating result

The *result on the portfolio* is again positive with € 11.0 million, compared to the result of 2013 of € 14.9 million. This very good result of 2014 can be explained, on the one hand, by the positive change in fair value of the investment properties for an amount of € 7.0 million (€ 12.4 million in 2013), but also by the important realized capital gains that amount to € 4.0 million in 2014 (compared to € 2.5 million in 2013). This substantial result shows, once again, that Home Invest Belgium succeeds in creating recurring capital gains to the benefit of its shareholders.

The *operating result*, after taking into account the portfolio result, thus amounts to € 23.0 million, in comparison with € 27.3 million for 2013.

...or how we manage to create value along with growth.

The financial result

The *financial revenues* of € 0.1 million comprise the interests received and the financial lease receivables.

The *interest charges* dropped slightly by 1%, and this following the reduction of the debt that dropped from € 124.8 million at the end of 2013 to € 113.9 million at the end of 2014, in spite of the fact that margins on credit are on the rise.

The *changes in fair value of financial assets and liabilities* represent the purely latent cost resulting from the evolution of the fair value of the non-effective hedges in the sense of IFRS. They evolve from + € 1.5 million to -3.1 million.

In total the *financial result* (negative) amounts to € -7.1 million.

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

After taking into account the financial charges and taxes, the net result of Home Invest Belgium, under influence of purely latent elements, fell by 36.0%, evolving from € 24.9 million in 2013 to € 15.9 million in 2014. The net current result amounts to € 4.9 million, influenced by the negative change in fair value of the hedges (impact IAS 39).

The net current result excluding IAS 39 reflects the company's operational profitability, without purely latent factors and amounts to € 8.1 million.

The distributable result rises by 14.1%, evolving from € 11.5 million in 2013 to € 13.1 million in 2014.

APPROPRIATION OF THE RESULT

The consolidated *distributable result* amounts to € 13.1 million compared to € 11.5 million a year ago. It corresponds to a weighted average of shares with full dividend rights of 3 101 729.

No amount has been transferred to the legal reserve.

During the financial year, no event occurred which would have justified the formation of provisions as defined by IFRS standards.

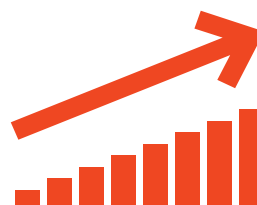
In keeping with Article 13 of the Royal Decree of 13 July 2014 on public Regulated Real Estate Companies, Home Invest Belgium does not have to pay out a dividend for financial year 2014, given that the 80% minimum distribution requirement of the sum of corrected profits and net capital gains from the sale of properties provided they are not exempt from the obligation of being distributed (€ 10 507 188.86) is influenced by a net reduction in the company's debt during the course of the financial year, as stated in the statutory financial statements.

That said the Board of Directors makes the following proposal to the Ordinary General Meeting of shareholders of Home Invest Belgium:

- to carry forward a total amount of € 4 271 830.37 to the reserves and to the result to be carried forward;
- to distribute a **dividend of € 3.75 per share**, or € 11 679 904.72 in respect of return on capital.

+14.1%

The distributable
result evolved
to € 13.1 million



Increase in the
company's dividend
for the fifteenth
consecutive year

In accordance with current legislation, this dividend is subject to a withholding tax of 15%. The fiscal treatment of the dividend is described in detail in the "Permanent document" chapter.

If approved by the General Meeting, the dividend will be paid from 15 May 2015 by automatic transfer to holders of registered or dematerialised shares, and at branches of BNP Paribas Fortis.

STRUCTURE - PARTICIPATIONS - OWN SHARES HELD

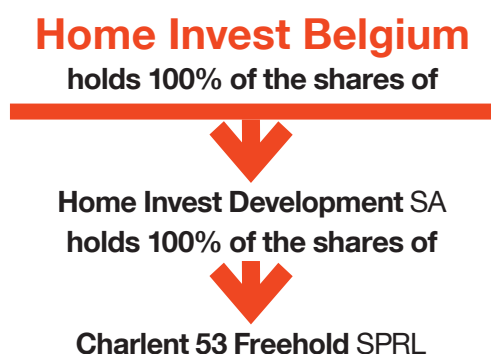
At the closing of the financial year Home Invest Development SA¹ has 12 912 shares of Home Invest Belgium.

The RREC has entrusted to its subsidiary Home Invest Development the development of new projects for own account and the management of major renovations. The daily management of this company has been entrusted to three managing directors:

- SPRL HIRES Consult, with permanent representative Mr Toon Haverals;
- SPRL ZOU 2, with permanent representative Mrs Sophie Lambrighs;
- SA Cocky, with permanent representative Mr Johan Van Overstraeten.

On 12 December 2014 the Board of Directors of Home Invest Belgium approved the absorption of SPRL Charlent 53 Leasehold (see above).

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



RISK FACTORS

The risk factors are described in the "Risk factors" chapter of this annual financial report.

Information pursuant to Article 119, 6° of the Company Code

Mr Eric Spiessens, Independent Director and Chairman of the Audit Committee, has the independence and competence required by the above-mentioned item 6 of Article 119 of the Company Code, with regard to accounting and auditing. He has a specific academic background in finance. (see "Corporate Governance Declaration").

EVENTS THAT OCCURRED AFTER THE CLOSING OF THE FINANCIAL YEAR

No significant events occurred after the closing of the financial year.

OUTLOOK FOR 2015

Notwithstanding the uncertainty in relation to the actual economic situation and its impact on the activities of Home Invest Belgium, the Board of Directors confirms its confidence in relation to the continuance of the growth of the results of the company.

In early 2015, the company has pursued its activities, namely the research for new acquisitions, development and management of its portfolio and the disinvestments. The revenue of the company stems from, on the one hand, the letting of its properties and on the other hand, a selective regular disinvestment of part (+ 4%) of its portfolio. The letting market is supported by the demographic growth in the large Belgian cities, but it suffers from a very low level of inflation, leading to the non-indexation of the rents. The sales market is supported by low interest rates that increase the leverage capacity of families.

Corporate Governance Statement

This Corporate Governance Statement is based on the provisions of the Belgian Corporate Governance Code 2009 (“Code 2009”) and on those of the law of 6 April 2010 on the amendments to the Company Code.

REFERENCE CODE

The Royal Decree of 6 June 2010 has indicated that Code 2009 is the sole applicable code. The Code is available on the website of the Belgian Official Gazette and at www.corporategovernancecommittee.be.

Home Invest Belgium adheres to the principles of Code 2009, without losing sight of the company’s specific nature. Home Invest Belgium believes that it complies with all the provisions of the aforementioned Code, except with regard to the following points (application of the “comply or explain” principle):

- certain directors have been elected for a term of more than four years, in order to ensure an appropriate spread of the mandates over the years (derogation to disposition 4.6);
- the evaluation of the individual contribution of each director and member of the specialised Committees (“assessment”) takes place on an ongoing basis (and not periodically), taking into account the frequency of

- the Board meetings, and also when renewing mandates (derogation to disposition 4.11);
- the provisions with regard to compensation of the Executive management may derogate from the recommendations of Code 2009 (see below: “Compensation report” (derogation to point 7.18).

The **Corporate Governance Charter** was established by the Board of Directors of Home Invest Belgium and aims to provide complete information on the governance rules applicable to the company. It can be consulted on the website www.homeinvestbelgium.be.

The Corporate Governance Charter is supplemented with the following documents, which are an integral part of it:

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



Guillaume H. Botermans

The role of the Board of Directors is to determine the company's strategy and take the final decisions as regards investments and divestments.



DECISION-MAKING BODIES

Board of Directors

Events in the course of financial year 2014

In March 2014, the Board of Directors finalised the hiring of the company's new CEO who was nominated by the Appointments and Remuneration Committee. Mrs Sophie Lambrighs was co-opted as a Director and CEO and appointed effective leader by decision of the Board of Directors on 22 July 2014. Her appointment was finally confirmed during the Extraordinary General Meeting on 25 September 2014. The FSMA meanwhile approved her appointment by a letter dated 27 August 2014.

The company now has a fourth effective leader.

Mr Jean-Luc Colson (CFO), Mr Filip Van Wijnendaele (COO) and Mr Alexander Hodac (CCO) will continue to work alongside **Mrs Sophie Lambrighs (CEO)**.

Mr Wim Aourousseau was co-opted on 12 February 2014 by the Board of Directors to complete the director's mandate of Mr Guy Van Wymersch-Moons.

The Ordinary General Meeting of 6 May 2014 decided:

- to proceed to the renewal of the director's mandate of **Mr Liévin Van Overstraeten** for a term of 4 years that will end after the Ordinary General Meeting to be held in 2018, due to the expiry of his mandate at the date of this same General Meeting and

- to approve the nomination as a director of **Mr Wim Aourousseau** until the Ordinary General Meeting of 5 May 2015.

Current composition

The Board currently consists of seven directors. Of the six non-executive directors, three directors are independent in the sense of article 526ter of the Company Code and three represent the shareholders.

The Board of Directors has taken notice of the recommendations by the Corporate Governance commission of 11 January 2011 and of the provisions of article 518bis of the Company Code with regard to gender diversity in the Board, which states that at least one third of the members of the Board of Directors have to be of a different gender than the other members. The Board will comply with this provision before **fiscal year 2019**. The Appointments and Remuneration Committee has taken the initiative to contact external consultants again in view of studying the possibility to entrust them with a new mission to find candidate Board members, given that the previous mission was never completed.

The résumé of the Directors can be summarised as follows:

1. Guillaume H. Botermans

**Chairman,
Independent Director**



53 years old, holds a Bachelor's Degree and Post-Graduate Teaching Degree in Trade and Diplomatic Sciences (Jury ICHEC and Saint-Louis Examination Board), a degree in European Economics (ULB). Botermans held various management positions within the Paribas group, in particular managing real estate certificates. He is the Managing partner of Arm-Stones Partnership SPRL, a Director of Home Invest Development, Paribacert I*¹, Paribacert II*, Paribacert III*, Immorente*, Artesimmo*, Arm-Stones Partnership SPRL, Pro Materia ASBL, M2 SA, Gemofi SA.

2. Liévin Van Overstraeten

**Vice-Chair, Director
(representative of the shareholder VOP)**



58 years old, holds a degree in law (KUL 1982) and a "PUB" degree in management (Vlerick 1983). He has extensive experience in leading and managing companies, in particular, real estate companies, sports centres and in the wood-processing industry, in Belgium and in Romania. He is the CEO of VOP NV / VOP SA and a Director of Immovo SA, Sippelberg SA, Rolem

Belgium SA, Cocky SA, Stichting Administratiekantoor Stavos, Stavos Luxembourg SA, Burgerlijke Maatschap Van Overstraeten, Burgerlijke Maatschap BMVO 2014, Robelproduct SRL* (Romania), Robel Doors SRL* (Romania), Belconstruct SRL* (Romania), Immorobel SRL* (Romania), C&C SRL* (Romania).²

In the meantime, Robel Doors SRL, in which Mr Liévin Van Overstraeten acted as both a director and a representative of the company with a director's mandate, has filed for bankruptcy. It is however proven by the inspections conducted by the liquidator – as confirmed in his letter of 7 February 2014 – that he found no indications that there could have been irregularities by the company or its directors. Besides, no claim was submitted by the creditors against the directors. This relates to a bankruptcy that took place in 2010 within the framework of the international financial crisis. At present, the bankruptcy has not yet been settled.

3. Sophie Lambrighs

**CEO,
Effective leader**



43 years old, holds a Master's in civil engineering (major: civil engineering) from ULB and an Executive Master in Management (ULB). She started out her career in the building industry working on the design of buildings and structures (at Spie, BGroup and Ergon) and has held positions of responsibility in the real estate industry in various companies including AXA Belgium, Immobilbel and Retail Estates. She was also a lecturer at ULB. She is a Director of Retail Estates*, Parc de l'Alliance SA, Immobilière de Corroye-le-Granbonpré SCRL*, Gateway SA*, Greendog SA*, and various real estate subsidiaries of AXA Belgium SA*³. She is the CEO of Zou2 SPRL, the CEO of Home Invest Development, and a Director of Immobilbel².

4. Wim Aourousseau

Director
(representing the shareholder AXA)



43 years old, holds a degree in applied economics and finance (UA) and Financial Analyst (ICHEC).

He has vast experience in the management of property and companies, in the banking and insurance sector in Belgium. He currently is the Chief Investment Officer of AXA Belgium.

5. Koen Dejonckheere

Independent
Director



46 years old, holds a degree in Civil Engineering (Ghent) and an MBA (IEFSI-ECHEC, Lille-France). He is the CEO of Gimv NV, Noorderman NV, Invest at Value NV, and a Director of Capman Plc (Finland), TDP NV, AZ Delta VZW (Hospital Group), Roularta NV/SA*, Enternext SA, Belgian Venturing Association vzw/asbl, Biotechfonds Vlaanderen NV/GIMV Arkiv Technology Fund NV/Voka-VEV. He is also a member of the Executive management of VBO/FEB².

6. Eric Spiessens

Independent
Director



55 years old, holds a degree in Sociology (KU Leuven), a teaching qualification for secondary education and is an engineer in Social Sciences (KU Leuven). He has held various management positions, among others in the ARCO group. He is a member of the Executive Committee of Auxipar NV. He is a Director of Gimv NV*, Auxipar NV, VEH CVBA, Publigas CVBA, Aspiravi NV, DG Infra+ NV*, EPC CVBA, Sint-Jozefskredietmaatschappij NV, Livingstones CVBA².

7. Johan Van Overstraeten

Director
(representative of the shareholder VOP)



53 years old, has vast experience managing companies, more specifically in property development. He is a Director of VOP SA, Immovo SA, Sippelberg SA, Rolem Belgium SA, Cocky SA, Stavos Luxembourg SA (G.D. of Luxembourg), Stichting Administratiekantoor Stavos NV (the Netherlands), Burgerlijke Maatschap Van Overstraeten, Burgerlijke Maatschap BMVO 2014 and is a CEO of Home Invest Development in his capacity of permanent representative of Cocky BVBA².

(1) All the mandates that have since expired are indicated with an asterisk.

(2) These are the mandates in other companies over the last five years.

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

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Composition of the Bord of Directors on 31 December 2014

Name	Position	Start of first mandate	End of mandate	Business address	Attendance rate at Board meetings during fiscal year 2014
Guillaume H. Botermans	Chairman	2 May 2007	Ordinary General Meeting to be held in 2016	Arm-Stones Partnership SPRL, avenue Louise 505, 1050 Brussels	92.86%
Liévin Van Overstraeten	Director	23 May 2008	Ordinary General Meeting to be held in 2018	V.O.P. SA, avenue du Sippelberg 3, 1080 Brussels	100%
Sophie Lambrighs	CEO	22 July 2014	Ordinary General Meeting to be held in 2018	Home Invest Belgium SA, Boulevard de la Woluwe 60, box 4, 1200 Woluwé-Saint Lambert	100%
Wim Arousseau	Director	12 February 2014	Ordinary General Meeting to be held in 2015	AXA Belgium SA, boulevard du Souverain 25, 1170 Brussels	61.45%
Koen Dejonckheere	Director	3 May 2011	Ordinary General Meeting to be held in 2015	Gimv NV, Karel Oomsstraat 37, 2018 Antwerp	92.86%
Eric Spiessens	Director	3 May 2011	Ordinary General Meeting to be held in 2015	ACW, Chaussée de Haecht 579, 1030 Brussels	92.86%
Johan Van Overstraeten	Director	18 August 2010	Ordinary General Meeting to be held in 2015	V.O.P. SA, avenue du Sippelberg 3, 1080 Brussels	100%



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

Activity report of the Board of Directors

The Board of Directors acts within the corporate interest of the company (which implies the taking into account of other interests than the interests of the shareholders, being the interest of the clients and end-users of the buildings).

Its role consists of:

- determining the company's strategy and taking the final decisions as regard to investments and divestments;
- preparing the half-year and annual accounts of the RREC, as well as the annual and half-year financial report, and the interim statements;
- carefully and closely examining the precision, accuracy and transparency of the communication addressed to shareholders, financial analysts and the public;
- approving merger reports, deciding on the use of authorised capital and convening the Ordinary and Extraordinary General Meetings of shareholders;
- delegating day-to-day management to the Executive management, which reports back to it on a regular basis on its management, and submits to it an annual budget, as well as a quarterly statement.

In the financial year under review, the Board of Directors duly performed all of its duties on a regular basis and decided on several issues, namely:

- the analysis and approval with respect to investment and divestment files;
- the study and the selection of the directions for the development, the diversification and strategy of Home Invest Belgium taking into account the programme law of 27 December 2012;
- the refinancing of the company's debt, the diversification of the company's funding and the interest-rate hedging policy;
- the composition of the Board of Directors and its various Committees;
- the succession plan of the CEO;
- the transformation of the status of sicafi into a RREC;
- the RREC's internal organisation.

The Board of Directors meets at least seven times a year and whenever required by a specific or one-time transaction.

During the financial year 2014, the Board of Directors met 14 times.

The rules of the quorum and decision-making are specified in the articles 17 and 18 of the articles of association:

- In accordance with article 17 of the articles of association "except in cases of force majeure, the Board of Directors may validly deliberate and take decisions only if half of its members are present or represented. If this condition is not fulfilled, a new meeting may be convened, which will deliberate and make valid decisions about agenda items of the previous meeting, provided that at least two directors are present or represented."
- Article 18 stipulates that "other than in exceptional cases, deliberations and voting may cover only the items contained in the agenda. Any board decision is taken by an absolute majority of directors present or represented, and, in the event of abstention by one or more of them, by the majority of the other voting directors. In the event of a tied vote, the person chairing the meeting has the casting vote.
- In exceptional cases, pursuant to article 521 of the Company Law, and where the urgency and interest of the company so demand, board decisions may be taken by unanimous written agreement of the directors and/or in the context of a teleconference. This procedure may not, however, be followed for establishing the annual accounts and using the authorised capital."

SPECIAL COMMITTEES

The responsibilities and functioning of the Special Committees, created within the Board of Directors, are explained in detail in the Corporate Governance Charter of Home Invest Belgium, which can be downloaded on the company's website, www.homeinvestbelgium.be.

Investment Committee

The Investment Committee selects, analyses and prepares investment files, although the final approval of these files is entrusted to the Board of Directors.

The Investment Committee met on eight occasions during the past financial year, and was composed of the following members:

- **Johan Van Overstraeten**, Chairman of the Investment Committee, Director; Presence: 8/8
- **Sophie Lambrighs**, CEO, Presence: 5/5
- **Guillaume H. Botermans**, Independent Director, Presence: 8/8
- **Alain Verheulpen**, representative of AXA Belgium Presence: 8/8

Audit Committee

Although Home Invest Belgium satisfies two of the three exclusion criteria mentioned in article 526 bis § 3 of the Company Code¹ and is therefore not required to set up such a Committee, the RREC's Board of Directors nevertheless decided to nominate an Audit Committee.

The Audit Committee met on four occasions during the past financial year, and was composed of the following members:

- **Eric Spiessens**, Director and Chairman of the Audit Committee Presence: 4/4
- **Guillaume H. Botermans**, Independent Director Presence: 4/4
- **Liévin Van Overstraeten**, Director Presence: 4/4

The RREC's Auditor attended three meetings of the Audit Committee in 2014.

The tasks of the Audit Committee mainly consist of:

- financial reporting: monitoring the integrity and accuracy of the figures and the relevancy of the accounting standards applied;
- assessment of the internal control systems and risk management;
- follow-up of the legal audit of the annual financial statements and consolidated statements, including the follow-up of the questions and recommendations formulated by the Auditor.

Activity report

In the course of the financial year 2014, the following items were discussed:

- quarterly reporting and portfolio valuation;
- refinancing of the debt, diversification of the company's sources of funding and interest rate hedging policy;
- evolution of the rental vacancy rate;
- consequences of the insourcing of technical management of the properties located in the Brussels-Capital Region;
- follow-up of the recommendations of the Auditor about the auditing of internal control procedures;
- IT platform of the company and IT security.

Appointments and Remuneration Committee

Home Invest Belgium has decided to combine the compensation and appointment functions in a single Committee.

The Appointments and Remuneration Committee met three times during the previous financial year and was composed of the following members:

- **Guillaume H. Botermans**, Independent Director and Chairman of the Appointments and Remuneration Committee Presence: 3/3
- **Eric Spiessens**, Independent Director Presence: 3/3
- **Liévin Van Overstraeten**, Director Presence: 3/3

(1) The average number of employees is less than 250 for the whole of fiscal year 2014 while the net annual turnover for fiscal year 2014 is less than € 50 million.

Home Invest Belgium's Appointments and Remuneration Committee reports to the Board of Directors on a regular basis on the performance of its duties.

The Committee assists the Board in all matters dealing with the composition of the Board of Directors (number, competences, gender diversification), the Special Committees and the compensation of the directors and the members of the RREC's Executive management.

It is authorised to decide on following matters:

- draw up the profiles for the directors' positions or positions of the members of the RREC's Executive management and advise on and recommend candidates;
- make proposals to the Board of Directors on the compensation policy and the individual compensation of the directors and members of the Executive management;
- evaluate the performance objectives linked to the individual compensation of the CEO and the members of the Executive management;
- prepare the compensation report, in accordance with the article 96§3 of the Company Code, which will be included in the Corporate Governance Statement, and comment on this report at the annual General Meeting of the shareholders.

Activity report

In the course of the financial year 2014, the Committee met mainly to discuss the following items:

- evolution of the composition of the Board of Directors and gender diversification;
- succession plan of the CEO;
- assessment of the performance of the members of the Executive management set for the year ended on 31 December 2013 and definition of their variable compensation for said year;
- definition of the individual targets of the members of Executive management for the financial year 2014.



→ Florida (Waterloo)



→ Erainn



→ Giotto



→ Charles Woeste

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Summary of the current composition of the Board of Directors and the Committees:

Name	Board of Directors	Investment Committee	Audit Committee	Appointments and Remuneration Committee
Guillaume Botermans	Chairman Independent Director	Member	Member	President
Liévin Van Overstraeten	Vice-chair Director	-	Member	Member
Sophie Lambrighs	CEO	Member	-	-
Wim Arousseau	Director	-	-	-
Koen Dejonckheere	Independent Director	-	-	-
Eric Spiessens	Independent Director	-	President	Member
Johan Van Overstraeten	Director	President	-	-
Alain Verheulpen*	-	Member	-	-

* Representative of Axa Belgium SA.

Honorary members of the Board of Directors:

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

MANAGEMENT

The Board of Directors is assisted by management, which implements the strategy set out by the Board of Directors and reports to it.

Composition

The members of the management of HIB are:

- Sophie Lambrighs, Chief Executive Officer (CEO);
- SPRL Ylkatt, represented by Mr Jean-Luc Colson, Chief Financial Officer (CFO);
- SPRL AHO Consulting, represented by Mr Alexander Hodac, Chief Commercial Officer (CCO);
- SPRL FWV Consult, represented by Mr Filip Van Wijnendaele, Chief Operating Officer (COO);
- SPRL HIRES Consult, represented by Mr Toon Haverals, Chief Development Officer (CDO).

The résumé of the members of management (or of their permanent representative) can be summarised as follows:

Jean-Luc Colson ¹ Chief Financial Officer



40 years old, holds a degree in accounting (HEMES Sainte Marie). He has held various jobs of a financial nature, including at AXA Belgium, ING Real Estate and Home Invest Development ².

Alexander Hodac ⁴ Chief Commercial Officer



34 years old, holds a degree in business engineering (Solvay/VUB). He was previously employed as Senior Manager at Deloitte Corporate Finance-Real Estate.

Filip Van Wijnendaele ³ Chief Operating Officer



38 years old, holds a Master and a teaching qualification in trade and diplomatic sciences (HUB), holds a PhD in Business Communication (KUL) and a post-graduate degree in real estate (KULAK). He has held various management positions in the past, among others at Immobiliën Hugo Ceusters and at Société des Centres Commerciaux de Belgique (SCCB).

Toon Haverals ⁵ Chief Development Officer



32 years old, obtained a degree in civil engineering and architecture from KUL and an Executive Master in "Real Estate Management" at the AMS. He has worked as a special techniques engineer for an engineering consultancy, as a project architect for several architectural firms and as a project manager for the real estate developer Extensa NV for residential projects.

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

(2) Previously called Home Invest Management.

(3) In his capacity of permanent representative of SPRL AHO Consulting.

(4) In his capacity of permanent representative of SPRL FWW Consult.

(5) In his capacity of permanent representative of SPRL HIRES Consult.

The members of management are assisted by the operational teams of Home Invest Belgium and Home Invest Development. They can also rely on the assistance of the Directors whose competence they wish to tap and on external consultants, where applicable within the limitations as set out by the Board of Directors. They can also count on the assistance of the Audit Committee on all issues for which it is competent.

The members of management carry out their mission under the responsibility and the supervision of the Board of Directors, to which they regularly report.

At least once a year the CEO will report to the Board of Directors, the Auditor and the FSMA about how independent control functions are exercised, what were the main identified risks during the past year and which measures were adopted to remediate this.

Every year the Appointments and Remuneration Committee formally evaluates the members of management, in order to define their real stipends, based on the criteria and objectives set out in the beginning of the year. They then report to the Board of Directors.

EXECUTIVE MANAGEMENT

Home Invest Belgium has opted for an Executive management, as defined in article 14 of the Law of 12 May 2014 on RRECs.

The responsibilities and the functioning of the Executive management are detailed in the Governance Charter of Home Invest Belgium. This charter can be consulted on the site of the company www.homeinvestbelgium.be.

In the course of the financial year 2013, Mr Xavier Mertens, the company's former CEO, announced his decision to leave the company on 15 January 2014. He assured the transition until May 2014.

Currently the Executive management is made up of:

	Sophie Lambrighs CEO	Jean-Luc Colson CFO¹	Alexander Hodac CCO²	Filip Van Wijnendaele COO³
Number of shares in HIB	N/A	N/A	N/A	N/A
Other mandates⁴	Mrs Lambrighs's other mandates are listed above.	Its permanent representative, Jean-Luc Colson, has been a Director of Home Invest Development*.	N/A.	Director of Home Invest Development SA and CEO of SPRL Charlent 53 Freehold. Its permanent representative, Filip Van Wijnendaele, has served as member of the Board of Directors of SA Immobiliën Hugo Ceusters*.

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

(1) In his capacity of permanent representative of SPRL Yikatt.

(2) In his capacity of permanent representative of SPRL AHO Consulting.

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

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



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

COMPENSATION REPORT

The compensation report below was approved by the Board of Directors on 25 March 2014 and takes into account the recommendations of the Appointments and Remuneration Committee. It comprises the provisions of the Belgian Corporate Governance Code (2009 edition) and in the article 96§3 paragraph 2 of the Company Code, as introduced by the law of 6 April 2010.

Compensation of the non-executive directors

Mr Guillaume H. Botermans has received

- 1) an exceptional fixed compensation of € 10 000 for serving as temporary Chairman of the Board of Directors, in 2013, following the resignation of the Chairman of the Board of Directors,
- 2) an exceptional fixed compensation of € 10 000, pro rata temporis, taking effect on 1 January 2014 and ending on 15 June (date on which Mrs Sophie Lambrighs took up her duties, instead of compensation for the position of temporary Chairman of the company's Board of Directors).

Mr Guillaume H. Botermans received a fixed lump compensation of € 80 000 a year, pro rata temporis, for serving as Chairman of the Board of Directors of the company and performing his other duties within the company (including among others attendance fees for participating in the meetings of the Board and the

Committees and the costs incurred while performing these duties), as of 16 June 2014 until he stops serving as Chairman of the company's Board of Directors. For 2014, Mr Guillaume H. Botermans received a total sum of € 108 333 (€ 65 000 in his capacity of temporary Chairman of the Board of Directors and € 43 333 as Chairman of the Board of Directors).

No other non-executive director receives any fixed or variable compensation of any type whatsoever. However, said non-executive directors can submit expense statements for expenses incurred while performing their duties.

The non-executive directors benefit from a system of attendance fees for the Board meetings and the Special Committees. These amounted to € 1 000 per board meeting and € 500 per meeting of a Committee for the past financial year. Members of the Executive management who attend these meetings do not benefit from this system.

Compensation and attendance fees of the non-executive directors for financial year 2014:

In €	Home Invest Belgium				Home Invest Development	Total
	BoD	Investment Committee	Audit Committee	Appointments and Remuneration Committee	BoD	
Guillaume H. Botermans	108 333 (compensation as temporary Chairman of the BoD until 15 June 2014 and as Chairman of the Board of Directors as of 16 June 2014)				1 200	109 533
Liévin Van Overstraeten	14 000	-	2 000	1 500	-	17 500
Wim Arousseau	8 000	-	-	-	-	8 000
Koen Dejonckheere	13 000	-	-	-	-	13 000
Eric Spiessens	13 000	-	2 000	1 500	-	16 500
Johan Van Overstraeten	14 000	4 000	-	-	-	18 000
Cocky SA	-	-	-	-	1 200	1 200
Total Directors	170 333	4 000	4 000	3 000	2 400	183 733

Compensation policy of the Executive management in the course of financial year 2014

Basic principle: a basic compensation in accordance with market standards, taking into account the importance of the function, the required knowledge, the size of the company, augmented by a capped variable compensation, depending on the results in comparison with the defined targets. The variable compensation is determined according to evaluation criteria, measurable if possible, established at the beginning of the financial year by the Board of Directors, advised by the Appointments and Remuneration Committee. Assessing to which degree the evaluation criteria have been implemented is the task of the Board of Directors, advised by the Appointments and Remuneration Committee, in the light of financial statements of the financial year which has just ended.

Relative importance of the different compensation items: the Board caps the variable compensations granted to each member of the Executive management.

