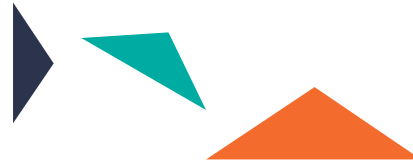




Housing life



ANNUAL
FINANCIAL
REPORT
2013



CONTENTS

1	Profile
2	Risk Factors
16	Letter to the shareholders
18	Key Figures
20	Background
22	Management Report
24	Strategy
28	Highlights of the financial year
37	Overview of the consolidated financial statements
46	Events after the closure of the financial year
47	Corporate governance statement
66	Corporate responsibility
68	Home Invest Belgium on the Stock Exchange
70	Development of the stock price
73	Key figures of the share on 31 December 2013
74	Dividend
74	Return
77	Shareholding structure on 31 December 2013
78	Profile of investors in Home Invest Belgium shares
79	Shareholders' calendar
80	Property Report
82	State of the Belgian residential property market
90	Real estate expert's report for the 2013 financial year
92	The consolidated property portfolio of Home Invest Belgium
104	Financial Statements
106	Consolidated financial statements
111	Notes to the consolidated financial statements
137	Statutory accounts
140	Auditor's reports
142	Permanent Document
144	General information
145	Company capital
145	Coordinated articles of association - extracts
152	The sicafi and its tax regime
155	Statements
159	Glossary

Home Invest Belgium is a Belgian REIT listed on Euronext Brussels specialized in residential property investments in city centres in Belgium

15 years

Profile

Home Invest Belgium has been granted the Belgian REIT status on 16 June 1999 and is Belgium's first private initiative REIT (fixed capital real estate investment trust) - in Belgium called «Sicafi» (Société d'Investissement à Capital Fixe en Immobilier) - for residential housing. In 2014, it celebrates its 15th anniversary.

Home Invest Belgium is specialized in residential property investments and owns a property portfolio of € 307 million of investment properties in fair value, invested for 74% in the residential segment.

Its portfolio is spread over town centres in Belgium (66% of which in Brussels and 22% in Wallonia and 12% in Flanders).

On 31 December 2013, i.e. at the issue of its 14th year of existence, the property portfolio in operation held by Home Invest Belgium includes 75 buildings on 44 sites, representing a total surface area of +/- 148 000 m².

Listed on Euronext Brussels, its market capitalisation stands at € 232 million at the end of the 2013 financial year.

Besides providing attractive housing to its tenants, Home Invest Belgium pursues a coherent strategy hinged on offering its shareholders an appreciable immediate net return, coupled with the creation of long-term value and spreading the risk over more than 1 300 letting units.

Home Invest Belgium unites the 4 areas of the property life cycle:



¹ On 31 December 2012, the fair value of the portfolio of investment properties of the company amounted to € 243 million, invested for 77% in residential property.



risk factors





Risk factors

Home Invest Belgium conducts its business in an environment subject to permanent change, which leads to certain risks.

Should these risks materialize, they could have an adverse effect on the company, its business, its outlook, its financial situation or its results.

These risks consequently need to be taken into account within the framework of the company's global management, its investment and divestment decisions, the funding cost of the investments and the optimum re-use of its available resources.

The objective of Home Invest Belgium is to manage these risks as well as possible in order to generate a recurrent and stable rental income on the one hand, and a potential for capital gains on the other hand. The risk factors with which the sicafi is confronted are subject to regular monitoring by both the Executive Management and the Board of Directors. Cautious policies have been adopted to reduce the possible exposure of the sicafi 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 cushion the potentially negative impact of these risks.

For a sound understanding of the tables presented in this chapter, we clarify that the numbering recorded in the column "Potential corrective factors and measures" refers to the numbering used in the column « Potential negative effects».

▶ Market risks

Description of the risk	Potential negative effects	Potential corrective factors and measures
Risk of a downturn in the economic situation	1. Negative impact on demand both on the rental market and on the acquisition market	Diversification of investments in different categories of buildings (top of the range, mid-range) and geographical locations (1,2,3,4,5,6)
	2. Drop in the occupancy rate	Regular evaluation of the property portfolio and of the occupancy rate by the sicafi's executive management and Board of directors (1,2,3,4,5,6)
	3. Drop in the level of rent at which the surfaces can be re-rented	Rigorous selection of tenants (4)
	4. Increase of unpaid rents	Rigorous selection of new investments (1,2,3,5,6)
	5. Negative adjustment of the fair value of the investment properties	Arbitrage of the divestment opportunities (1,2,3,5,6)
	6. Reduction in the sale price	Contractual indexation of rents (3,5,6)

► Risks connected with the property portfolio

Description of the risk	Potential negative effects	Potential corrective factors and measures
Risk of obsolescence of the property portfolio	<ol style="list-style-type: none"> 1. Reduced commercial appeal on the rental and acquisition market 2. Negative impact on the occupancy rate 3. Increase in the costs of maintaining and renovating the property portfolio 	<p>Regular upkeep and maintenance policy including the constant renovation of the property portfolio and the investments in development projects for own account (1,2,3)</p> <p>Policy of systematically replacing obsolete facilities (1,2)</p> <p>Resale of the less attractive buildings¹ (2,3)</p>
Inappropriate choice of investments or developments for own account	<ol style="list-style-type: none"> 1. Change in the company's income prospects 2. Out of step with market demand resulting in vacancy 3. Expected yields not achieved 	<p>Strategic analysis of the risk, accompanied by a technical, legal, fiscal and accounting <i>audit/due diligence</i> before each acquisition (1,2,3). With regard to the development projects in particular, close follow-up of the rental market needs and potential adjustment of the project in order to make it better respond to market needs.</p> <p>Internal and external valuation (independent surveyor) of each property to be acquired or developed (1,2,3)</p> <p>Limits defined for the development activity for own account (1,2,3):</p> <ul style="list-style-type: none"> - < 12.5% of the value of the buildings in operation per project (in total cost) - < 25% of the value of the buildings in operation for all of the projects (in total cost)

1 For the financial year 2013, this resale activity represented a volume of 3.2% of the fair value of the investment properties on 31 December 2012.



GIOTTO (EVERE)



SIPPELBERG (MOLENBEEK-ST-JEAN)

Risks connected with the property portfolio (continued)

Description of the risk	Potential negative effects	Potential corrective factors and measures
Negative change in the fair value of buildings	<p>Negative impact on the net result, the net assets and the debt ratio</p> <p>For example: a drop of 1% in the fair value of the investment properties would lead to a reduction of € 3 million in the net result of the statutory accounts on 31/12/2013 without impacting however the net current result or the distributable result. The net asset value would be down by € 3 million, or by € 1 per share. The statutory debt ratio would increase from 38.52% to 38.88%.</p>	<p>Property assets valued by an independent surveyor on a quarterly basis, allowing corrective measures to be taken</p> <p>Cautious debt policy</p> <p>Investment strategy targeting quality properties and development projects offering immediate high returns and a stable income</p> <p>Diversified portfolio, including on geographical level</p> <p>Main asset representing only 11.7% of the portfolio</p>
Improper management of the major works or development projects for own account	<ol style="list-style-type: none"> Increase in the cost Postponement of the project leading to a negative impact on the results per share 	<p>Internal development team for own account (1,2)</p> <p>Internal commercial and technical management team (1,2)</p> <p>Limits defined for the development activity for own account (1,2,3):</p> <ul style="list-style-type: none"> < 12.5% of the value of the buildings in operation per project (in total cost) < 25% of the value of the buildings in operation for all of the projects (in total cost) <p>For the works in progress, the company has subscribed 'all risk' policies</p>
Maintenance and renovation costs	<ol style="list-style-type: none"> Reduction in the appeal of the properties for rental or sale Reduction in the potential rents Negative impact on the vacancy rate 	<p>Regular upkeep and maintenance policy, including the constant renovation of the property portfolio (1,2,3). With regard to the development projects in particular, the company is attentive to the management and maintenance costs as of the conception phase of a project to keep them as low as possible</p>
Total or partial destruction of buildings	<ol style="list-style-type: none"> Reduction in rental income Negative impact on results 	<p>Portfolio insured for a new reconstruction value (excluding land) of a total amount of € 217 million on 31 December 2013 for the buildings available for letting, held in full ownership by the sicafi (the insurance premium paid in 2013 amounts to € 0.1 million and the covering percentage of the fair value of these buildings is 85%).</p> <p>The properties that are part of co-ownerships are insured for their reconstruction value (excluding land) by the different co-ownerships (1,2)</p>

Risks connected with the property portfolio (continued)

Description of the risk	Potential negative effects	Potential corrective factors and measures
Risk of rental vacancy	1. Loss of rental income ¹	Pro-active commercial and technical management policy with a view to maintaining a high occupancy rate ⁴ (in 2013: 94.96% compared with 94.16% in 2012) (1,2,3,4,5)
	2. Rents adjusted downwards	
	3. Higher commercial costs to attract new tenants, impacting results	In-depth analysis of the new investments and of the tenants targeted to live there (standard tenant, student, senior, etc.), taking into account in particular the demographic prospects and market demands (1,2,3,4,5)
	4. Reduction in the value of the buildings	
	5. Charges and taxes on the unrented buildings to be covered by the owner ²	
	6. Granting of discounts and incentives ³	
Excessive development program for own account	Uncertainty on future income	Activity limited to a maximum of 25% of the fair value of the property portfolio
Risk of legal and arbitration procedures	1. Impact on the net result	Strategic analysis of the risk accompanied by a technical, legal, fiscal and accounting <i>audit/due diligence</i> before each acquisition (1,2)
	2. Impact on the company image	
		Proactive management of the property portfolio
Risk of hidden liabilities resulting from mergers, demergers and contributions	Impact on the net result	Strategic analysis of the risk accompanied by a technical, legal, fiscal and accounting <i>audit/due diligence</i> before each acquisition
		Setting up of an audit committee notwithstanding the dispensation from setting one up arising from article 526bis of the Company Code

1 A reduction of 1% in occupancy rate reduces the net rental result by € 203 206.

2 On 31 December 2013, the "charges and taxes on unlet buildings" amounted to € 255 581, or 1.3% of rental income.

3 On 31 December 2013, the "Rental discounts" amounted to € 49 539, or 0.3% of rental income. These rental discounts relate almost exclusively to retail or office rentals.

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.

Risks connected to tenants and leases

Description of the risk	Potential negative effects	Potential corrective factors and measures
Risk of reduced solvency or insolvency of tenants	1. Loss of rental income ¹	Diversified investment policy, both from a geographical and sectorial point of view and from the point of view of the type of tenants targeted (1,2,3,4)
	2. Unforeseen vacancy	
	3. Unforeseen costs incurred to re-rent	
	4. Re-rental at a lower price	
	5. Granting of frees and incentives ²	
		Rigorous selection of tenants including an analysis of their capacity to regularly pay the rent due (payslips, etc.) (1,2,3,4)
		Bank guarantee corresponding in principle to 2 months of rent requested from each tenant (1,2,3,4)
		The rents are payable in advance and almost always on a monthly basis (1,2,3)
		The provisions for charges and taxes are payable in advance (1,2,3)
		A rigorous procedure for the follow up of unpaid rents (1,2,3)
Preponderant weight of the most important tenants	Considerable negative impact on rental income in the event of departure.	Very diversified customer base (> 1 300 tenants)
		No important building in the portfolio is rented out to one single tenant. Similarly, the biggest tenant in the sicafi portfolio only represents 4% of the total rents. No significant lease is coming to an end in 2014.
Risk of early termination of the main leases	1. Higher rental vacancy rate	Proactive internal and external commercial and technical management (1,2,3)
	2. Higher commercial costs due to the empty rental premises	No significant building in the portfolio is rented out to one single tenant. Similarly, the biggest tenant in the sicafi portfolio only represents 4% of the total rents. No significant lease is coming to an end in 2014 (1,2,3)
	3. Downward adjustment of rents	
		The very large number of tenants (> 1 300) is a factor that makes it possible to qualify this risk as a relatively low risk

1 The losses on unpaid rents, net of recovery, represent on 31 December 2013 0.8% of the company's turnover.

2 On 31 December 2013, the item "free rents" amounted to € 49 539, or 0.3% of rental income. This free rents deal almost exclusively with the renting of commercial spaces and offices.

Risks connected to tenants and leases (continued)

Description of the risk	Potential negative effects	Potential corrective factors and measures
Risk of non renewal of leases	1. Higher rental vacancy	Proactive internal and external commercial and technical management (1,2,3)
	2. Higher commercial costs due to the empty rental premises	No significant building in the portfolio is rented out to one single tenant. Similarly, the biggest tenant in the sicafi portfolio only represents 4% of the total rents. No significant lease is coming to an end in 2014 (1,2,3)
	3. Downward adjustment in the rents	The very large number of tenants (> 1 300) is a factor that makes it possible to qualify this risk as a relatively low risk
Risk of high rotation ¹	1. Higher rental vacancy	Proactive internal and external commercial and technical management (1,2,3)
	2. Higher commercial costs due to the empty rental premises	Whenever possible, a priority is given to long-term leases (1,2,3)
	3. Downward adjustment in the rents	

▶ Risk related to co-contractors, other than the tenants

Description of the risk	Potential negative effects	Potential corrective factors and measures
Risk of default of co-contractors (building contractors, ...) other than the tenants	Impact on the execution timing of the works and, should the case arise, on the budget of the works	Rigorous selection of the contractors When possible, the company appeals to different contractors for one project

1 Taking into account mainly the legislation for main residence rental agreements that allows tenants to resign at any time from their rental contract.