There are no *performance bonuses in shares*, options or other rights to acquire shares, except those that are granted to the CEO.

Compensation of the previous Chief Executive Officer (CEO), Mr Xavier Mertens, whose notice became effective as of 15 January 2014

Pursuant to an agreement the balance of the compensation of Mr Xavier Mertens, which was paid during financial year 2014, amounted to € 466 988.26.

Compensation of the current Chief Executive Officer (CEO), Mrs Sophie Lambrighs

The agreement between the company and Mrs Sophie Lambrighs sets out a annual base salary, payable in monthly instalments, of € 122 000 for 2014 and a variable compensation which could be anywhere between 0% and 20% of the annual basic compensation of the financial year concerned.

Mrs Lambrighs' variable compensation is determined based on the following criteria:

- the occupancy rates of the buildings in the portfolio;
- the development of the portfolio;

- the implementation of the other strategic principles, as set out by the Board;
- “Corporate Management” in general; and
- external communication.

Mrs Lambrighs also has a pension plan (with an annual premium of € 9 500 for 2014) and performance bonuses in the form of shares, options or other rights to acquire shares, namely:

- provided Mrs Sophie Lambrighs still holds this position in the company on the third anniversary of the date that she took up her duties (or on the next business day), she will be entitled to 1 200 shares of the company or alternatively may request that the company pays her the equivalent of the value of these shares in cash (at the closing price of the stock on the day before the third anniversary of the start date of her contract or on the eve of the next business day).
- Mrs Lambrighs is also entitled to the following (on condition she is still employed by the company at this time):
 - in 2015, to the amount of dividend declared by the company for financial year 2014, for 400 shares of the company,
 - in 2016, to the amount of dividend declared by the company for financial year 2015, for 800 shares of the company,
 - in 2017, to the amount of dividend declared by the company for financial year 2016, for 1 200 shares of the company.

In addition to receiving a mobile phone Mrs Lambrighs' mobile phone expenses will also be paid and she will also be compensated for expenses incurred on behalf of the RREC.

Contractual provisions in terms of notice and severance pay:

The contract between Mrs Lambrighs and the company provides that in case of termination by the company it will comply with a notice period of six months, beginning on the first day of the month following the dismissal. At the company's discretion, this notice may be replaced (in whole or in part) by the payment of compensation.

The amount of this compensation will be calculated based on the fixed compensation for a period equal to six months of work or for the balance of the current notice.

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

The agreement between the subsidiary Home Invest Development and Sprl Zou2, represented hereinafter by its Managing Director Mrs Sophie Lambrighs provides for an indexed annual base salary, payable in monthly instalments, of € 100 000 for 2014 and a variable compensation between 0% and 20% of the annual base salary for the financial year in question. In principle, these amounts are subject to VAT. However, a VAT tolerance exempts certain services, i.e. services provided by legal persons acting as a director, from VAT.

Mrs Lambrighs' variable remuneration is determined based on the following criteria:

- compliance with the planning schedules of the development projects;
- compliance with the budgets of building projects;
- the development of the project development team.

On an exceptional and non-recurring basis Zou2 sprl received exceptional compensation to the amount of € 20 000 (excl. VAT) for 2014.

Pension plan, supplementary insurance or other benefits: none.

Performance bonuses in the form of shares, options or other rights to acquire shares: none.

Contractual provisions concerning notice and severance pay.

In case of termination by Home Invest Development the company will comply with a notice period of six months, beginning on the first day of the month following the dismissal. At the company's discretion this notice may be replaced (in whole or in part) by the payment of compensation. The amount of this compensation will be calculated based on the fixed compensation for a period equal to six months of work or for the balance of the current notice.

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

Compensation of the Chief Financial Officer (CFO), Mr Jean-Luc Colson

(pursuant to an agreement dated 21 January 2010 with the SPRL Ylkatt)

The agreement provides for an indexed annual base compensation, payable in monthly instalments and a variable compensation that can vary between 5% and 16% of the annual base salary for the year in question. He is also eligible for a mobile phone, reimbursement of mobile phone expenses, and is reimbursed for the expenses incurred on behalf of the RREC.

His variable compensation is determined based on the application of the following assessment criteria, during the year in question:

- the implementation of the property disposal policy;
- the management of outstanding payments;
- administrative, human resources and IT management, internal reporting and reporting to the Board;
- control of the operating margin;
- portfolio growth.

Pension plan, supplementary insurance or other benefits: none.

Performance bonuses in the form of shares, options or other rights to acquire shares: none.

Contractual provisions concerning notice and severance pay: the agreement concluded with SPRL YLKATT provides, if the RREC terminates the contract, notice of nine months, plus a three months of termination compensation. The notice period can be replaced by a compensation of an amount corresponding proportionally to the remainder of the notice period.

The three months' termination compensation shall be increased by half a month per year of services, but cannot exceed a total of nine months.

This compensation shall be calculated based on both the fixed compensation and the variable compensation. These contractual provisions can potentially diverge¹ from the relevant recommendations, as contained in the Belgian Corporate Governance Code. However, the Board of Directors believes that these provisions are balanced, given the level of compensation and the acquired experience.

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

(pursuant to an agreement dated 5 March 2011 with SPRL FWW Consult)

The agreement provides for an indexed annual basic compensation, payable in monthly instalments and a variable compensation between 5% and 16% of the annual base salary for the financial year in question. He is also eligible for a mobile phone and for reimbursement of his mobile phone expenses, and is reimbursed for the expenses incurred on behalf of the RREC.

His variable compensation is determined based on the application of the following assessment criteria, during the year in question:

- managing the occupancy rate;
- overseeing the "property management" team (administrative, sales and technical management);
- implementing the property disposal policy;
- portfolio growth;
- control of technical costs;
- control of the operating margin;
- management of outstanding payments;
- supervision of the administrative management of HR and IT, internal reporting.

Pension plan, supplementary insurance or other benefits: none.

Performance bonuses in the form of shares, options or other rights to acquire shares: none.

Contractual provisions concerning notice and severance pay: the agreement concluded with SPRL FWW Consult, if the RREC terminates the contract, provides for three months' notice, plus one month per year of employment, or a maximum of six months, and a compensation of four months, to be increased by one month per year of employment, totalling a maximum of six months. This compensation shall be calculated based on both the fixed compensation and the variable compensation.

The notice period can be replaced by a compensation of an amount corresponding proportionally to the remainder of the notice period.

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

(1) If all or part of the notice period is converted into a termination compensation, the maximum 12-month compensation recommended by the Belgian Corporate Governance Code (2009 edition) could be exceeded.

Compensation of the Chief Commercial Officer (CCO), Mr Alexander Hodac

(pursuant to an agreement dated 26 April 2013 with the SPRL AHO Consulting)

The agreement provides for an indexed annual basic compensation, payable in monthly instalments and a variable compensation between 5% and 16% of the annual base salary for the financial year in question. He is also eligible for a mobile phone and for reimbursement of his mobile communications expenses, and is reimbursed for the expenses incurred on behalf of the RREC.

His variable compensation is determined based on the application of the following assessment criteria, during the year in question:

- the implementation of the property disposal policy;
- management of outstanding payments;
- administrative, human resources and IT management, internal reporting and to the Board;

- control of operating margin;
- portfolio growth

Pension plan, supplementary insurance or other benefits: none.

Performance bonuses in the form of shares, options or other rights to acquire shares: none.

Contractual provisions concerning notice and severance pay: the agreement concluded with SPRL AHO Consulting, if the RREC terminates the contract, provides for three months' notice, plus one month per year of employment, or a maximum of six months, and a compensation of three months, to be increased by one month per year of employment, totalling a maximum of six months. This compensation shall be calculated based on both the fixed compensation and the variable compensation.

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

Financial year 2014

The Executive Management has received the following compensation during financial year 2014:

In €	Fixed compensation	Variable compensation for the financial year	Pension plan	Other
CEO Home Invest Belgium *	66 083	-	9 500	-
Managing Director Home Invest Development *	54 165	-	-	20 000
Executive management	477 427	79 330	-	-

* As from 15 June 2014.

INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDIT

Internal control

Home Invest Belgium has established internal control and risk management systems, identifying the main risks to which it is exposed and putting in place the necessary measures in order to control and limit the potential impact if these risks materialise, while ensuring the reliability of the reporting and financial communication process.

The integrity policy and the conflicts of interests policy (see below), are also part of this control process.

Internal control environment

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

- a clear definition of the respective roles of the Board of Directors, the Special Committees, the management and employees of Home Invest Belgium and its subsidiary Home Invest Development;
- the continuous verification by these bodies, in the framework of their respective roles, of the consistency of any decision and/or action with the company's strategy;
- a risk culture: Home Invest Belgium applies due care to search for a stable and recurrent income;
- the strict enforcement of integrity and ethical standards through a Corporate Governance Charter and a Code of Conduct addressing conflicts of interest, the purchase and sale of shares, the prevention of misuse of company property as well as the existence of a Compliance Officer.

Control activities

Home Invest Belgium's internal control is implemented among others through:

- the monitoring of key performance indicators (occupancy rate, debt ratio, and so on);
- the review of discrepancies between the budget and the actual implemented budget is regularly checked by management. The Audit Committee and the Board of Directors examine the budgets and between the implemented budget every four months;
- making any investment decision within the Board of Directors after having obtained the opinion of the Investment Committee;
- each acquisition or disposal of property may be reconstituted in terms of its origin, the parties

involved, its nature, the time and place where it was done, based on private agreements or notarial deeds. Before it is finalised each transaction will be checked for consistency with the articles of association of Home Invest Belgium and the applicable legal and regulatory provisions;

- periodic management meetings (every 15 days in principle) during which the management discusses matters relating to the management of each department and of company-wide issues;
- regular meetings between the various managers and their teams.

Risk analysis

Every six months the Board of Directors identifies and assesses the main risks in the half-year and annual financial reports it publishes. These risks are also subjected to a regular monitoring outside of the regular checks by the Board of Directors, during its meetings, and on a continuous basis by the Risk Manager.

The risk analysis gives rise to remedial actions for any identified vulnerabilities. For further details about the risks see the "Risk Factors" chapter in this annual financial report.

Information and communication

Information and communication allow the company to manage, monitor and control ongoing operations. The communication established by the RREC is adapted to the company's size and is essentially based on the daily internal communication between management and employees, the work meetings and exchanges by e-mail.

The sustainability of the computer data is assured by a continuous back-up on HDD and weekly outside of the company's registered office.

Risk Manager

The Risk management function is carried out by a risk manager, who is appointed by the Board of Directors with the prior approval of the FSMA. **Mr Jean-Luc Colson, in his capacity of permanent representative of SPRL Yikatt**, has been appointed Risk Manager.

The risk management policy sets out the role, the objectives, the functioning and the scope of the risk management function of Home Invest Belgium and is available on the company's website.

Internal Audit

The person responsible for the internal audit of the company is **Mr Liévin Van Overstraten**. The latter has the required qualities for this. He meets the requirements of good repute, experience and expertise as required under the RREC Act, nor does he fall under any of the prohibitions of the RREC Act. The tasks of internal auditor, however, have been delegated to Mr Pierre-Hugues Bonnefoy of Deloitte. His mandate expires on 31 December 2016. The internal auditor's remuneration is set at € 16 000 for financial year 2014.

The internal audit policy sets out the functioning, the role, the objectives and the scope of the internal audit of Home Invest Belgium and is available on the company's website.

Compliance Officer

Ms. Caroline Maddens has been appointed as Compliance Officer by the Board of Directors of 18 June 2014. She meets the requirements of good repute, experience and expertise as required under the RREC Act, nor does he fall under any of the prohibitions of the RREC Act.

The Corporate Governance Charter sets out the functioning, the role, the objectives and the scope of the compliance function of Home Invest Belgium and is available on the company's website.

OTHER INTERVENING PARTIES

Statutory Auditor

The Statutory Auditor of Home Invest Belgium is **Mr Karel Nijs**, statutory auditor, partner at SCRL Grant Thornton, a firm of statutory auditors, located at 6, Potvlietlaan, 2600 Antwerp. He is accredited by the FSMA and certifies the financial statements of the RREC and reviews the half-year statements.

With the approval of the FSMA, his mandate has been renewed for a term of 3 years at the Ordinary General Meeting of 7 May 2013 and his compensation has been fixed at € 26 800 annually, to be increased with VAT and indexed.

(In € - VAT included)	2014	2013
Statutory Auditor's fees broken down as:		
Fees for exceptional work or specific assignments performed at the company by the Statutory Auditor	€ 33 638	€ 32 428
Fees for exceptional work or specific assignments carried out at the company by persons with whom the statutory Auditor is linked		
Other auditory mandates	€ 7 260	-
Other non-audit work	€ 20 829	€ 1 815
TOTAL	€ 61 727	€ 34 243

The Auditor has examined the management report and confirms that the information provided does not present manifest inconsistencies in relation to the information in his possession in the framework of his mandate.

This report is integrated in the report dealing with the consolidated results in the "Financial statements" chapter.

Real Estate expert

SA Winssinger & Associates

(Brussels Trade Register: 0422.118.165), having its registered office at 166, Chaussée de La Hulpe, 1170 Brussels, Belgium (tel.: +32 (0)2 629 02 90), represented by Mr Christophe Ackermans, is the company's independent real estate surveyor. It values the property on a quarterly basis, and also in case of

acquisition, contribution in kind, sale of property, or merger/demerger of real estate companies with the RREC, and when buildings are incorporated in the consolidation scope of the company in any other way.

His annual fee is calculated as follows:

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

Financial service

BNP Paribas Fortis

(Brussels Trade Register: 0403.199.702), having its registered office at 3, Montagne du Parc in 1000 Brussels (tel: +32 (0)2 565 11 11), acts as centralising bank responsible for the financial service of

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

The compensation is fixed as follows and subject to VAT:

Dematerialized securities	0,12% of the net value of the coupon paid
Bearer securities	2% of the net value of the coupon paid + € 0.10 per coupon (excl. VAT)

Liquidity provider

Bank Degroof acts as "liquidity provider" of the Home Invest Belgium share. Its annual compensation amounts at € 20 000 (exclusive of VAT) per year.

→ *Haverwerf (Mechelen)*



RULES AND PROCEDURES

Prevention of conflicts of interest

Laws governing the prevention of conflicts of interest that apply to Home Invest Belgium are contained in **articles 523 and 524 of the Company Code**, as well as in **article 36 of the Law of 12 May 2014**.

In the course of the past financial year, no operation has resulted in the application of the above articles.

Other rules preventing conflicts of interest are set out in the **Corporate Governance Charter** of Home Invest Belgium¹ to which all directors of the RREC have adhered. This charter foresees in article 4.8 *"(...) If Home Invest Belgium offers to conclude with a director or with a company linked to the latter a transaction that is not covered by article 523 of the Company Code (for example, because it is a customary transaction concluded under arms length conditions and guarantees), Home Invest Belgium nevertheless deems it necessary for this director to point this out to the other directors prior to the deliberation of the Board of Directors and for him to refrain from attending the Board of Director's deliberation on this transaction, and to take part in the vote. (...)"*.

Concurrent mandates or positions can also give rise to conflicts of interest.

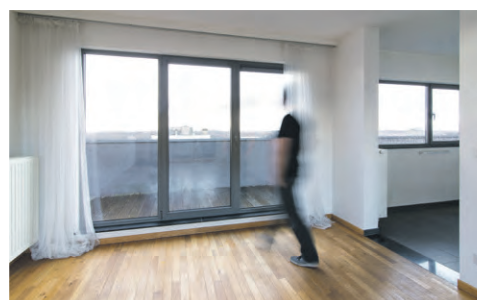
Depending on the specific circumstances:

- if transactions occur between Home Invest Belgium and VOP SA of which Mr Liévin Van Overstraten is the Managing Director and Mr Johan van Overstraeten is a Director, VOP SA's interests would be opposed to those of Home Invest Belgium.
- if transactions occur between Home Invest Belgium and AXA Belgium of which Mr Wim Arousseau is the Chief Investment Officer, AXA Belgium's interests would be opposed to those of Home Invest Belgium.

The Executive management is subject to the same rules, as regards conflicts of interest as the Board of Directors. The company implements a rigorous policy to avoid conflicts of interest amongst its service providers.



→ Lambermont



→ Lambermont

→ Jourdan



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

Accordingly, the principal service providers are asked to adhere to the Corporate Governance Charter, especially with respect to conflicts of interest and the prevention of insider trading. As regards more specifically the real estate surveyor, the agreement concluded with the RREC provides that in the event of a conflict of interest, the initial valuation of the property will be entrusted to a different authorised real estate surveyor.

Prevention of insider trading

Given Home Invest Belgium's reputation for integrity, the Board of Directors has set up a **Code of Conduct**¹ applicable to transactions involving the RREC's shares and other financial instruments by directors and employees of the RREC or its subsidiaries.

This code provides a/o for:

- the implementation of a calendar setting out the periods during which trading on the RREC's shares is not authorised: for example, between the moment directors become aware of the financial results and the fifth working day following the date of their publication ("closed periods");
- the obligation to notify the Compliance Officer in writing, prior to any transaction involving the RREC's shares.

Research and development

Home Invest Belgium has not undertaken any activity in the field of research and development in financial year 2014.

Information on the existence of circumstances that might have a significant influence on the development of the RREC

The Board of Directors has no knowledge of the existence of circumstances that might have a significant influence on the RREC's development in the sense of article 119, 3° of the Company Code.

The company's objectives and policy for the management of financial risks, the exposure of the company to credit, price, liquidity and treasury risks as well as the financial instruments and their utilisation, are set out in the "Risk factors" chapter in this annual financial report.

Information in accordance with article 34 of the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market²

The below information explains the elements likely to have an effect, should a public takeover bid be made for the acquisition of the shares of Home Invest Belgium, in accordance with article 34 of the Royal Decree of 14 November 2007:

- On 31 December 2014, the registered capital of Home Invest Belgium was represented by 3 160 809 fully paid-up ordinary shares³, without designation of par value. The structure of the shareholders is set out in the "Home Invest Belgium on the stock exchange" chapter.
- There are no restrictions imposed by law or set down in the articles of association on the transfer of securities;
- There are no holders of securities with special control rights;
- There is no share plan for the employees;
- There is no restriction imposed by law or set down in the articles of association on the exercise of voting rights;
- Home Invest Belgium is not aware of any agreements made between its shareholders that may result in restrictions on the transfer of securities or the exercise of voting rights;
- The rules applicable to the amendment of the articles of association of Home Invest Belgium are those set forth in the company's articles of association and take into account the applicable legislation (the Company Code, the Law of 12 May 2014, the Royal Decree of 13 July 2014 on RRECs);
- In accordance with article 6.2 of the articles of association of Home Invest Belgium, the Board of Directors is authorised to:
 - increase the registered capital of the company in one or more instalments in the context of the authorised capital up to a maximum of € 74 401 221.91. This authorisation is valid for a five-year period beginning on 17 January 2012. On 11 June 2014 AXA Belgium made a contribution in kind to the company's capital in the context of the authorised capital. This was

compensated by the issue of 104 666 new shares to AXA Belgium, which gave rise to a capital increase for an amount of € 2 548 072.84. Following this operation the company's capital now amounts to € 76 949 294.75 and is represented by 3 160 809 shares. There was no use of this authorised capital during the 2014 financial year. The authorised capital still remaining on 31 December 2013 was thus € 74 401 221.91;

- acquire or pledge shares of the company within the limits set out in article 6.3 of the articles of association, which provides for:
 - a) on the one hand, the possibility to acquire shares of the RREC at a price per share equal to at least 80% of the most recent net asset value published prior to the transaction date, and to no more than 105% of the said value, for a period of five years from 17 January 2012, on the understanding that the company may not at any time hold more than 10% of all issued shares, and;
 - b) on the other hand, the possibility, for a period of three years commencing on 17 January 2012, to purchase shares of the company, should such acquisition be necessary to avoid serious and imminent damage to the company.
- Home Invest Belgium is not party to any important agreements, which would come into effect, alter or terminate upon a change of control resulting from a public takeover bid, with the exception of an expressed clause of “change of control” in the credit facility agreement of € 15 000 000, concluded with Bayerische Landesbank and the one concluded with and Banque Degroof, allowing them to terminate the credit convention early, in case of change of control.
- The contract documents of the bond issue state that in case the control of the company changes the bondholders may request an early reimbursement of the issued bonds from Home Invest Belgium.
- There are no agreements between Home Invest Belgium and the members of its Board of Directors or employees, which provide for compensation, when, following a public takeover bid, there are resignations or a cessation of activities.



→ Lasne



→ Lebeau

→ Leopold (Liège)



(1) The Code of Conduct is available on the website at www.homeinvestbelgium.be.

(2) See also the Law of 1 April 2007 on public takeover bids and Article 21.2.6 of Annex I to Regulation Prospectus 809/2004.

(3) Including 12 912 shares, held by Home Invest Development SA, a 100% subsidiary of Home Invest Belgium.

...or how we manage to create value along with growth.

Corporate social responsibility



“Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.”
– Article 25 of the Universal Declaration of Human Rights.

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

Home Invest Belgium’s mission consists of making its own contribution, at its own level, to guaranteeing this right by providing the population with decent housing, while paying attention to the interest of its shareholders. In order to achieve this, the RREC recognises its responsibilities in environmental and human terms for fulfilling its purpose.



→ Giotto

ENVIRONMENTAL CONTEXT

Home Invest Belgium's responsibility is mainly perceived at the level of *managing its property in operation and its investment decisions* as well as in the choices it makes in the framework of its *development projects*.

As the owner of a large property portfolio composed of buildings with a variable lifespan, the company has developed a pragmatic policy combining a rational permanent renovation programme with financial imperatives; as a result it may sometimes be worth selling an older building instead of spending large sums to improve its inadequate energy performance. This judicious investment policy and an active disinvestment of its portfolio rely on a detailed periodical portfolio evaluation.

When deciding to invest in new assets, the quality of the new acquisition, which has to generate a rental income over a longer period of time, is taken into account within the scope of complying with the best current environmental standards.

In terms of its development projects, the team's expertise is used to develop buildings for which each selected material or technology is part of a long-term and sustainable vision.

In this regard Home Invest Belgium considers it important to remember that sustainability extends beyond the energy aspect and that aspects such as the location of public transport near building (in the broadest possible sense), the rational use of land, landscaping, the provision of shared bikes and so on are vital for the sustainability of our cities. Home Invest Belgium pays significant attention to all of these aspects. Every day it tries to implement these in its projects and investment choices.



→ Belliard 21

With regard to environmental respect the RREC wishes to apply that same sense of responsibility to the *use of its own offices*. As each company and/or employer, in close communication with its staff, it pays attention to the different aspects of its own operations, such as energy consumption (heating- lighting-transportation), waste management (selective waste disposal-paper consumption-various consumer goods). The application of these good management practices – however limited as to their impact – should make Home Invest Belgium's staff aware of the values the company respects in its operations.



→ Ariane

HUMAN CONTEXT

In the wider scope of the human context Home Invest Belgium wishes to apply a certain number of ethical values, which it considers value in every aspect of its operation, namely the values of honesty, integrity and fairness. It considers compliance with these values to enable it to properly fulfil its mission for the benefit of all of its “stakeholders”.

These values are recognised and followed, on the level of the Board of Directors as well as of the management and all the employees, and consequently in all the actions undertaken by the RREC.

Home Invest Belgium essentially recognises two groups of individuals with which it is closely connected to and to whom it has responsibilities: its *tenants* and its *staff*.

Based on the relatively large number of tenants the company has, i.e. more than 1 300 households, Home Invest Belgium is in a privileged position to convey to them a number of values it adheres to, evidently within the limits of a correct lessor-tenant relationship. The company wishes to treat its tenants right, and in a qualitative manner.

In its buildings and projects Home Invest Belgium intends to respond as practically as possible to the changing needs of the Belgian population. It does this for example by taking into account the reduction in the average size of households or by offering shared facilities/amenities in its buildings.

The RREC is very much aware of the fact that its housing mission can only be efficiently executed thanks to the daily and motivated efforts of its staff; it is surely its most valuable capital and the only one allowing it to excel in the market it operates in. It is therefore very concerned in providing all necessary means for the personal development of its employees. As the team is limited the emphasis is on short communication lines and interactive and dynamic teamwork; besides, each team member is also subject to an annual comprehensive evaluation by the Appointments and Remuneration Committee based on previously assigned tasks and targets for the next year.

The management (5 persons) leads a team of 26 employees as per 31 December 2014.

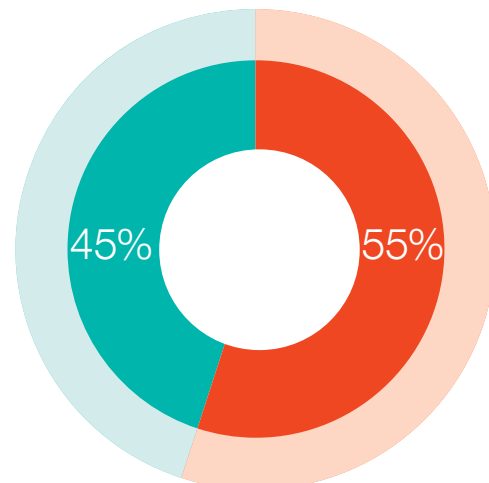
The teams are divided as follows:

- the CEO and 1 assistant;
- the CCO and his team of two employees (acquisitions and sales);
- the CFO and his team of four employees (accounting – management of outstanding rent – IT);
- the COO and his team of fourteen employees (administrative, commercial and technical management of buildings);
- the CDO and his team of four employees (development projects);
- a legal counsel.

When putting together and adding employees to its teams Home Invest Belgium strives to maintain teams with varied profiles, which complement each other in terms of age and experience in order to make the most of this wealth of diversity while ensuring a high level of competence.

Age distribution

■ Women ■ Men

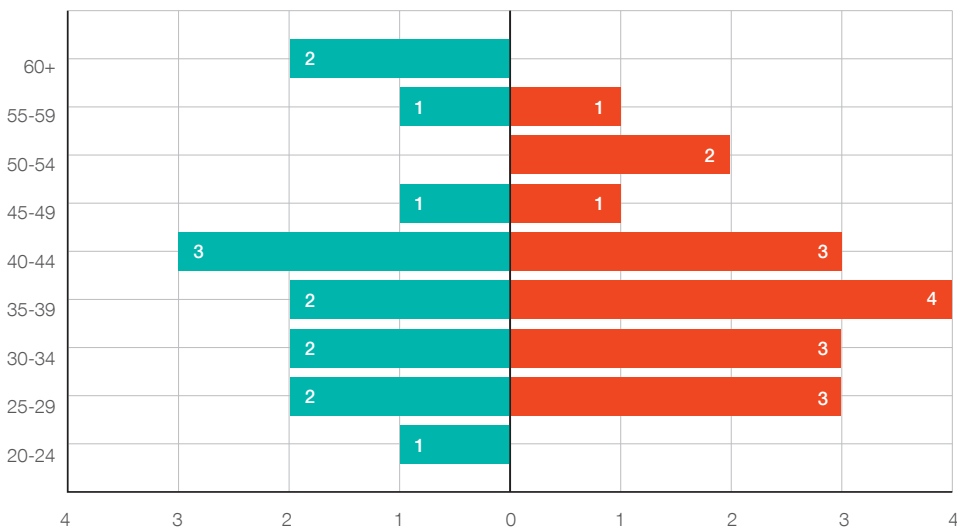




**PEOPLE
WORKING FOR HOME INVEST BELGIUM**

Split men-women

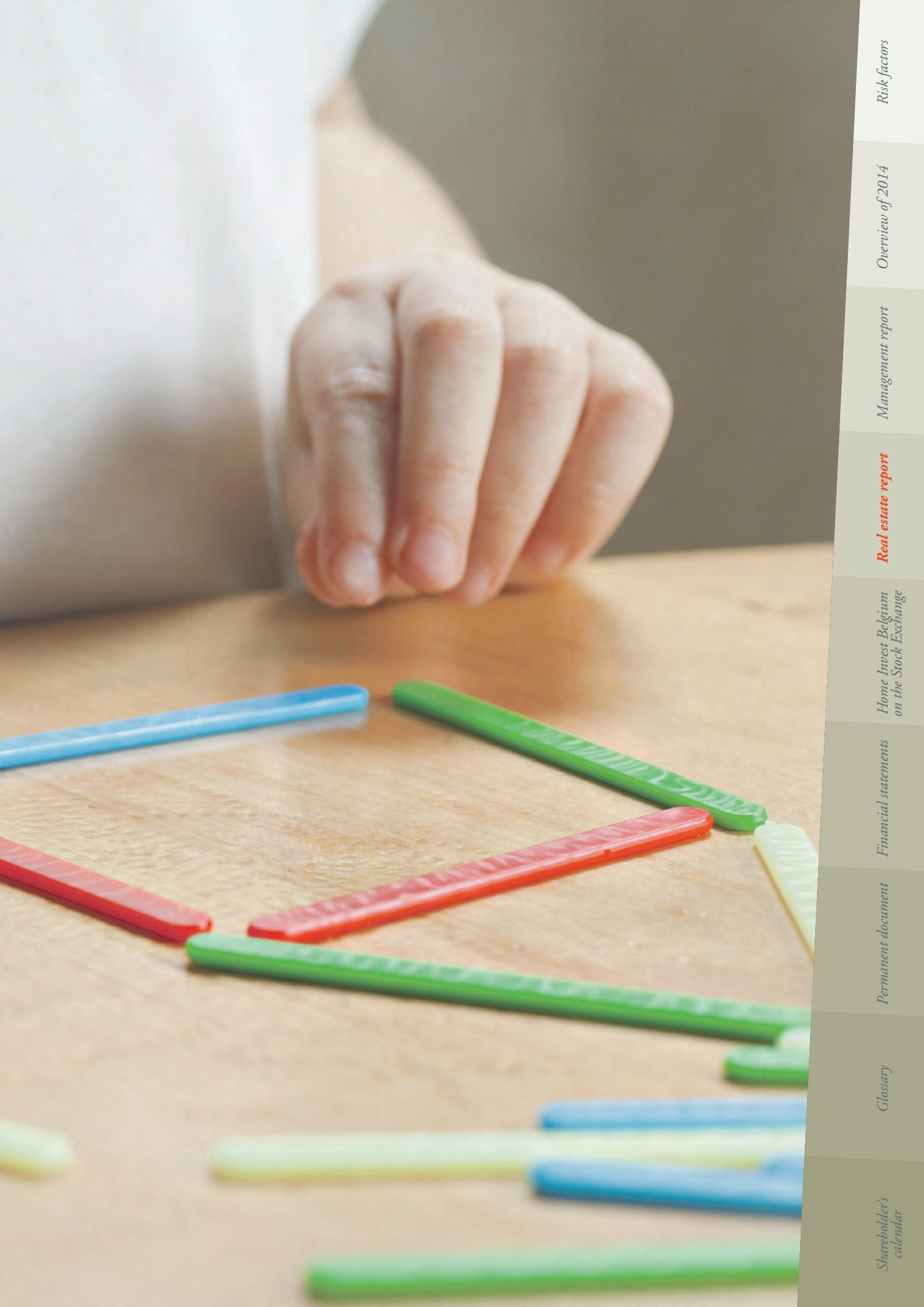
■ Women ■ men



Real estate report

...or how a performing property
portfolio makes a difference.