► Regulatory and political risks

Home Invest Belgium benefits from a favourable tax regime (sicafi), that exonerates it from corporate tax with, in return, the obligation to distribute 80% of its profits. In addition to the obligations related to corporate law, it is also required to comply with the legislation on listed companies, collective investment undertakings and residential Belgian REITS (in Belgium called «sicafi»).

The activities of Home Invest Belgium and the results arising from them for the shareholder depend also partially on the regulatory environment in place, more specifically with regard to taxes, the environment, etc. – whether federal, regional, provincial or at city level. That way, at the end of the financial year 2012, a program law was published that has an impact on residential Belgian REITS (among which Home Invest Belgium) and its shareholders. This program law of 27 December 2012 namely introduces an increase of the withholding tax applicable to dividends of residential Belgian REITS (fixed at 15% as of 1 January 2013, while these dividends

were previously exempt from withholding tax) and fixes a new threshold for residential Belgian REITS to be able to benefit from this reduced percentage of 15%: residential Belgian REITS must invest at least 80% (previously 60%) of their assets in properties with an exclusive residential purpose or use. On 31 December 2013, Home Invest Belgium disposes of 74% of properties with an exclusive residential purpose or use. Home Invest Belgium has a 2-year transition period to comply and reach this 80%-threshold by May 2015. The Board of Directors takes all necessary measures to reach the 80%-threshold by May 2015. For more details, we refer to the Management report.

Although the company makes every effort to comply with the regulations and brings in all the experts necessary in this respect, it is exposed to the risk of failure to comply with the regulatory constraints.



LAMBERMONT (SCHAERBEEK)



ADAGIO ACCESS BRUSSELS EUROPE (BRUSSELS)

Description of the risk	Potential negative effects	Potential corrective factors and measures
Failure to respect the sicafi status	1. Loss of the sicafi certification and of the related transparent tax regime	Professionalism of the team ensuring strict compliance with obligations (1,2)
	2. Compulsory early reimbursement of certain loans	Very limited debt ratio (1,2)
Failure to respect the residential sicafi status ¹	Withholding tax on the dividend increases from 15% to 25% ²	<p>Strategy developed by the executive management and the Board of directors to reach this 80%-threshold by May 2015 (cf. Management report)</p> <p>Different other possibilities to revert to in case of not reaching the 80% by then (sale of retail and office space)</p>
Unfavourable change to the sicafi regime and the tax treatment of the dividend ³	<p>1. Fall in results or of the net asset value</p> <p>2. Reduction in the return for the shareholder</p>	<p>Regular contact with the public authorities and the other sicafi (1,2)</p> <p>Participation in associations that represent the sector (1,2)</p>

1 The residential sicafi status is elaborated in the chapter "Permanent document" – "The sicafi and its tax status". At the end of December 2012, a program law was published that has an impact on residential sicafi (among which Home Invest Belgium) and its shareholders. This program law of 27 December 2012 namely 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 fixes this new threshold for residential sicafi to be able to benefit from this reduced percentage of 15%, to the requirement that residential sicafi must invest at least 80% (previously 60%) of their assets in properties with an exclusive residential purpose or use. On 31 December 2013, Home Invest Belgium disposes of 74% of properties with an exclusive residential purpose or use. Home Invest Belgium has a 2-year transition period to comply and reach this 80%-threshold by May 2015. The Board of Directors takes all necessary measures to reach the 80%-threshold by May 2015.

2 The tax treatment of the Home Invest Belgium dividend is described in greater detail in the "Permanent Document" chapter -"The sicafi and its tax regime".

3 Since 1 January 2013, the withholding tax on dividends of residential sicafi amounts to 15%, opposed to an exemption previously. The application of the withholding tax on the company's dividends since 1 January 2013 is elaborated in the chapter "Permanent document" – "The sicafi and its tax regime".



LAMBERMONT (SCHAERBEEK)



LEBEAU (BRUSSELS)

Regulatory and political risks (continued)

Description of the risk	Potential negative effects	Potential corrective factors and measures
Unfavourable change to the sicafi regime following the EMIR ¹ and AIFM ² directives voted in the European Parliament	<p>1. New constraints and obligations that can impact the profitability of the company or the value of its assets.</p> <p>As regards the constraints of the AIFM directive, they mainly concern the following points:</p> <ul style="list-style-type: none"> - Liquidity management; - The conditions of delegation to third parties in the field of property management in particular; - The functions of the depositary; - The method of calculation of the debt ratio. <p>2. Risk of expensive margin calls for hedging instruments to be subscribed by the company, in the event of adoption of the EMIR directive</p>	<p>Regular contact with the public authorities and the other sicafi before transposal into Belgian internal legislation and, eventually, the application to the sicafi of the EMIR and AIFM directives (1,2)</p> <p>The aim of these directives is to create a uniform regulatory framework in Europe with a certain number of fundamental values and codes of conduct. These new constraints that Home Invest Belgium is investigating with the sector should to a large extent already be covered by the regulations applicable today (1)</p>
Change to regulations with regard to the environment and urbanism	<p>1. Increase in the costs of maintaining and renovating a building to secure its compliance</p> <p>2. Reduction in the fair value of the building</p> <p>3. Reduction in the company's profitability</p>	<p>Regular evaluation of the risks related to the environmental regulations by the Board of Directors and Executive Management (1,2,3)</p> <p>Rigorous selection of the new investments and development projects (1,2,3)</p>
Frozen or regulated rents	<p>1. Negative impact on the growth of rents</p> <p>2. Negative impact on results</p>	<p>Regular contact with the public authorities and the other sicafi (1,2)</p> <p>Participation in associations that represent the sector (1,2)</p>
Regionalisation of leases	<p>1. No direct financial impact</p> <p>2. Greater regulatory complexity</p>	<p>Regular contact with the public authorities and the other sicafi (1,2)</p> <p>Participation in associations that represent the sector (1,2)</p>

1 EMIR: European Market Infrastructure Regulation.

2 AIFM: Alternative Investment Fund Managers.

Financial risks

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

Description of the risk	Potential negative effects	Potential corrective factors and measures
Exchange risk	Negative impact on the profit and loss account and on the net asset value	Investments exclusively in the Eurozone as well as the realisation of the entire turnover. All the rents and charges are in euros, as well as all of the credit lines.
The counterparty bank risk	1. Non respect of commitments within the framework of hedging agreements 2. Bankruptcy of a bank-counterpart and loss of the deposited funds	Diversification of the funding sources and hedges among different reference counterparty banks on the market (1,2) The liquidities available to Home Invest Belgium are mainly used to reduce the sicafi's debt (2)
Liquidity risk and debt structure risk	1. Non-renewal of credit lines on expiry 2. Increase in interest rates and/or margins at the expiry of the credit lines	Diversification of the sources of funding among the different reference counterparty banks on the market (1,2) Balanced spread of the maturities of the credit lines over time: average duration of 3 years and 1 month; final maturities spread between 2014 ¹ and 2019 (1,2) Nurturing of a lasting and solid relationship with solid banking partners with a good credit rating (1,2) Sufficient availabilities maintained on the credit lines to finance operational outlays (1,2) Renegotiation of credit lines several months before their final maturity (1,2) A reduced debt ratio maintained (38.5% ² on 31 December 2013) (1,2)

1 The total amount drawn on the credit lines expiring in 2014 amounts to € 49 million.

2 Percentage at a statutory level. Financing by banks represents 96.6% of the sicafi's debt, calculated on the basis of the royal decree of 7 December 2010. The debt ratio has increased compared to the situation on 31 December 2012 (30.9% at a statutory level) in reason of the funding of new investment properties (see Management report).

Financial risks (continued)

Description of the risk	Potential negative effects	Potential corrective factors and measures
Risk of inflation	Drop in the sicafi's net result if the rise in interest rates is higher or faster than the increase in the sicafi's income	The rents are indexed annually, generally on the basis of the health index Subscription of hedging instruments
Risk of deflation	Non-growth of rental income, offset if applicable by a reduction in financial charges in the event of a drop in interest rates	The current legislation on residential leases does not make it possible to allow for a minimum rent in the event of deflation
Risk of interest rate changes	<ol style="list-style-type: none"> 1. Latent and temporary variation in the fair value of the interest rate hedging instruments 2. Increase in financial charges 	<p>The eventual reduction in the fair value of the hedging instruments has no impact on the distributable income available for the shareholders (1)</p> <p>At the close of the 2013 financial year, the fair value of the hedging instruments had a negative impact of € 4.5 million on the net asset value, or € 1.46 per share (1)</p> <p>As almost the entire bank debt is hedged³ by hedging instruments, a rise in interest rates of 1% would only have led for the 2013 financial year to an additional interest charge of € 0.1 million (2)</p> <p>The company's prudent financial policy (1,2)</p> <p>The sicafi maintains the share of un-hedged loans with a variable rate under 15% compared with the fair value of the investment properties (1,2)</p> <p>Dynamic cash flow management of the company, used mainly to reduce certain credit lines, if needed (1,2)</p> <p>Average interest rate on 31 December 2013: 3.52% (1,2)</p>

1 As of 31 December 2013, hedging instruments accounted for € 111.75 million or 92% of the amount drawn (€ 121.75 million) on the bank credit lines and 90% of the total amount of these lines (€ 124.28 million). In the event of absence of hedging, an increase of 1% of the interest rate would have led to an additional financial charge of € 100 000.

Financial risks (continued)

Description of the risk	Potential negative effects	Potential corrective factors and measures
Changes in the fair value of hedging instruments ¹	Latent and temporary changes in the fair value of hedging instruments (IAS 39)	In total, at the close of the financial year 2013, the decrease of the interest rates recorded the last couple of years, had a negative impact of € 4.5 million (the amount that should have been paid to release the hedges on 31 December 2013) on the net asset value (NAV), or € 1.46 per share.
Risk of the liquidity of the share	Difficulty for the shareholders to quickly modify their position in Home Invest Belgium shares, upwards or downwards	<p>The sicafi works actively on its external communication (press releases, meetings with financial analysts, participation in road shows) with a view to improving its reputation among investors</p> <p>The sicafi entered into an agreement in the course of 2012 with the Banque Degroof as a second liquidity provider</p> <p>The annual volume of shares exchanged at the stock exchange has gone from 289 644 on 31 December 2012 to 179 166 on 31 December 2013</p>
Risk of failure to comply with the sicafi's debt ratio	<p>1. Loss of the sicafi certification and the related fiscal transparency regime</p> <p>2. Compulsory early reimbursement of certain loans</p>	<p>Prudent financial and debt policy of the sicafi and continuous monitoring (1,2)</p> <p>Maintained reduced debt ratio (38.5% on 31 December 2013) (1,2)</p>

▶ Risks related to the internal organisation and to the personnel

Description of the risk	Potential negative effects	Potential corrective factors and measures
Risk of organisational problems in case of departure of certain key members of the executive management and of the personnel	Impact on the timing of company activities in a broader sense and on its management	Permanent follow-up by the executive management, by the ad hoc committees (audit committee, appointment and remuneration committee and investment committee) and by the Board of Directors of the sicafi

¹ The decrease in fair value of financial instruments is accounted for in the equity of 31 December 2013 for the effective part and in the results for the ineffective part. See also "Financial Statements" – "Note 24".

Letter to the shareholders

Dear shareholders,

It is with pleasure that we celebrate with you, in June 2014, Home Invest Belgium's 15 years existence. We thank you for your confidence and trust we experienced over all those years. Your support has allowed the first residential Sicafi to grow and become a reference in its field.

The Board is thus proud to announce you the 2013 results of Home Invest Belgium, that have increased, in line with our forecasted outlook.

The Sicafi has recorded an important growth of its property portfolio, mainly due to the acquisition of the certificate "Louvain-La-Neuve 1976" for an amount of € 34.4 million, and to the acquisition of different development projects. The fair value of the investment properties in operation and the development projects progresses by 26% to reach € 306.8 million.

Globally, and this despite the still difficult economic and financial context, the investment market in residential property in Belgium has known a favourable year. The residential market, and mainly the apartment segment, has still recorded a slight price increase, mainly thanks to the interest rates that remain very low. We are confident for the future and foresee a stabilization of the prices and the rents.

After deduction of the financial charges and the taxes, the net result of Home Invest Belgium progresses from € 11.6 million in 2012 to € 24.9 million in 2013, or an increase by € 13.3 million. The net current result in its turn grows by € 4.9 million to € 10 million under the influence of the positive change in fair value of the hedges (impact IAS 39).

The operating result before the portfolio result amounts to € 12.4 million in comparison with € 11 million in 2012, or an increase by 13.2%. This improvement is partially due to an increase of the occupancy rate, evolving from 94.16% to 94.96%.

2013 was also characterized by the acquisition of various development projects. We estimate that these different projects will allow to increase the fair value of the portfolio by nearly € 100 million between 2015 and 2018, representing more than 400 residential units. The team of Home Invest Development, subsidiary of Home Invest Belgium, will be charged with the execution and follow-up of the different projects till their reception.

In the course of the financial year the Sicafi has insourced the technical, administrative and accounting management of the majority of its buildings in the Brussels Region, leaving the management of the other buildings to carefully selected external managers and syndics. This has allowed our teams to listen even better to our tenants and to more effectively respond to their needs. This strategy will also allow us to duly prepare the various renovation plans in order to ensure the technical sustainability of the portfolio and to respond to new environmental standards.

The Sicafi has further executed its strategy of rotation of the portfolio, in order to duly respond to the important challenges awaiting investors in the areas of sustainability and energy performance of their portfolio. This policy foresees the divestment, each year, of minimum 4% of the least recent or performing buildings, and has again allowed to generate substantial profits for the shareholders.

In the course of the financial year, Home Invest Belgium executed a policy aiming at increasing its number of funding sources and extending the average duration of its credit lines and hedges. That way, the company has concluded two new credit lines with Belfius and Bank Degroof. Thanks to these agreements, the average interest rate could be reduced to 3.52% on 31 December 2013, compared to 3.53% on 31 December 2012. The weighted average duration of the credit lines could thus be brought to 3 years and 1 month at closing date of the financial year, compared to 2 years and 10 months on 31 December 2012. The average duration of the hedges could be improved to 4 years and 2 months.

15 years

Based on the outlook developed for the financial year 2014, the Board of Directors of Home Invest Belgium confirms its confidence in the continuance of the growth of the company's results, by actively pursuing investment and development opportunities, sources of value for its shareholders, while actively managing its current portfolio, by rejuvenating and improving it, always keeping the needs of its tenants in mind. A focused strategy of arbitrage on assets that do no longer fit the core activity of the Sicafi, has been decided by the Board of Directors and will be implemented in the course of the following months.

The Board of Directors has thus decided to propose to the Ordinary General Meeting of shareholders a dividend of € 3.50 gross per share (a net dividend per share of € 2.9750), compared to € 3.25 gross a year before (a net dividend per share of € 2.7625), or a growth per unit by 7.7%. This remuneration corresponds to a statutory pay-out ratio of 93.03% (88.37% in 2012).

For the shareholder who would have participated to the IPO in June 1999 and who would have reinvested all his dividends, each year, in Home Invest Belgium shares, the internal rate of return on his investment, calculated over a period of 14 and a half years, would amount to 14.07%.

Also, the Board is pleased to announce the appointment of Mrs Sophie Lambrighs as CEO, role she shall practice within a SPRLu of which she shall be the sole representative.

Her nomination as member of the Board shall be proposed at the General Meeting on May 6th. At the same time shall be proposed the renewal of the director's mandate of Mr Liévin Van Overstraeten, and the definitive nomination of Mr Wim Aourousseau as a director, co-opted on 12 February 2014 by the Board of Directors, to complete the director's mandate of Mr Guy Van Wymersch-Moons.

The Board also wishes to express its sincere gratitude to Messrs. Xavier Mertens, Guy Van Wymersch-Moons and Luc Delfosse, who resigned at the end of the past year, and have since then been granted the honorary title of their function, taking into account the importance of their contribution to the development of our company in the course of all those years. Finally, we wish to thank all the teams of Home Invest Belgium and Home Invest Development, and in particular, their Executive management (Jean-Luc Colson, Filip Van Wijnendaele, Alexander Hodac and Toon Haverals) and the Secretary of our Board of Directors and legal counsel (Caroline Maddens) for their dynamism and professionalism, factors without which we could not have made 2013 a remarkable year in the history of Home Invest Belgium.

Guillaume Botermans
Chairman of the Board of Directors



Key figures

Property portfolio in operation

Overall figures	31/12/2013	31/12/2012	31/12/2011	31/12/2010
Fair value	290 438 658	241 835 640	238 453 170	222 773 965
Total surface area	147 935m ²	125 077m ²	130 048m ²	125 903m ²
Number of properties	75	73	90	86
Number of sites	44	42	54	46
Number of leases	1 318	1 142	1 211	1 120
Occupancy rate	94,96%	94,16%	95,38%	94,39%

Consolidated results

In € thousands	31/12/2013	31/12/2012	31/12/2011	31/12/2010
Net rental result	19 100,92	16 502,26	15 536,17	14 115,94
Property result	17 832,58	15 396,01	14 464,25	13 134,69
Property operating result before the portfolio result (EBIT) ⁽¹⁾	12 398,33	10 953,40	10 362,60	9 174,63
Portfolio Result	14 904,99	6 692,37	8 545,80	4 917,62
Operating result	27 303,31	17 645,77	18 908,41	14 092,25
Result before tax	24 802,00	11 648,93	14 841,40	11 720,63
Net result	24 907,37	11 631,99	14 833,59	11 807,67
Net current result	10 002,35	4 939,61	6 287,79	6 890,05
Net current result excluding IAS 39	8 500,81	8 064,25	7 711,71	7 344,71
Distributable result	11 495,87	10 960,22	10 202,48 ⁽²⁾	8 509,34 ⁽³⁾
Dividend for the financial year ⁽³⁾	10 651,31	9 890,5	8 738,80	7 742,98

(1) Earnings Before Interest and Taxes.

(2) Consolidated distributable result. On 31 December 2013, the statutory distributable result in accordance with the provisions of the RD of 7 December 2010 amounts to € 11 497 726.

(3) The statutory dividend for the 2013 financial year amounts to € 10 696 501 compared to € 9 932 465 for the 2012 financial year. These dividends include the dividend to be paid to the subsidiary, Home Invest Development, with regard to the 12 912 shares held under auto-control.

Consolidated balance sheets

In € thousand	31/12/2013	31/12/2012	31/12/2011	31/12/2010
Investment properties (fair value) ⁽¹⁾	290 438,66	241 835,64	238 453,17	222 773,97
Investment value of the portfolio ⁽²⁾	318 167,00	285 889,00	272 247,57	246 558,32
Equity	195 025,81	178 721,40	175 237,84	153 968,04
Total debt ⁽³⁾	124 793,61	83 753,76	93 040,70	81 405,47
Debt ratio ⁽³⁾	38,39%	30,97%	34,02%	33,98%

(1) Excluding assets held for sale and development projects.

(2) Investment value, including transfer costs, as estimated by the property surveyor, excluding long and short-term receivables for the long-term lease on the rue de Belgrade and the property leasing of the Residence Lemaire (including properties for sale).

(3) Total debt calculated according to the provisions of the RD of 7 december 2010, with the 2013 dividend remaining part of equity until the ordinary general meeting of 6 May 2014.

Ratios

In %	31/12/2013	31/12/2012	31/12/2011	31/12/2010
Gross yield on rents received or guaranteed	6,15%	6,11%	6,18%	6,15%
Operating margin ⁽¹⁾	69,53%	71,14%	71,64%	69,85%
Operating margin before tax ⁽²⁾	55,50%	32,19%	43,53%	51,79%
Net current margin ⁽³⁾	56,09%	32,08%	43,47%	52,46%
Payout ratio ⁽⁴⁾	93,03%	88,37%	85,65%	90,99%

- (1) Operating result before portfolio result/Property result.
 (2) Result before tax and excluding portfolio result / Property result.
 (3) Net result excluding portfolio result/property result.
 (4) Dividend/ Distributable result (based on the statutory accounts).

Data per share⁽¹⁾

In €	31/12/2013	31/12/2012	31/12/2011	31/12/2010
Net asset value (before distribution)	64,09	58,73	57,58	54,68
Property result	5,86	5,06	4,97	4,66
Operating result before portfolio result	4,07	3,60	3,56	3,26
Portfolio result	4,90	2,20	2,93	1,75
Net result	8,18	3,82	5,09	4,19
Net current result	3,29	1,62	2,16	2,45
Net current result excluding IAS 39	2,79	2,65	2,65	2,61
Growth in value ⁽²⁾	5,36	1,14	2,90	1,74
Gross dividend	3,50	3,25	3,00	2,75
Net dividend ⁽³⁾	2,975	2,7625	3,00	2,75
Return for the shareholder	8,86	4,39	5,90	4,49
Return in % ⁽⁴⁾	15,09%	7,60%	10,88%	8,48%

- (1) Calculated on the basis of the average number of shares with full rights, except with regard to the net asset value calculated while taking into account the number of shares at the end of the financial year. The 12 912 shares held by Home Invest Development have been eliminated (cf. IAS 33 § 20).
 (2) The difference between the net asset values at the beginning and the end of the financial year.
 (3) The withholding tax amounts to 15% as from the dividends paid in 2013. For more information, see fiscal treatment of the dividend see the chapter "Permanent document".
 (4) Return, divided by the net asset value at the beginning of the period.

Number of shares

Ordinary shares (excluding shares held in auto-control ⁽¹⁾)	31/12/2013	31/12/2012	31/12/2011	31/12/2010
At the end of the financial year	3 043 231	3 043 231	3 043 231	2 815 630
Average number of fully entitled shares	3 043 231	3 043 231	2 912 933	2 815 630

- (1) 12 912 shares held by Home Invest Development to be excluded in accordance with IAS 33 § 20.

Background

▶ 1999

Creation of Home Invest Belgium
Granted Belgian REIT status
Stock exchange listing

▶ 2001

Merger with Mons Real Estate SA

▶ 2002

Merger with Les Résidences du
Quartier Européen SA
Purchase of the Birch House building¹

▶ 2003

Contribution of 3 buildings of AXA Belgium group

▶ 2005

Acceptance of the Giotto building (turnkey
acquisition)
Merger with 205 rue Belliard SA
Merger with Patroonshuis SA

▶ 2006

Merger with Immobilière Prince d'Orange SA
Capital increase of € 31.6 million through the issue
of new shares

▶ 2007

Merger with Investim SA
Merger with Immobilière Van Volxem SA
Acceptance of the Résidence Columbus (turnkey
acquisition)

▶ 2008

Partial demerger with VOP SA
Merger with JBS SA

▶ 2009

Merger with ERIV Mechelen SPRL
Merger with Les Erables Invest SA

▶ 2010

Merger with Alltherm SA
4-phase redevelopment of the City Gardens
complex over the 2010 and 2011 financial years
Acceptance of Jourdan 85 building (development
for own account)

▶ 2011

Partial demerger with Masada SA
Acquisition of Quai de Rome in Liège
Partial demerger with VOP SA
Demerger with Urbis SA

▶ 2012

Acceptance of the Odon Warland-Bulins building
Signing – subject to conditions precedent - of a
contribution agreement with the SA Axa Belgium
relating to a building avenue Marcel Thiry 208 in
1200 Woluwe-Saint-Lambert
Acceptance of the Adagio Access Brussels Europe
hotel (turnkey acquisition)

▶ 2013

Acquisition of the buildings of the real estate
certificate "Louvain-la-Neuve 1976"
Acceptance of the mansion with apartments rue
Belliard 21 in 1000 Brussels (turnkey acquisition)
Acquisition of the property project Pépinière-
Brederode in 1000 Brussels
Acquisition of the building Rue Montoyer 25 in 1000
Brussels
Acquisition – subject to a resolutive condition - of
the totality of the shares of the SPRL Charlent 53
Leasehold and the SPRL Charlent 53 Freehold,
holders of the rights in rem on the building rue
Maurice Charlent nr. 51-53 in 1160 Auderghem
Acquisition of the building and of the adjacent land
Avenue Marcel Thiry 204C in 1200 Brussels
Signing of the agreement relative to the acquisition
of the building and the land avenue Reine Astrid 278
in 1950 Kraainem

1 The "Birch House" building is also known as "Cours Saint-Michel".

2 One of the conditions precedent – to be fulfilled by 30 June 2014 – consists namely in obtaining all final and executory permits, free from all recourse and necessary for the change in purpose of the building into a residential building.

3 This condition consists in the absence of the issue - by 31 December 2014 – of the final and executory permits, free from all recourse and necessary for the change in purpose of the office building into a building for residential housing.

▶ 2014

Home Invest Belgium
celebrates its



anniversary





management report



Management report on the consolidated financial statements¹

Our ambition is to maximize value creation and accelerate growth by being active in both acquisitions and development projects and sales, by rejuvenating the portfolio and improving its performance

STRATEGY

01

Acquisitions

Prioritise the growth and quality of investments and the realization of capital gains

Home Invest Belgium is above all a **residential Sicafi** that concentrates its new investments on high-quality residential buildings, allowing to generate a recurring income and capital gains in the case of lot per lot sales. Besides the regular due diligence examinations, each building is subject to a thorough evaluation, taking into account its intrinsic qualities related to energy performance, its location, its accessibility and the local property environment.

As a **“pure player”**, Home Invest Belgium invests mainly in residential properties held for letting (apartments, houses) that generate a stable income, are easy to sell lot per lot and have a capital gain potential. The company closely follows the demographic evolution and the needs of the residential property market, and consequently also the segment of student housing and of young professionals. This segment consists indeed of an answer to the needs of the younger generation in search of quality housing that meets the current standards as to sustainability, accessibility and an attractive living environment.

In terms of geographical diversification, Brussels and the other important cities remain Home Invest Belgium's core markets.

In the common interest of its tenants and shareholders, Home Invest Belgium looks for residential buildings that can generate a **maximum return** – reflected by the net rental income – in combination with a capital **gain potential** in the long run – reflected by the evolution of the net asset value – mainly by implementing the property expertise of its team, and this with respect for the legal framework that is mandatory for a Sicafi, i.e. currently and mainly:

- the new program law of 27 December 2012 that foresees, amongst others, a residential threshold of minimum 80% to obtain on behalf of Home Invest Belgium in May 2015 (previously 60% - this threshold amounts to 73,7% on 31/12/2013) ;
- a maximum of 20% of the total value of the portfolio can be invested in a single property complex, except where a special dispensation has been obtained²;
- a maximum debt ratio of 65% of total assets;
- in the event of profit in the financial year, the distributed dividend should amount to at least the positive difference between 80% of the amount of the corrected result³ and the net decrease of the Sicafi's debt in the course of the financial year under review, subject to article 617 of the Company Code.