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...or how a performing real property portfolio makes a difference.

Real estate report

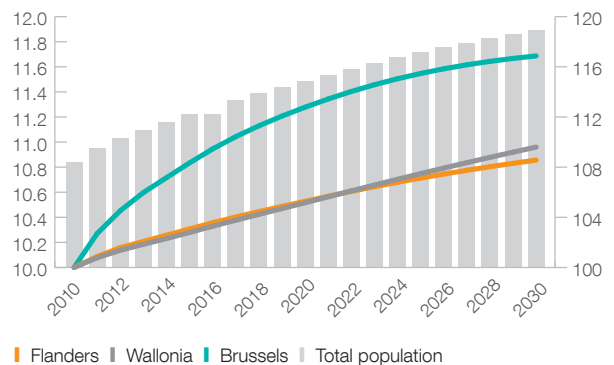
66%

Of the investment portfolio is located in the Brussels-Capital Region

+6.5%

Estimated demographic growth in Belgium from 2014 to 2030

Total population Belgium (millions of inhabitants, left) and growth by region (Base = 100 in 2010, right)



STATUS OF THE RESIDENTIAL REAL ESTATE MARKET IN BELGIUM ¹

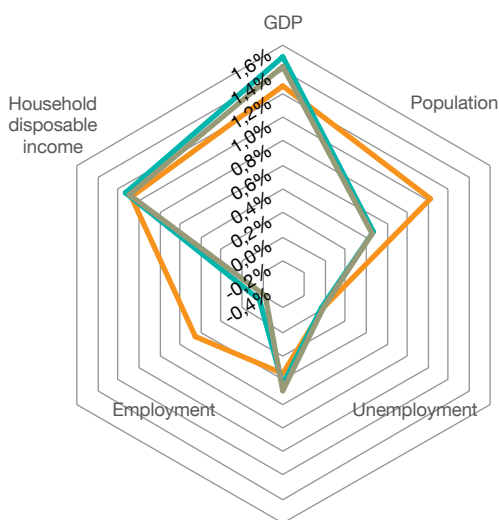
Source : Independant surveyor's report of Winssinger & Associates SA

Economic overview

Main macroeconomic indicators, annual growth, 2014 - 2017

Brussels is the European city with the strongest demographic growth. The demographic growth which has been observed these last years in Belgium should last in the future. The total population amounts to more than 11.1 million inhabitants in 2014 and should rise to more than 11.9 million in 2030, representing a growth of 6.5%.

Brussels should experience the strongest demographic growth, around 1% per year compared to 0.45% in Wallonia and in Flanders.



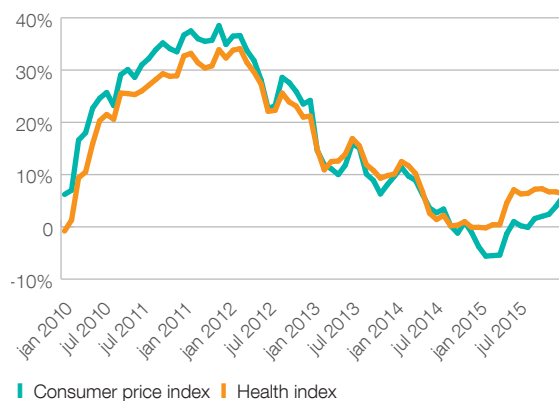
■ Brussels ■ Flanders ■ Wallonia

Source: Oxford Economics, December 2014

Evolution of the Consumer Price Index and Wealth Index

After two years with a inflation above 2.5%, the consumer price index has decreased since July 2012 but stands on average at 1.1% in 2013 and 0.34% in 2014, the lowest level since the beginning of the 90's. Inflation should stand on average at 0% in 2015, despite a slight increase at the end of the year.

The wealth index follows exactly the same path. It stood around 1% in 2013 and continued to decrease during 2014. The wealth index was even negative, standing at -0.01% in November and December 2014. It should start to increase in 2015 to stand around 0.5% for the whole year 2015 (compared to 0.4% in 2014 and 1.24% in 2013).



■ Consumer price index ■ Health index

Source: Federal Planning Bureau, December 2014

(1) The status of the residential real estate market in Belgium takes over the text of the report of the chartered surveyor of Home Invest Belgium (Winssinger & Associates SA), reproduced here with its consent.

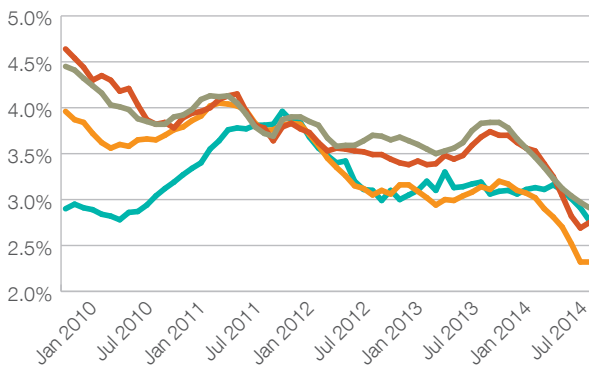
Evolution of the interest rates

The interest rates related to new real estate contracts witnessed a strong decrease since the end of 2013. Rates related to short-term contracts (1 to 5 years) are the lowest, around 2.32%. Rates related to longer term contracts (more than 5 years) have also decreased to stand below 3% at the end of 2014. We also observe a gap compression between short-term and long-term rates. This gap is at 0.6%.

These interest rates come from the statistics of the National Belgian Bank and only reflect a global average for Belgium for a certain period of time. An in-depth analysis reveals that obtained interest rates are even lower. Indeed, some banks such as Belfius or ING proposed interest rates below 2.4% (even lower to 2% in some cases) for 20 years contracts.

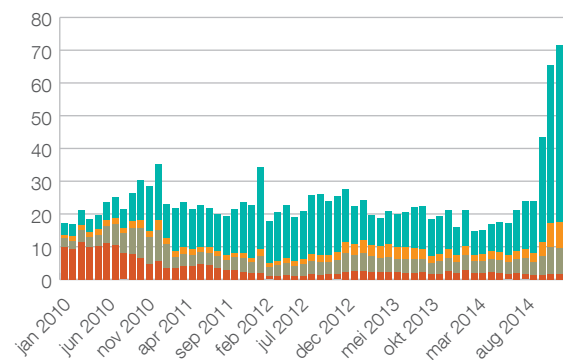
Amount of new mortgages contracts allocated to household

Due to low interest rates, we observed a strong upward movement of the mortgages allocated to households. The uptick is mainly noticeable from September 2014, as the mortgage volumes increased from € 2.2 bn on average to more than € 7 bn per month. This trend is mainly due to low interest rates but also linked to factors such as the regionalisation of the housing bonus ("bonus logement" in French or "Woonbonus" in Dutch) and its decrease in Flanders as from 2015 which has accelerated households' decisions. The increase is the most important in the long-term contracts (> 10 years). The beginning of 2015 should record a decrease of the activity.



■ Variable rates < 1 yr ■ Rates from 1 to 5 yrs
■ Rates from 5 to 10 yrs ■ Fixed rates > 10 yrs

Source: National Belgian Bank, December 2014



■ Variable rates < 1 yr ■ Rates from 1 to 5 yrs
■ Rates from 5 to 10 yrs ■ Fixed rates > 10 yrs

Source: National Belgian Bank, December 2014

Invested volumes in the Belgium residential market¹

The end of the year witnessed a strong activity. As a result yearly invested volumes in the residential market reached a new peak.

After a long period of stability of the invested volumes in the Belgium residential market, factors such as the suppression of the housing bonus in Flanders has contributed to boost the activity during the last quarter of 2014.

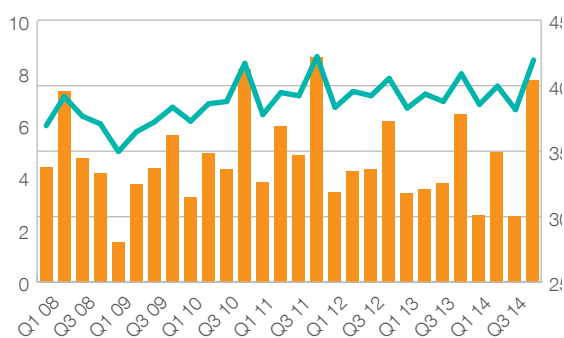
As a result, based on a stable purchase price and a more important investment volume, mainly in Flanders (+ 15% of activity according to the notaries index), the total invested volumes in Belgium should reach € 30 bn in 2014 compared to € 28 bn in 2013. The notaries index confirms this uptick in the activity at the end of 2014, and it stands at 115.4 compared to 105.1 at the end of 2013.

Linked to factors such as the decisions of the Flemish Government or historically low interest rates, the number of transactions recorded in 2014 increased compared to 2013. It stands around 136 000 transactions, slightly increasing of 1% compared to 2013. The rebound recorded in Q4 with more than 40 000 transactions observed has overweighted the first three quarters of 2014 which observed lower levels.

Average prices remained stable in 2014 compared to 2013. The combination of these two factors (the increase of the number of transactions and the stability of the purchase prices) lead to a slight increase of the invested volumes in Belgium.

Historically low interest rates, a slow economic recovery, a bigger willingness of the bank to allow mortgage contracts and political factors have contributed to boost the residential market in 2014. This level of activity should decrease in the beginning of 2015, after the buoyant end of 2014. The Belgium residential market should show a relative stability along 2015.

**Total investment (billion €, left)
and number of transactions (000s, right)**



■ Total investment ■ Transactions

Source: Ministry of Economy, December 2014

(1) Methodology : figures coming from the Ministry of Economy are not available for the 4th quarter of 2014. As a consequence, based on different assumptions, we forecasted invested volumes in the Belgium residential market and the average prices by type for the end of the year.

Evolution by asset type

Globally, average prices remained stable in 2014.

Globally, average prices remained stable in the residential market in 2014. Average prices observed for a house or a villa remained unchanged while the average price for an apartment has increased by 1.3% in Belgium. Average price for land witnessed the strongest upward movement, with a 3.8% increase (Table 1).

	Average price 2014	Difference 2014 – 2013	Difference 2014 – 2010
House	198 090	0.32%	9.68%
Villas/ bungalows	333 989	0.25%	4.65%
Apartment	211 056	1.53%	11.72%
Land (€/sq.m.)	115	3.80%	12.41%

Source: Ministry of Economy, December 2014

The average price of apartments remained barely unchanged in 2014 in the three Regions of the country.

On average in Belgium, the price of an apartment has increased by 1.3% above compared to 2013 to stand around € 211 000 on average. Compared to 2010, the increase is around 12%.

In 2014, the number of transactions recorded stands around 10 000 by quarter, totally in line with the last five-year average. This confirms the interest of households for this type of asset which is at lower prices than houses. The end of 2014 witnessed a strong rebound of the activity with close to 12 000 transactions observed.

Evolution of the average apartment price by region in €

	Average price 2014	Difference 2014 – 2013	Difference 2014 – 2010
Brussels	225 000	-0.4%	12%
Flanders	217 000	2.8%	12.3%
Wallonia	166 000	-0.9%	13%

Source: Ministry of Economy, December 2014

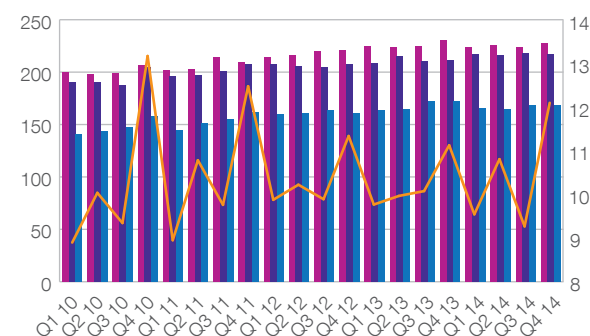
Differences in the average prices between Regions exist but they are far lower than those observed for houses or villas. Average prices vary from € 166 000 in Wallonia to € 225 000 in Brussels and stand at € 217 000 in Flanders.

The average price for building plot increased by close to 4% on average in 2014. The scarcity of available land should push price on the upside in the future.

On average in Belgium, the price for a building plot stands around € 115 /sq m, increasing by 4% compared to 2013.

The number of transactions observed has decreased in 2014. Based on different assumptions, the number of transactions recorded in the fourth quarter has increased in line with the uptick observed in the other asset types. Globally for 2014, around 15 000 transactions have been observed.

Average prices per regions (000 €, left) and number of transactions in Belgium (000s, right) for apartments



Legend: Brussels-Capital Region (light blue), Flemish Region (dark blue), Walloon Region (purple), Transactions (Belgium) (orange line).
Source: Ministry of Economy, December 2014

Evolution of the average price of a plot of land per region, in €/m²

	Average price 2014	Difference 2014 – 2013	Difference 2014 – 2010
Brussels	701	10.8%	74%
Flanders	179	3.5%	15%
Wallonia	51	-0.5%	7.8%

Source: Ministry of Economy, December 2014

Regional differences are important, mainly due to the scarcity of building plots in Flanders and in Brussels but also to the important competition for land observed in Brussels.

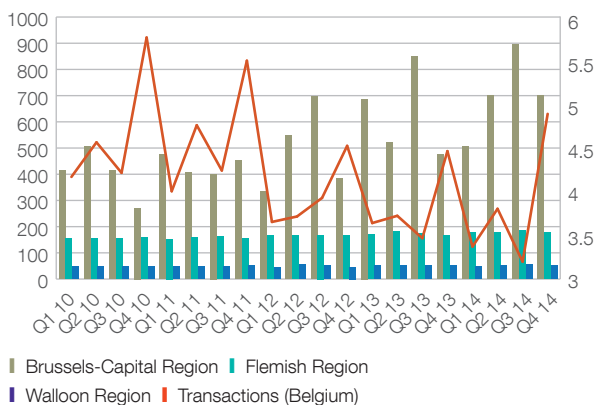
Student accommodation market

The growth in the number of students and the scarcity of accommodation units allocated by the Universities push the private sector to enter this market.

In Belgium, both the population with a higher education degree and the general student population have grown these last years.

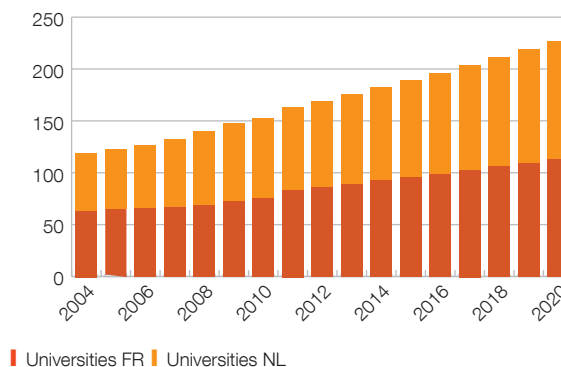
In 2012, the number of students in the French and Flemish-speaking universities stood respectively at 86 000 and 84 000 students, a total of 170 000 students. Back in 2004, they amounted to 120 000 (Figure 1). These figures do not take into account the number of students in non-university higher education (the “Hogere Scholen”) or exchange (“Erasmus”) students at universities. There were 3 700 of the latter in 2001. Nowadays, over 7 500 foreign students are in Belgium, more than 5% of the student population.

Average prices per region (000 €, left) and number of transactions in Belgium (000s, right) of a plot of lands



Source: Ministry of Economy, December 2014

Evolution of the number of students in French-speaking and Flemish-speaking universities, in 000s



Source: CREF, Vlaamse Overheid; Forecasts: DTZ Research

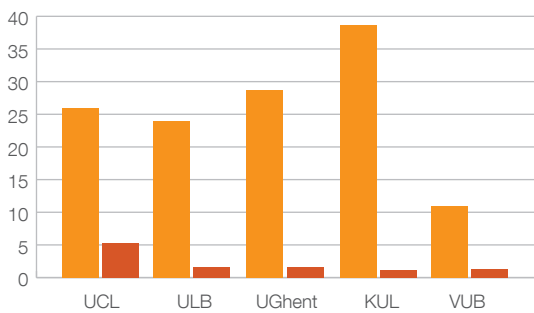
The growth in student population recorded between 2004 and 2012 was on average 4.6% per year (4% in the French-speaking universities, 5.3% in the Flemish ones). With a conservative hypothesis, the forecasted growth could lead to more than 200 000 students in the universities in 2017.

The important gap between supply and demand in student housing is rising.

The increase in student population and social evolutions lead to an important gap between the demand for student housing and the supply of “kots” managed by the different universities (Figure 2). Furthermore, this gap is rising. Out of the five universities considered, the number of proposed kots stands at around 11 000 units for 118 000 students in these universities.

The offer for housing is logically higher in Louvain-la-Neuve, which is a city that has been developed primarily to welcome students.

Number of students and number of student housing units made available by universities, in 000s



■ Students 2011 ■ Students rooms offer

Source: UCL, ULB, Gent, KUL websites

On the basis of our information, one in three students should look for student housing. By extrapolating this figure to Belgium, the demand for student housing should reach more than 30 000 kots compared to a supply of 11 000 units. The gap between demand for housing and supply proposed by the different universities is thus important. As the different universities have to deal with financial issues, they are not able to reduce this gap.

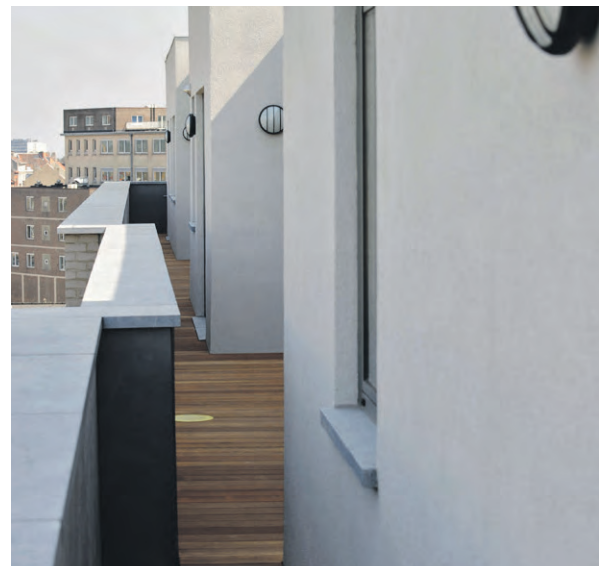
The growth of the student population and the lack of housing proposed by the universities push the private sector to fill in the gap.

Private real estate actors, conscious about the likely growth of this sector, tend to invest more and more in student housing. Logically, the development of student housing is concentrated in cities with a university.

Next to the institutional actors, several private investors also realise smaller initiatives by reconverting office buildings close to campuses into student housing or by developing new projects.

In the coming years, the student housing market should continue to benefit from an important growth of the student population in the main university cities. As Universities continue to deal with financial issues, the private sector should continue to play an important role to bridge the gap between supply and demand. As such, the student housing sector could witness the same level of interest as the nursing homes market previously, as investors are still interested in diversification of their portfolio, leading to positive evolutions for the student housing sector.

→ Lambermont



MAIN CHARACTERISTICS OF THE RESIDENTIAL REAL ESTATE MARKET IN BELGIUM

In Belgium, the tenants of residential property, which use the property as a principal residence, are protected by the **Civil Code** (special regulations for leases pertaining to the tenant's principal residence).

The **rent** is negotiated and established between the tenant and the lessor or landlord. In principle, indexation is applied every year to all rents (if this indexation is provided for in the lease¹).

The tenant bears the cost of the common charges (if this is provided for in the lease²).

Property tax relating to the leased property is borne by the landlord. The law provides that it cannot be charged to the tenant.

Each lease is covered by a **rental guarantee**.

This can take several forms:

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

Any lease for a principal residence is deemed to have been concluded for a period of nine years. The tenant has the right to terminate the lease at any time, subject to three months' notice. However, if the tenant terminates the lease during the first three years, the landlord is entitled to compensation. This compensation is equal to three months, two months or one month of rent, depending on whether the lease ends during the first, second or third year of the lease.

The landlord has the right to terminate the lease when it expires, subject to three months' notice. The landlord may also terminate the lease for other specific reasons (for renovation or if he wishes to occupy the leased premises himself).

Limited term leases have a maximum duration of three years. The tenant and the landlord have the right to terminate the lease at the expiry date, subject to three months' notice. If the tenant is not notified that he has to vacate the premises within this period, the lease shall be deemed to have a duration of nine years.

(1) This is the general rule for all leases of Home Invest Belgium.

(2) This is the general rule for all leases of Home Invest Belgium.

→ *Lambermont*

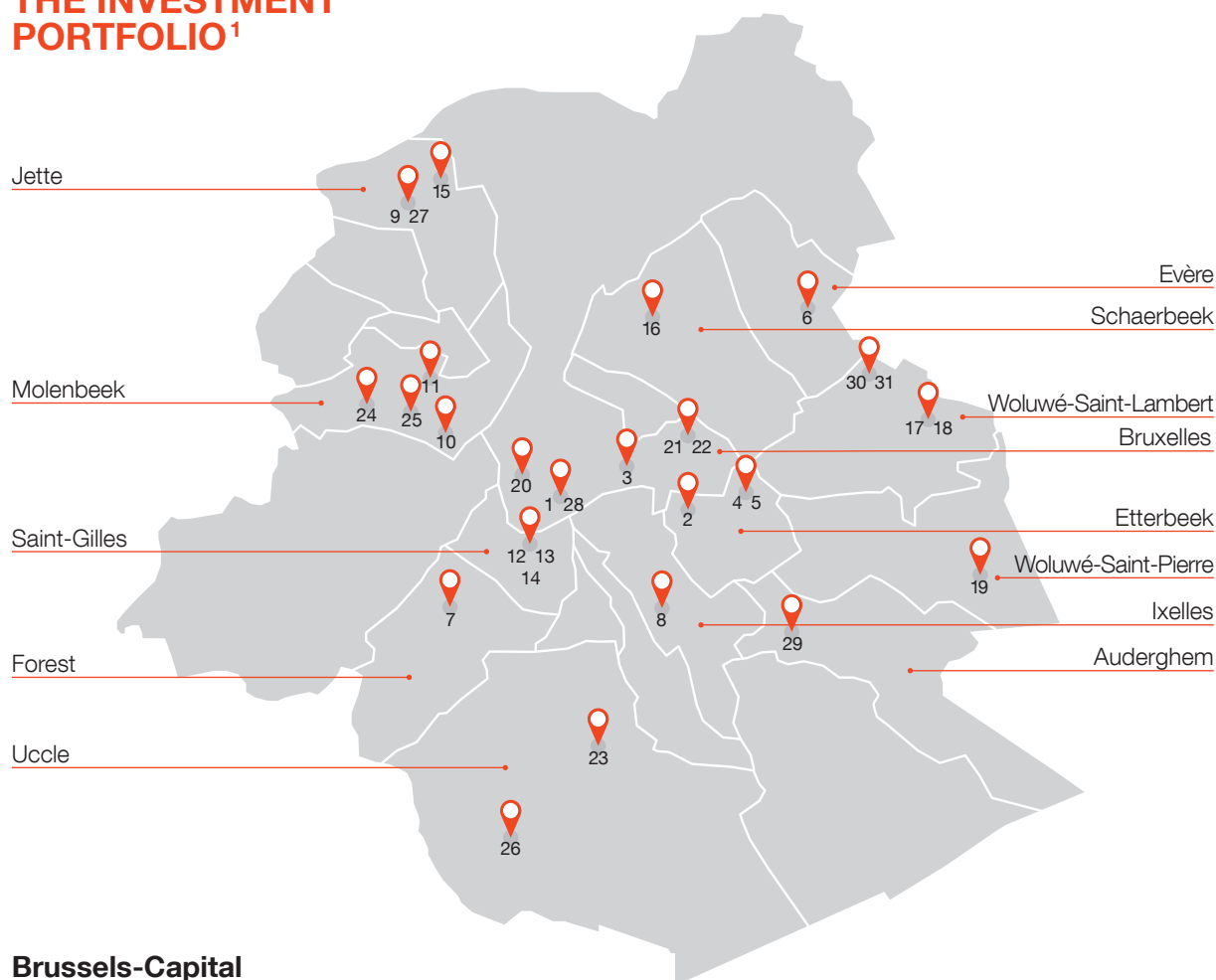


→ *Yser*



...or how a performing real property portfolio makes a difference.

THE INVESTMENT PORTFOLIO¹



Brussels-Capital Region

19 apartment buildings

1. Clos de la Pépinière - 1000 Brussels
2. Birch House - 1040 Brussels
3. Belliard 21 - 1000 Brussels
4. Erainn - Etterbeek
5. Yser - Etterbeek
6. Giotto - Evère
7. Belgrade - Forest
8. Les Jardins de la Cambre - Ixelles
9. Charles Woeste - Jette
10. Baeck - Molenbeek
11. Sippelberg - Molenbeek
12. Bosquet - Jourdan - Saint-Gilles
13. Jourdan - Monnaies - Saint-Gilles
14. Jourdan 85 - Saint-Gilles
15. Odon Warland-Bulins - Jette
16. Lambermont - Schaerbeek
17. Les Érables - Woluwé-Saint-Lambert
18. Les Mélézes - Woluwé-Saint-Lambert
19. Voisin - Woluwé-Saint-Pierre

3 buildings

with furnished apartments

20. Lebeau - 1000 Brussels
21. Résidences du Quartier Européen - 1000 Brussels
22. La Résidence - 1000 Brussels

1 set of houses

23. Ryckmans - Uccle

3 nursing homes

28. Trône - 1000 Brussels
29. Maurice Charlent - Auderghem
30. Ariane - Woluwé-Saint-Lambert
31. Marcel Thiry 204C - Woluwé-Saint-Lambert

1 retail building

27. Charles Woeste - Jette

4 projects

28. Trône
29. Maurice Charlent
30. Ariane
31. Marcel Thiry 204C

(1) Excludes buildings to be sold.



Flemish Region

3 apartment buildings

- 32. Grote Markt - St-Niklaas
- 33. City Gardens - Leuven
- 34. Gent Zuid

2 retail buildings

- 35. Nieuwpoort
- 36. Haverwerf - Mechelen

1 project

- 37. Reine Astrid

Walloon Region

8 apartment buildings

- 38. Galerie de l'Ange - Namur
- 39. Léopold - Liège
- 40. Mont Saint-Martin - Liège
- 41. Saint-Hubert 4 - Liège
- 42. Saint-Hubert 51 - Liège
- 43. Colombus - Jambes
- 44. CV10-CV18 - Louvain-la-Neuve

2 sets of houses

- 45. Clos Saint-Géry - Ghlin
- 46. Florida - Waterloo

2 office buildings

- 47. Quai de Compiègne - Huy
- 48. CV9 (en partie) - Louvain-la-Neuve

1 retail building

- 49. Galerie de l'Ange - Namur

...or how a performing real property portfolio makes a difference.

EVOLUTION OF THE PORTFOLIO

The portfolio's value has grown steadily during the 15 years in which the company has been in operation. In recent years the growth of Home Invest Belgium has been partly supported by investments in development projects for own account. The graph below illustrates this progression and indicates, all other elements being considered as constant (no new investments, no sales, no change in the portfolio), the expected growth of the portfolio, based on the projects that are currently being developed.



■ Total portfolio

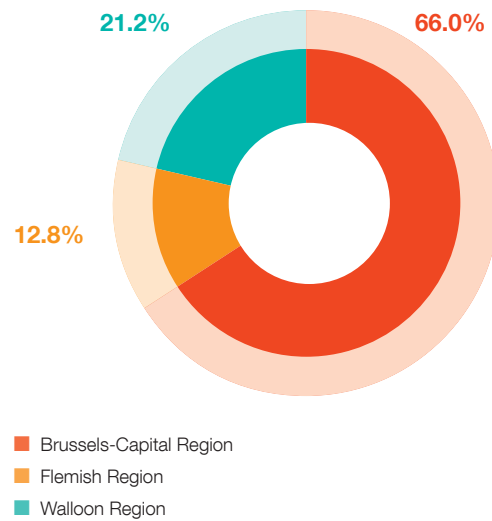
ANALYSIS OF THE BREAKDOWN OF THE PROPERTY PORTFOLIO

Geographical breakdown

66% of the investment properties were located in the Brussels-Capital Region. The presence of the RREC in the Flemish Region stands at 12.8%, and at 21.2% in the Walloon Region.