1 This management report is based on the consolidated accounts. The full statutory accounts along with the statutory management report are available without charge on request from company headquarters. The statutory accounts are presented in the chapter “Financial statements” of this report.

2 No dispensation has been asked for up to now.

3 The corrected result is defined in article 27 of the royal Decree of 7 December 2010 and in chapter 3 of its annex C.

02

Development projects

Priority to rejuvenation and sustainable investments, with potential capital gains

In the objective of accelerating the growth and rejuvenation of the portfolio, Home Invest Belgium pays special attention to opportunities for the acquisition of **development projects for own account**, such as the reconversion of office buildings into residential buildings (for example the building Maurice Charlent and the building Montoyer 25). Home Invest Belgium has transferred to her subsidiary – the SA Home Invest Development – the management, follow-up and supervision of the section «development of new buildings » and «important renovations of existing buildings » for its current or future tenants.

Such development projects have the following advantages:

- they offer the possibility to detect more easily important and complete assets, while in the meanwhile getting around the competition of lot per lot sales to private persons as do property developers and investors;
- they offer a higher initial yield thanks to the absence of a margin to be paid to third parties;

- they allow to control the product as to its appropriateness for the rental market and as to its technical, commercial and environmental qualities and with respect for creating capital gains as of the analysis of a development for own account, and in each phase of the development and realization of a project.

Except for the fact that the Sicafi, nor its subsidiaries, can act as real estate developers (article 51 of the Royal Decree with regard to Sicafi), the progressive development of projects for own account is also subject to the following internal limitations, defined by the Board:

- total cost of the projects in progress cannot exceed 25% of the value of the buildings in operation;
- one single file cannot exceed 12.5% of the value of the buildings in operation.

Common criteria for **acquisitions** and **developments**

The **investment criteria** applicable both to new acquisitions and to the development of newly built properties for own account are the following:

- an appreciable immediate, or after works carried out, net yield, combined with the existence of a potential for capital gains;
- the minimum size of a transaction: € 3 million for a building and € 5 million for a portfolio;
- the security from a technical point of view (no risk of any major renovation work in the short term if the building is older than 10 years) and a commercial point of view (no risk of structural vacancy);
- the liquidity, both with regard to the local rental market, and with regard to the possibility of wholesale or lot per lot resale;
- the location, in principle strictly limited to Belgium; priority is given to cities with more than 50 000 inhabitants in a healthy economic state, a favourable demographic evolution and having an appreciable growth potential in property value;
- the energy performance of the properties in question;
- the sustainability of the construction and the materials;
- the esthetics and the quality of the architecture of the properties (timeless style).

03

Administrative, commercial and technical management

Optimization of rental management and occupancy rate

Home Invest Belgium manages a very large number of tenants – **over 1 300** at the end of December 2013 – and the quality of the service, at the level of administration, technical and commercial management, is an essential part of the company's success, benefiting to tenants as well as to shareholders.

Continuous efforts are being made to uniformize and automate this management, always taking into account a strict control of the operating expenses, more specifically with regard to staff.

On the **commercial level**, Home Invest Belgium calls on her internal team and specialised real estate agents for rental of its buildings in order to optimize the occupancy rate.

In the course of the financial year 2013, the Sicafi has insourced the **technical, administrative and accounting management** of the majority of its buildings in the Brussels region, while leaving the management of other real estate to external managers and syndics, who are carefully selected. Insourcing the technical management has the main advantage of providing a better service to tenants, linked to a better knowledge of the buildings in portfolio, and an accurate follow-up of invoicing of common charges.

On the IT level, the company is convinced that an effective IT-system allows the company to obtain economies of scale and consequently to differentiate from the multitude of private investors operating in the same residential market.

For this purpose, an IT-professional has been hired in order to better respond to the IT-needs related to the expansion and the specific activities of management and development of the company.



RIJCKMANS (UCCLE)

04

Sales

Selective arbitrage via lot per lot sales of the buildings in portfolio

All the buildings in the portfolio are each year subjected to a thorough examination taking into account a precise and well-documented study of the local property environment. On these bases, the **Executive Management and the investment committee** of the company propose – in the context of preparing the annual budget – the buildings for sale, subject to the approval of the **Board of Directors**.

The selective arbitrage of the buildings available for sale contributes in a significant and regular way to the **growth of the return on investment**, through the substantial capital gains realised in the interest of the shareholders.

For 2013 this arbitrage represented a volume of 3.24% of the fair value of the investment properties on 31 December 2012 allowing for a distributable result of € 2 844 237.

The Board has fixed a target to reach, an **annual volume of sales of minimum 4%** of the portfolio of buildings in operation, as from 2012.

Within this context, these sales mainly relate to:

- buildings having reached their peak in terms of valuation, buildings with an insufficient net return estimated to be too small taking into account the related management costs, or those with an inadequate energy performance;
- assets that do not match anymore its strategy and are consequently, in principle, intended to be sold.



JOURDAN 85 (SAINT-GILLES)



JOURDAN 85 (SAINT-GILLES)

HIGHLIGHTS OF THE FINANCIAL YEAR

► Evolution of the property portfolio

01

Acquisitions

Acquisition of the buildings of the real estate certificate «Louvain-la-Neuve 1976»

On 25 January 2013 Home Invest Belgium has signed the notarial deed with regard to the acquisition of 3 buildings («CV9», «CV10» en «CV18») located in the heart of Louvain-La-Neuve. The rights in rem were previously held by the real estate certificate «Louvain-La-Neuve 1976», managed by the SA Immobil and the SA AG Real Estate Asset Management.

This transaction is characterized by the fact that this relates to the transfer of a leasehold on the related plots, granted by the UCL for a term of 50 years that expires in 2026, and to the transfer of the buildings built on these plots based on the leasehold. In 2026 UCL will become the owner of the buildings, with the obligation:

- either to pay the market value of the buildings;
- or to grant a 49-year long lease after which the UCL becomes full owner of the constructions free of charge.

This major acquisition relates to a surface of +/- 23 000 m², of which 40% has a housing purpose, 36% is intended for commercial use and the balance for offices and auditoria.

The building «CV9» that is part of a co-ownership, is for 447.75/1,000 of the common parts of the building owned by Home Invest Belgium, besides the private parts, among which the long lease.

The rights in rem of the certificate were evaluated at € 34.4 million¹, including cost of the deed, and offer a gross initial yield of approximately 8.4%. The results of this important investment are reflected for the first time in the financial statements of the financial year 2013, and more specifically, in a substantial rise of the rental income of the Sicafi and of

the fair value of its real estate portfolio. Parallel, this operation has partly contributed to an increase of the debt ratio of the company (that has increased from 30.9% on 31 December 2012 to 38.4% on 31 December 2013).

Acquisition of the real estate project Pépinière-Brederode in 1000 Brussels, located at the back of the Royal Palace

Within the scope of its new strategic line, consisting of developing projects for own account in order to rejuvenate its portfolio and to invest in sustainable projects, Home Invest Belgium has signed on 8 July 2013 a purchase agreement with the King Baudouin Foundation relating to three plots with buildings situated at an exceptional location, i.e. the back side of the Royal Palace and in front of the Place du Trône in 1000 Brussels. A town-planning permit has been issued which allows for the realization of a property project consisting of 14 apartments, 2 offices and also 17 parking spaces. The project was conceived with a particular interest for a sustainable development and an optimal energy performance.

Within the framework of this transaction, parties have agreed to a valuation of the project at € 2.6 million¹, which should allow generating a gross initial yield of +/- 5.6%. The total investment will approximate € 6.8 million.

After the acquisition, Home Invest Belgium has entrusted to its subsidiary Home Invest Development the optimization of the inner spaces of the project. That way, the Sicafi has obtained at the end of the financial year a town-planning permit to realize 14 apartments, 1 studio, 1 office and 15 parking spaces.

¹ This acquisition price is not higher than the investment value defined by the real estate surveyor.

15 years

Acquisition - subject to a resolutive condition¹ - of all the shares of the SPRL Charlent 53 Leasehold and of the SPRL Charlent 53 Freehold, holders of the rights in rem that relate to a building located rue Maurice Charlent 51-53 in 1160 Brussels

On 17 October 2013 Home Invest Belgium has acquired 100% of the shares of the SPRL Charlent 53 Leasehold, holder of a right in rem of leasehold till 2056 on a building located at the angle of the rue Maurice Charlent nr. 51-53 and the rue Jules Cockx in Auderghem, in direct proximity of the VUB and ULB.

The acquisition of the shares is subject to the condition of obtaining the permits allowing the reconversion of the existing office building into a building with multiple housing units for students and young professionals. The town-planning permit for the realization of 127 housing units has been obtained on 14 January 2014.

Obtaining the required permits (at the latest on 31 December 2014) entails the payment of sums due to the sellers. In case the required permits are not obtained before this date, the operation will be considered to be null and non-existing following the application of the resolutive condition.

The residual property rights (bare ownership) relating to this building are owned by the SPRL Charlent 53 Freehold of which the shares were acquired by Home Invest Development.

- 1 This conditions consists of the absence of the issue, before 31/12/2014, of the definitive and executory permits, free from any recourse.
- 2 This acquisition price is not higher than the investment value defined by the real estate surveyor.

The full ownership value of the building agreed upon, based on which the acquisition price of the shares of both SPRL's has been calculated, amounts to € 5.1 million², while the total investment is estimated at € 11.2 million. According to the current outlook, this operation should generate a gross initial yield of +/- 6.5 % after reconversion.

Acquisition of the building Montoyer 25 in 1000 Brussels

On 3 December 2013 Home Invest Belgium became the owner of a building located in the heart of the Leopold District at the rue Montoyer 25 in 1000 Brussels. This building was previously held by the Greek fund "Hellenic Republic Asset Development Fund".

It comprises +/- 2900 m² of offices and benefits from an outstanding location in the immediate neighbourhood of the Place du Luxembourg. Home Invest Belgium wishes to transform this building into a residential building and will do anything necessary to introduce the requests for permits and necessary approvals in the course of the first quarter of 2014. The building was acquired for the price of € 3.2 million², which should generate a gross initial yield of +/- 6%, after reconversion (total investment estimated at € 6.9 million).



PÉPINIÈRE-BREDERODE (BRUSSELS)



LOUVAIN-LA-NEUVE

Acquisition of the building located Avenue Marcel Thiry 204C in 1200 Brussels

On 18 December 2013 the acquisition of the building Avenue Marcel Thiry 204C in 1200 Woluwe-Saint-Lambert took place. This relates to a building that was previously held by a special German fund of IVG Institutional Funds GmbH. It comprises +/- 7 700 m² of gross office space and 157 parking spaces, on a global plot of +/- 6 500 m², of which a plot of land of +/- 2 000 m² still has to be developed.

Within the framework of this transaction, both parties have agreed on a price of € 7.85 million¹, that, according to the current reconversion budget forecast (total investment estimated at € 17.7 million), should allow for a gross initial yield of +/- 6%, after reconversion. Home Invest Development, appointed as delegated contracting authority by the Sicafi, is charged, in the course of the first quarter, with defining the preliminary design and executing the preliminary works in view of introducing a request for a town-planning permit for the reconversion.

As the Sicafi is soon to become the owner of the adjacent building (the «Ariane» project) for which the permit for reconversion into a residential building has been granted on 16 January 2014, Home Invest Belgium will be even better equipped to manage the reconversion of the site, that benefits from an enviable location and surrounding.

Acquisition of the building located Avenue Reine Astrid 278 in 1950 Kraainem

On 18 December 2013 Home Invest Belgium and bpost have signed a sales agreement relating to the acquisition by the Sicafi of a building situated in Kraainem, at the angle of the Avenue Reine Astrid and the Avenue de Wezembeek, in the proximity of the Place Dumon, built on a plot of +/- 3 360 m². The deed has been signed on February 25, 2014.

Home Invest Belgium foresees the demolition of the current building, used as a postal office, and the construction of a residential building with commercial space on the ground floor, and will introduce hereto the necessary requests for permits.

The acquisition price amounts to € 2.6 million¹ that, taking into account the current outlook, should generate an initial yield of +/- 6%, after reconversion (total investment estimated at € 8.9 million).

¹ This acquisition price is not higher than the investment value defined by the real estate surveyor.



MAURICE CHARLENT (AUDERGHEM)



MARCEL THIRY 208 (WOLUWÉ-SAINT-LAMBERT)

02

Development projects

- On 18 February 2013 took place the provisional acceptance of a building consisting of 6 apartments located rue **Belliard 21** in 1000 Brussels, in the heart of the Leopold District. As a reminder, the group Nexity IG executed the renovation works of this building. In the course of the financial year, with letting internally managed, the Sicafi succeeded in renting all the spaces.

- In its capacity of delegated contracting authority, Home Invest Development has in particular managed the following development projects for own account of the Sicafi:

(a) the **Ariane** project (as a reminder, this building is located Avenue Marcel Thiry 208 in 1200 Woluwe-Saint-Lambert), is still owned by the company Axa Belgium SA. Home Invest Belgium will become the owner after obtaining the definitive permit, free of any recourse, allowing its reconversion into a residential building): the preliminary study for obtaining the permit allowing the reconversion into a residential building has been completed and the town-planning permit has been issued by the executive board of the municipality on 16 January 2014.

(b) the **Pépinère-Brederode** project (acquired on 8 July 2013 from the King Baudouin Foundation): the works have started in the course of the third quarter of 2013, the interior design plans have been optimized, and the Sicafi has obtained on 27 December 2013 an adjusted town-planning permit to build 14 apartments, 1 studio, 1 office and 15 parking spaces (instead of 14 apartments, 2 offices and 17 parking spaces foreseen by the initial town-planning permit obtained by the King Baudouin Foundation and transferred to Home Invest Belgium);

(c) the **Maurice Charlent** project (Home Invest Belgium has acquired the shares of the SPRL Charlent 53 Leasehold on 17 October 2013): the Home Invest Development team has closely collaborated with the sellers within the scope of the preliminary study for obtaining the permit allowing the reconversion into a residential building with several small units for students and young professionals. The town planning permit has been issued by the executive board of the municipality on 14 January 2014;

(d) the **Montoyer 25** project (acquired by the Sicafi on 3 December 2013): the preliminary study for obtaining the permit allowing the reconversion into a residential building has started in view of introducing the request for a permit in the course of the first quarter of 2014;

- The Sicafi has also entrusted to its subsidiary Home Invest Development the study for optimizing the residential part of the building **Galerie de l'Ange** in 5000 Namur (five additional apartments are foreseen; the permit for the first four apartments has been obtained, allowing for the start of the construction; for the last apartment, the permit is expected in the course of the first quarter of 2014).

- Finally, Home Invest Development has conducted the study for the renovation and modernization works of the apartment building and the commercial space of the building Avenue Charles Woeste in 1090 Brussels (as these spaces are part of a co-ownership, the projects have been previously approved by the general meeting of the co-ownership on 18 February 2014).

03

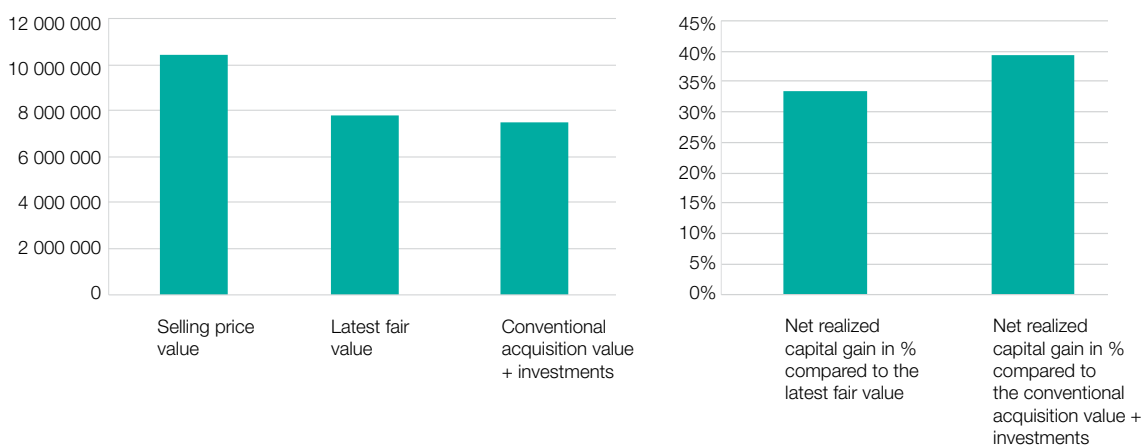
Sales

In accordance with the 4th strategic axis of the company, i.e. the selective arbitrage on the portfolio, Home Invest Belgium has continued the lot per lot sale of units of its assets (mainly apartment blocks).

	Financial year 2013	Financial year 2012	Financial year 2011	Financial year 2010
Number of buildings concerned for sale	13	17	11	5
Net selling price (excl. transaction costs)	€ 10,3 million	€ 12,5 million	€ 7,8 million	€ 4 million

The different sales of the financial year 2013 have allowed to book a net realised capital gain of € 2.5 million compared to the latest fair value of the buildings sold, no sale took place beneath the latest fair value expertized.

This amount allows reinforcing the distributable result to shareholders for the financial year 2013 and confirms the importance of the arbitrage as a strategic axis of Home Invest Belgium, notwithstanding a persisting weak economy.



04

Administrative, commercial and technical management

Occupancy rate

The average occupancy rate¹ for the entire financial year 2013 amounts to 94.96%, or an improvement of 0.8% in comparison with the financial year 2012 (94.16%), in a still difficult rental market, mainly in the high-end segment.

Insourcing of the technical and administrative management

In the course of the financial year 2013 the Sicafi has insourced the technical, administrative and commercial management of the majority of its buildings in the Brussels region, leaving the management of the other buildings to external, carefully selected property managers and syndics.

Reinforcement IT

An IT professional has been recruited at the end of 2013 in order to better respond to the IT-needs related to the expansion and the specific activities of management and development of the company.

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



BELLIARD 205 (BRUSSELS)



BELLIARD 205 (BRUSSELS)

► Strengthening of the financial structure

In the course of the financial year 2013 Home Invest Belgium has increased its funding sources and has extended the average duration of its credit lines and hedges.

That way, the Sicafi has concluded two new credit lines of € 35 million:

- the first one amounts to € 25 million and has been granted by Belfius Bank with final expiry on 31 January 2019 and
- the other, of € 10 million, has been granted by Bank Degroof with final expiry on 18 April 2018.

Thanks to these agreements, and as shown by the table below,

- the weighted average duration of the credit lines has increased to 3 years and 1 month on 31 December 2013, compared to 2 years and 10 months on 31 December 2012;
- the average duration of the hedges has increased to 4 years and 2 months on 31 December 2013, in comparison with 3 years and 8 months on 31 December 2012.

Credit lines on 31 December 2013

Bank	Amount of the credit lines (€)	Withdrawal (€)	Average duration	Lines expiring in 2014 (€)
BELFIUS	45 750 000	45 750 000	3 years and 3 months	20 750 000
BNP	41 530 000	39 000 000	3 years	16 530 000
ING	12 000 000	12 000 000	1 year	12 000 000
LBLUX	15 000 000	15 000 000	3 years and 11 months	0
DEGROOF	10 000 000	10 000 000	4 years and 4 months	0
TOTAL	124 280 000	121 750 000	3 years and 1 month	49 280 000

Hedges on 31 December 2013

Bank	Amount of active hedges (€)	Average duration	Hedges expiring in 2014 (€)
BELFIUS	46 750 000	2 years and 9 months	26 750 000
BNP	25 000 000	4 years and 5 months	0
ING	40 000 000	5 years and 8 months	0
TOTAL	111 750 000	4 years and 2 months	26 750 000

The average interest rate ratio on 31 December 2013 amounts to 3.52%. The total amount of hedges amounts to € 111.75 million regarding € 121.75 credits that have been levied, the ratio of hedging amounts therefor to 91.79%.

Other initiatives with regard to restructuring the credit lines and the hedges are foreseen by the Sicafi for the financial year 2014.

In this respect we mention the signature, at the end of January 2014, of a new credit agreement with ING with a duration of 6 years for an amount of € 40 million, in replacement of the credit line of € 12 million recorded in the accounts on 31 December 2013.

► Objective of minimum 80% of residential buildings

The new program law of 27 December 2012 clarifies that as of 1 January 2013 the withholding tax on dividends amounts in principle to 25%. Home Invest Belgium however benefits from a reduction of the withholding tax to 15% as a residential Sicafi that directly invests a minimum of 60% of its assets in buildings with an exclusive residential purpose or use. That same program law has reviewed that percentage of 60% to bring it to 80%. Home Invest Belgium disposes of a transition period of 2 years to comply and thus reach the threshold of 80% by May 2015.

On 31 December 2013, taking into account the portfolio of investment properties, this threshold amounted to 73.7% of buildings with an exclusive residential purpose or use. Notwithstanding the substantial progress of the investment properties – evolving from € 242.7 million in 2012 to € 306.8 million in 2013 – this threshold is now lower than its level in 2012 (76.8%), due to the acquisition of the real estate

portfolio in Louvain-la-Neuve that is for the largest part non-residential (67% of the € 34 million in fair value at the end of the financial year) and of which the acquisition was decided before the new program law of 27 December 2012 was published.

The Board of Directors of Home Invest Belgium will do anything possible to reach this minimum percentage of 80% by May 2015. This objective will be reached, on the one hand by the progressive evolution of the development projects (described above) of which the residential majority share will strengthen this threshold, on the other hand, by the acquisition of existing residential portfolios, and finally by the selective arbitrage of buildings or parts of buildings that are not residential. The low debt ratio of the company will allow it to fund its expansion and to realize the objective of 80% of residential buildings, without having to make an appeal to new equity funds.

► Changes in the Board of Directors and the Committees

The Board currently consists of 6 directors, following the departure of Messrs. Guy Van Wymersch-Moons and Luc Delfosse on 26 November 2013 and following the departure of Mr Xavier Mertens on 15 January 2014.

Of the 6 non-executive directors, 3 directors are independent in the sense of article 526ter of the Company Code and there are 3 directors representing the shareholders. To that effect, agreements have been concluded with the two main

shareholders of the Sicafi - the Van Overstraeten Group and AXA Belgium – with regard to representation in the Board of Directors (two mandates for the Van Overstraeten Group, one mandate for AXA Belgium). At present, the directors subject to this agreement are Messrs. Liévin and Johan Van Overstraeten for the Van Overstraeten Group and Mr Wim Arousseau (co-opted on 12/02/2014 following the departure of Mr Guy Van Wymersch-Moons on 26 November 2013) for AXA Belgium.

The different committees are currently composed as follows:

	Investment committee	Audit committee	Appointment and remuneration committee
Guillaume Botermans	Member	Member	Chairman
Eric Spiessens	-	Chairman	Member
Johan Van Overstraeten	Chairman	-	-
Liévin Van Overstraeten	-	Member	Member
Alain Verheulpen ¹	Member	-	-

The Board of Directors, taking into account the corporate governance code, confirms the strategy followed by the Sicafi in the course of the last years, and will do anything possible, in collaboration with the Executive Management, to comply with the new requirements of the program law of 27 December 2012.

¹ As a representative of Axa Belgium.



YSER (ETTERBEEK)



LES ERABLES (WOLUVE-SAINT-LAMBERT)

OVERVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

(SEE ALSO THE "FINANCIAL STATEMENTS" CHAPTER)

15 years

Consolidated balance sheet

ASSETS	31/12/13	31/12/12
I. Non-current assets	307 933 429	244 014 260
B. Intangible assets	16 049	5 808
C. Investment properties	306 753 952	242 718 208
D. Other tangible assets	122 902	161 975
E. Non-current financial assets	76 012	51 517
F. Finance lease receivables	964 515	1 076 752
II. Current assets	17 166 414	26 378 591
A. Assets held for sale	9 402 061	17 349 556
C. Finance lease receivables	112 237	105 379
D. Trade receivables	3 199 473	4 779 961
E. Tax receivables and other current assets	296 970	1 306 827
F. Cash and cash equivalents	3 882 740	2 634 188
G. Deferred charges and accrued income	272 933	202 681
TOTAL ASSETS	325 099 843	270 392 851
SHAREHOLDERS' EQUITY		
A. Capital	73 469 670	73 469 670
B. Share premium account	19 093 664	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 (+/-)	90 909 201	89 588 625
c. Reserve from estimated transfer costs and rights resulting from hypothetical disposal of investment properties (-)	-25 730 630	-25 133 105
d. Reserve from the balance of changes in fair value of allowed hedges to which hedge accounting according to IFRS is applied (+/-)	-671 198	-1 958 774
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 (+/-)	12 446 842	11 428 410
D. Net result of the financial year	24 907 336	11 631 985
SHAREHOLDERS' EQUITY	195 025 808	178 721 397
LIABILITIES		
I. Non-current liabilities	79 471 529	71 810 647
B. Non-current financial debts	75 000 000	64 550 000
C. Other non-current financial liabilities	4 471 529	7 260 647
II. Current liabilities	50 602 505	19 860 808
B. Current financial debts	47 382 687	16 162 666
D. Trade debts and other current debts	2 290 190	2 486 593
E. Other current liabilities	120 734	554 506
F. Accrued charges and deferred income	808 895	657 043
LIABILITIES	130 074 035	91 671 455
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	325 099 843	270 392 851
Number of shares at end of period ⁽¹⁾	3 043 231	3 043 231
Net asset value	195 025 808	178 721 397
Net asset value per share	64,09	58,73
EPRA NAV ⁽²⁾	65,55	61,11
Indebtedness	124 793 611	83 753 765
Debt ratio	38,39%	30,97%

(1) Number of shares at end of period is calculated with the exclusion of 12 912 held in auto-control.

(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 2013 balance sheet

Assets

The *intangible assets* relate to the Winris software.

In the course of the financial year the fair value of the *investment properties*, including the development projects, has increased from € 242.7 million on 31 December 2012 to € 306.8 million on 31 December 2013 or an increase of 26%, mainly due to:

- the acquisition of the assets of the real estate certificate Louvain-la-Neuve 1976 in the course of January 2013;
- the reclassification or the effective sale of buildings;
- the acquisition of different development projects of which details have been reproduced above;
- different renovation works carried out in our buildings in order to keep them responding to the demands of the current rental market, for an amount of € 0.8 million;
- the balance coming from a positive change in the fair value of the buildings in portfolio (+ € 12.4 million) in the course of the financial year 2013.