This geographic diversification allows the RREC to limit the geographic concentration risk.

Geographic spread of the investment properties



■ Brussels-Capital Region
■ Flemish Region
■ Walloon Region

→ Florida (Waterloo)



→ Lasne

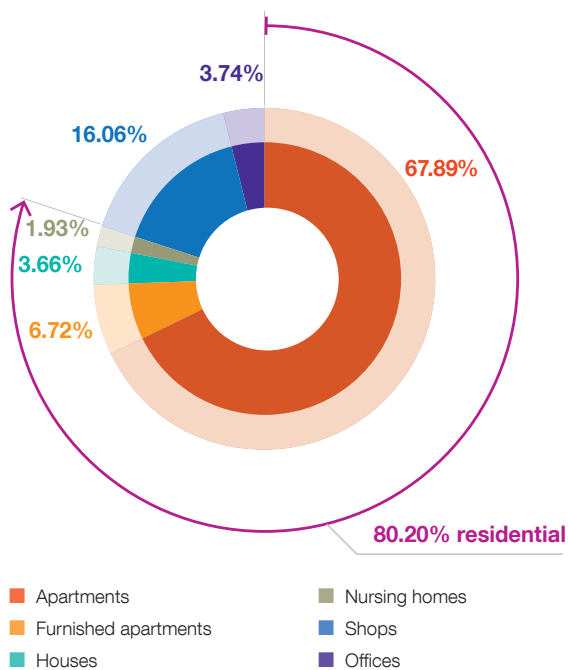


Breakdown according to property type

The Programme Law of 27 December 2012 states that as of 1 January 2013 the withholding tax on dividends in principle amounts to 25%. Home Invest Belgium, however, benefits from a reduced withholding tax of 15%, in its capacity as a residential RREC with at least 80% of its real estate assets invested directly in buildings used exclusively for residential purposes.

On 31 December 2014, **80.2%** of the investment properties of Home Invest Belgium consisted exclusively of residential buildings.

Breakdown by type of building



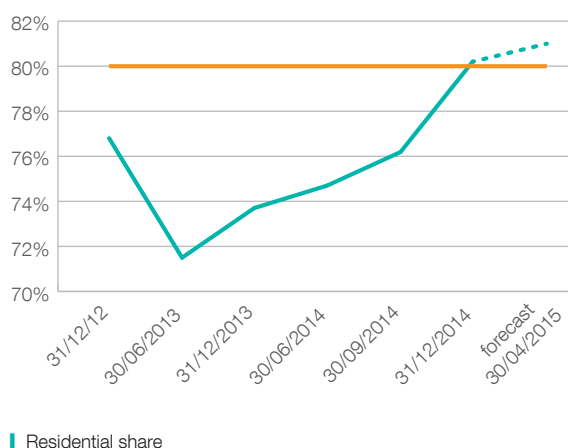
→ Giotto



80.2%

Residential share of the portfolio

Evolution of the residential share in the portfolio



■ Residential share

→ Maurice Charlent



...or how a performing real property portfolio makes a difference.

THE PORTFOLIO OF REAL ESTATE IN OPERATION

The ten investment properties available for letting

The ten following buildings each represent more than 3% of the investment properties of the RREC. Each of the four first buildings represent more than 5% thereof:

BUILDINGS OF THE CERTIFICATE "LOUVAIN-LA-NEUVE 1976"

These buildings are located in the centre of Louvain-la-Neuve, they were built in 1977 and acquired by the RREC in 2013. They comprise ± 23 000 sq.m. of letting area, of which 40% residential, 36% commercial and the rest office surfaces and auditoria. This complex was built on land owned by UCL. The RREC owns the right of use until 2026.

This complex represents 12.08% of the investment properties in operation. The gross rents stand at € 3 003 387 and the average rental occupancy for 2014 amounted to 99.9%.

LAMBERMONT

Boulevard Lambermont, 198-224 and avenue A. Desenfans 13-15, 1030 Brussels (Schaerbeek)

This complex, which was approved and acquired by the RREC in 2011, consists of four buildings and is located on boulevard Lambermont next to the Kinetix sport centre; it comprises a total of 127 apartments, two public libraries (French and Dutch), a children's day-care center and 109 underground parking spaces.

This complex represents 10.28% of the investment properties in operation. The gross rents stand at € 1 685 913 and the average rental occupancy for 2014 amounted to 96.4%.

CITY GARDENS

Riddersstraat 112-120, Petermannenstraat 2A and 2B and Fonteinstraat 98-100, 3000 Leuven

The building consists of 108 1-bedroom apartments, 30 2-bedroom apartments, 2 retail spaces and 92 underground parking spaces. It was fully renovated by the company in 2010 and 2011.

This complex represents 6.92% of the investment properties in operation. The gross rents stand at

€ 1 065 871 and the average rental occupancy for 2014 amounted to 97.0%.

GIOTTO

Avenue du Frioul, 2-10, 1140 Brussels (Evere)

The building was completed and acquired in 2005. The property is located at the corner of the avenue du Frioul and the rue de Genève, in a quiet area, looking out in the rear on a new public park. It comprises 85 apartments and 85 underground parking spaces.

This complex represents 6.76% of the investment properties in operation. The gross rents stand at € 1 173 826 and the average rental occupancy for 2014 amounted to 94.5%.

The following buildings represent less than 5% of the investment properties of the RREC:

GALERIE DE L'ANGE

Rue de l'Ange 16-20 and rue de la Monnaie 4-14, 5000 Namur

It consists of a retail ground floor, subdivided into 10 shops, and 50 apartments and studios and 2 office spaces on the floors. Six additional apartments were built in 2014 and are currently being put on the market. The gross rent for the apartments stands at € 320 433 and the average rental occupancy for 2014 amounted to 96.4%.

CHARLES WOESTE

Avenue Charles Woeste 290-312, 1090 Brussels (Jette)

The property is situated close to the Place Werrie (Werrie Square), in a mixed, though mainly residential area.

It is part of a mixed residential and retail complex and consists of 92 apartments or studios, 10 boxes and 20 parking spaces. In 2014 the studies continued for the renovation of this building and an application for planning permission was filed.

The gross rent for the apartments stands at € 591 134 and the average rental occupancy for 2014 amounted to 92.9%.

The gross rent for the commercial space stands at € 390 574 and the average rental occupancy for 2014 amounted to 89.3%.

RÉSIDENCES DU QUARTIER EUROPÉEN

Rue Joseph II, 82-84, rue Philippe Le Bon, 6-10 and rue Stévin, 19-23, 1000 Brussels

The property complex is located in the heart of the Leopold District, in the immediate proximity of the European Union's main buildings. It consists of three buildings comprising a total of **48 apartments**, of which 45 are furnished, 2 small office spaces and 50 underground parking spaces.

The gross rent stands at € 917 576 and the average rental occupancy for 2014 amounted to 75.3%.

BIRCH HOUSE

Rue de la Grande Haie 96, 1040 Brussels (Etterbeek)

The building is located on rue de la Grande Haie, in the Cours Saint Michel area, near the avenue de Tervueren. It comprises **32 2-bedroom apartments** and 32 underground parking spaces.

The gross rent stands at € 489 403 and the average rental occupancy for 2014 amounted to 96.8%.

LES MÉLÈZES

**Avenue de Calabre 34, 36, 38,
1200 Brussels (Woluwe-Saint-Lambert)**

The property complex is located in a small quiet street parallel to the avenue Marcel Thiry and comprises 37 apartments; Four apartments were sold in 2014.

33 apartments and 35 parking spaces are owned by Home Invest Belgium.

The gross rent stands at € 548 566 and the average rental occupancy for 2014 amounted to 87.3%.

LES JARDINS DE LA CAMBRE

**Rue des Echevins 75 and avenue de l'Hippodrome 96,
1050 Brussels (Ixelles)**

It consists of 2 apartment buildings, connected by a green area. It comprises **24 apartments**, 4 office units and 31 underground parking spaces.

The gross rent stands at € 464 050 and the average rental occupancy for 2014 amounted to 97.1%.



→ Lambermont



→ Galerie de l'Ange (Namur)

→ Résidences du Quartier Européen



...or how a performing real property portfolio makes a difference.

SITUATION OF THE PROPERTY PORTFOLIO ON 31 DECEMBER 2014¹

Name	City	Address	Main destination
Brussels Capital Region			
Belliard 21	Brussels	Rue Belliard, 21	Residential
Clos de la Pépinière	Brussels	Rue de la Pépinière, 6-14 - Avenue Thérésienne, 5-9	Residential
Lebeau	Brussels	Rue Lebeau, 55-57	Residential
Résidences du Quartier Européen	Brussels	Rue Joseph II, 82-84 - Rue Lebon, 6-10 - Rue Stevin, 21	Residential
La Résidence Joseph II	Brussels	Rue Joseph II, 21	Residential
Birch House	Etterbeek	Cours Saint Michel, 96	Residential
Erainn	Etterbeek	Rue des Ménapiens, 29	Residential
Yser	Etterbeek	Avenue de l'Yser, 13	Residential
Giotto	Evere	Avenue du Frioul, 2-10	Residential
Belgrade	Forest	Rue de Belgrade, 78-84	Residential
Les Jardins de la Cambre	Ixelles	Av. de l'Hippodrome, 96 - Rue des Echevins, 75	Residential
Charles Woeste (apartments)	Jette	Avenue Charles Woeste, 296-306	Residential
Charles Woeste (retail)	Jette	Avenue Charles Woeste, 290	Retail
Odon Warland - Bulins	Jette	Rue Odon Warland, 205 - Rue Bulins, 2-4	Residential
Baeck	Molenbeek-St-Jean	Avenue Joseph Baeck, 22-46	Residential
Lemaire	Molenbeek-St-Jean	Avenue Joseph Lemaire, 13-15	Nursing home
La Toque d'Argent	Molenbeek-St-Jean	Rue Van Kalcq, 30-32	Nursing home
Sippelberg	Molenbeek-St-Jean	Avenue du Sippelberg, 3-5	Residential
Bosquet - Jourdan	Saint-Gilles	Rue Bosquet, 72 - Rue Jourdan, 71	Residential
Jourdan - Monnaies	Saint-Gilles	Rue Jourdan, 121-125	Residential
Jourdan 85	Saint-Gilles	Rue Jourdan, 85	Residential
Lambermont	Schaerbeek	Bd du Lambermont, 210-222 - Rue Desenfans 13-15,	Residential
Melkriek	Uccle	Rue du Melkriek, 100	Nursing home
Ryckmans	Uccle	Avenue Rijkmans, 5-19	Residential
Les Erables	Woluwé-St-Lambert	Avenue de Calabre, 30-32	Residential
Les Mélèzes	Woluwé-St-Lambert	Avenue de Calabre, 34-38	Residential
Voisin	Woluwé-St-Pierre	Rue Montagne au Chaudron, 13	Residential
Flemish Region			
Nieuwpoort	Nieuport	Albert I-laan, 136	Retail
Grote Markt	Sint-Niklaas	Grote Markt, 32	Residential - Offices
City Gardens	Leuven	Petermannestraat, 2A-2B - Ridderstraat, 112-120	Residential
Haverwerf	Mechelen	Haverwerf, 1-10	Retail
Gent Zuid	Gent	Woodrow Wilsonplein, 4	Residential
Walloon Region			
Clos Saint-Géry	Ghlin	Rue de Tournai, 4	Residential
Quai de Compiègne	Huy	Quai de Compiègne, 55	Offices
Galerie de l'Ange (apartments)	Namur	Rue de la Monnaie, 4-14	Residential
Galerie de l'Ange (retail)	Namur	Rue de la Monnaie, 4-14	Retail
Léopold	Liège	Rue Leopold, 2-8	Residential
Mont Saint Martin	Liège	Mont Saint Martin, 1	Residential
Saint Hubert 4	Liège	Rue Saint Hubert, 4	Residential
Saint Hubert 51	Liège	Rue Saint Hubert, 51	Residential
Florida	Waterloo	Avenue Florida 75 -79	Residential
Louvain La Neuve CV9	Louvain-La-Neuve	Angle des Rues des Wallons et Grand Rue	Offices - Retail
Louvain La Neuve CV10&18	Louvain-La-Neuve	Rues Charlemagne, Grand Rue, Robelais, Grand Place, Agora	Residential - Offices - Retail
Colombus	Jambes	Rue de l'Orjo, 52-56	Residential
Total			

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

(2) Year of construction or last complete renovation.

(3) Annual gross rents in force on 31 December 2014, including rental guarantees and the estimated rental value on unoccupied surfaces.

Year ²	Units	Surface	Gross rents ³	ERV ⁴	Effective rents ⁵	Occupancy rate ⁶
	N°	sq.m.	€	€	€	%
	770	83 159	11 023 936	9 977 028	9 923 409	93.0%
2013	6	278	48 480	47 875	36 640	100.0%
1993	25	3 275	449 078	434 447	400 848	96.4%
1998	12	1 153	240 751	187 015	229 546	98.9%
1997	50	4 290	917 576	554 985	771 893	75.3%
1994	17	1 610	268 564	205 409	258 261	79.8%
2001	32	3 438	489 403	476 490	457 278	96.8%
2001	12	1 252	211 862	201 725	192 616	95.3%
1974	15	1 961	284 014	273 690	95 479	69.4%
2005	85	8 647	1 173 826	1 123 668	1 098 431	94.5%
1999	1	1 368	-	-	-	100.0%
1992	28	3 552	464 050	455 341	433 494	97.1%
1998	92	5 091	591 134	552 920	526 056	92.9%
1996	14	2 995	390 574	344 693	332 541	89.3%
2012	35	3 123	376 243	376 946	363 643	95.0%
2001	28	2 652	242 857	230 724	219 367	94.1%
1990	1	754	-	-	-	100.0%
1990	1	1 618	202 839	166 373	202 839	100.0%
2003	33	3 290	391 787	382 150	353 587	95.6%
1997	27	2 326	293 252	282 937	277 758	96.7%
2002	26	2 814	354 363	350 012	319 627	93.3%
2010	24	2 430	371 270	361 998	364 790	97.1%
2008	131	14 110	1 685 913	1 636 449	1 618 243	96.4%
1998	1	1 971	303 547	210 578	303 547	100.0%
1990	8	2 196	275 196	263 520	240 636	94.8%
2001	24	2 202	303 618	270 239	285 192	92.4%
1995	33	3 840	548 566	449 223	396 824	87.3%
1996	9	923	145 173	137 621	144 273	94.9%
	146	14 029	2 151 522	2 144 431	2 001 098	96.1%
1997	1	296	29 678	64 000	29 678	100.0%
2004	17	2 752	395 440	368 541	362 876	95.3%
2010	106	5 236	1 065 871	1 058 589	1 007 900	97.0%
2002	4	3 399	434 277	431 241	434 277	98.7%
2000	18	2 346	226 256	222 060	166 366	87.9%
	395	45 012	5 458 493	5 138 044	4 978 571	95.4%
1993	1	4 140	227 187	185 000	88 437	50.0%
1971	1	2 479	252 520	161 135	252 520	100.0%
1995	56	2 346	320 433	300 203	261 093	96.4%
2002	12	2 552	688 309	592 556	673 959	99.1%
1988	53	3 080	295 164	295 875	208 164	85.7%
1988	6	335	30 728	29 600	21 528	90.8%
1988	14	910	80 086	80 800	32 086	58.6%
1988	4	360	26 837	32 280	26 837	100.0%
1998	5	1 460	107 592	115 040	107 592	92.9%
1977	16	7 091	748 120	734 275	748 120	100.0%
1977	176	16 519	2 255 267	2 192 085	2 167 046	99.9%
2007	51	3 740	426 250	419 195	391 189	92.9%
	1 311	142 200	18 633 951	17 259 503	16 903 078	94.0%

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

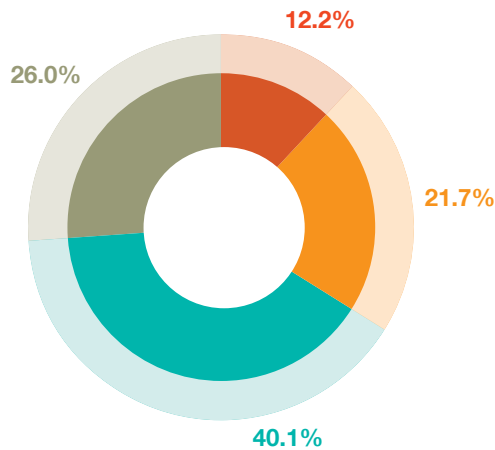
(5) Gross rents in force on 31 December 2014.

(6) Average rate over the year 2014, including rental guarantees.

...or how a performing real property portfolio makes a difference.

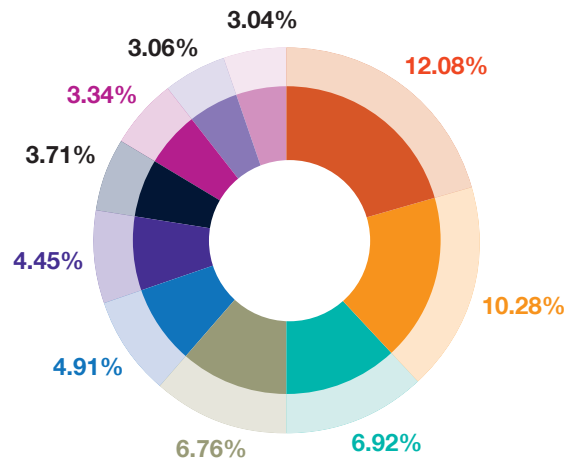
ANALYSIS OF THE BREAKDOWN OF THE PORTFOLIO OF BUILDINGS IN OPERATION¹

Breakdown by age of the building



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

Breakdown by building



- Louvain-La-Neuve
- Lambermont
- City Gardens
- Giotto
- Galerie de l'Ange
- Charles Woeste
- Résidences du Quartier Européen
- Birch House
- Les Mélèzes
- Les Jardins de la Cambre

More than one third of the buildings in operation have been subject to a major renovation in the past ten years.

The regulation on RRECs demands that they diversify their risks. Thus, Home Invest Belgium cannot invest more than 20% of its assets in one property.

Given the fact that the most important site – composed of 3 buildings located in Louvain-la-Neuve – incorporated in January 2013 represents only 12.1% of the total portfolio of buildings available for letting, followed by the Lambermont building with 10.3%, the diversification is fully assured. The ten main sites of more than 3% each represent 58.6% of the total portfolio.

(1) Calculations based on the fair value of the buildings in operation.

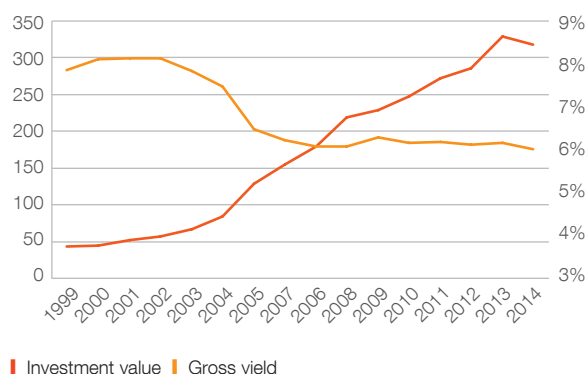
EVOLUTION OF THE OCCUPANCY RATE

As for the average occupancy throughout the year, it decreased to 94.01%, compared with 94.96% in 2013. This decrease is explained, on the one hand, by the difficult rental market mostly in the high end segment, and, on the other hand due to the wise decision of Home Invest Belgium to proceed with important renovation works in certain buildings in its portfolio. To this end, the buildings Léopold in Liège have not been relet, which obviously decreases the occupancy rate. If these buildings were excluded from the calculation, the occupancy rate would be 95.08%.

The gross yield on the portfolio, i.e. the gross rent divided by the investment value, is just below 6.00%. This is a result of the valuation of the portfolio held by the RREC.

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

At the end of the financial year, the remaining period of the leases is 3 years 11 months. This information is based on the theoretical end date of the leases signed. In the residential sector, however, the applicable law allows the tenant to put an anticipated end to its lease at any time, or to extend its lease at maturity. This average remaining period is therefore entirely theoretical.



Situation of the investment properties on 31 December 2014 ²	Fair value	Acquisition value	Insured value ³	Gross yield ⁴
Brussels-Capital Region	178 543 837	123 829 728	114 382 826	5.52%
Flemish Region	36 914 257	31 910 203	18 398 266	5.36%
Walloon Region	67 099 226	61 540 819	58 523 280	7.68%
Total	282 557 321	217 280 750	191 304 372	5.99%

Given that the RREC mainly rents out residential property it is impossible to determine the area(s) of activity/ies in which its tenants operate.

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

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

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

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

...or how a performing real property portfolio makes a difference.

THE PROJECT PORTFOLIO

The 5 development projects

TRÔNE

**Corner of the rue de la Pépinière
and rue de Brederode in 1000 Brussels**

The structure is finished, the roof was raised and the insulation work and technical facilities are well advanced. The delivery of 15 apartments and an office space is scheduled for Q2 2015.



MAURICE CHARLENT

**Corner of rue Maurice Charlent
and rue Jean Cockx in 1160 Auderghem**

Construction began in July 2014. By late December 2014 the structural work had progressed well and the special techniques companies set to work. The 127 studio apartments will be able to welcome their first tenants in September 2015.



ARIANE

**Avenue Marcel Thiry, 208
in 1200 Woluwe-Saint-Lambert**

The dismantling of the building started at the end of September 2014. By the end of December the building had been completely dismantled and the structural work had started.



MARCEL THIRY

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

The application process for planning permission has run its course. Planning permission was granted at the end of December 2014. Work is scheduled to start in Q2 2015.



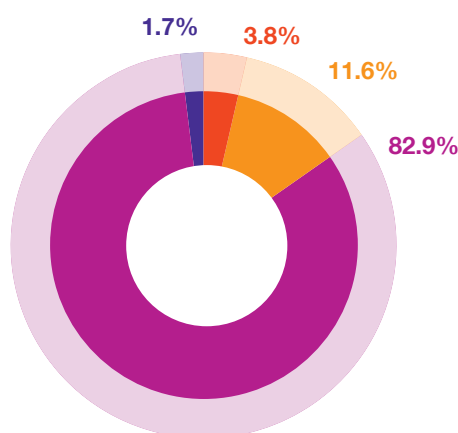
REINE ASTRID





Avenue Reine Astrid, 278 in 1950 Kraainem

The studies for the filing of the application for planning permission continued. The application was submitted in Q4 2014. The public inquiry was held during the month of December 2014 and planning permission should be issued by the authorities during the first half of 2015.

Project developments under study				Estimated amount until the obtention of the building permit	Investment as at 31/12/2014
Marcel Thiry 204C Av. Marcel Thiry, 204C, Woluwe St Lambert				9,50 M€	9,48 M€
Reine Astrid Av. Reine Astrid, 278, Kraainem				3,60 M€	3,53 M€
TOTAL				13,10 M€	
Projectontwikkelingen in uitvoering	Number of units	Surface	Estimate date of delivery	Estimated amount of investment	Investment as at 31/12/2014
Trône Corner of the Boomkwekerijstraat and the Brederodestraat, Bussels					
	16	2 120 m ²	2015	6,50 M€	4,95 M€
Maurice Charlent Rue M. Charlent, 51-53, Auderghem					
	127	5 276 m ²	2015	11,00 M€	5,88 miljoen
Ariane Av. Marcel Thiry, 208, Woluwe St Lambert					
	167	13 165 m ²	2016	22,00 M€	9,79 M€
TOTAL				39,50 M€	
Properties in operation				Fair value	
TOTAL				282,56 M€	
Properties destined for sale				Fair value	
TOTAL				5,81 M€	
GENERAL TOTAL				340,97 M€	

Portfolio breakdown



-  Properties in exploitation
-  Properties destined to be sold
-  Projects under examination
-  Projects in execution



Toon Haverals
Chief Development Officer
Home Invest Belgium
monitors closely demographic evolutions and new trends on the residential market. It develops new concepts for housing, such as the offering of shared areas and services and thus contributes to the evolution of the concept of “city living”.



...or how a performing real property portfolio makes a difference.

SURVEYOR'S REPORT FOR THE FINANCIAL YEAR 2014¹

Ladies, Gentlemen,

Regarding: Evaluation on 31 December 2014

We have been instructed by the RREC (Regulated Real Estate Company) HOME INVEST BELGIUM to provide an opinion of value for its property portfolio at **December 31st, 2014**, in the context of the preparation of the financial statements at this date.

We confirm that our valuation has been carried out in accordance with national and international standards (IVS), as well as their application procedure, in particular as far as RREC valuations are concerned.

Consistently with market practice, our mission has been carried out on the basis of information provided by HOME INVEST BELGIUM, in particular relating to tenancy situation, costs and taxes borne by the landlord, works to be carried out, as well as any other element which could have an influence on the assets' value. We have assumed this information to be correct and complete.

As specifically mentioned in our reports, our valuation does not constitute in any way a quality or technical survey of the properties, nor an analysis of the possible presence of deleterious materials. These elements are well known by HOME INVEST BELGIUM, which carries out a technical and legal due diligence prior to the acquisition of each property.

The Investment Value (in the context of this valuation) is defined as the most likely value that could reasonably be obtained in normal sales conditions between willing and well-informed parties, inclusive of transactions costs (mainly transfer taxes) to be paid by the acquirer.

The Fair Value can be obtained as follow:

- For residential or mixed properties where the nature and the design of the building are suitable for resale by unit, transfer taxes of 10% (Flemish Region) or 12.5% (Brussels and Wallonia) have been subtracted, depending on the region of Belgium where they are situated. For residential properties, the Fair Value partly reflects a potential capital gain in case of a sale per unit.
- For the other properties in the portfolio, the fair value for properties over 2.500.000 EUR can be obtained by deducting 2.5% transaction cost from their investment value. For properties with an investment value under 2.500.000 EUR transfer taxes of 10% or 12.5% as mentioned above have been subtracted.

The analysis of disposals of properties on the Belgian market shows that during the period of 2003 to 2005 included, the average cost of transaction amounted 2,5% for properties with an investment value at above 2.500.000 EUR.

This 2.5% figure will be reviewed periodically and adjusted if on the institutional market a change of at least +1- 0.5%.

(1) Letter of the real estate surveyor of 30 January 2014 literally reproduced with his content.

In our analysis of the portfolio, we noted the following:

1) The breakdown of the investment properties according to their function is as follows:

- 76,80% residential properties
- 1,97% nursing homes
- 17,26% commercial properties
- 3,97% offices²

2) The occupancy rate of the portfolio at December 31st, 2014 amounts to 90,52%³.

3) The passing rent including rental guarantees is 5% above the estimated rental value for the whole portfolio at this date.

In the light of all comments mentioned above, we confirm that the Investment Value of the HOME INVEST BELGIUM property portfolio at December 31st, 2014 amounts to a total of EUR 317.488.000 (THREE HUNDRED AND SEVENTEEN MILLION FOUR HUNDRED EIGHTY EIGHT THOUSAND EUROS).

The most likely sale value corresponding to the Fair Value with relation to IAS/IFRS norms of the HOME INVEST BELGIUM property portfolio at 31 December 2014 amounts to a total of **EUR 288.368.000** (TWO HUNDRED EIGHTY-EIGHT MILLION THREE HUNDRED SIXTY-EIGHT THOUSAND EUROS).

Yours sincerely,

Brussels, 12 February 2014
WINSSINGER & ASSOCIES SA/NV
Christophe Ackermans⁴ MRICS – Director

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

(3) The occupancy rate calculated as at 31 December 2014 and therefore diverges from that published by Home Invest Belgium, which represents an average occupancy rate over the entire financial year, excluding buildings held for sale.

(4) SPRL

Home Invest Belgium on the stock exchange

...or the story of an increasing share.

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+12%

**Increase
in 2014**

PROFILE OF THE INVESTORS IN HOME INVEST BELGIUM SHARES

Given the favourable regime of RRECs, and especially residential RRECS, the Home Invest Belgium share can be an interesting investment vehicle for investors, whether private individuals or institutions.

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

- to be free of the growing constraints – both technical and administrative – resulting from the direct management of residential buildings, as well as of the risk of vacancy or default which will also increase over time;
- to benefit from the advantages offered by this type of investment: a good spread of the investment risk, professional management, the high transparency of the RREC because of its Corporate Governance and favourable provisions on the legal and tax level (for more details see “Permanent Document”);
- to benefit from the obvious improved liquidity of its real estate, given the stock market listing of the shares of the RREC.

EVOLUTION OF THE SHARE

The Home Invest Belgium share is listed on NYSE Euronext (HOMI) since 16 June 1999.