The current development projects amount to a total of € 16.3 million compared to € 0.9 million on 31 December 2012 and to € 18.1 million on 31 December 2011.

The *non-current financial assets* amount to € 0.07 million, an increase of 48% in comparison with the previous year, following the increase of the fair value of the hedges by the application of the accounting standard IAS 39.

The *financial lease receivables* of € 1.1 million, represent the current value of the receivables from the property leasing for the building rue Belgrade and for the Residence Lemaire, the long-term part of this being accounted for under non-current assets, while the short-term part (less than a year) is accounted for under current assets.

The item *assets held for sale* amounts to € 9.4 million; it represents the fair value at closing date of the buildings for which the sales procedure has already been started up at that date.

The *trade receivables*, that decrease from € 3.2 million compared to € 4.8 million the previous year, correspond for the largest part to the amounts to be received within the framework of provisional sales agreements signed at the end of the financial year 2013 (€ 2.4 million) and for the balance (€ 0.8 million) to rent receivables on investment properties.

The *tax receivables* and *other current assets* drop by 77.3% in comparison with the level at closing date of the financial year 2012 (€ 0.3 million compared to € 1.3 million in 2012). This decrease is explained by the insourcing of the rental management and by the accounting take over of the advance payments to the different co-ownerships and buildings under management.

The *cash and cash equivalents* amount to € 3.9 million compared to € 2.6 million the previous year.

Deferred charges and accrued income are at € 0.3 million.

Shareholders' equity and liabilities

On 31 December 2013, Home Invest Belgium's *capital* of € 73.5 million is represented by 3 056 143 shares, of which 12 912 are held as treasury shares and are excluded from the calculations per share.

The *reserves* progress by 4.0% to € 77.5 million compared to € 74.5 million a year before, explained by the appropriation of the 2012 result. We need to point out that the *result carried forward from previous financial years* currently stands at € 12.4 million, or € 4.09 per share, in comparison with € 11.4 million the previous year (+ 8.9%).

15 years

Finally, the net result of the financial year amounts to € 24.9 million, an increase by 114.1% in comparison with 2012. This corresponds to 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, 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 Sicafi. This negative item amounts to € 0.7 million compared to € 2.0 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, for an amount of exactly € 0.22.

The non-current financial debts amount to € 75.0 million, in comparison with € 64.6 million a year ago (increased by 16.2%), by five credit lines that were due in 2014¹ and were consequently recorded in current financial debts for a total of € 47.4 million.

- 1 The five credit lines that expire in 2014 represent 37.5% of the total debt of the Sicafi. At the beginning of 2014 Home Invest Belgium has already subscribed new credit lines for the replacement of part of these expired credit lines, with current advanced negotiations for the balance. Thus, the final expiry dates are spread between 2013 and 2019 (cf. chapter "Risk factors" - "Liquidity risk and debt structure").
- 2 Calculated after elimination of the 12 912 treasury shares (IAS 33, paragraph 20).

The current financial debts increase to € 47.4 million compared to € 16.2 million in 2012. It has to be pointed out that this item also comprises the received rental guarantees.

The trade debts and other current debts amount to € 2.3 million compared to € 2.5 million the previous year. They comprise debts to suppliers for € 1.1 million, rents received in advance for an amount of € 0.8 million, and finally, corporate tax debts of € 0.4 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 € 0.8 million.

Finally, the net asset value per share² amounts to € 64.09 compared to € 58.73 on 31 December 2012, or an increase by 9.1%. The net asset value per share, calculated according to EPRA (i.e. without impact of hedging instruments) rises to € 65.55 compared to € 61.11 the previous year (growth of 7.3%).



ERAINN (ETTERBEEK)



BELLIARD 205 (BRUSSELS)

Consolidated results 2013

Consolidated results	31/12/13	31/12/12
I. Rental income (-)	19 353 320	16 814 467
III. Rental-related expenses (+/-)	-252 403	-312 211
NET RENTAL INCOME	19 100 917	16 502 255
IV. Recovery of property charges (+)	90 977	116 604
V. Recovery of rental charges	662 528	404 700
VII. Recovery of charges and taxes normally borne by the tenant	-2 021 064	-1 628 894
VIII. Other rental income and expenses (+/-)	-778	1 346
PROPERTY RESULT	17 832 578	15 396 011
IX. Technical costs (-)	-1 110 397	-1 157 926
X. Commercial costs (-)	-539 042	-482 542
XI. Taxes and charges on un-let properties (-)	-255 581	-156 258
XII. Property management costs (-)	-2 557 758	-1 997 825
XIII. Other property charges (-)	-25 566	0
PROPERTY CHARGES	-4 488 344	-3 794 551
PROPERTY OPERATING RESULT	13 344 234	11 601 461
XIV. General corporate expenses (-)	-682 319	-648 065
XV. Other operating income and charges (+/-)	-263 587	0
OPERATING RESULT BEFORE PORTFOLIO RESULT	12 398 328	10 953 396
VI. Result on sale of investment properties (+/-)	2 517 584	2 835 426
XVIII. Changes in fair value of investment properties (+/-)	12 387 402	3 856 947
OPERATING RESULT	27 303 314	17 645 768
XX. Financial income (+)	101 768	114 348
XXI. Net interest charges (-)	-4 035 036	-2 935 804
XXII. Other financial charges (-)	-69 590	-50 747
XXIII. Changes in fair value of financial assets and liabilities (+/-)	1 501 542	-3 124 636
FINANCIAL RESULT	-2 501 317	-5 996 839
PRE-TAX RESULT	24 801 997	11 648 929
XXIV. Corporate tax	105 340	-16 944
TAX	105 340	-16 944
NET RESULT	24 907 336	11 631 985
NET RESULT ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	24 907 336	11 631 985
NET RESULT PER SHARE	8,18	3,82
Average number of shares ⁽¹⁾	3 043 231	3 043 231
NET CURRENT RESULT (excluding the items XVI. XVII. XVIII and XIX.)	10 002 351	4 939 612
NET CURRENT RESULT PER SHARE (excluding the items XVI. XVII. XVIII and XIX.)	3,29	1,62
NET CURRENT RESULT EXCLUDING IAS 39 (excluding the items XVI. XVII. XVIII XIX. and XXIII.)	8 500 809	8 064 248
NET CURRENT RESULT EXCLUDING IAS 39 PER SHARE (excluding the items XVI. XVII. XVIII XIX. and XXIII.)	2,79	2,65
PORTFOLIO RESULT (XVI. to XIX.)	14 904 985	6 692 372
PORT FOLIO RESULT PER SHARE (XVI. to XIX.)	4,90	2,20
DISTRIBUTABLE RESULT	11 495 870	10 960 219
DISTRIBUTABLE RESULT PER SHARE	3,78	3,60
Operating margin (Operating result before the portfolio result) / Property result	69,53%	71,14%
Operating margin before tax (Pre-tax result – portfolio result) / Property result	55,50%	32,19%
Net current margin (Net result – portfolio result) / Property result	56,09%	32,08%
Proposed dividend per share	3,50	3,25

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

► Comments on the results 2013

The net rental result

The *rental income* amounts to € 19.4 million compared to € 16.8 million in 2012 (+15.1%), following the positive influence of the acquisitions at the beginning of 2013 and this notwithstanding the erosion of the rents caused by the sales during the financial year.

The *rental-related expenses* have decreased to € 0.3 million, namely under the influence of reductions in value on trade receivables.

The *net rental result* consequently stands at € 19.1 million compared to € 16.5 million a year ago, an increase by 15.8%.

The property result

The *rental charges and taxes normally payable by the tenant* mainly consist of the property tax paid by the Sicafi and remain quasi invariable at € 2.0 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 € 17.8 million compared to € 15.4 million a year ago, which represents a growth of 15.8%.

The property charges

The *technical costs* involve maintenance costs for the owner and renovation costs. They amount to a total of € 1.1 million, a slight decrease of 4.1% in comparison with € 1.2 million in 2012.

The *commercial costs* increase by 11.7% and amount to € 0.5 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 € 0.3 million, and cover the charges the Sicafi 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 fees paid to the SA Estate & Concept for the management

of the complex «Résidences du Quartier Européen». They amount to € 2.6 million compared to € 2.0 million a year ago, an increase by 28%. The increase of this item is explained by the strengthening of the internal teams following the new acquisitions and the insourcing of the technical management. In total *the property charges* slightly increased by 18.3% to € 4.5 million in comparison with € 3.8 million in 2012; this increase is explained by the deliberate increase of the property management costs explained above, within the scope of the growth strategy, the developments for own account and the arbitrage policy of the Sicafi.

The property operating result

The property operating result amounts to € 13.3 million, an increase by 15.0% in comparison with the result of € 11.6 million recorded in 2012.

The operating result before the portfolio result

The Sicafi's *general expenses* include all charges not directly connected with the direct exploitation of the properties and managing of the Sicafi. They consist mainly of fees associated with the Sicafi's stock exchange listing and with its special legal status (NYSE Euronext Brussels, supervisory authority, subscription tax to the SPF Finances, etc.), the fees due to the Auditor, to advisors and to the Sicafi's approved property surveyor. They are stable in comparison with 2012 and amount to € 0.6 million.

This results in an *operating result before the portfolio result* of € 12.4 million, an improvement by nearly 13.2% in comparison with the result recorded at the end of 2012 (€ 11.0 million).

The operating result

The result on the portfolio is again positive with € 14.9 million, compared to the result of 2012 of € 6.7 million. This very good result of 2013 can be explained, on the one hand, by the positive change in fair value of the investment properties for an amount of € 12.4 million (€ 3.9 million in 2012), but also by the important realized capital gains that amount to

€ 2.5 million in 2013 (compared to € 2.8 million in 2012). 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 € 27.3 million, in comparison with € 17.6 million for 2012.

The financial result

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

The *interest charges* strongly increased by 37.4%, and this following the substantial increase of the debt that rises from € 83.8 million at the end of 2012 to € 124.8 million at the end of 2013, in a market where rates are low, but 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 - € 3.1 million to + € 1.5 million.

In total the *financial result* (negative) decreases by 58.3% to € - 2,5 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, substantially rises by 114.1%, and evolves from € 11.6 million in 2012 to € 24.9 million in 2013. The net current result amounts to € 10.0 million, influenced by the positive change in fair value of the hedges (impact IAS 39). The net current result excluding IAS 39 reflects the improvement of the operational profitability of the company, without purely latent factors. It again increases substantially (+5.4% in comparison with 2012, already a progress by +4.6% in comparison with 2011).

The distributable result also rises by 4.9%, evolving from € 10.9 million in 2012 to € 11.5 million in 2013.

The evolution of the margins

Les marges réalisées ont évolué comme suit :

The realized margins have evolved as follows:

- the operating margin: 69.53% compared to 71.14% in 2012;
- the operating margin before tax: 55.50% compared to 32.19% in 2012;
- the net current margin: 56.09% compared to 32.08% in 2012.



HAVERWERF (MALINES)



HAVERWERF (MALINES)

► Appropriation of the result

The consolidated distributable result amounts to € 11.5 million compared to € 11.0 million a year ago. It corresponds to a weighted average of shares with full dividend rights of 3 043 231.

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.

Consequently, at the level of the statutory accounts, the Board of Directors proposes to the Ordinary General Meeting of shareholders of Home Invest Belgium:

- to carry forward a total amount to the reserves and to the result to be carried forward of € 14 212 691.87;
- to distribute in respect of return on capital **a dividend of € 3.50 per share**, or € 10 696 500.50.

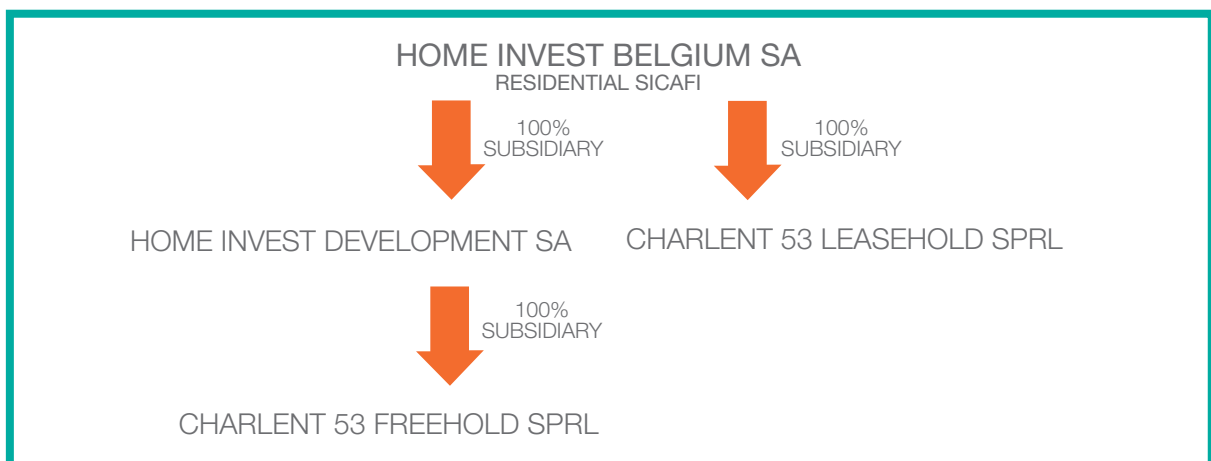
The proposed dividend corresponds to the provision in article 27 of the royal decree of 7 December 2010 on Sicafi

accounting, being above 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 (€ 9 198 181.04). The required minimum was not influenced by a net reduction in the company's debt in the course of the financial year, as stated in the statutory financial statements, and consequently also amounts to € 9 198 181.04. The pay out ratio amounts to 93% to be compared to 88% in 2012.

In accordance with current legislation, this dividend is subject to a withholding tax of 15%. The fiscal treatment of the dividend since 1 January 2013 is described in detail in the chapter "Permanent document".

If approved by the General Meeting, the dividend will be paid from 16 May 2014 by automatic transfer to holders of registered or dematerialised shares, and at branches of BNP Paribas Fortis.

► Structure – participations – treasury shares



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

The Sicafi has entrusted to its subsidiary Home Invest Development the development of projects for own account and the management of important renovation works, company of which day-to-day management has since 16 January 2014 been

¹ Previously called Home Invest Management.

entrusted to two managing directors, namely:

- the SPRL HIRES Consult, with permanent representative Mr. Toon Haverals;
- the SA Cocky, with permanent representative Mr. Johan Van Overstraeten.

The SPRL Charlent 53 Leasehold is a 100% subsidiary of Home Invest Belgium, of which the shares were acquired on 17 October 2013; this company is the holder of a long lease right in rem till in 2056 on the building located at the angle of the rue Maurice Charlent nr. 51-53 and the rue Jules Cockx in Auderghem. The bare ownership of this building is owned by the SPRL Charlent 53 Freehold, of which the shares were acquired by Home Invest Development on 17 October 2013. The acquisition of the shares is subject to obtaining the permits (expected in the first quarter of 2014) allowing the transformation of the existing office building into a building with different residential units for students and young professionals. As long as these permits are not definitive and free from any recourse, the consolidated financial statements of Home Invest Belgium do not incorporate the accounting situation of the SPRL Charlent 53 Leasehold and the SPRL Charlent 53 Freehold.

▶ Auditor's fees (at consolidated level)

The Auditor received fees amounting to a total of € 36 844.50 VAT included, broken down as follows:

- Remuneration of the auditor: € 34 727
- Remuneration for special services or particular assignments accomplished within the company by the auditor:
 1. Other attestation assignments: € 302.50
 2. Other non-audit assignments: € 1 815
- Remuneration for special services or particular assignments undertaken within the company by persons linked to the auditor:
 1. Tax advice: € 0

The fees of the Auditor have been approved during the General Meeting on 7 May 2013 while renewal of his mandate, whereas the other fees have been approved by the company on the basis of a services offer.



ERAINN (ETTERBEEK)



BIRCH HOUSE (ETTERBEEK)

▶ Risk factors

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

▶ Information pursuant to article 119, item 6 of the Company Code

Mr. Guillaume Botermans, independent director and Chairman of the Audit Committee¹, 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 together with proven experience in the management of property certificates (see “Corporate Governance declaration”).

¹ Till 26 November 2013. After that date, the Chairmanship of the Audit Committee has been entrusted to Mr Eric Spiessens.



LES ERABLES (BRUSSELS)



LAMBERMONT (SCHAERBEEK)

EVENTS OCCURRED AFTER THE CLOSING OF THE FINANCIAL YEAR

New credit lines

At the end of January 2014 two new credit lines of respectively € 30 million and € 10 million have been concluded with ING Bank, with final expiry dates, respectively mid-2020 and 2015. These new credit lines allow, on the one hand, to reimburse an old credit of ING Bank of € 12 million, expiring in 2014, and on the other hand, the funding of new acquisitions.

No other significant event has taken place since the closing of the financial year.

OUTLOOK 2014

Given the uncertainty due to the current economic situation and its effect on the activities of Home Invest Belgium, the Board of Directors of the company envisages for the financial year 2014 a distributable result at least equal to the 2013-level, allowing that way the distribution of a dividend at least equal to € 3.50 gross per share.



PLACE DU JEU DE BALLE (LASNE)



PLACE DU JEU DE BALLE (LASNE)

CORPORATE GOVERNANCE STATEMENT

▶ Reference code

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.

The royal decree of 6 June 2010 has indicated the Belgian Corporate Governance Code, 2009 edition, as the sole applicable code. The Code is available on the website www.corporategovernancecommittee.be.

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

- 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 specialized 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 remuneration of Executive Management could derogate from the recommendations of the Belgian Corporate Governance Code (see below: ‘Remuneration report’ (derogation to point 7.18).

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



LAMBERMONT (SCHAERBEEK)

▶ Internal control and risk management

In accordance with the regulation in force, Home Invest Belgium has put in place internal control and risk management systems within the framework of the publication of financial information.

The Board of Directors of Home Invest Belgium and the different specialized Committees are responsible for the identification and the evaluation of the risks inherent to the company and for monitoring the efficiency of internal control.

In its turn, Home Invest Belgium's Executive Management is responsible for organizing a risk management system and an efficient internal control environment, adapted to its functioning and its operational environment.

The **internal control** represents a sequence of actions that allow the company to realize its activities. The internal control is integrated in the planning of activities.

The methodology for describing and analyse the established internal control is organised around the following components:

1) Internal control environment

The main elements of the internal control environment are:

- a clear definition of the role of the respective management bodies: Board of Directors, Special Committees, Executive Management;
- an ongoing verification by each management body, within the scope of its respective role, of the conformity of each decision and/or action with company strategy;
- risk culture: Home Invest Belgium has a due diligence attitude in order to strive for a stable and recurrent income;
- the strict application of integrity and ethical standards via the Corporate Governance Charter and the Code of Conduct dealing with conflicts of interest, the buying and selling of shares, and the prevention of abuse of company goods, as well as the existence of a Compliance Officer.

External actors also participate to this internal control environment, meaning the FSMA, the auditor, the certified real estate expert, the legal counsels, the banks, the financial analysts and the shareholders.

2) Risk analysis

There is a half-yearly identification and evaluation of the principal risks by the Board of Directors, published in the annual and half- yearly financial reports. The risks are also closely monitored outside the periodical closings at which occasions the Board of Directors identifies and evaluates the risks, during its periodical meetings and when evaluating the periodical financial information. This risk analysis results in actions that should limit the exposure to possible identified weaknesses. For more details on the risks, see the chapter "Risk factors" of this annual financial report.

3) Control activities

The controls are implemented as follows:

- the follow-up of the key performance indicators (occupancy rate, debt rate, etc.);
- derogations to the outlook in comparison with the effective realisations, are regularly reviewed by Executive Management based on Key Performance Indicators (KPIs) and quarterly by the Audit Committee and the Board of Directors;
- all investment decisions are taken by the Board of Directors;
- power of representation: in all cases of an act of disposal with regard to property (as defined in article 2, 20° of the royal decree of 7 December 2010 on Sicafi), the company is represented by two directors acting jointly, except with regard to operations on a building of which the value is inferior to the smallest amount between 1% of the company's consolidated assets and € 2.5 million, in which case the company will be legally represented by one director only;
- in accordance with the law of 3 August 2012 on certain forms of collective management of investment portfolios, each acquisition or sale of property can be reconstructed as to its origin, parties involved, type, time and place, based on the agreements between parties or the deeds, and is part of a control as to its conformity with the articles of association of the Sicafi and the legal and regulatory provisions in force, prior to the conclusion of the agreement.

Moreover, the Sicafi has developed specific control measures in order to deal with its principal financial risks (see the chapter "Risk factors").

4) Information and communication

The information and communication allow the company to manage, follow-up and control the current transactions.

The management information system of the Sicafi provides reliable and complete information in a timely manner. Communication is adapted to the size of the company. In essence it is based on daily internal communication between management and staff, meetings and email exchanges. Saving of IT-records is ensured by a continuous back-up system on hard disk and daily on tape, of which the storage is consigned to an external company.

▶ Board of Directors - Special Committees - Executive Management

Board of Directors

Events occurred in the course of the financial year 2013 and at the beginning of 2014

Following the departure of the managing director (Mr Xavier Mertens¹) on 15 January 2014, the day-to-day management of the company was entrusted to the executive management – currently composed of the Chief Financial Officer (CFO – Mr Jean-Luc Colson²), the Chief Operating Officer (COO – Mr Filip Van Wijnendaele³) and the Chief Commercial Officer (CCO – Mr Alexander Hodac⁴).

The Board of directors, on the proposition of the Appointment and remuneration committee, has finalized the recruitment of the new CEO in March 2014 and is pleased to be able to announce the nomination of Mrs Sophie Lambrechts as CEO. Mrs Sophie Lambrechts will take on this function within the framework of the SPRLu of which she will be the permanent representative.

Mrs Sophie Lambrechts was previously part of the Investment committee of Home Invest Belgium and knows very well the company's growth strategy and functioning.

The Board is pleased to be able to count on her experience and competences in order to ensure the continuity of the implemented strategy, and will propose her nomination as a director during the next General meeting of Home Invest Belgium, on next 6 May.

Subject to the approval by the FSMA the company will thus have a 4th effective leader. Messrs Jean-Luc Colson (CFO), Filip Van Wijnendaele (COO) and Alexander Hodac (CCO) will continue to hold their positions alongside Mrs Sophie Lambrechts.

Following the departure of Mr Guy Van Wymersch-Moons and Mr Luc Delfosse, the Board of directors has appointed firstly Mr Guillaume Botermans as Chairman a.i. since 26 November 2013 and secondly appointed him as Chairman during the Board of 26 March 2014. Mr Wim Arousseau was co-opted on 12 February 2014 by the Board of directors, to complete the director's mandate of Mr Guy Van Wymersch-Moons.

Taking into account the important contribution to the development of the sicafi of Messrs Xavier Mertens, Guy Van Wymersch-Moons and Luc Delfosse, the Board of directors has decided during its session of 26 November 2013 to grant them the honorary title of their function.

Current composition

The Board currently consists of 6 directors, following the departure of Messrs. Guy Van Wymersch-Moons and Luc Delfosse on 26 November 2013 and the departure of Mr Xavier Mertens on 15 January 2014.

Of the 6 non-executive directors, 3 directors are independent in the sense of article 526ter of the Company Code and 3 represent the shareholders. Indeed, commitments have been taken regarding the Sicafi's two largest shareholders, the Van

1 Cf. Our press release of 26 November 2013.
2 Permanent representative of the SPRL Yikatt.
3 Permanent representative of the SPRL FVW Consult.
4 Permanent representative of the SPRL AHO Consulting.

Overstraeten group and AXA Belgium, with respect to their representation on the Board of Directors (two mandates for the Van Overstraeten group, one mandate for AXA Belgium). Currently, the directors covered by these commitments are Liévin and Johan Van Overstraeten for the Van Overstraeten group and Mr Wim Arousseau (co-opted on 12/02/2014 following the departure of Mr Guy Van Wymersch-Moons on 26 November 2013) for AXA Belgium.

Subject to the approval of the FSMA, it will be proposed to the Ordinary general meeting of shareholders of 6 May 2014:

- 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;
- to approve the nomination as a director of Mr Wim Arousseau till the Ordinary general meeting of 5 May 2015.
- to approve the nomination as a director of Mrs Sophie Lambrighs for a period of 4 years that will end after the Ordinary General meeting to be held in 2018.

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. The Board will stay attentive to comply, within the allowed term. The appointment and remuneration Committee has taken the initiative to entrust the specific search mission to an external consultant in view of presenting a first selection of candidates to the Board of Directors.

Mrs Caroline Maddens (legal counsel) acts as Secretary of the Board of Directors.



Guillaume Botermans, – Chairman a.i., Independent director



Start of first mandate: 2 May 2007

Expiry date of mandate: ordinary general meeting to be held in 2016

Attendance rate at Board meetings during the financial year 2013: 100%

Education/experience / Other functions / Other mandates¹:

Bachelor's Degree and Post-Graduate Teaching Degree in Business Consultancy and Finance (Jury ICHEC and Saint-Louis Examination Board), degree in European Economics (UIB); he held various management positions within the Paribas group, in particular in managing real estate certificates / Managing partner of Arm-Stones Partnership SPRL, Director of Pro Materia ASBL, Director of Home Invest Development / Paribacert I*, Paribacert II*, Paribacert III*, Immorente*, Artesimmo*, Arm-Stones Partnership SPRL, Pro Materia ASBL, M2 SA, Gemofi SA

Business address: Arm-Stones Partnership SPRL, avenue Louise 505, 1050 Brussels

Number of HIB shares held: none

Koen Dejonckheere, Independent director



Start of first mandate: 3 May 2011

Expiry date of mandate: ordinary general meeting to be held in 2015

Attendance rate at Board meetings during the financial year 2013: 100%

Education/experience / Other functions / Other mandates¹:

Civil engineer (Ghent) and MBA (IEFSI, France) / CEO of Gimv NV / Gimv NV, Noorderman NV, Invest at Value NV, Capman Plc (Finland), DG Infra, Biotechfonds Vlaanderen NV, Voka-VEV, Fusieziekenhuis Roeselare-Menen, Lid Directiecomité VBO-FBE, NYSE-Euronext / Enternext SA

Business address: Gimv NV, Karel Oomsstraat 37, 2018 Antwerp

Number of HIB shares held: none

Eric Spiessens, Independent director



Start of first mandate: 3 May 2011

Expiry date of mandate: ordinary general meeting to be held in 2015

Attendance rate at Board meetings during the financial year 2013: 93%

Education/experience / Other functions / Other mandates¹:

Degree in Sociology (KU Leuven), teaching qualification for High School, Engineer in Social Sciences (KU Leuven); he has held various management positions, namely at ARCO group and GIMV / Member of the Executive Committee of Auxipar NV / Gimv NV, Auxipar NV, VEH CVBA, Publigas CVBA, Aspiravi NV, DG Infra+ NV, EPC CVBA, Sint-Jozefskredietmaatschappij NV, Livingstones CVBA

Business address: ACW, Chaussee de Haecht 579, 1030 Brussels

Number of HIB shares held: none

Johan Van Overstraeten, Director (Representative of the shareholder VOP)



Start of first mandate: 18 August 2010

Expiry date of mandate: ordinary general meeting to be held in 2015

Attendance rate at Board meetings during the financial year 2013: 100%

Education/experience / Other functions / Other mandates¹:

Jan-van-Ruusbroeckcollege, Laeken (1973) with a/o a broad experience in managing companies, more specifically in property development / Director of VOP SA, Managing Director of Home Invest Development, Managing Director of the SPRL Charlent 53 Leasehold / VOP SA, Immovo SA, Sippelberg SA, Rolem Belgium SA, Cocky SA, Stavos Luxembourg SA (G.D. du Luxemburg), Stichting Administratiekantoor Stavos NV (The Netherlands)

Business address: V.O.P. SA, avenue du Sippelberg 3, 1080 Brussels

Number of HIB shares held: 128 944

¹ This relates to mandates executed by the directors in other companies in the course of the last 5 years. Expired mandates are indicated by an asterisk.