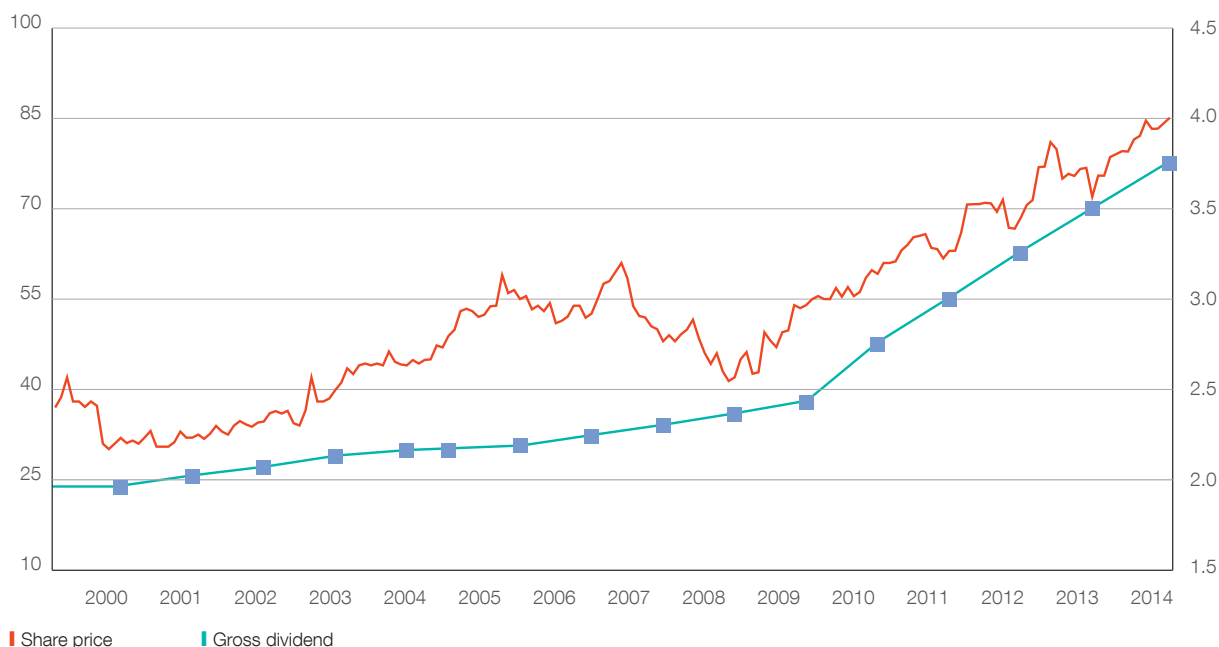
During financial year 2014, Home Invest Belgium completed several strategic real estate operations, which were well received by the markets and investors.

The Home Invest Belgium share consequently recorded a notable progression in 2014 of **12%** between 2 January 2014 (opening price at **€ 76.00**) and 31 December 2014 (closing price at **€ 85.10**), without taking into account the dividend distributed in May 2014.

The Home Invest Belgium share recorded a significant rise during the whole year of 2014, reaching a maximum of € 85.10 on 31 December 2014. The total average of the closing prices for financial year 2014 amounted to € 80.91.

It is also worth noting that the total number of shares issued by Home Invest Belgium increased from 3 056 143 to 3 160 809 during the financial year. In fact, 104 666 shares were created following the contribution in kind by AXA Belgium SA – on 11 June 2014 – of the Ariane project, located at 208, Avenue Marcel Thiry in 1200 Woluwé-Saint Lambert.

Evolution of the share price and the gross dividend



Based on the last closing price of the year 2014 (€ 85.1), the proposed dividend of **€ 3.75%** represents a **gross return of 4.41%** (compared with a return of 4.61% in 2013), while the rate of OLO at 5 years was 0.15% at 31 December 2014.

The share's liquidity has increased, with a daily average of **996** shares per trading session over the year 2014 as a whole (compared with a daily average of 703 shares during financial year 2013 and 136 shares in financial year 2012).

→ Louvain-la-Neuve



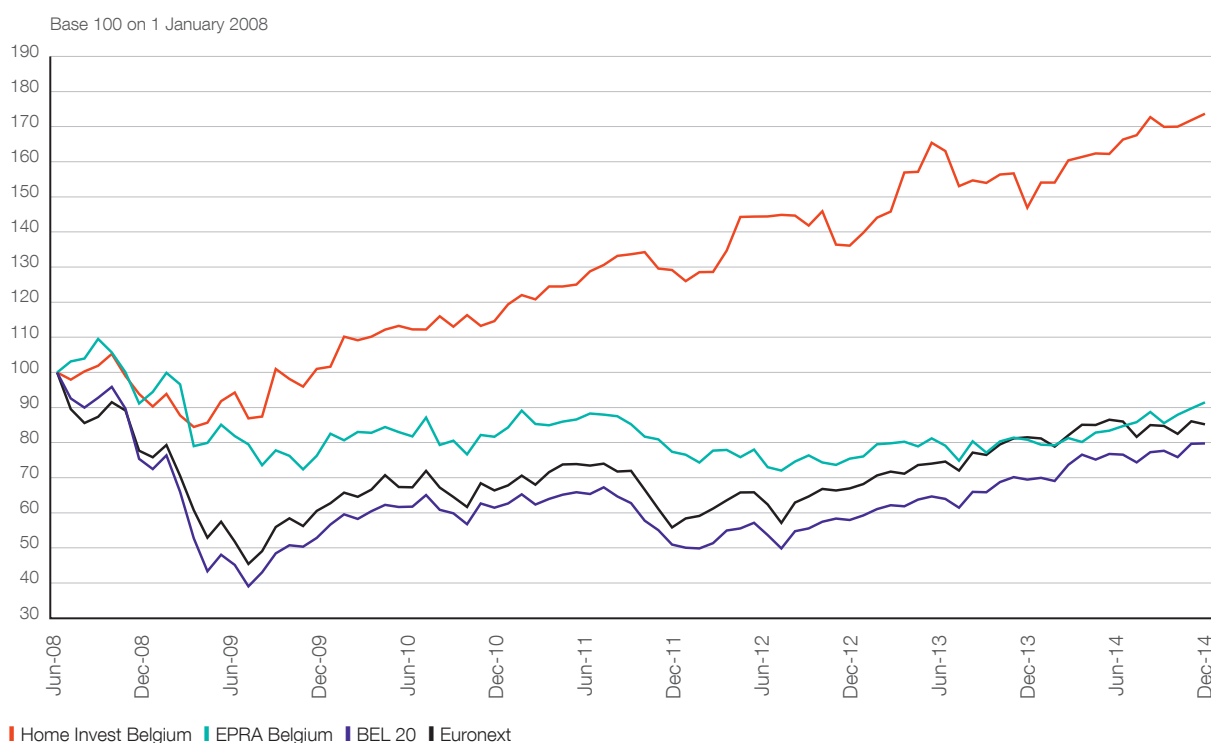
...or the story of an increasing share.

Evolution compared to the BEL 20 – EPRA Belgium indices¹

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

The good performance of the Home Invest Belgium share during financial year 2014 (increase of 12.7%) is in line with the evolution of the BEL20 index (up 14.9%) and the overall evolution of the Belgian RREC sector, reflected by the EPRA Belgium sectoral index (+ 13.1%) during the same period.

Comparison of the evolution of the return of Home Invest Belgium compared with the real estate indices and the stock market indices



Evolution of the share price compared to the net asset value

During the 2014 financial year, the net asset value grew by 3.19% compared to its level at the beginning of the year, rising from € 64.09 to € 66.15 on 31 December 2014.

This positive trend – which was more pronounced during the second half year – can essentially be explained by the good results generated by two of the RREC's core businesses, namely property letting on the one hand and the arbitrage of certain buildings on the other.

It is worth noting that the net asset value per share is currently 91% higher than its level of € 34.46 at the IPO in June 1999. This evolution reflects the quality of the property investments made by Home Invest Belgium and its asset management, both in terms of maintenance, renovation and in terms of the timing of sales.

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

The Home Invest Belgium share has been traded at a premium on the published net asset value during the entire financial year 2014. On 31 December 2014, the closing price amounted to € 85.10, which represents a premium of 29% compared with the net asset value at the end of the financial year. The premium calculated compared to the net asset value ex IAS 139 (€ 6.69) amounts to 23.9%.

This premium once again illustrates the confidence of the shareholders in the strong performances they can expect by investing in Home Invest Belgium shares. It also reflects the added value of a professional management team compared with a sum of buildings.

KEY FIGURES PER SHARE

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

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

(2) The withholding tax stands at 15% as from 1 January 2013.

(3) Number of shares traded / free float.

DIVIDEND

Home Invest Belgium is committed to offering its shareholders an increasing dividend in the long run which is at least equal if not higher than the inflation. Between **2000 and 2014**, the gross dividend rose from € 1.96 to € 3.75 per share, or an increase of 91.3% over a period of 15 and a half years or an **average annual increase of 5.4%**.

The Ordinary General Meeting of shareholders, to be held on Tuesday 5 May 2015, will be asked to approve the accounts for financial year 2014 and the distribution of a gross **dividend of € 3.75 per share** will be proposed. This distribution once again reflects the remarkable growth of **7.1%** compared to the gross dividend of € 3.50 distributed during financial year 2013, while the payout ratio remains at a reasonable level of **88.93%**.

The growth of the dividend, which is significantly stronger over the last four years, was made possible by the increase in the volume of arbitrage on the portfolio. The Board of Directors has established a minimum target of at least 4% rotation of the portfolio per year.

It is worth noting that since the creation of the RREC quite a sizeable portion of the profits has been carried forward each year. Currently, before distribution of the 2014 results and on a consolidated level, it now amounts to **€ 4.94 per share**. This reserve should enable the company to smooth out the dividends curve in the future, should conditions on the property market become more difficult.

Withholding tax

Under the new legislation in force since 1 January 2013 (Programme Law of 27 December 2012), the proposed dividend of € 3.75 is subject to a **withholding tax of 15%**, so that the proposed net dividend will amount to **€ 3.1875**. For further information on the tax treatment of dividends from 1 January 2013, see the "Permanent Document – the RREC and its tax regime".



www.lecho.be

29/08/2014 – Luc Van Driessche

Le résultat net courant a ainsi augmenté de 3,38% à 4,2 millions d'euros. Par action, il gagne 2,99% à 1,39 euros. Depuis son entrée en Bourse en 1999, Home Invest Belgium a toujours accru son dividende.



www.detijd.be

28/02/2015

“Home Invest verhoogt haar dividend tot € 3,75 voor het 15^{de} jaar op rij. Dit dankzij de stijging van het uitkeerbaar resultaat met 14,1% tot € 13,1 miljoen.”



RETURN

The profitability of an investment is to be measured with regard to both the immediate return and the increase in net asset value, which such an investment may present in the long term. The addition of these two components constitutes the annual return on investment.

In the case of an RREC, the weight of the immediate return may be high but the **capacity to generate capital gains is the true mark of quality in the long term.**

Thus, for shareholders who took part in the June 1999 IPO (Initial Public Offering) and who have since reinvested all dividends in Home Invest Belgium shares each year, the internal rate of return (IRR) calculated over this 15 and a half year period, would be **16.67%**, and this in spite of the sluggish performance in the course of the financial years 2008 and 2009.

Likewise, the return for Home Invest Belgium shareholders, who did not reinvest their dividends every



→ Maurice Charlent

year, nonetheless stands at a remarkable average of **12.71%** for the years between 1999 and 2014.

This return cannot be compared as such with that of the majority of other RRECs due to the fact that their returns are calculated before deduction of the withholding tax on dividends, whereas until the end of 2012 the dividend of the Home Invest Belgium was exempt from withholding tax (15% as of 1 January 2013).

	Return (€) ¹	Net asset value excluding dividend	Value growth	Gross dividend	Return per share ²	Return in % for the shareholder ³
Consolidated accounts in IFRS	31/12/2014	62.39	1.79	3.75	5.54	9.14%
	31/12/2013	60.6	5.12	3.5	8.62	15.54%
	31/12/2012	55.48	0.9	3.25	4.15	7.60%
	31/12/2011	54.58	2.65	3	5.65	10.88%
	31/12/2010	51.93	1.42	2.75	4.17	8.26%
	31/12/2009	50.51	0.16	2.43	2.59	5.14%
	31/12/2008	50.35	-2.17	2.36	0.19	0.36%
	31/12/2007	52.52	3.21	2.3	5.51	11.17%
	31/12/2006	49.31	3.35	2.24	5.59	12.16%
	31/12/2005	45.96	4.17	2.19	6.36	14.47%
Statutory accounts in Belgian GAAP	31/12/2005	46.91	4.24	3.47	7.71	11.41% ⁴
	31/05/2004	42.67	4.13	2.16	6.29	16.32%
	31/05/2003	38.54	1.15	2.13	3.28	8.77%
	31/05/2002	37.39	0.44	2.07	2.51	6.79%
	31/05/2001	36.95	1.19	2.02	3.21	8.98%
	31/05/2000	35.76	1.3	1.96	3.26	9.46%
	01/06/1999	34.46				

(1) Based on consolidated figures as from 2005.

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

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

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

...or the story of an increasing share.

SHAREHOLDING STRUCTURE ON 31 DECEMBER 2014

The company provides for a statutory threshold of 3% for a declaration of transparency in application of the legal provisions pertaining to the disclosure of major holdings in issues whose shares are admitted to trading on a regulated market.

In accordance with the transparency declarations received until 31 December 2014, the shareholding structure of Home Invest Belgium is as follows

Shareholders	Number of shares	In % of capital
Van Overstraeten Group*^{1 3}	867 384	27.44%
COCKY SA	110	0.00%
Mr Liévin Van Overstraeten	128 671	4.07%
Mr Antoon Van Overstraeten	127 715	4.04%
Mr Hans Van Overstraeten	132 346	4.19%
Mr Johan Van Overstraeten	128 944	4.08%
Mr Bart Van Overstraeten	128 568	4.07%
Stavos Luxembourg	118 455	3.75%
VOP SA	102 575	3.25%
AXA Belgium²	537 830	17.02%
Federal Insurance*	105 296	3.33%
Mr and Mrs Van Overtveldt - Henry de Frahan*	102 792	3.25%
Mr S. Van Overtveldt	51 396	1.63%
Mrs P. Henry de Frahan	51 396	1.63%
Other registered shareholders	74 877	2.37%
Total known	1 688 179	53.41%
Free float	1 472 630	46.59%
General total	3 160 809	100.00%

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

(1) Stavos Luxembourg SA is 100% controlled by the "Stichting Administratiekantoor Stavos" foundation. Stichting Administratiekantoor Stavos is controlled by Liévin, Antoon, Hans, Johan and Bart Van Overstraeten. Cocky NV is 99% controlled by the Van Overstraeten association, which, in turn, is 100% controlled by the "Stichting Administratiekantoor Stavos" foundation.

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

(3) On 6 January 2015 Home Invest Belgium received a statement from Stavos Luxembourg SA, Stichting Administratiekantoor Stavos, Cocky SA, Messrs Liévin, Hans, Antoon, Johan and Bart Van Overstraeten, VOP SA and BMVO 2014, a company incorporated under ordinary law, acting in concert, having entered into an agreement for the concerted exercise of their voting rights, to conduct a durable common policy. With this notification Home Invest Belgium was informed that (i) on 28 November 2014 a group of individuals acting in concert has crossed the threshold of 25% in the downwards direction, following an acquisition of shares by BMVO 2014, a company incorporated under ordinary law and (ii) that Mr Antoon Van Overstraeten no longer was part of the group of individuals acting in concert. In a letter of 20 January 2015, Home Invest Belgium received a declaration of transparency from Mr Antoon Van Overstraeten, who now would be acting alone, informing it that his participation in the capital of Home Invest Belgium had exceeded the threshold of 3% on 28 November 2014.



www.detijd.be

07/05/2014 – Michel Lauwers

De komst van nieuwe CEO Sophie Lambrighs gaat ervoor zorgen dat Home Invest Belgium voor het 15^{de} jaar op rij, haar dividenden gaat verhogen.



→ Résidence Mélopée



De Tijd
07/05/2014

Ondanks de sterke groei in de vastgoedportefeuille, is de schuldgraad met 38,4%, eind 2013 beperkt gebleven. HIB beschikt over een mooie marge om te groeien buiten de voorziene of aangevatte projectontwikkelingen.



→ Résidence Mélopée



L'Echo
29/08/2014

Malgré un contexte économique général qui reste morose, Home Invest Belgium continue de surfer sur la vague du succès.



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CONSOLIDATED FINANCIAL STATEMENTS¹

BALANCE SHEET

ASSETS	Note	2014	2013
I. Non-current assets		317 610 294	307 933 429
B. Intangible assets	15	11 891	16 049
C. Investment properties	16	316 492 961	306 753 952
D. Other tangible assets	18	190 973	122 902
E. Non-current financial assets	24	69 440	76 012
F. Finance lease receivables	19	845 029	964 515
II. Current assets		14 170 877	17 166 414
A. Assets held for sale	20	5 810 465	9 402 061
C. Finance lease receivables	19	119 486	112 237
D. Trade receivables	21	2 694 041	3 199 473
E. Tax receivables and other current assets	21	312 992	296 970
F. Cash and cash equivalents	22	4 925 898	3 882 740
G. Deferred charges and accrued income	23	307 995	272 933
TOTAL ASSETS		331 781 170	325 099 843
SHAREHOLDERS' EQUITY			
A. Capital	26	75 999 055	73 469 670
B. Share premium account	26	24 903 199	19 093 664
C. Reserves	26	91 384 022	77 555 138
D. Net result of the financial year	26	15 937 954	24 907 336
SHAREHOLDERS' EQUITY		208 224 230	195 025 808
LIABILITIES			
I. Non-current liabilities		117 633 818	79 471 529
B. Non-current financial debts	24	109 627 454	75 000 000
a. Financial debts		70 000 000	75 000 000
c. Others		39 627 454	0
C. Other non-current financial liabilities	24	8 006 364	4 471 529
II. Current liabilities		5 923 123	50 602 505
B. Current financial debts	24	644 327	47 382 687
a. Financial debts		0	46 750 000
c. Others		644 327	632 687
D. Trade debts and other current debts	25	3 509 489	2 290 190
b. Others		3 509 489	2 290 190
E. Other current liabilities	25	119 654	120 734
F. Accrued charges and deferred income	23	1 649 654	808 895
LIABILITIES		123 556 941	130 074 035
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		331 781 170	325 099 843

(1) The 2014 consolidated annual accounts of Home Invest Belgium include those of its subsidiaries, Home Invest Development SA and Charlent 53 Freehold SPRL are presented in €, unless mentioned otherwise. The accounting and valuation criteria set out in the "International Financial Reporting Standards" ("IFRS") have been applied since the annual accounts for the 2006 financial year. The annual financial reports (including the consolidated financial statements, with a shortened version of the statutory accounts, the consolidated management reports, the reports of the Auditor and the Surveyor), the interim statements, the half-year financial reports, the description of the financial situation, the information concerning the related parties and the historical financial information concerning the subsidiaries of the SIR, are included by reference in the present financial annual report.

Home Invest Belgium's statutory annual financial statements have been prepared in accordance with IFRS standards since 1 January 2005. They are presented in an abridged version, in accordance with article 105 of the Company Code. The detailed statutory financial statements will be lodged with National Bank following the Ordinary General Meeting. They are also available upon request from the company's registered office.

INCOME STATEMENT

	Note	2014	2013
I. Rental Income (+)	4	18 941 328	19 353 320
II. Rental-related expenses (+/-)	4	-183 360	-252 403
NET RENTAL RESULT		18 757 968	19 100 917
IV. Recovery of property charges (+)	5	125 760	90 977
V. Recovery of charges and taxes normally payable by the tenant on let properties (+)	5	735 818	662 528
VII. Charges and taxes normally payable by the tenant on let properties (-)	5	-1 877 271	-2 021 064
VIII. Other incomes and expenses related to letting (+/-)	5	-15 982	-778
PROPERTY RESULT		17 726 293	17 832 578
IX. Technical costs (-)	6	-1 240 741	-1 110 397
X. Commercial costs (-)	7	-256 272	-539 042
XI. Taxes and charges on unlet properties (-)	8	-113 423	-255 581
XII. Property management costs (-)	8	-2 922 621	-2 557 758
XIII. Other property costs (-)		-147 343	-25 566
PROPERTY COSTS		-4 680 401	-4 488 344
PROPERTY OPERATING RESULT		13 045 891	13 344 234
XIV. General corporate expenses (-)	9	-945 034	-682 319
XV. Other operating incomes and expenses (+/-)		-34 553	-263 587
OPERATING RESULT BEFORE PORTFOLIO RESULT		12 066 304	12 398 328
XVI. Result sale investment properties (+/-)	10-20	3 968 854	2 517 584
XVIII. Changes in fair value of investment properties (+/-)	10	6 990 080	12 387 402
OPERATING RESULT		23 025 238	27 303 314
XX. Financial income (+)	11	94 499	101 768
XXI. Net interest charges (-)	12	-3 999 979	-4 035 036
XXII. Other financial charges (-)	13	-51 715	-69 590
XXIII. Changes in fair value of financial assets and liabilities (+/-)	13	-3 107 691	1 501 542
FINANCIAL RESULT		-7 064 885	-2 501 317
PRE-TAX RESULT		15 960 353	24 801 997
XXIV. Corporation tax (-)	14	-22 400	105 340
TAXES		-22 400	105 340
NET RESULT		15 937 954	24 907 336
NET RESULT ATTRIBUTABLE TO THE PARENT COMPANY		15 937 954	24 907 336

Statement of comprehensive income	2014	2013
I. Net result	15 937 954	24 907 336
II. Other items of comprehensive income:		
A. Impact on the fair value of transfer rights and costs estimated to arise on the hypothetical disposal of investment properties		
B. Changes in the efficient part of the fair value of hedging instruments authorised as cash flow as defined in IFRS	-427 144	1 287 576
1. Effective hedging instruments	-592 845	505 497
2. Requalification according to IAS 39 §101	165 701	782 079
COMPREHENSIVE INCOME (I + II)	15 510 810	26 194 912

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Capital	Capital increase expenses	Share premium	Legal reserve	Reserver from the balance of changes in fair value of investment properties
BALANCE AT 31/12/2012	74 401 222	-931 552	19 093 664	98 778	89 588 625
Transfert					
Changers resulting from the sale of a building					-4 107 069
Dividend distribution					
Result of the financial year					
Changes in fair value of hedges					
Changes in fair value of property					5 427 646
BALANCE AT 31/12/2013	74 401 222	-931 552	19 093 664	98 778	90 909 201
BALANCE AT 31/12/2013	74 401 222	-931 552	19 093 664	98 778	90 909 201
Transfert					
Capital increase AXA	2 548 073	-18 688	5 809 535		
Changers resulting from the sale of a building					-2 916 296
Dividend distribution					
Result of the financial year					
Changes in fair value of hedges					
Changes in fair value of property					15 524 054
BALANCE AT 31/12/2014	76 949 295	-950 240	24 903 199	98 778	103 516 959

Reserve from estimated transfer costs and rights	Reserve from the balance of changes in fair value of hedges reserve for treasury shares	Reserve for treasury shares	Other reserves	Result carried forward from previous financial years	Net result of the financial year	Total
-25 133 105	-1 958 774	-757 323	1 259 467	11 428 410	11 631 985	178 721 397
				-2 115 463	2 115 463	0
973 174				3 133 895		0
					-9 890 501	-9 890 501
					24 907 336	24 907 336
	1 287 576					1 287 576
-1 570 699					-3 856 947	0
-25 730 630	-671 198	-757 323	1 259 467	12 446 842	24 907 336	195 025 808
-25 730 630	-671 198	-757 323	1 259 467	12 446 842	24 907 336	195 025 808
				1 868 626	-1 868 626	0
						8 338 920
1 305 670				1 610 626		0
					-10 651 309	-10 651 309
					15 937 954	15 937 954
	-427 144					-427 144
-3 136 652					-12 387 402	0
-27 561 611	-1 098 342	-757 323	1 259 467	15 926 094	15 937 954	208 224 230

CASH FLOW STATEMENT

	2014	2013
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3 882 740	2 634 188
1. Cash flow from operating activities	5 583 687	10 894 785
Result for the financial year	15 937 954	24 907 336
Result for the financial year before interest and taxes	23 025 238	27 303 314
Interest received	94 499	101 768
Interest paid	-4 051 693	-4 104 626
Change in fair value of financial assets and liabilities	-3 107 691	1 501 542
Taxes	-22 400	105 340
Adjustment of profit for non-current transactions	-7 748 765	-16 329 721
Depreciation and write-downs	102 478	76 806
- Depreciation and write-downs on non-current assets	102 478	76 806
Other non-monetary elements	-3 882 389	-13 888 943
- Changes in fair value of investment properties (+/-)	-6 990 080	-12 387 402
- Other non-current transactions	3 107 691	-1 501 542
Gain on realization of assets	-3 968 854	-2 517 584
- Capital gains realized on the sale of non-current assets	-3 968 854	-2 517 584
Change in working capital needs	-2 605 502	2 317 169
Movements in asset items:	583 743	2 625 471
- Current financial assets	-7 249	-6 858
- Trade receivables	624 918	1 692 725
- Tax receivables and other short-term assets	-16 022	1 009 856
- Deferred charges and accrued income	-17 904	-70 252
Movements of liabilities items:	-3 189 245	-308 302
- Trade and other current debts	1 176 197	-26 383
- Other current liabilities	-5 108 963	-433 772
- Accrued charges and deferred income	743 522	151 852
2. Cash flow from investment activities	18 252 014	-41 255 732
Investment properties - capitalized investments	-1 724 410	-796 094
Investment properties - new acquisitions	-3 934 482	-34 375 000
Divestments	31 625 911	10 305 547
Development projects	-7 667 814	-16 317 716
Other intangible assets	0	-13 528
Other tangible assets	-166 392	-34 446
Other non-current financial assets	6 572	-24 495
Acquisitions of subsidiaries	112 630	0
3. Cash flow from financing activities	-22 792 542	31 609 499
Changes in financial liabilities and debts		
Increase (+) / Decrease (-) in financial debts	-12 122 546	41 500 000
Change of capital (+/-)	-18 688	
Dividend of the previous financial year	-10 651 309	-9 890 501
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4 925 898	3 882 740

Note A Acquisition of subsidiaries	Leasehold	Freehold
Cash and cash equivalents	86 895	77 898
Investment properties	3 649 244	263 153
Deferred charges and accrued income	17 158	
Other current financial debts	-3 527 859	-288 371
Trade debts	-43 999	-517
Other current liabilities	-84 000	
Accrued charges and deferred income	-97 440	
Total acquisitions	0	52 163
Cash flow of subsidiaries	-86 895	-77 898
Cash flow on acquisition of subsidiaries	-86 895	-25 735

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 : GENERAL INFORMATION ON THE COMPANY

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

Note 2 : ACCOUNTING POLICIES

Declaration of conformity

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

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

Preparation basis

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

Consolidation basis

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

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

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

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

Goodwill - Badwill

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

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

Intangible assets

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

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

Investment properties

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

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

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

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

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

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

Accounting treatment of the valuation of investment properties in operation

Any gain or loss deriving from a change in fair value is recognised in the income statement under the item “XVIII. Changes in fair value of investment properties” before being allocated to shareholders’ equity under the item “C. Reserves – b. Reserve of the balance of changes in fair value of investment properties”.

According to Note C of the Royal Decree of 13 July 2014, Home Invest Belgium splits the item XVIII in 4 sub items including variation (plus and minus) of the value of the investment properties and variation (plus and minus) of the registration duties. The duties rates are 10%, 12.5% or 2.5%.

Works undertaken in investment properties in operation

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

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

This type of renovation work is also capitalised.

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

Development projects

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

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

Other tangible assets

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

The useful life is as follows for each asset category:

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

Financial assets

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

A distinction can be made between:

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

Financial liabilities

Financial liabilities are booked at amortized cost.

Financial derivatives

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

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

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

Investment properties held for sale

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

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

Trade receivables

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

Cash and cash equivalents

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

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

Capital - Dividends

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

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

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

Provisions

A provision is recognised in the balance sheet when:

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

Taxes

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

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

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

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

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

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

Income

Rental income from simple rental contracts is recorded as income on a straight-line basis over the life of the rental contract. Rent-free periods and other benefits granted to customers are recorded on a straight-line basis over the first firm rental period.

Gain or loss on the sale of investment properties

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

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

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

Home Invest Belgium has not anticipated the application of the new or amended standards and interpretations issued prior to the date of authorisation of publication of the consolidated financial statements, but which come into effect after the financial period closed on 31 December 2014, namely:

IFRS 9 Financial instruments: recognition and measurement effective: financial year starting on 1 January 2018.

IFRS 14 Regulatory Deferral Accounts effective: financial year starting on 1 January 2016.

IFRS 15 Revenue from Contracts with Customers effective: financial year starting on 1 January 2016.

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

Note 3 : SEGMENT INFORMATION

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

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

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

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

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

INCOME STATEMENT BY REGION

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

INCOME STATEMENT BY REGION

2013	Consolidated total	Brussels-Capital Region	Flemish Region	Walloon Region	Unattributed
I. Rental Income (+)	19 353 320	12 035 606	2 122 119	5 195 594	
III. Rental-related expenses (+/-)	-252 403	-112 637	-12 013	-15 973	-111 780
NET RENTAL RESULT	19 100 917	11 922 969	2 110 107	5 179 622	-111 780
IV. Recovery of property charges (+)	90 977	65 745	2 195	23 036	
V. Recovery of charges and taxes normally payable by the tenant on let properties (+)	662 528	261 312	59 131	342 085	
VII. Charges and taxes normally payable by the tenant on let properties (-)	-2 021 064	-1 276 071	-165 919	-579 074	
VIII. Other incomes and expenses related to letting (+/-)	-778	-797		19	
PROPERTY RESULT	17 832 578	10 973 157	2 005 514	4 965 688	-111 780
IX. Technical costs (-)	-1 110 397	-1 012 033	-36 770	-177 961	116 367
X. Commercial costs (-)	-539 042	-389 467	-63 595	-119 000	33 020
XI. Taxes and charges on unlet properties (-)	-255 581	-216 825	-12 456	-29 565	3 266
XII. Property management costs (-)	-2 557 758	-76 603	-6 280	-40 576	-2 434 299
XIII. Other property costs (-)	-25 566				-25 566
PROPERTY COSTS	-4 488 344	-1 694 929	-119 100	-367 103	-2 307 213
PROPERTY OPERATING RESULT	13 344 234	9 278 229	1 886 414	4 598 585	-2 418 993
XIV. General corporate expenses (-)	-682 319				-682 319
XV. Other operating incomes and expenses (+/-)	-263 587				-263 587
OPERATING RESULT BEFORE PORTFOLIO RESULT	12 398 328	9 278 229	1 886 414	4 598 585	-3 364 899
XVI. Result sale investment properties (+/-)	2 517 584	2 364 696		229 301	-76 413
XVIII. Changes in fair value of investment properties (+/-)	12 387 402	9 963 257	1 747 283	676 861	
OPERATING RESULT	27 303 314	21 606 182	3 633 697	5 504 747	-3 441 312
XX. Financial income (+)	101 768	90 766			11 001
XXI. Net interest charges (-)	-4 035 036				-4 035 036
XXII. Other financial charges (-)	-69 590				-69 590
XXIII. Changes in fair value of financial assets and liabilities (+/-)	1 501 542				1 501 542
FINANCIAL RESULT	-2 501 317	90 766			-2 592 083
PRE-TAX RESULT	24 801 997	21 696 948	3 633 697	5 504 747	-6 033 395
XXIV. Corporation tax (-)	105 340				105 340
TAXES	105 340				105 340
NET RESULT	24 907 336	21 696 948	3 633 697	5 504 747	-5 928 056

INCOME STATEMENT BY TYPE OF ASSETS

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

INCOME STATEMENT BY TYPE OF ASSETS

2013	Consolidated total	Properties valued by individual units	Properties valued "en bloc" >2 500 000€	Properties valued "en bloc" <2 500 000€	Unattributed
I. Rental Income (+)	19 353 320	13 213 019	5 765 258	375 043	
III. Rental-related expenses (+/-)	-252 403	-92 086	-50 975	2 438	-111 780
NET RENTAL RESULT	19 100 917	13 120 933	5 714 283	377 481	-111 780
IV. Recovery of property charges (+)	90 977	82 265	8 535	177	
V. Recovery of charges and taxes normally payable by the tenant on let properties (+)	662 528	171 886	444 616	46 026	
VII. Charges and taxes normally payable by the tenant on let properties (-)	-2 021 064	-1 345 023	-618 156	-57 885	
VIII. Other incomes and expenses related to letting (+/-)	-778	-778			
PROPERTY RESULT	17 832 578	12 029 282	5 549 277	365 799	-111 780
IX. Technical costs (-)	-1 110 397	-1 096 278	-100 767	-29 719	116 367
X. Commercial costs (-)	-539 042	-523 548	-31 988	-16 525	33 020
XI. Taxes and charges on unlet properties (-)	-255 581	-257 684	273	-1 436	3 266
XII. Property management costs (-)	-2 557 758	-81 437	-42 022		-2 434 299
XIII. Other property costs (-)	-25 566				-25 566
PROPERTY COSTS	-4 488 344	-1 958 946	-174 504	-47 681	-2 307 213
PROPERTY OPERATING RESULT	13 344 234	10 070 336	5 374 773	318 118	-2 418 993
XIV. General corporate expenses (-)	-682 319				-682 319
XV. Other operating incomes and expenses (+/-)	-263 587				-263 587
OPERATING RESULT BEFORE PORTFOLIO RESULT	12 398 328	10 070 336	5 374 773	318 118	-3 364 899
XVI. Result sale investment properties (+/-)	2 517 584	2 593 996			-76 413
XVIII. Changes in fair value of investment properties (+/-)	12 387 402	11 905 487	333 193	148 721	
OPERATING RESULT	27 303 314	24 569 820	5 707 967	466 839	-3 441 312
XX. Financial income (+)	101 768			90 766	11 001
XXI. Net interest charges (-)	-4 035 036				-4 035 036
XXII. Other financial charges (-)	-69 590				-69 590
XXIII. Changes in fair value of financial assets and liabilities (+/-)	1 501 542				1 501 542
FINANCIAL RESULT	-2 501 317			90 766	-2 592 083
PRE-TAX RESULT	24 801 997	24 569 820	5 707 967	557 606	-6 033 395
XXIV. Corporation tax (-)	105 340				105 340
TAXES	105 340				105 340
NET RESULT	24 907 336	24 569 820	5 707 967	557 606	-5 928 056

BALANCE SHEET BY ASSET TYPE

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

OTHER INFORMATION BY ASSET TYPE

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

BALANCE SHEET BY REGION

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

BALANCE SHEET BY ASSET TYPE

2013	Consolidated total	Properties valued by individual units	Properties valued "en bloc" >2 500 000€	Properties valued "en bloc" <2 500 000€	Unattributed
Investment properties in operation	290 438 658	207 485 883	77 489 785	5 462 990	
Investment properties - Development projects	16 315 294	16 315 294			
Assets held for sale	9 402 061	9 402 061			
Finance lease receivables	1 076 752			1 076 752	
Other assets	7 867 078				7 867 078
TOTAL ASSETS	325 099 843	233 203 237	77 489 785	6 539 742	7 867 078
Percentage by sector	100.00%	71.73%	23.84%	2.01%	2.42%
Shareholders' equity	195 025 808				195 025 808
Liabilities	130 074 035				130 074 035
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	325 099 843				325 099 843

OTHER INFORMATION BY ASSET TYPE

2013	Consolidated total	Properties valued by individual units	Properties valued "en bloc" >2 500 000€	Properties valued "en bloc" <2 500 000€	Unattributed
Investment properties					
Investments	796 094	663 986	114 275	17 833	
Other tangible assets					
Investments	310 325				310 325
Depreciation	-187 422				-187 422
Intangible assets					
Investments	43 778				43 778
Depreciation	-27 729				-27 729

BALANCE SHEET BY REGION

2013	Consolidated total	Brussels-Capital Region	Flemish Region	Walloon Region	Unattributed
Investment properties in operation	290 438 658	185 206 341	36 503 880	68 728 436	
Investment properties - Development projects	16 315 294	16 315 294			
Assets held for sale	9 402 061	5 239 111	1 452 727	2 710 222	
Finance lease receivables	1 076 752	1 076 752			
Other assets	7 867 078				7 867 078
TOTAL ASSETS	325 099 843	207 837 498	37 956 607	71 438 658	7 867 078
Percentage by sector	100.00%	63.93%	11.68%	21.97%	2.42%
Shareholders' equity	195 025 808				195 025 808
Liabilities	130 074 035				130 074 035
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	325 099 843				325 099 843

Note 4 : RENTAL INCOME AND CHARGES

INCOME STATEMENT	2014	2013
I. Rental income (+)		
A. Rent	18 918 956	19 296 421
B. Guaranteed rental income	0	24 660
C. Rent-free periods	-92 206	-49 539
E. Early lease termination indemnities	114 578	81 779
III. Rental-related expenses (+/-)		
A. Rent payable on leased premises	-111 801	-101 579
B. Impairments on trade receivables	-182 285	-275 557
C. Reversal of impairments on trade receivables	110 726	124 733
NET RENTAL INCOME	18 757 968	19 100 917

The rental income decrease under the influence of the sales realized in the course of the year and the rent vacancy of some investments which will be deeply renovated at short term.

Note 5 : PROPERTY RESULT

	2014	2013
NET RENTAL INCOME	18 757 968	19 100 917
IV. Recovery of property charges (+)		
A. Indemnities for tenant damage	125 760	90 977
V. Recovery of charges and taxes normally paid by the tenant on let properties (+)		
A. Re-invoicing of rental-related charges paid by the owner	79 257	50 435
B. Re-invoicing of property and other taxes on let properties	656 560	612 093
VII. Rental-related charges and taxes normally paid by the tenant on let properties (-)		
B. Property and other taxes on leased buildings	-1 877 271	-2 021 064
VIII. Other rental income and expenses (+/-)	-15 982	-778
TOTAL	-1 031 676	-1 268 338
PROPERTY RESULT	17 726 293	17 832 578

The recovery of rental-related charges relates mainly to the invoicing of insurance premiums concerning the abandonment of recourse which are contained in most of the fire policies of the buildings, as well as certain expenses related to the supply of telephone lines.

In the residential sector, the property tax is paid by the lessor for all main place of residence leases. Invoicing of property tax and taxes relates therefore mainly to commercial spaces and offices.

Note 6 : TECHNICAL COSTS

	2014	2013
IX. Technical costs (-)		
A. Recurrent technical costs		
1. Repairs	-1 117 322	-1 104 364
3. Insurance premiums	-133 947	-105 509
B. Frais techniques non récurrents		
1. Major repairs (companies, architects, engineering,...)	-7 774	72 156
2. Indemnification of accidents by insurers	18 302	27 321
TOTAL	-1 240 741	-1 110 397

Note 7 : COMMERCIAL COSTS

	2014	2013
X. Commercial costs (-)		
A. Agency and experts' fees	-222 681	-315 364
C. Lawyers' fees, legal costs	-33 591	-223 678
TOTAL	-256 272	-539 042

The decrease of the commercial costs is due to the insourcing in 2013 of some activities. The company have proceeded to the recruitment of an employee charged with the commercialization of the buildings available for letting in Brussels.

Note 8 : TAXES AND CHARGES ON UNLET PROPERTIES - MANAGEMENT COSTS

	2014	2013
XI. Taxes and charges on un-let properties (-)	-113 423	-255 581
XII. Property management costs (-)		
A. Managers' fees	-106 791	-135 263
B. (Internal) property management costs	-2 815 830	-2 422 495
XIII. Other property charges (-)	-147 343	-25 566
TOTAL	-3 183 388	-2 838 905
PROPERTY CHARGES	-4 680 401	-4 488 344
PROPERTY OPERATING RESULT	13 045 891	13 344 234

Internal property management expenses comprise primarily personnel costs incurred during the year.

Note 9 : GENERAL CORPORATE EXPENSES

	2014	2013
PROPERTY OPERATING RESULT	13 045 891	13 344 234
XIV. General corporate expenses (-)	-945 034	-682 319
XV. Other operating income and charges (+/-)	-34 553	-263 587
TOTAL	-979 587	-945 906
OPERATING RESULT BEFORE PORTFOLIO RESULT	12 066 304	12 398 328

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

The other charges correspond on the one hand to an indemnity paid within the framework of an arbitrage file and on the other hand, to accounting regularizations when insourcing the technical and accounting management of the buildings.

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

	2014	2013
OPERATING RESULT BEFORE PORTFOLIO RESULT	12 066 304	12 398 328
XVI. Result on sale of investment properties (+/-)		
A. Net sales of properties (sales price – selling costs)	31 625 911	10 305 547
B. Accounting values of the properties sold	-27 657 056	-7 787 963
XVIII. Changes in fair value of investment properties (+/-)		
A. Positive changes in the fair value of investment properties	10 501 249	16 081 696
B. Negative changes in the fair value of investment properties	-1 957 699	-557 643
C. Positive changes in the estimated transfer costs and rights intervening in case of hypothetical alienation of investment property	178 988	42 979
D. Negative changes in the estimated transfer costs and rights intervening in case of hypothetical alienation of investment property	-1 732 459	-3 179 631
TOTAL	10 958 934	14 904 985
OPERATING RESULT	23 025 238	27 303 314

We remind that the result on the sale of investment properties is accounted for as the difference between the sales price minus the expenses related to the conclusion of these sales (heading XVI.A.) and the latest fair value recorded for the asset in question (heading XVI.B.)

In accordance with article 13 §1 - § 1 of the Royal Decree of 13 July 2014 and Annex C, the distributable capital gains realized on property during the financial year are calculated in comparison with the acquisition value increased by the capitalized investment expenses. On 31 December 2014, the realized distributable capital gain thus amounted to € 4 961 935 (compared to the acquisition value), while the realized capital gain compared to the latest fair value amounted to € 3 968 854.

Note 11 : FINANCIAL INCOME

	2014	2013
XX. Financial income (+)		
A. Interest and dividends received	9 099	11 001
B. Lease-financing and similar payments	85 401	90 766
TOTAL	94 499	101 768

Interest and dividends received come exclusively from the short-term deposit of cash surpluses. The lease-financing payments relate to the leaseings described in Note 19.

Note 12 : INTEREST CHARGES

	2014	2013
XXI. Net interest charges (-)		
A. Nominal interest on borrowings	-2 431 097	-1 796 250
C. Income from allowed hedges		
1. Allowed hedges to which hedge accounting as defined by IFRS is applied	-1 568 881	-2 238 786
TOTAL	-3 999 979	-4 035 036

The charges resulting from hedging instruments relate to the difference between the fixed interest rate paid for the IRS purchased subsequently and the variable interest rates in effect during the course of the financial year.

The variable interest rates are based on the interbank rates between Euribor 7 days and Euribor 1 year, augmented by the margin. For more detail on the financial debt structure, please refer to Note 24 hereafter.

Note 13 : OTHER FINANCIAL CHARGES

	2014	2013
XXII. Other financial charges (-)		
A. Bank charges and other fees	-49 732	-64 994
D. Other	-1 983	-4 596
XXIII. Changes in fair value of financial assets and liabilities (+/-)		
A. Allowed hedges		
1. Allowed hedges to which hedge accounting as defined by IFRS is applied	-3 107 691	1 501 542
TOTAL	-3 157 423	1 436 548
FINANCIAL RESULT	-7 064 885	-2 501 317
PRE-TAX RESULT	15 960 353	24 801 997

The changes in fair value of financial assets relate to hedges considered as ineffective according to the application of IAS 39, and are consequently accounted for in the income statement. This change in fair value of the hedges is purely latent, which does only count in the hypothesis that the SIR or the banks does not proceed to an early liquidation of these products. At unaltered market rates, this loss will be paid progressively each year until the expiry of the product. At closing date of the financial year, the theoretical liquidation of these financial instruments would have cost € 3 107 691 (see note 24 hereafter). This purely latent charge is excluded in the calculation of the distributable result.

Note 14 : INCOME TAXES

	2014	2013
PRE-TAX RESULT	15 960 353	24 801 997
XXIV. Corporation tax (-)	-22 400	105 340
TAXES	-22 400	105 340
NET RESULT	15 937 954	24 907 336

SIR enjoy a specific tax regime. Only benefits in kind, abnormal and benevolent advantages as well as certain specific charges are subject to corporation tax. The subsidiaries do not enjoy this specific tax regime. It has to be pointed out that in 2013 an Exit tax regularization regarding an absorbed subsidiary has led to an extraordinary income.

Note 15 : INTANGIBLE ASSETS

	2014	2013
Intangible assets, beginning of the financial year	16 049	5 808
1. Gross value	43 778	30 250
2. Accumulated amortization (-)	-27 729	-24 442
Investments	0	13 528
Amortizations (-)	-4 158	-3 287
Intangible assets, end of the financial year	11 891	16 049
1. Gross value	43 778	43 778
2. Accumulated amortization (-)	-31 887	-27 729

Intangible assets consist solely of the WinIris real estate software. This asset is amortized on a straight-line basis over a 5-year useful life. The amortization is accounted for under heading XII "Property management costs" of the income statement.

Note 16 : INVESTMENT PROPERTIES

	2014	2013
Investment properties, balance at the beginning of the financial year	306 753 952	242 718 209
Development projects		
Balance at the beginning of the financial year	16 315 294	882 568
Investments – development projects	16 025 422	16 317 716
Other withdrawals	-3 535 151	0
Completion of development projects	0	-884 990
Acquisition of buildings via merger	5 130 075	
Balance at the end of the financial year	33 935 640	16 315 294
Investment properties		
Balance at the beginning of the financial year	290 438 658	241 835 640
Completion of buildings under construction	0	884 990
Acquisition of buildings	3 934 482	34 375 000
Capitalized subsequent expenses	1 724 410	796 094
Gains (losses) from fair value adjustments	6 990 080	12 387 402
Transfer to assets held for sale	-20 530 309	159 532
Balance at the end of the financial year	282 557 321	290 438 658
Investment properties, closing balance at the end of the financial year	316 492 961	306 753 952

	2014	2013
Investment properties	282 557 321	290 438 658
Development projects	33 935 640	16 315 294
Investment properties, closing balance at the end of the financial year	316 492 961	306 753 952

The development projects at the closing of the financial year 2014 are commented in detail in the Management report and the Property report. Note the sale of the Development project "Montoyer" for € 3 535 151 in the line Other withdrawals.

L'IFRS 13 is applied to IFRS standards that demand or allow fair value measurements or disclosures on fair value and, consequently, IAS 40 Investment properties. IFRS 13 foresees a hierarchy in fair values under 3 data input levels (levels 1, 2 et 3).

As recorded in the table above, the fair value of the investment properties at 31 December 2014 amounts to € 316 492 961, and all fair values are level 3 fair. Having no other levels than level 3, Home Invest Belgium has not adopted a follow-up policy for transfers between hierarchy levels.

The valuations are made based on 2 methods:

- the capitalization of estimated rental values
- the valuation per unit

The valuations take into account the rental state, the charges and taxes to be borne by the landlord and potential works to be carried out. The valuations are also based on market transactions, and this taking into account the values per square meter.

Reconciliation between the financial years 2013 and 2014

Investment properties at 31/12/2013	306 753 952
Acquisitions and investments	26 814 389
Transfer to assets held for sale	-24 065 460
Profits resulting from fair value adjustments	6 990 080
Investment properties at 31/12/2014	316 492 961

As mentioned above, all these fair values are level 3 and no transfer to or from level 3 took place.

	Properties valued by individual units	Properties valued "en bloc" > € 2 500 000	Properties valued "en bloc" < € 2 500 000
Rents per m ² per year	Weighted average of € 113 m ² (range between: € 21 m ² and € 217 m ²)	Weighted average of € 145 m ² (range between: € 105 m ² and € 348 m ²)	Weighted average of € 91 m ² (range between: € 47 m ² and € 170 m ²)
Estimated rental value per m ² per year	Weighted average of € 114 m ² (range between: € 46 m ² and € 168 m ²)	Weighted average of € 131 m ² (range between: € 99 m ² and € 275 m ²)	Weighted average of € 92 m ² (range between: € 65 m ² and € 200 m ²)
Capitalization rate	Weighted average of 5.27% (range between 3.70% and 7.35%)	Weighted average of 6.68% (range between 5.75% and 7.65%)	Weighted average of 7.50% (range between 4.70% and 10.50%)

Sensitivity analysis for the level 3 fair values:

A decrease or an increase of the estimated rental value and/or the rents obtained will potentially have a downward or upward impact of the fair value of the investment properties.

A decrease or an increase of the actualization rate and/or capitalization rate will potentially have an upward or downward impact of the fair value of the investment properties. These rates are defined by the conditions in the financial markets.

Valuation process used for the level 3 fair values:

The valuations of investment properties are realized four times a year by an independent and qualified real estate surveyor. These reports are realized based on information communicated by the company with regard to the rental state, the charges and taxes to be borne by the landlord, the rents, the works to be carried out,... This information is extracted from the database of the company's IT-system and is part of the administrative organization and internal control of the company.

The real estate surveyor uses market parameters (actualization rate, ...) that are based on his judgements and his professional experience. The information communicated to the real estate surveyor, the parameters and the valuation models used by the real estate surveyor are controlled by the Executive Management and by the Audit committee.

Note 17 : DEVELOPMENT PROJECTS

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

Note 18 : OTHER TANGIBLE ASSETS

	2014	2013
Other tangible assets, balance beginning of period	46 259	102 865
1. Gross value	310 325	275 879
2. Accumulated depreciation (-)	-187 422	-113 904
Investments	166 392	34 446
Transfer depreciation (-)	-98 321	-73 519
Autres immobilisations corporelles, solde en fin de période	190 973	122 902
1. Valeur brute	476 716	310 325
2. Cumul des amortissements (-)	-285 743	-187 422

The other tangible assets relate exclusively to the operating assets, comprising the design of the offices, the office furniture and IT.

D. Other tangible assets	2014	2013
a. Tangible assets for own use	190 973	122 902

Note 19 : FINANCE LEASE RECEIVABLES

	2014	2013
Receivables after 5 years	391 187	391 187
Receivables after one year and within 5 years	453 841	573 328
Receivables within one year	119 486	112 237
TOTAL	964 515	1 076 752

The finance lease receivables relate to the Rue de Belgrade building in Forest and Résidence Lemaire in Molenbeek and are recorded in the balance sheet under 2 separate items, for their long-term and their short-term parts.

Brief description of the contracts:

Rue de Belgrade: long-term lease (Sept. 1999-Aug. 2026); operation treated for accounting purposes as a real estate leasing contract; valuation on 31 December 2014:

- short and long-term receivables: € 646 633.57
- purchase option: € 297 777.78 (fair value)

Résidence Lemaire: real estate leasing contract (Dec. 2003-Nov. 2018); valuation on 31 December 2014:

- short and long-term receivables: € 317 881.21
- purchase option: € 112 888.89 (fair value)

Note 20 : ASSETS SOLD

	2014	2013
Net sales prices (excl. costs)	31 625 911	10 305 547
Latest fair value	-27 657 056	-7 787 963
Realized capital gain	3 968 854	2 517 584
Distributable realized capital gain	4 961 935	2 844 237

The saldo of the assets hold for sale is as follow :

A. Assets held for sale	2014	2013
a. Investment properties	5 810 465	9 402 061

Note 21 : TRADE, TAX AND OTHER RECEIVABLES

	2014	2013
Tenants	1 412 639	763 390
Other	-98 020	0
Realized sales	1 379 422	2 436 083
TOTAL	2 694 041	3 199 473

Trade receivables consist of rental payments still receivable from tenants. These rents are payable in advance. Furthermore, following the signing of different sales agreements at the end of 2014; on 31 December 2014 Home Invest Belgium had receivables of € 1 379 422 that will be paid beginning of 2015, upon enactment of the notarized deeds of sale.

E. Tax receivables and other current assets	2014	2013
a. Recoverable tax and other taxes	14 509	7 487
c. Working capital payments	298 483	289 483
TOTAL	312 992	296 970

Working capital payments are the funds made available to building managers and agents (syndics) to enable them to financially assume the management of the common expenses of the investment properties.

Note 22 : CASH AND CASH EQUIVALENTS

	2014	2013
Cash in hand	10 564	9 366
Bank balances	4 915 334	3 873 373
TOTAL	4 925 898	3 882 740

Annexe 23 : COMPTES DE RÉGULARISATION

	2014	2013
Accrued and not due property income	9 735	10 408
Prepaid property charges	9 423	10 813
Other	288 837	251 712
TOTAL ASSETS	307 995	272 933
Property income received in advance	337 882	372 805
Interest and other charges accrued and not due	1 307 003	436 090
Other	4 769	0
TOTAL LIABILITIES	1 649 654	808 895

The interest and other charges accrued and not due increase is due to the Bond issue realized in June 2014. The 1st maturity payable in June 2015 is taken prorata temporis in the financial year 2014. This explain the huge modification between 2013 and 2014. For more details, please check Note 24 and the Management Report.

Note 24 : FINANCIAL ASSETS AND LIABILITIES

E. Non-current financial assets	2014	2013
a. Assets hold until the maturity		
4. Owned companies		-23
5. Others	2 000	2 000
e. Others	67 440	74 035
TOTAL	69 440	76 012

I. Non-current liabilities	2014	2013
B. Non-current financial debts		
a. Financial debts	70 000 000	75 000 000
c. Others		
1. Other debts	39 627 454	0
C. Other non-current financial liabilities		
a. Instruments de couverture autorisés	8 006 364	4 471 529

II. Current liabilities	2014	2013
B. Current financial debts		
a. Financial debts	0	46 750 000
c. Others		
2. Bank guarantee	644 327	632 687

The pther debts of 39 627 454 correspond to the Bond issue realized in June 2014 and detailed in the Management Report. The goal is to replace bank liabilities with a maturity in 2014 and included in the current financial debts of the financial year 2013.

In the financial year 2014, the fair value (negative) of the hedges count for - 8 006 364 at the end of the year.

I. Non-current liabilities	2014	2013
D. Trade debts and other current debts		
b. Others		
1. Suppliers	1 580 699	1 066 295
2. Tenants	1 417 167	795 708
3. Tax, salary, social security	511 623	428 187

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

	2014	2013
Current financial liabilities at up to 1 year	0	46 750 000
Non-current financial liabilities at 1 to 5 years	50 000 000	50 000 000
Non-current financial liabilities at more than 5 years	59 627 454	25 000 000
TOTAL	109 627 454	121 750 000

The table below shows the credit lines of credit opened with each bank (contracted and withdrawn amounts), the average maturity and the credit lines maturing in 2015.

Financial debts	Amount of credit line	Amount drawn	Average duration
Bank debts	105 000 000	70 000 000	3 years - 7 months
Belfius	25 000 000	25 000 000	4 years - 1 months
BNP Paribas Fortis	25 000 000	0	3 years - 5 months
ING	30 000 000	20 000 000	3 years - 9 months
Bayerische Landesbank	15 000 000	15 000 000	2 years - 11 months
Degroef	10 000 000	10 000 000	3 years - 4 months
Bond issue	40 000 000	40 000 000	9 years - 6 months
Issue of 2014, 18 June	40 000 000	40 000 000	9 years - 6 months
TOTAL	145 000 000	110 000 000	5 years - 2 months

Interest rate hedging instruments are exclusively IRS (Interest Rate Swaps), which exchange floating interest rates for fixed rates. As at 31 December 2014, total IRS hedges amounted to € 100 000 000, as recorded in the table below.

Hedging instruments	Amount of active hedges	Average duration
Belfius	35 000 000	5 years - 6 months
BNP Paribas Fortis	25 000 000	3 years - 5 months
ING	40 000 000	4 years - 8 months
Hedging type IRS	100 000 000	4 years - 8 months

Home Invest Belgium's prudent hedging policy enabled it to obtain **an average interest rate of 3.63%** for the year, including bank margin and hedging costs, compared with 3,52% and 3,53% for the previous financial year.

Given the prudent financial structuring of its debt, combined with its very low debt ratio, Home Invest Belgium has only a limited exposure to fluctuations in market interest rates.

At the end of financial year 2014, the total hedging represent a higher amount than the amount drawn of the credit line (€ 100mio against € 70mio). This is consecutive to the sell a an important part of the non residential portfolio in order to achieve the target of 80% of residential assets and this to get a reduced 15% tax on dividend.

This result as an over hedging situation at the end of the financial year 2014 and would be reduced during 2015 with on a hand the payment of the dividend and on other hand the acquisition and development of new assets which will be fund with credit lines withdraw.

Accounting:

In accordance with IAS39, the negative value of financial instruments as at 31 December 2014 is recognised in liabilities under heading I.C. "Other non-current financial liabilities" at a total amount of - € 8 006 364. The counterpart is recognized as follows:

Fair value of financial instruments as at 31/12/2014	In shareholders' equity under the heading "d. Reserve from the balance of changes in fair value of authorised hedges to which hedge accounting according to IFRS is applied (+/-)"	In the income statement under heading XXIII "Changes in fair value of financial assets and liabilities (+/-)"	In shareholders' equity under the heading "n. Income brought forward from previous years (+/-)"
Effective instruments	-1 098 342		
Ineffective instruments (change in 2014)		-2 886 261	
Ineffective hedges (previous year) ⁽¹⁾			-3 800 331
IRS declared effective in 2011 and			
- reclassified previously as ineffective		-55 729	
- variation in 2014 ⁽²⁾		-165 701	
TOTAL	-1 098 342	-3 107 691	-3 800 331
OVERALL TOTAL			-8 006 364

(1) The changes in fair value in previous financial years recognised in the income statement have since been assigned to Earnings brought forward from previous years.

(2) The IRS in question having been declared ineffective, the change in fair value during the 2014 financial year is recognised in full in the income statement.

Credit lines are recognised in "Non-current and current financial debts".

IFRS 13 is applied to IFRS standards that demand or allow fair value measurements or disclosures on fair value and, consequently, IAS 39. IFRS 13 foresees a hierarchy in fair values under 3 data input levels (levels 1, 2 et 3).

With regard to financial instruments, all these fair values are level 2. As Home Invest Belgium has no other level than level 2, it has not developed a follow-up policy for transfers in hierarchy levels.

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

Note 25 : TRADE DEBTS AND OTHER CURRENT LIABILITIES

TRADE DEBTS AND OTHER CURRENT DEBTS	2014	2013
Suppliers	1 580 699	1 066 295
Tenants	1 417 167	795 708
Tax, salary, social security	511 623	428 187
TOTAL	3 509 489	2 290 190

OTHER CURRENT LIABILITIES	2014	2013
Dividends	36 346	47 327
Other	83 308	73 407
TOTAL	119 654	120 734

Dividends relate solely to earlier dividends not yet claimed by shareholders.

Note 26 : CAPITAL, SHARE PREMIUM ACCOUNT AND RESERVES

Evolution of Issued Capital:

Date	Evolution of company capital	Nature of the operation	Issue price	Number of shares
04/07/1980	1 250 000	Constitution of SA Philadelphia	BEF 1 000	1 250
05/06/1983	6 000 000	Capital increase	BEF 1 000	6 000
13/04/1999	-	New representation of capital (by division)	-	26 115
01/06/1999	1 373 650 000	Contribution of properties and ...	-	-
01/06/1999	10 931	Increase of capital in cash (rounded)	BEF 1 411.89	972 919
01/06/1999	1 500 000	Merger of SA Socinvest	-	97 078
01/06/1999	-71 632 706	Capital reduction to discharge debts	-	-
Total at 01/06/1999	32 493 343			1 103 362
09/04/2001	62 000	Capital reduction to discharge debts	32.00	35 304
Total at 31/05/2001	32 555 343			1 138 666
31/05/2002	151 744	Merger of SA Les Résidences du Quartier Européen	34.78	4 471
Total at 31/05/2002	32 707 087			1 143 137
Total at 31/05/2003	32 707 087			1 143 137
15/12/2003	5 118 338	Contribution of properties by AXA Belgium	44.13	178 890
15/12/2003	4 116 713	Contribution of properties by TRANSGA	44.13	143 882
15/12/2003	7 861	Incorporation of part of the Share Premium account	-	-
Total at 31/05/2004	41 950 000			1 465 909
12/05/2005	3 472	Merger with SA 205 Rue Belliard	51.01	3 220
12/05/2005	4 738	Merger with SA Patroonshuis	51.01	3 324
Total at 31/12/2005	41 958 210			1 472 453
22/05/2006	915 214	Merger with SA Immobilière du Prince d'Orange	50.32	76 000
05/10/2006	9 978 110	1st capital increase	51.00	360 378
13/10/2006	7 171 221	2nd capital increase	51.00	259 002
Total at 31/12/2006	60 022 756			2 167 833
24/05/2007	275 043	Merger with SA Immobilière Van Volxem	57.90	5 000
24/05/2007	3 186	Merger with SA Investim	57.90	5 824
Total at 31/12/2007	60 300 985			2 178 657
23/05/2008	10 062 486	Partial demerger of SA VOP	50.00	622 632
23/05/2008	29 000	Merger with SA JBS	50.00	2 088
Total at 31/12/2008	70 392 471			2 803 377
29/05/2009	1 246 938	Merger with SA Les Erables Invest	49.55	25 165
Total at 31/12/2009	71 639 409			2 828 542
Total at 31/12/2010	71 639 409			2 828 542
31/01/2011	122 709	Partial demerger of SA Masada	59.72	102 792
23/12/2011	5 585	Mixed demerger of SA Urbis	63.32	6 318
23/12/2011	2 633 519	Partial demerger of SA VOP	62.91	118 491
Total at 31/12/2011	74 401 222			3 056 143
Total at 31/12/2012	74 401 222			3 056 143
Total at 31/12/2013	74 401 222			3 056 143
11/06/2014	2 548 073	Contribution of properties by AXA Belgium	79.85	104 666
Total at 31/12/2014	76 949 295			3 160 809

On 31 December 2014, 12 912 treasury shares were held by Home Invest Development and these shares were accounted for at € 757 322.67 or € 58.65 per share, i.e. at the same level as their acquisition value.

SHAREHOLDERS' EQUITY	2014	2013
A. Capital		
a. Capital	76 949 295	74 401 222
b. Capital increase expenses	-950 240	-931 552
B. Share premium account	24 903 199	19 093 664
C. Reserves		
a. Legal reserve (+)	98 778	98 778
b. Reserve from the balance of changes in fair value of investment properties (+/-)	103 516 959	90 909 201
c. Reserve from estimated transfer costs and rights resulting from hypothetical disposal of investment properties (-)	-27 561 611	-25 730 630
d. Reserve from the balance of changes in fair value of allowed hedges to which hedge accounting according to IFRS is applied (+/-)	-1 098 342	-671 198
h. Reserve for treasury shares (-)	-757 323	-757 323
m. Other reserves (+/-)	1 259 467	1 259 467
n. Result carried forward from previous financial years (+/-)	15 926 094	12 446 842
D. Net result of the financial year	15 937 954	24 907 336
TOTAL EQUITY	208 224 230	195 025 808

Note 27 : CONSOLIDATION SCOPE

Name	Company nr.	Country of origin	Direct or indirect shareholding	Annual accounts dd.
In 2014				
Home Invest Belgium N.V.	0420.767.885	Belgium	-	31/12/2014
Home Invest Development N.V.	0466.151.118	Belgium	100%	31/12/2014
Charlent 53 Freehold Bvba	0536.280.237	Belgium	100%	31/12/2014
In 2013				
Home Invest Belgium N.V.	0420.767.885	Belgium	-	31/12/2013
Home Invest Development N.V.	0466.151.118	Belgium	100%	31/12/2013

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

At 31 December 2014 there are no minority interests.

With the exception of the remuneration of the Managing director (see "Management report" - "Corporate Governance Statement") there have been no transactions with related parties within the meaning of IAS 24.

STATUTORY ACCOUNTS¹

BALANCE SHEET

ASSETS	2014	2013
I. Non-current assets	317 584 120	308 169 430
B. Intangible assets	11 891	16 049
C. Investment properties	316 176 958	306 753 952
D. Other tangible assets	190 973	122 902
E. Non-current financial assets	359 269	312 013
F. Finance lease receivables	845 029	964 515
II. Current assets	15 396 766	19 038 013
A. Assets held for sale	5 810 465	9 402 061
C. Finance lease receivables	119 486	112 237
D. Trade receivables	2 970 243	3 401 531
E. Tax receivables and other current assets	1 426 159	2 243 210
F. Cash and cash equivalents	4 762 418	3 606 043
G. Deferred charges and accrued income	307 995	272 933
TOTAL ASSETS	332 980 886	327 207 444
SHAREHOLDERS' EQUITY		
A. Capital	75 999 055	73 469 670
B. Share premium account	24 903 199	19 093 664
C. Reserves	92 205 592	78 420 044
D. Net result of the financial year	15 951 735	24 909 192
SHAREHOLDERS' EQUITY	209 059 581	195 892 570
LIABILITIES		
I. Non-current liabilities	117 633 818	79 471 529
B. Non-current financial debts	109 627 454	75 000 000
a. Financial debts	70 000 000	75 000 000
c. Others	39 627 454	0
C. Other non-current financial liabilities	8 006 364	4 471 529
II. Current liabilities	6 287 487	51 843 344
B. Current financial debts	644 327	47 382 687
a. Financial debts	0	46 750 000
c. Others	644 327	632 687
D. Trade debts and other current debts	3 873 683	2 569 866
b. Others	3 873 683	2 569 866
E. Other current liabilities	119 823	1 081 897
F. Accrued charges and deferred income	1 649 654	808 895
LIABILITIES	123 921 305	131 314 873
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	332 980 886	327 207 444

(1) Home Invest Belgium's statutory annual financial statements have been prepared in accordance with IFRS standards since 1 January 2005. They are presented in an abridged version, in accordance with article 105 of the Company Code. The detailed statutory financial statements will be lodged with National Bank following the Ordinary General Meeting. They are also available upon request from the company's registered office.

INCOME STATEMENT

	2014	2013
I. Rental Income (+)	18 941 328	19 353 320
II. Rental-related expenses (+/-)	-183 360	-252 403
NET RENTAL RESULT	18 757 968	19 100 917
IV. Recovery of property charges (+)	125 760	90 977
V. Recovery of charges and taxes normally payable by the tenant on let properties (+)	735 818	662 528
VII. Charges and taxes normally payable by the tenant on let properties (-)	-1 877 271	-2 021 064
VIII. Other incomes and expenses related to letting (+/-)	-15 982	-778
PROPERTY RESULT	17 726 293	17 832 578
IX. Technical costs (-)	-1 240 741	-1 110 397
X. Commercial costs (-)	-256 272	-539 042
XI. Taxes and charges on unlet properties (-)	-113 423	-255 581
XII. Property management costs (-)	-2 945 380	-2 605 048
XIII. Other property costs (-)	-147 343	-25 566
PROPERTY COSTS	-4 703 160	-4 535 634
PROPERTY OPERATING RESULT	13 023 132	13 296 944
XIV. General corporate expenses (-)	-945 034	-682 319
XV. Other operating incomes and expenses (+/-)	-34 553	-263 587
OPERATING RESULT BEFORE PORTFOLIO RESULT	12 043 545	12 351 038
XVI. Result sale investment properties (+/-)	3 968 854	2 517 584
XVIII. Changes in fair value of investment properties (+/-)	6 990 080	12 387 402
OPERATING RESULT	23 002 479	27 256 024
XX. Financial income (+)	129 704	150 219
XXI. Net interest charges (-)	-3 999 979	-4 035 036
XXII. Other financial charges (-)	-50 379	-68 673
XXIII. Changes in fair value of financial assets and liabilities (+/-)	-3 107 691	1 501 542
FINANCIAL RESULT	-7 028 344	-2 451 948
PRE-TAX RESULT	15 974 135	24 804 076
XXIV. Corporation tax (-)	-22 400	105 117
TAXES	-22 400	105 117
NET RESULT	15 951 735	24 909 192

Appropriation and withdrawals	2014	2013
A. Net result	15 951 735	24 909 192
B. Transfer to/from reserves (-/+)		
1. Transfer to/from reserves of the balance (positive or negative) of changes in fair value of investment properties (-/+)		
- financial year	-8 543 550	-15 524 054
- realization of real estate	995 540	326 653
2. Transfer to/from reserves of estimated transfer rights and costs resulting from hypothetical disposal of investment properties (-/+)	1 553 471	3 136 652
11. Transfer to/from result from previous financial years carried forward (-/+)	1 722 709	-2 151 943
C. Remuneration of capital according to art.27, § 1, lid 1	0	-9 198 181
D. Remuneration of capital – other than C	-11 679 905	-1 498 319

Scheme for calculation of result according to art. 27, § 1, § 1	2014	2013
Corrected result (A)		
Net result	15 951 735	24 909 192
+ Depreciations	182 285	275 557
- Write-back of depreciations	-110 726	-124 733
+/- Other non monetary items	3 107 691	-1 501 542
+/- Result on sale of property	-3 968 854	-2 517 584
+/- Changes in fair value of property	-6 990 080	-12 387 402
Corrected result (A)	8 172 051	8 653 490
Net capital gains on the sale of property not exempt from distribution (B)	4 961 935	2 844 237
TOTAL (A + B)	13 133 986	11 497 726
80% according to art. 13, §1, al. 1	10 507 189	9 198 181
Net reduction in debt	-11 769 162	0
Minimum distribution required by art. 13.	0	9 198 181

As the debt is decreasing during financial year 2014 (descending from € 126 034 449 in 2013 to € 114 265 287 in 2014 thus a diminution of € 11 769 162), Home Invest Belgium is not held to distribute a dividend for the financial year 2014.

In accordance with art. 617 of the Belgian Company Code, the net assets, after distribution of the proposed dividend, must not be less than the called-up capital, plus all reserves which the law or the articles of association do not permit to be distributed. The margin remaining after distribution is € 14.7 million.

Net statutory assets after distribution of the dividend:	197 379 676
Method of calculation of the amount referred to in art 13 § 1er al. 6	
Paid-up capital or, if greater, called-up capital (+)	75 999 055
Share premiums not available pursuant to the articles of association (+)	24 903 199
Reserve from the positive balance from changes in the fair value of real estate assets (+)	111 923 330
Reserve for transfer rights and costs estimated to arise on the hypothetical disposal of investment properties (-)	-29 115 082
Reserve from the balance from change in the fair value of authorised hedging instruments to which hedge accounting according to IFRS is applied (+/-)	-1 098 342
Legal reserve (+)	98 778
TOTAL	182 710 938
Difference	14 668 739

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Capital	Capital increase expenses	Share premium	Legal reserve	Reserver from the balance of changes in fair value of investment properties
BALANCE AT 31/12/2012	74 401 222	-931 552	19 093 664	98 778	89 588 625
Transfert					
Changers resulting from the sale of a building					-4 107 069
Dividend distribution					
Result of the financial year					
Changes in fair value of hedges					
Changes in fair value of property					5 427 646
BALANCE AT 31/12/2013	74 401 222	-931 552	19 093 664	98 778	90 909 201
BALANCE AT 31/12/2013	74 401 222	-931 552	19 093 664	98 778	90 909 201
Transfert					
Capital increase AXA	2 548 073	-18 688	5 809 535		
Changers resulting from the sale of a building					-2 916 296
Dividend distribution					
Result of the financial year					
Changes in fair value of hedges					
Changes in fair value of property					15 524 054
BALANCE AT 31/12/2014	76 949 295	-950 240	24 903 199	98 778	103 516 959

Reserve from estimated transfer costs and rights	Reserve from the balance of changes in fair value of hedges reserve for treasury shares	Reserve for treasury shares	Other reserves	Result carried forward from previous financial years	Net result of the financial year	Total
-25 133 105	-1 958 774	-757 323	1 259 467	11 428 410	11 631 985	178 721 397
				-2 115 463	2 115 463	0
973 174				3 133 895		0
					-9 890 501	-9 890 501
					24 907 336	24 907 336
	1 287 576					1 287 576
-1 570 699					-3 856 947	0
-25 730 630	-671 198	-757 323	1 259 467	12 446 842	24 907 336	195 025 808
-25 730 630	-671 198	-757 323	1 259 467	12 446 842	24 907 336	195 025 808
				1 868 626	-1 868 626	0
						8 338 920
1 305 670				1 610 626		0
					-10 651 309	-10 651 309
					15 937 954	15 937 954
	-427 144					-427 144
-3 136 652					-12 387 402	0
-27 561 611	-1 098 342	-757 323	1 259 467	15 926 094	15 937 954	208 224 230

AUDITOR'S REPORTS

ON THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S REPORT TO THE GENERAL MEETING OF THE SHAREHOLDERS OF HOME INVEST BELGIUM SA ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2014

As required by law, we provide you with this report pursuant to our appointment as auditor. The report includes our opinion on the consolidated financial statements and the required additional declaration. These consolidated financial statements comprise the financial position at 31 December 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the financial year ending on 31 December 2014 and the notes.

Report on the consolidated financial statements – unqualified audit opinion

We have audited the consolidated financial statements of the company Home Invest Belgium for the financial year ending on 31 December 2014, prepared on the basis of International Financial Reporting Standards as adopted by the European Union and in which the consolidated balance sheet total is € 331.781.170 and the consolidated income statement for the financial year shows earnings of € 15.937.954.

Responsibility of the management board in relation to the preparation of the consolidated financial statements

The management board is responsible for the preparation of consolidated financial statements presenting a true picture in accordance with International Financial Reporting Standards as adopted by the European Union, and for establishing the internal control procedures which it considers necessary for the preparation of consolidated financial statements that are free from significant anomalies, whether resulting from fraud or error.

Responsibility of the auditor

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with international standards on auditing (ISA). These standards require us to comply with ethical requirements and to plan and perform the audit with a view to obtaining reasonable assurance that the consolidated financial statements do not contain significant anomalies. An audit involves implementing procedures designed to gather items of proof relating to the figures and information provided in the consolidated financial statements. The auditor is responsible for the choice of procedures implemented, including the assessment of the risks that the consolidated financial statements contain significant anomalies, whether resulting from fraud or error. In making this risk assessment, the auditor takes into account the entity's internal controls in relation to the preparation of consolidated financial statements presenting a true picture, in order to identify appropriate control procedures depending on the circumstances, and not with the aim of expressing an opinion on the effectiveness of the entity's internal controls. An audit also involves assessing the appropriateness of the accounting policies adopted, the reasonableness of the accounting assumptions made by the management board and the overall presentation of the consolidated financial statements. The management board and executive officers of the entity provided us with the explanations and information necessary for our audit.

We believe that the items of proof gathered are sufficient and appropriate to provide a basis for our opinion

Unqualified audit opinion

In our opinion, the consolidated financial statements of the company Home Invest Belgium SA as at 31 December 2014 give a true picture of the assets and financial position of the consolidated entity, and of its consolidated earnings and consolidated cash flow for the financial year ending on that date, in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory obligations

The management board is responsible for the preparation and content of the management commentary on the consolidated financial statements.

Our responsibility pursuant to our appointment, and according to the Belgian additional standard to the international audit standards (IAS) applicable in Belgium, is to check compliance with all significant aspects of certain legal and regulatory obligations. Based on this, we make the following supplementary statement, which does not alter the scope of our opinion on the consolidated financial statements:

The management report on the consolidated financial statements and the chapter on the risk factors of the 2014 annual financial report, which form part of the management report on the consolidated financial statements, deal with the information required by law, are in agreement with the consolidated financial statements and do not contain any significant inconsistencies with the information which we have found pursuant to our appointment.

Antwerp, 25 March 2015

Karel Nijs

Company auditor and auditor certified by the FSMA for the UCI's

Auditor

ON THE STATUTORY FINANCIAL STATEMENTS

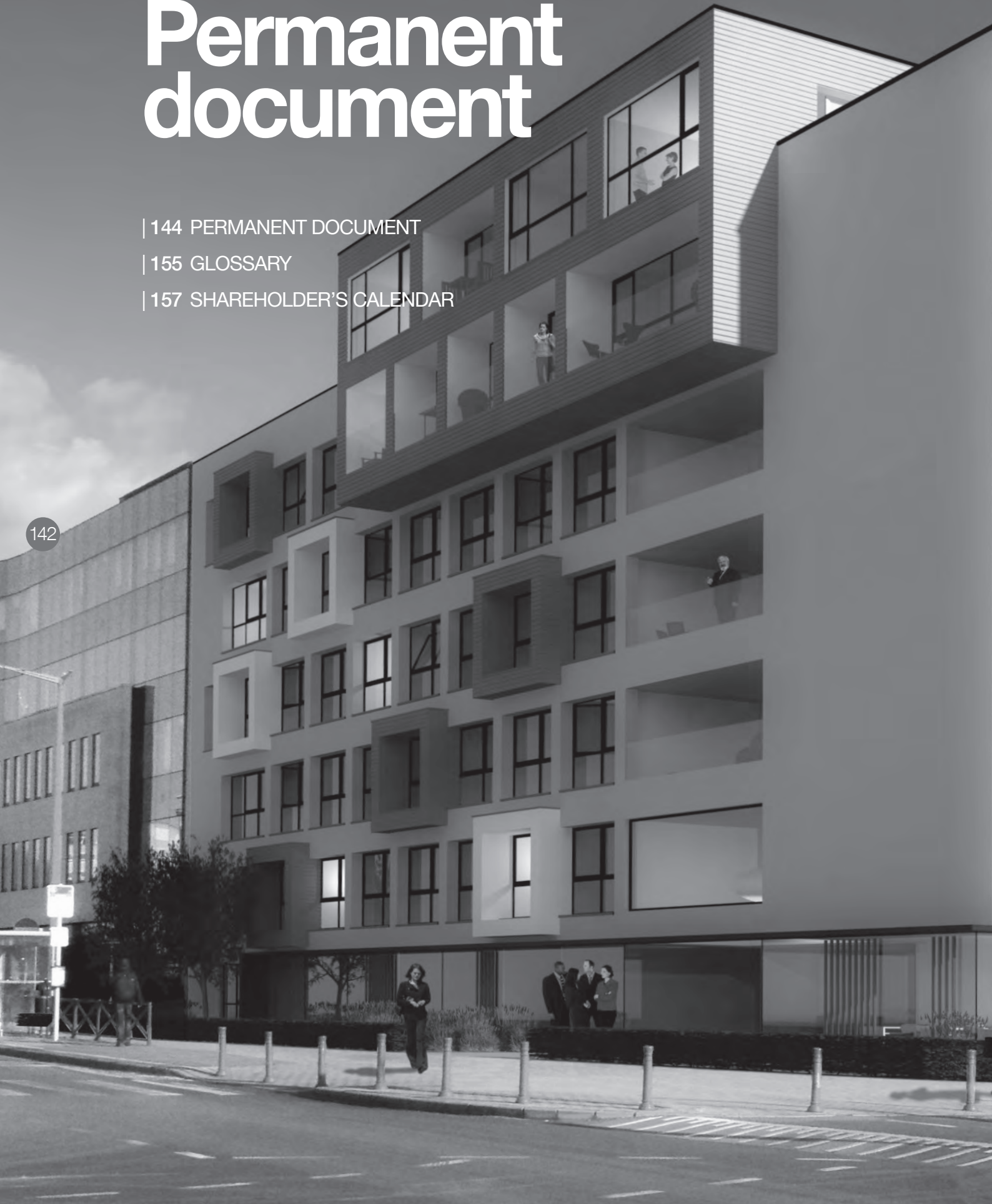
According to article 105 of the Company Code, the auditor's report on the statutory accounts is not published in this report as only an abridged version of the statutory accounts is presented. The auditor gave an unqualified opinion on the statutory accounts.

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Risk factors

Overview of 2014

Management report

Real estate report

*Home Invest Belgium
on the Stock Exchange*

Financial statements

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Glossary

*Shareholder's
calendar*

Permanent document

GENERAL INFORMATION

Company name	Home Invest Belgium SA, a Belgian public Regulated Real Estate Company
Legal form	A Belgian public limited liability company ("Société anonyme" - SA)
Register of Legal entities (RPM)	The company is registered in the Brussels Trade Register ("RPM") under No. 0420.767.885.
Registered office	B – 1200 Brussels, Boulevard de la Woluwe 60 – Box no. 4
Telephone number	0032 (0)2 740 14 50
Website	www.homeinvestbelgium.be
Incorporation	The company was established on 4 July 1980 under the name of "Philadelphia SA", by a deed received by Notary Daniel Pauporté in Brussels, published in the annexes of the Belgian Official Gazette on 12 July 1980 under No. 1435-3. The articles of association were amended on several occasions, most recently by minutes drawn up by Notary Louis-Philippe Marcelis on 25 September 2014, published in the annexes of the Belgian Official Gazette on 23 October 2014 under Nos. 0194102 and 0194103.
Term	The company is established for an unlimited period of time.
Company purpose	The company purpose is reproduced hereafter in full, in article 3 of the coordinated articles of association. The company's exclusive purpose is to make available buildings to users, directly or indirectly through a company in which it holds a stake pursuant to the provisions of the legislation relating to public Regulated Real Estate Companies.
Changes to the company purpose	The company can only make any changes to its company purpose in accordance with its articles of association and provided that said changes are consistent with the laws and regulations applicable to RRECs.
Financial year	The financial year begins on 1 January and ends on 31 December.
Places where the documents accessible to the public can be consulted	<ul style="list-style-type: none">– The company's articles of association can be consulted at the registry of the Brussels commercial court and on the company's website.– The company's articles of association can be consulted at the registry of the Brussels commercial court and at the company's registered office.– The company's deed of incorporation can be consulted at the registry of the Brussels commercial court and at the company's registered office.– The annual financial statements are filed with the National Bank of Belgium and can be consulted at the registry of the Brussels commercial court.– Decisions concerning the appointment and dismissal of members of the Board of Directors are published in the annexes to the Belgian Official Gazette.– The annual financial reports are available at the registered office or can be consulted on the website. These reports include the real estate expert's report and the auditor's report and are sent every year to the registered shareholders and to anyone who requests them. Other publications can be obtained at the registered office or by consulting the company's website. Whoever wishes to do so can register free of charge on the website www.homeinvestbelgium.be in order to receive press releases and mandatory financial information by e-mail.

SHARE CAPITAL

Issued share capital

The share capital on 31 December 2014 stands at € 76 949 294.75. It is represented by 3 160 809 shares without designation of par value. The company capital is fully paid-up.

Authorised capital

The Board of Directors is authorised to increase, on one or more occasions, the share capital for an amount of € 74 401 221.91. Under the same conditions, the Board of Directors is authorised to issue convertible bonds or subscription rights. This authorisation has been conferred for a period of 5 years, beginning on 17 January 2012. These capital increases can be made by subscriptions in cash, contributions in kind or via the incorporation of reserves or issue premiums. On 31 December 2014, the balance of the authorised capital amounted to € 74 401 221.91.

CO-ORDINATED ARTICLES OF ASSOCIATION – EXCERPTS

The complete coordinated articles of association of Home Invest Belgium can be consulted at the Registry of the Brussels commercial court, at the company's registered office and on the website www.homeinvestbelgium.be.

Company purpose (article 3 of the articles of association)

- 3.1. The company's exclusive purpose is:
- (a) to make available buildings to users, directly or through a company in which it holds a stake, pursuant to the provisions of the legislation relating to RRECs and
 - (b) own this real estate, within the limitations set out in the legislation relating to RRECs, in Article 2, 5°, vi through x of the Law on RRECs.
- Real estate shall be understood as:
- i. real estate as defined in articles 517 ff. of the Civil Code as well as real rights exercised on buildings, excluding buildings for agriculture, mining and forestry;
 - ii. shares with voting rights issued by real estate companies, exclusively or jointly controlled by the company;
 - iii. option rights on real estate;
 - iv. shares of public RRECs or institutional sicafi, provided that in the latter case, the company has joint or exclusive control of these shares;
 - v. the rights deriving from contracts granting one or more assets to the company in the form of a finance lease, or similar rights of use;
 - vi. the shares of public sicafi;
 - vii. shares in foreign undertakings for collective investment in real estate as registered on the list referred to in Article 260 of the Law of 19 April 2014 relating to alternative foreign undertakings for collective investment and their managers;
 - viii. shares in undertakings for collective investment in real estate established in another Member State of the European Economic Area, and not included on the list referred to in Article 260 of the Law of 19 April 2014 relating to alternative foreign undertakings for collective investment and their managers, as far as they are subject to a similar supervision as a public Sicafi;
 - ix. shares issued by companies (i) having legal personality, (ii) under the law of another Member State of the European Economic Area ; (iii) whose shares are admitted to trading on a regulated market and/or which are subject to prudential supervision; (iv) whose primary activity is the acquisition or construction of buildings to be made available to users, or direct or indirect participations in certain types of entities whose company purpose is similar; and (v) which are exempt from income tax on the profits derived from the activities referred to under (iv) above, subject to compliance with the various requirements, having at least the legal duty to distribute part of their earnings to their shareholders (the "Real Estate Investment Trusts", or "REITs");
 - x. real estate certificates, as foreseen in Article 5, § 4, of the Law of 16 June 2006; In the framework of the provision of buildings the company may in particular perform all activities related to the building, conversion, renovation, development, acquisition, sale, management and operation of buildings.

- 3.2. On a temporary or ancillary basis, the company may invest in securities that do not constitute real estate within the meaning of the legislation relating to RRECs. These investments will be made in compliance with the risk management policy adopted by the company and will be diversified in order to ensure ensure risk diversification. The company may also hold unallocated cash in any currency, in the form of cash or term deposits or any money market instruments that could be easily mobilised. It can also perform operations on hedging instruments, designed exclusively to hedge the exposure to interest rate and currency exchange risks in the framework of the financing and management of the company's real estate and excluding any speculative operations.
- 3.3. The company may also rent or let one or more buildings itself under a finance-lease agreement. The finance-lease activity of buildings with the option to purchase can only be carried out as a secondary activity unless these buildings are intended for public purposes including social housing and education (in which case the activity may be exercised as the company's primary activity).
- 3.4. The company may be interested in any business, undertakings or companies with a similar or related company purpose and which are conducive to the company's development and, in general, carry out all the operations that are directly or indirectly related to its purpose and all acts deemed necessary or useful for the realisation of its purpose, by merger or otherwise. The company is required to perform all of its business and operations in accordance with the rules and within the limits set by the RREC regulations and other applicable legislation.

**Prohibitions
(article 4 of the articles
of association)**

The company may not:

- (a) act as a real estate developer within the meaning of the regulations for RRECs with the exception of occasional transactions;
- (b) participate in an underwriting syndicate or guarantee;
- (c) lend financial instruments, except for loans under the conditions and pursuant to the provisions of the Royal Decree of 7 March 2006 on loans of securities by certain collective investment bodies;
- (d) acquire financial instruments issued by a company or an association of private law, which has been declared bankrupt, which enters into a mutual agreement with its creditors, which is the subject of a judicial reorganisation procedure, which obtained a suspension of payment or which has seen similar measures imposed on it in a foreign country.

**Authorised capital
(article 6.3 of the articles
of association)**

The Board of Directors is expressly authorised to increase the company's share capital, in one or more instalments, to a maximum of € 74 401 221.91 at dates and according to arrangements to be set by itself, pursuant to Article 603 of the company Code. Under the same conditions, the Board of Directors is authorised to issue convertible bonds or subscription rights.

This authorisation is conferred for a period of five years from the date of publication in the annexes to the Belgian Official Gazette of the minutes of the extraordinary general meeting of 23 December 2011.

Whenever the share capital is increased, the Board of Directors will set the price, the issue premium and the issue conditions of the new shares, unless the general meeting decides otherwise.

The preferential right of the shareholders can either be limited or cancelled in accordance with article 6.5. of the articles of association.

The capital increases decided in this way by the Board of Directors may be undertaken by subscription in cash or by contributions in kind or by incorporation of reserves or issue premiums, with or without the creation of new securities, or following the distribution of an optional dividend, in each case with due respect for the legal provisions, such increases being able to lead to the issue of voting or non-voting shares. Such capital increases may also take the form of the conversion of convertible bonds or the exercise of subscription rights – attached or not to another security – which can lead to the creation of voting or non-voting shares.

Where the capital increases decided by virtue of this authorisation include an issue premium, the amount of such premium, after imputation of any expenses, will be placed in an unavailable account named "issued premium". This will constitute, in the same way as capital, the guarantee towards third parties and may be reduced or abolished only a decision of the general meeting under the conditions for quorum and majority as required for a capital reduction, except if incorporated into capital.

**Acquisition of own shares
(article 6.4. of the articles
of association)**

The company may acquire its own shares by purchase or accept them as a security under the conditions provided for by law.

By decision of the extraordinary general meeting of 23 December 2011, the Board of Directors is authorised to acquire company shares on behalf of Home Invest Belgium, at a price per share equal to at least 80% of the most recent Net Asset Value published prior to the transaction date, and to no more than 105% of said Value, for a period of five years from the date of the publication in the annexes to the Belgian Official Gazette of the minutes of the extraordinary general meeting of 23 December 2011, on the understanding that the company may not at any time hold more than 10% of all issued shares.

The company is also authorised, without the requirement of any additional prior approval of the general meeting, to acquire company shares by purchase, should such acquisition be necessary to avoid serious and imminent damage to the company. This authorisation is granted for a period of three years from the date of publication in the annexes to the Belgian Official Gazette of the minutes of the general meeting of 23 December 2011, and may be extended for equal periods.

It is authorised to dispose of the shares acquired by the company, on or off the stock exchange, at conditions set by the Board of Directors, without prior authorisation of the general meeting.

The above authorisations extend to acquisitions and disposals of shares in the company by one or more of its direct subsidiaries, within the meaning of the legal provisions relating to the acquisition by subsidiaries of the shares of their parent companies.

**Capital increase
(article 6.5. – 6.6. of the articles
of association)**

Article 6.5. – Capital increases by contribution in cash

In the event of a capital increase by cash contribution and without prejudice to the application of Articles 592 to 599 of the company Code and the legislation of RRECs, the preferential subscription rights of existing shareholders may not be suppressed or limited unless an irreducible allocation right is granted to them when allocation new shares. This irreducible allocation right must fulfil the following conditions, under the legislation relating to RRECs:

1. it extends to all newly issued shares;
2. it is granted to shareholders in relation to the share in the capital represented by their shares at the time of the capital increase;
3. the maximum price per share is announced at the latest on the eve of the opening of the public subscription period which must last for at least three days of trading.

Without prejudice to the application of Articles 595 to 599 of the company Code and the legislation relating to RRECs, said irreducible allocation rights must not be granted in case of contribution in cash with limitation or lifting of the preferential rights, as an accessory to a contribution in kind within the framework of the distribution of an optional dividend, provided that this dividend is effectively granted to all shareholders.

Article 6.6. – Capital increase by contribution in kind

The issue of shares as consideration for a contribution in kind has to fulfil the conditions of Articles 601 and 602 of the company Code.

6.6.1. Furthermore, the following conditions have to be respected pursuant to the legislation on RRECs:

- 1° the contributor's identity must be mentioned in the report of the Board of Directors foreseen in Article 602 of the company Code, and in the notice convening the general meeting called about the capital increase;
- 2° The issue price cannot amount to less than the lowest value of (a) a net asset value per share of at the very most four months prior to the date of the contribution agreement or, depending on the company's choice, prior to the date of the capital increase deed, and (b) the average closing price during thirty calendar days prior to that same date.
If necessary, it can be decided to deduct from the amount mentioned under paragraph 2 (b), an amount that corresponds to the part of the undistributed gross dividends to which the holders of the new shares are potentially not entitled, providing that the Board of Directors specifically motivates the amount to be deducted from the accumulated dividend in its special report, and explains the financial conditions of the operation in its annual financial report;
- 3° Except if the issue price, or in the case of the situation foreseen in Article 6.6.3, the exchange rate, as well as the applicable modalities are, at latest on the working day following the conclusion of the contribution agreement, defined and communicated to the public, mentioning the period during which the capital increase will effectively take place, the capital increase deed will be recorded within a maximum term of four months;
- 4° The report mentioned in 1° should also mention the impact of the proposed contribution on the situation of existing shareholders, more specifically with regard to their share in the profit, in the net asset value and in the capital, as well as the impact with regard to voting rights;

6.6.2. The conditions of art. 6.6.1. do not apply in the case of a contribution of the entitlement to a dividend within the framework of the distribution of an optional dividend, as far as this is effectively payable to all shareholders.

6.6.3. Article 6.6.1 of these articles of association applies mutatis mutandis to the mergers, demergers and similar operations mentioned in the articles 671 till 677, 681 to 758 and 772/1 of the company Code, pursuant to the legislation relating to RRECs.

Article 6.7. – Capital increase of a subsidiary having the status of an institutional sicafi

In line with the legislation relating to RRECs, in the case of a capital increase of a subsidiary having the status of a listed institutional Sicafi through a contribution in cash for a price of 10% or more below the lowest value of (a) a net asset value of at the very most four months prior to the start of the issue, or (b) the average closing price during thirty calendar days prior to the start date of the issue, the Board of Directors establishes a special report; in this report it elaborates on the economic motivation for the applied discount, the financial consequences of the operation for the shareholders and the importance of the capital increase for the company. This report, and the valuation rules and methods, are explained by the auditor in a separate report.

For the calculation of the contribution price the company deduct an amount from the amount mentioned in point (b) of the aforementioned paragraph, that corresponds to the part of the undistributed gross dividend to which the new shares are potentially not entitled, providing that the Board of Directors specifically motivates the amount to be deducted from the accumulated dividend and explains the financial conditions of the operation in the annual financial report.

In the case of a capital increase of a subsidiary having the status of an unlisted institutional Sicafi, the discount mentioned in subparagraph 1 is only calculated based on a net asset value of at latest four months; all other obligations apply.

This article does not apply to capital increases fully subscribed by the company or its subsidiaries, whose capital is, directly or indirectly, entirely held by the company.

Article 6.8. Capital reduction

The company can reduce its capital in compliance with the applicable legal provisions.

Shares (article 7.1 of the articles of association)

The shares are registered shares, bearer shares or dematerialised shares.

They are all fully paid up and without designation of par value.

The company may issue dematerialised shares by capital increase or by exchange of existing bearer or registered shares.

Each shareholder can, at his own expense, request an exchange into registered or dematerialised shares.

The company may create several categories of shares.

The registered shares are listed in the shareholders' register held at the company's registered office. Ownership of these shares is exclusively proven by registration to the shareholders' register. Each transfer of these shares can only take effect after registration of the transfer of these shares in the shareholders' register, dated and signed by the seller and buyer or their proxies, or after having fulfilled the formalities required by law for the transfer of these receivables. Registered registration certificates are issued to the shareholders.

The shares are indivisible and the company only recognises one owner per security.

If different persons have rights with regard to the same share, the execution of the related rights will be suspended until one single person is indicated as the owner of the security with regard to the company.

Other securities (article 7.2. of the articles of association)

At the exception of profit-sharing bonds and similar securities, and subject to specific related legal provisions, among others resulting from the legislation relating to RRECs, the company can issue other securities in accordance with Article 460 of the company Code.

Declaration of transparency (article 8 of the articles of association)

The company's shares must be admitted to trading on a Belgian regulated market, pursuant to the provisions of the legislation relating to RRECs.

Pursuant to the provisions of the law of 2 May 2007 on the publication of important participations in issuers of shares admitted to trading on a regulated market containing various provisions and pursuant to the legislation relating to RRECs, any legal or natural person acquiring shares or other financial instruments giving entitlement to a vote, whether or not these represent capital, is required to communicate to the company and to the Financial Services and Markets Authority (FSMA), the percentage and the number of existing voting rights held by it each time the voting rights attached to these securities reach either 3% or 5% or a multiple of 5% of the total number of voting rights existing at such time or at the time that circumstances making such communication mandatory present themselves.

This declaration is also mandatory in the event of disposal of securities when, as a result of this disposal, the number of voting rights falls below the thresholds referred to in sub-paragraph two.

Composition of the Board of directors (article 9 of the articles of association)

The company is governed by a Board. It consists of at least three and no more than nine directors, who may or may not be shareholders, and who are appointed for a term of, in principle, four years, by the general shareholders' meeting. The duration of their mandate may never exceed six years. The mandate is revocable at any given time. Among the members of the Board of Directors the general meeting must appoint at least three independent directors. An independent director is defined as one meeting the criteria set out in article 526 ter of the company Code. In the event that one or more positions become vacant, the remaining directors are entitled to fill the vacancy until the next general meeting, which will proceed to the definitive appointment. This right becomes an obligation whenever the number of directors effectively exercising their mandate no longer reaches the statutory minimum.

Executive management (article 12 of the articles of association)

Without prejudice to the transitional provisions, the effective leaders are exclusively natural persons; they must meet the requirements of good repute and expertise as provided by the legislation relating to RRECs and can not fall within the application of the prohibitions referred to in said legislation. The appointment of effective leaders is subject to the prior approval of the Financial Services and Markets Authority (FSMA).

Representation of the company (article 13 of the articles of association)

The company is validly represented in deeds and in law, including deeds requiring the intervention of a public official or a notary public, either by two directors acting jointly or, in the context of day- to-day management, by a person mandated to such management, or, where an executive committee exists, and within the limits of the powers conferred on such an executive committee, by two members of the same acting jointly. The company is also validly represented by special representatives acting within the framework of their mission. The company may be represented abroad by any individual who has been expressly appointed by the Board of Directors to do so. Copies or extracts of the minutes of the general meetings of shareholders and of meetings of the Board of Directors, including extracts intended for publication in the annexes to the Belgian Official Gazette, are validly signed either by one director, or by a person charged with day-today management or who has been expressly mandated by the Board of Directors.

General meeting (article 23 of the articles of association)

A general meeting, known as the "annual meeting" will be held every year on the first Tuesday of May at 3 p.m. In the event that this date coincides with a public holiday, the annual meeting will take place on the next working day, at the same time. An extraordinary general meeting may be convened every time this is required in the company's interest. General meetings may be convened by the Board of Directors or by the statutory auditor(s), and must be convened when requested by shareholders representing one fifth of the company's capital. General meetings are held at the company's registered office or at any other place indicated in the letter convening the meeting or in any other way.

General meeting invitation and participation (article 24)

General meetings and extraordinary general meetings are convened by means of an announcement published once-only in the Belgian Official Gazette at least 30 days before the meeting. Except for the annual general meetings taking place at the place, date and time indicated in the articles of association and the agendas of which are limited to the customary subjects, the notice convening the meeting must be published 30 days prior to the meeting in a nationally distributed newspaper and on the company website within the same term. Where a second convening notice is required, and in so far as the date of the second meeting has been indicated in the first convening notice, the deadline for this second meeting is reduced to 17 days before the meeting. The convening notice will state the agenda of the meeting and the proposed resolutions. Registered shareholders will receive convening notices by recorded delivery mail thirty days prior to the meeting. One or more shareholders representing jointly at least 3% of the registered capital of the company can, in accordance with Article 533 ter of the company Code, introduce items to be added to the agenda of the meeting, and proposals for decision with regard to items on or to be added to the agenda. A shareholder taking part in or represented at the meeting is deemed to having been regularly invited. A shareholder may also, before and after the general meeting that he has not attended, renounce from availing himself of the absence or irregularity of the convocation of the meeting.

To be admitted to the meeting and cast their vote, shareholders must register their shares no later than the fourteenth day prior to the general meeting, at midnight (Belgian time), or by subscription to the register of nominative shareholders, or by subscription in a securities account by an authorised account holder or a provider of settlement services, regardless of the amount of shares held by the shareholder on the day of the general meeting.

The owners of dematerialised shares wishing to take part in the meeting must provide a certificate issued by their financial intermediary or approved account holder, which certifies the number of dematerialised shares registered in the shareholder's name in its accounts on the registration date and with which the shareholder wishes to participate in the meeting. This certificate must be delivered to the company's registered office or to the establishment designated in the convocation, at the latest on the sixth day prior to the meeting date.

Owners of nominative shares shall communicate their wish to participate in the meeting to the company within the same term by ordinary mail, fax or e-mail.

The company ensures that a register is kept at its office, listing all identified shareholders, by name, address or registered office, the number of shares in their possession at the registration date, and with which they have indicated wanting to participate in the meeting, accompanied by the related proof.

**Voting by proxy – voting by mail
(article 25 of the articles
of association)**

Any shareholder may have himself represented at a general meeting by a mandated agent, shareholder or not. Mandates have to be communicated to the company in writing, at latest on the sixth day prior to the meeting. This can be done electronically, within the same term, by e-mail to the address mentioned in the convocation. Co-owners, usufructuaries and bare owners, secured creditors and pledgees must be represented respectively by one and the same person.

The company can provide for the possibility to vote in writing or electronically, according to forms and methods that it has established; in any case, any such vote must reach the meeting no later than six days prior to the meeting.

**Number of votes – abstention
(article 29 of the articles
of association)**

A share entitles its holder to one vote.

**Dissolution – liquidation
(article 39 of the articles
of association)**

If the company is dissolved, for whatever reason or at whatever point in time, one or more liquidators appointed by the general meeting or, in the absence of such appointment, the directors in function at that time and acting jointly, are charged with liquidating it. The liquidator(s) only take(s) up office after the confirmation of his (their) appointment by the commercial court.

In the absence of other provisions in the deed of appointment, the persons charged with the liquidation enjoy the widest possible powers to this end, in accordance with the company Code.

The shareholders' meeting determines the form of liquidation and the remuneration of the liquidator(s).

The liquidation is concluded according to the provisions of the company Code.

RREC: TAX REGIME

The information provided below is based on tax legislation and tax practices in force at the time of the drafting of this annual report. It is therefore subject to modification in the future, including with retroactive effect, and is offered on a purely informative basis. Each shareholder and each potential investor is invited to obtain information on their tax situation from their advisers concerning the tax implications in Belgium and abroad with respect to acquiring, owning and disposing of shares in Home Invest Belgium, and with respect to receiving dividends and proceeds from the company's shares.

RREC

ADOPTION OF THE RREC STATUS

On 1 September 2014 the Financial Services and Markets Authority (FSMA) approved Home Invest Belgium as a public Regulated Real Estate company (RREC) as well as approving all the documents drawn up by the company in this framework, subject to the approval of this change in status by the company's extraordinary general meeting.

Home Invest Belgium convened an extraordinary general meeting of its shareholders on 25 September 2014, which unanimously approved the company's change in status from sicafi into RREC (public Regulated Real Estate company, in accordance with the Law of 12 May relating to Regulated Real Estate Companies).

Home Invest Belgium was the first Belgian sicafi to obtain RREC status.

DESCRIPTION OF THE NEW RREC STATUS

The RREC is supervised by the Financial Services and Markets Authority (FSMA) and governed by the Law of 12 May 2014 and the Royal Decree of 13 July 2014 relating to Regulated Real Estate Companies.

The Regulated Real Estate company is defined under law by its activity, which consists of the provision of buildings – directly or through a company in which it owns a stake – to users and possibly, within the limitations specified for this purpose, to hold other types of “real estate property” (shares in public sicafi, stakes in certain foreign undertakings for collective investment in real estate, shares issued by other REITs and real estate certificates). In this framework the RREC can perform all activities related to the building, conversion, renovation, development (for its own portfolio), acquisition, sale, management and operation of buildings.

The public Regulated Real Estate company has the following main characteristics:

- a fixed capital company;
- a stock exchange listing;
- debt ratio limited to 65% of the market value of the company's assets;
- property portfolio recorded at its fair value, without any depreciation;
- diversified portfolio: no more than 20% of total consolidated assets invested in a single property, unless the FSMA grants a derogation;
- very strict rules governing conflicts of interest;
- quarterly assessment of assets by an independent expert;
- exempt from corporate tax (“ISOC”) – except in the case of non-deductible expenses and exceptional or gratuitous advantages or unjustified remunerations and commissions– provided that the RREC performs the minimum distribution obligation, as defined in Article 27 of the Royal Decree of 7 December 2010;
- specific dispositions with respect to withholding tax for dividends distributed by residential RRECs such as Home Invest Belgium. Since the new Programme Law of 27 December 2012, residential RRECs must have invested at least 80% of their portfolio in residential property situated in a Member State of the European Economic Area in order to be entitled to the special rate of 15% withholding tax on dividends paid out to their shareholders (instead of 25% for the other RRECs; for further details see below). They have a two-year transition period to comply with this rule, which takes into account the fact that, until the Law of 27 December 2012, the threshold was only 60% of the total asset value.

Those companies that apply to the FSMA for a change of status as a RREC or which merge with a RREC are subject to a tax (exit-tax¹), which is treated as a liquidation tax to be paid on the net unrealised gains and on tax-free reserves at the rate of 16.5%, plus the 3% supplementary crisis contribution, totalling 16.995%.

(1) The method for calculating the exit tax is described in the administrative circular of 23 December 2004 (Reference: AFER No. 43/2004).

Dividends – tax regime effective as of 1 January 2014¹

Belgian natural persons

For Belgian individuals who act in a private capacity and are subject to personal income tax, dividends distributed by Home Invest Belgium are subject to a 15% withholding tax.

For Belgian individuals who act in a professional capacity, received dividends are taxable at the normal tax rate of the personal income tax for natural persons.

Belgian legal entities

For taxpayers subject to corporate tax, dividends distributed by Home Invest Belgium are subject to a 15% withholding tax.

Belgian companies or permanent establishments of foreign companies

Dividends distributed are subject to a 15% withholding tax. Belgian companies or permanent establishments of foreign companies in Belgium are taxed on the dividends distributed by Home Invest Belgium at the corporate tax rate, without applying the “RDT” or revenues already taxed.

Thus, the dividend will be taxable in accordance with the corporate tax regime or the tax on non-residents, at the rate of 33.99% (corresponding to the base rate, plus the additional 3% crisis contribution). A reduced rate could be applicable under certain conditions. The 15% withholding tax levied at source can give rise to a tax credit that can be refunded via the tax returns if the amount exceeds the tax due.

Non-resident natural persons and non-resident companies without a permanent establishment in Belgium

The dividends distributed by Home Invest Belgium are exempt from the Belgian levy at source (withholding tax) of 15%, which may, as the case may be, be reduced, at the request of the shareholder, based on the tax treaties for the avoidance of double taxation.

Capital gains and losses

Belgian natural persons

In Belgium, the capital gains made by an individual from the sale of shares as part of the normal management of his private assets are not taxable, and capital losses are not tax-deductible. However, Belgian individuals can be subject to taxation of 33%, in addition to additional municipal taxes, the rate of which depends on the district of residence, if the capital gains made are deemed to fall outside the normal management of a private estate.

They can also be subject to taxation of 16.5%, plus additional municipal tax, the rate of which depends on the district of residence, if the shares are sold to a company that does not have its registered office, its principal place of business or headquarters or central office in a Member State of the European Economic Area and the selling shareholder has held more than 25% of the rights over the past five years in the company whose shares have been sold.

Belgian individuals holding these shares within the scope of a professional activity are taxed on the capital gains they make on the sale of shares at the ordinary progressive rates of personal income tax, or at 16.5%, if the shares are held for more than five years.

Belgian legal entities

For Belgian legal entities subject to tax on legal entities, the capital gains made on the sale of Home Invest Belgium shares are not, in principle, taxable in Belgium. Capital losses on shares are not tax-deductible.

Belgian companies and permanent establishments of foreign companies

Capital gains realised by a Belgian company on Home Invest Belgium shares, or on a foreign company's shares that are allocated to its permanent establishment in Belgium, are fully taxable in Belgium. Capital losses (expressed or realised) are not tax deductible.

Non-resident natural persons and non-resident companies without a permanent establishment in Belgium

The citizens of the countries with which Belgium has concluded a double taxation treaty are not, in principle, subject to taxation on such capital gains in Belgium.

Capital gains made by non-resident natural persons or companies on Home Invest Belgium shares are not taxable in Belgium, in principle. In exceptional cases, a non-resident natural person may be liable to taxation on capital gains made on a family participation of 25% and over, when the shares are sold to a company established outside the European Economic Area. Capital losses are not tax deductible in Belgium.

(1) As of 1 January 2013, a 15% withholding tax applies to dividends from Residential RRECs (including Home Invest Belgium), whereas they were previously exempt.

Tax on stock market transactions

The subscription to new shares (primary market) is not subject to the Tax on Stock Market Transactions ("TOB").

However, the purchase and sale and any other acquisition and sale for valuable consideration in Belgium, via a "professional intermediary", of existing shares (secondary market) is subject to a tax on stock market transactions, currently amounting to 0.09% of the transaction price. The amount of the TOB is at present limited to € 650 per transaction and per party.

The following persons, regardless of the circumstances, are exempted from TOB:

- the professional intermediaries referred to in Article 2, 9° and 10° of the Law of 2 August 2002 concerning the supervision of the financial sector and financial services, acting for their own account;
- the insurance firms referred to in Article 2 § 1, of the Law of 9 July 1975, on the supervision of insurance companies, acting for their own account;
- the pension funds referred to in Article 2 § 3, 6°, of the Law of 9 July 1975 concerning the supervision of insurance firms, acting for their own account;
- the collective investment bodies referred to by the Law of 4 December 1990, acting for their own account; or
- non-residents (provided that they submit an attestation certifying that they do not reside in Belgium).

Tax on physical delivery of bearer securities

Starting on 1 January 2008, in accordance with the law of 14 December 2005, Home Invest Belgium shares can no longer be physically delivered.

STATEMENTS

Financial forecast

This annual financial report contains financial forecasts that are based on estimates and forecasts of the company and on reasonable expectations related to outside events and factors. Financial forecasts by their nature are subject to risks and uncertainties that could cause the results, financial position, performance and current achievements to differ from the results, financial position, performance and achievements expressed or implicitly communicated by these forecasts. In view of these uncertain factors, the forward-looking statements are not subject to any guarantee.

Persons in charge

The Board of Directors and the Executive management of Home Invest Belgium SA are responsible for the information communicated in this annual financial report. They did everything in their power to verify the information contained in the report and declare that after having taken all reasonable measures in this connection, the information contained herein reflects, to the best of their knowledge, reality and that no information likely to alter the scope of this annual financial report has been omitted.

To the best of their knowledge:

- the annual financial statements, drawn up in accordance with applicable accounting standards, provide a faithful image of the assets, financial position and results of Home Invest Belgium and of the companies included in the consolidation;
- the management report contains an accurate description of the business developments, results and the position of Home Invest Belgium and of the companies included in the consolidation, as well as a description of the principal risks and uncertainties facing them.

Statement concerning third-party information

The third-party information published in this annual financial report, such as the real estate expert's report and the auditor's report, have been included with their consent. The Board of Directors and the Executive Management of Home Invest Belgium¹ declare that third-party information has been faithfully reproduced in this annual financial report and insofar as the RREC is aware of it and is able to assure it based on the information published by these third parties, no fact has been omitted that would cause the information reproduced to be inaccurate or misleading.

Historical financial information

The annual financial reports from 2001 onwards (which include the consolidated financial statements, with an abbreviated version of the statutory financial statements, the management report, the auditor and surveyor reports) and the half-year reports can be consulted on the website www.homeinvestbelgium.be.

All financial reports since the financial year 2001 are included by reference in the current annual financial report.

(1) The composition of the Board of directors and the Executive management are recorded in the "Management report – Corporate governance statement".

Governmental or other strategy or factor

As regards any governmental, economic, budgetary, monetary or political strategy or factor having had a significant impact or that could have a significant impact, whether directly or indirectly, on the operations of Home Invest Belgium, see the "Risk factors" chapter.

Judicial proceedings and arbitration proceedings in progress

No proceedings have taken place recently, or that could have significant effects on the financial position or profitability of the company.

Statements with regard to the Directors and Executive management¹

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

- during the past five years, none of its Directors or members of Executive Management has been found guilty of fraud, or has been the subject of any official offence and/or public penalty and no penalty has been levied by a legal authority or supervisory authority and that, in their capacity as director, they were not placed under compulsory administration or liquidation and that none of its Directors and members of the Executive Management have been prohibited by a court from acting as a member of the Board of Directors or Executive Management, or from participating in the management or administration of Home Invest Belgium's affairs. Also, in the course of the last five years, no Director has been involved in a bankruptcy, except for Mr Liévin Van Overstraeten, who was involved in the bankruptcy of a company (Robel Doors SRL), in which he acted both as a director and as a representative of a company with a director's mandate. It is however proven by the inspections conducted by the liquidator – as confirmed in his letter of 7 February 2014 – that he found no indications that there could have been irregularities by the company or its directors. Besides, no claim was submitted by the creditors against the directors. This relates to a bankruptcy that took place in 2010 within the framework of the international financial crisis. At present, the bankruptcy has not yet been settled;
- no employment contract has been concluded with the directors that provides for the payment of compensation at the end of the contract. However, service agreements concluded with the Executive Management contain provisions governing notice and termination compensation (see "Management Report - Corporate Governance Statement" chapter);
- to date, no options have been granted on Home Invest Belgium shares;
- there are no family ties between the directors, with the only exception of those between Messrs Johan and Liévin Van Overstraeten (brothers).

Pro forma financial information

During the financial year under review no transaction was executed that had an impact of more than 25% on the company's activity indicators, according to the meaning of paragraphs 91 and 92 of the CESR's recommendation on the implementation of European Commission Directive No. 809/2004 on prospectuses. Thus, the publication of pro forma financial information is not required.

Significant changes since the end of the financial year

Apart from the events described in the "Management report" above, no significant changes of the financial or commercial position of Home Invest Belgium have taken place since the end of the financial year 2014.

Additional information communicated pursuant to Annex I to Commission Regulation (EC) No. 809/2004

There are no restrictions to be reported concerning the use of capital, that has had a significant effect or that could have a significant effect, whether directly or indirectly, on the company's operations.

Except for the contracts concluded with the members of the Executive Management (see "Management report" – "Corporate Governance Statement"), there are no other service contracts binding the members of the administrative, management or supervisory bodies to the company or to any one of its subsidiaries and providing for the granting of benefits at the end of such a contract.

There have not been any operations with affiliated companies according to the meaning of article 19 of the Commission Regulation (EC) No. 809/2004.

Any major contracts concluded during the past two financial years of the RREC are identified in the Management Report of this annual financial report, or in that of the year 2013, which can be consulted on the company's website (www.homeinvestbelgium.be).

(1) The composition of the Board of directors and the Executive management are recorded in the "Management report – Corporate governance statement".

Glossary

Effective rent

Is the rent applying on 31 December 2014, on an annual basis, excluding rental guarantees and the estimated rental value on unoccupied spaces.

EPRA

“European Public Real Estate Association”. This is an association that brings together stock-listed European real estate companies with the aim of promoting the industry and making it more attractive compared with direct real estate investment thanks by enhancing the liquidity, accessibility and transparency of the companies (www.epra.com).

EPRA NAV

“EPRA NAV” corresponds to the Net Asset Value (NAV) adjusted to exclude, among others, the fair value of hedging financial instruments.

(gross) Estimated rental value (ERV)

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

Fair value

The fair value of a building or a portfolio of buildings is equal to its investment value, after deduction of transfer costs, calculated as follows:

- 10 or 12.5%, depending on the region where the building is situated, for all buildings with the potential of being sold as individual units, based on their type or design.
- 10 or 12.5%, depending on the region where the building is situated, for all buildings which do not have the potential of being sold as individual units, based on their type or design, and have an investment value of less than € 2.5 million;
- 2.5% for all buildings which do not have the potential of being sold as individual units, based on their type or design, and have an investment value of more than € 2.5 million.

Floor-Double Cap

Floor and Cap are financial products protecting the client from respectively a decrease and an increase of the interest rates.

Gross passing rent

The gross passing rent represents the last gross rental income, paid either monthly or quarterly, on 31 December 2014, converted into an annual total and including where necessary rental guarantees and the estimated rental value of unoccupied premises. It takes into account furniture if available. It can therefore differ from the rent received during the financial year and included in the income statement, e.g. if there was a vacant period or if there has been an index-linked change in the meantime.

IRS

An Interest rate swap (IRS) is an exchange of interest rates between two parties in view of the exchange of their exposure to the risk of changes in interest rates.

Net asset value

The net asset value or intrinsic value, in total or per share, is the value of the net assets, in total or per share, taking into account the latest fair value of the property portfolio, as defined by the real estate surveyor of the RREC. In IFRS, the net asset value comprises the year-end dividend, awaiting the approval by the ordinary general meeting of shareholders.

Net current margin

(Net result – portfolio result) / property result.

Net current result

The net current result is equal to the net result minus the portfolio result.

Net current result excluding the impact of IAS 39

The net current result excluding the capital gains or losses on hedges that are ineffective according to IAS 39.

Occupancy rate

The occupancy rate is the percentage of the rents generated by the occupied properties, including the rental guarantees on the unoccupied properties, compared with the total rents of the occupied properties and the estimated rental value (ERV) of the unoccupied properties. All investment properties of the portfolio are taken into account for the calculation, excluding the development projects and the assets held for sale.

Operating margin

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

Operating margin before tax

(Pre-tax result – portfolio result) / property result.

Pay out ratio

The pay out ratio corresponds to the appropriated dividend in comparison with the distributable result, calculated on a consolidated basis.

Rental surfaces

The surfaces are those taken into account by the RREC's real estate surveyor. They include 50% of terraces and 10% of private gardens.

Return

Shareholders' return is equal to the dividend of the financial year plus the growth of the net asset value during the financial year.

Roll-over credit

Credit in the medium or long term that can be withdrawn under the form of one or more advances that can or cannot be renewed in the short term. The duration of the advances is spread out over consecutive interest rate periods, each with their defined interest rate. That way, investments in the medium or long term can be financed with interest rates that are variable in the short term, and consequently more favourable.

Straight loan

Advance with a fixed term. Credit under the form of cash advances of a fixed amount and for a fixed duration that have to be reimbursed in full at their expiry date.

Velocity

Velocity is the ratio between the yearly traded volume and the total number of shares comprised in the free float.

Year of construction

The year the property was built or of its last major renovation.

Shareholder's calendar

2015	
Annual press release about 2014 earnings	Friday 27 February 2015
Online publication of the annual financial report on the website	Thursday 2 April 2015
Ordinary shareholder's meeting of the 2014 financial year	Tuesday 5 May 2015
Interim statement: results on 31 March 2015	Tuesday 5 May 2015
Dividend payment for the 2014 financial year	Friday 15 May 2015
Half-year financial report: results on 30 June 2015	Thursday 3 September 2015
Interim statement: results on 30 September 2015	Thursday 29 October 2015

2016	
Annual press release about the 2015 financial year	Thursday 25 February 2016
Online publication of the annual financial report on the website	Thursday 7 April 2016
Ordinary shareholder's meeting of the 2015 financial year	Tuesday 3 May 2016
Interim statement: results on 31 March 2016	Tuesday 3 May 2016
Dividend payment for the 2015 financial year	Friday 13 May 2016

This annual report is a registered document in the sense of article 28 of the law of 16 June 2006 on public offers of investment instruments and on the admission of investment instruments to trading on regulated markets.

It has been approved by the FSMA, in accordance with article 23 of the above-mentioned law on 17 March 2014.

Home Invest Belgium having opted for the French as official language, the annual financial report in French is the sole official version.

The Dutch and English versions are translations established under Home Invest Belgium's responsibility.

Le rapport financier annuel en français est disponible au siège de la société.

Het financieel jaarverslag in het Nederlands is beschikbaar op de zetel van de vennootschap.

The annual financial report in English is available at the head office of the company.

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