Liévin Van Overstraeten, Director (Representative of the shareholder VOP)

Start of first mandate: 23 May 2008

Expiry date of mandate: ordinary general meeting to be held in 2014; it will be proposed to renew his mandate during the ordinary general meeting of 6 May 2014

Attendance rate at Board meetings during the financial year 2013: 100%

Education/experience / Other functions / Other mandates¹:

Degree in law (KUL 1982) and a "PUB" degree in management (Vlerick 1983), with a/o a broad experience in leading and managing companies, in particular, real estate companies, sports centres and in the wood-processing industry, in Belgium and in Romania. / Managing Director of VOP NV / VOP SA, Immo SA, Sippelberg SA, Rolem Belgium SA, Cocky SA, Stichting Administratiekantoor Stavos, Stavos Luxembourg SA, Robelproduct SRL* (Roumanie), Robeldoors SRL* (Roumanie), Belconstruct SRL* (Roumanie), Immorobel SRL* (Roumanie), C&C SRL* (Roumanie).

In the meanwhile, the company Robel Doors SRL – in which Mr Liévin Van Overstraeten acted as respectively a director and as the representative of a company with a director's mandate, is involved in a bankruptcy. It is however proven by the research of 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.

Business address: V.O.P. SA, avenue du Sippelberg 3, 1080 Brussels

Number of HIB shares held: 128 671



Wim Aourousseau, Director (Representative of the shareholder AXA Belgium)

(co-opted on 12 February 2014, following the departure of Mr Guy Van Wymersch-Moons)

It will be proposed to the ordinary general meeting of 6 May 2014 to approve his nomination, subject to the approval of the FSMA, to complete the mandate of Mr Van Wymersch-Moons till the ordinary general meeting of 6 May 2015.

Education/experience / Other functions / Other mandates¹:

Degree in applied economic sciences and finance (UA) and Financial analyst (ICHEC), who disposes of a vast experience in the management of property and of companies, namely in the banking and insurance sector in Belgium / Chief Investment Officer with Axa Belgium

Business address: Axa Belgium SA, boulevard du Souverain 25, 1170 Brussels

Number of HIB shares held: none



¹ This relates to mandates executed by the directors in other companies in the course of the last 5 years. Expired mandates are indicated by an asterisk.

Activity report of the Board of Directors

The Board of Directors acts in the exclusive interest of the shareholders. Its role consists of:

- determining the strategy of the company and taking the final decisions as regard to investments and divestments;
- preparing the half-year and annual accounts of the Sicafi, 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, financials analysts and the public;
- approving merger reports, deciding on the use of authorised capital and convenes 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.

Besides the realisation of the general tasks as described above, in the financial year under review, the Board of Directors, 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 program law of 27/12/2012;
- it carefully and closely examined the company's funding and interest-rate hedging policy;
- the composition of the Board of Directors and its various Committees;
- the succession plan of the CEO;
- the internal organisation of the Sicafi.

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 2013, the Board of Directors convened 14 times.

The rules of the quorum and decision taking are specified in the articles 16 and 17 of the articles of association.

- In accordance with article 16 of the articles of association "except in cases of force majeure, the Board of Directors may validly deliberate and take decisions only if half its members are present or represented. If this condition is not fulfilled, a new meeting may be convened, which will deliberate and make decisions validly on the items of the agenda of the previous meeting, providing that at least two directors are present or represented."
- Article 17 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 Sicafi'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 10 occasions during the past financial year, and was composed of the following members:

- **Xavier Mertens**: Chief Executive Officer and Chairman of the Investment Committee
Presence: 10/10
- **Guillaume Botermans**, Independent Director
Presence: 10/10
- **Alain Verheulpen**, representative of AXA Belgium
Presence: 9/10
- **Johan Van Overstraeten**, Director
Presence: 10/10

Audit Committee

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

The Audit Committee met on 4 occasions during the past financial year, and was composed of the following members:

- **Guillaume Botermans**, Independent director and Chairman of the Audit Committee (till 26/11/2013 – as of 26/11/2013 the chairmanship was entrusted to Mr Eric Spiessens)
Presence: 4/4

- **Guy Van Wymersch-Moons** (till 26/11/2013), Director
Presence: 4/4
- **Liévin Van Overstraeten**, Director
Presence: 2/4
- **Eric Spiessens**, Independent director and Chairman of the Audit Committee since 26/11/2013
Presence: 3/4

The Auditor of the Sicafi has been present at each meeting of the Audit Committee in 2013.

The tasks of the Audit Committee consist mainly of:

- financial reporting: monitoring the integrity and accuracy of the figures and the relevancy of the accounting standards applied;
- internal control and risk management: 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 2013, the following items were discussed:

- quarterly reporting and portfolio valuation;
- refinancing of the debt 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;
- IT-platform of the company and IT-security.

¹ This average number of employees is indeed below 250 persons on the total financial year 2013 and the net annual turnover of the financial year 2013 is below € 50 million.

Appointment and Remuneration Committee

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

The Appointment and Remuneration Committee met 5 times during the previous financial year and was composed of the following members:

- **Guy Van Wymersch-Moons** (till 26/11/2013), Director and Chairman of the Appointment and Remuneration Committee
Presence: 4/4
- **Guillaume Botermans**, Independent director and Chairman of the Appointment and Remuneration Committee since 26/11/2013
Presence: 5/5
- **Luc Delfosse** (till 26/11/2013), Independent Director
Presence: 4/4
- **Eric Spiessens** (since 26/11/2013), Independent Director
Presence: 1/1
- **Liévin Van Overstraeten** (since 26/11/2013), Director
Presence: 1/1

Home Invest Belgium's Appointment 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 remuneration of the directors and the members of the Executive Management of the Sicafi.

It is authorised to decide on following matters:

- draw up the profiles for the directors' positions or positions of the members of the Executive Management and advise on and recommend candidates;
- make proposals to the Board of Directors on the remuneration policy and the individual remuneration of the directors and members of the Executive Management;
- evaluate the performance objectives linked to the individual remuneration of the CEO and the members of the Executive Management;
- prepare the remuneration 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 2013, 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 individual targets of the members of the Executive Management set for the year ended on 31 December 2012 and definition of their variable remuneration for said year;
- definition of the individual targets of the members of the Executive Management for the financial year 2013;
- the conditions for recruiting Mr Alexander Hodac as Chief Commercial Officer (as permanent representative of the SPRL AHO Consulting).

Summary of the current composition of the board of directors and the Committees:

	Board of Directors	Investment Committee	Audit Committee	Appointment and remuneration Committee
Guillaume Botermans	Chairman a.i and independent director	Member	Member	Chairman
Wim Arousseau	director	-	-	-
Koen Dejonckheere	independent director	-	-	-
Eric Spiessens	independent director	-	Chairman	member
Johan Van Overstraeten	director	Chairman	-	-
Liévin Van Overstraeten	director	-	member	member
Alain Verheulpen*	-	member	-	-

* représentant AXA Belgium

Honorary members of the Board of Directors:

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

Executive Management

Home Invest Belgium has opted for an Executive Management, as defined in article 39 of the law of 3 August 2012.

The responsibilities and the functioning of the Executive Management are detailed in the Corporate 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,

- Alexander Hodac joined the Sicafi as Chief Commercial Officer (CCO), charged with identifying and analysing investment and divestment opportunities for the Sicafi. With the approval of the FSMA, he joined the Executive Management of the company.

- Xavier Mertens, Chief Executive Officer of the company, has announced his decision to leave the company as of 15 January 2014; he continues collaborating in view of ensuring the transition till May 2014.

In order to ensure continuity and till the arrival of the new CEO (Mrs Sophie Lambrighs), the day-to-day management of the company has been temporarily entrusted to the **Executive Management**, composed in the meanwhile of 3 persons,



	Alexander Hodac CCO ¹	Filip Van Wijnendaele COO ²	Jean-Luc Colson CFO ³
Beginning of mandate	1 August 2013	16 June 2011	21 January 2010
Business address	Home Invest Belgium SA, boulevard de la Woluwe 60, 1200 Brussels	Home Invest Belgium SA, boulevard de la Woluwe 60, 1200 Brussels	Home Invest Belgium SA, boulevard de la Woluwe 60, 1200 Brussels
Number of Home Invest Belgium shares held	none	none	none
Education/ experience	Commercial engineer (Solvay/ VUB), worked at Deloitte Corporate Finance-Real Estate (Senior Manager)	Degree in Business Consultancy, 'DES' in business communications (KUL), post-graduate in real estate (KULAK); held different functions with responsibility, a/o at Immobiliën Hugo Ceusters and the Société des Centres Commerciaux de Belgique (SCCB)	Degree in accounting (HEMES SAINTE MARIE), having held a variety of financial positions, with AXA Belgium, ING Real Estate and Home Invest Development ⁴
Other mandates ⁵	none	Director of Home Invest Development SA and Director of the SPRL Charlent 53 Freehold. Its permanent representative, Filip Van Wijnendaele had a mandate as a member of the Executive Committee of NV Immobiliën Hugo Ceusters	Director of the SPRL Charlent 53 Leasehold. Its permanent representative, Jean-Luc Colson has been a director of Home Invest Development*

1 As permanent representative of the SPRL AHO Consulting.

2 As permanent representative of the SPRL FVW Consult

3 As permanent representative of the SPRL Ylkatt.

4 Previously called Home Invest Management.

5 This relates to mandates executed by the directors in other companies in the course of the last 5 years. Expired mandates are indicated by an asterisk.

The Executive Management assures the day-to-day management of the company, deploys the strategy set out by the Board of Directors and reports about this to the Board.

Its multiple responsibilities and duties are the following:

- the management of the real estate portfolio of the company: presentation of investment and divestment files to the Investment Committee and to the Board of Directors, as well as the negotiations and conclusion of contracts; leasing and renewal of contracts covering the leasing of buildings, including the determination of the rental value and other useful provisions in rental contracts; handling disputes; follow-up of the maintenance policy and the renovation policy of the buildings; follow-up and coordination of development projects for own account; etc;
- the optimisation of the company financing: leading discussions with financial institutions as regard to applications for credit facilities, long-term financing and hedges, etc.;
- personnel management: appointment and dismissal of employees who are not part of Executive Management, the follow-up of their contracts, the preparation of budgets and the follow-up of the organisational chart;
- supply of financial and other information necessary for the Board of Directors, the shareholders and the competent authorities in accordance with the accounting norms applicable within the company, etc.;
- external representation of the Sicafi towards the shareholders, the competent authorities or the other market authorities

The members of the Executive Management are assessed on an annual basis by the Appointment and Remuneration Committee, as part of the determination of their variable fees, based on the objectives and criteria determined at the beginning of the year.

▶ Remuneration report

The remuneration report below was approved by the Board of Directors of 26 March 2014 and takes into account the recommendations of the Nomination and Remuneration Committee.

It comprises the provisions of the Belgian Corporate Governance Code (edition 2009) and in the article 96§3 alinea 2 of the Company Code, as introduced by the law of 6 April 2010.

Remuneration of the non-executive directors

No non-executive director receives any fixed or variable remuneration of any type whatsoever. However, said non-executive directors can submit expense forms for expenses incurred while performing their duties and benefit from a system of attendance fees for the Board meetings and the specialised Committees. These amounted to € 500 per board meeting and € 300 per meeting of a Committee for the past financial year. Subject to obtaining the necessary authorizations, these will amount to € 1 000 per board meeting and € 500 per meeting of a Committee as of 1 January 2014, to take into account the duration of the meetings of the Board of Directors and according to a bench mark with other companies.

The members of the Executive Management who attend these meetings do not benefit from this system.

Attendance fees of the non-executive directors for the financial year 2013:

In €	Home Invest Belgium				Home Invest Development	Total
	Board of Directors	Investment Committee	Audit Committee	Appointment and remuneration Committee	Board of Directors	
Guillaume Botermans	7 000	3 300	1 200	1 500	1 500	14 500
Koen Dejonckheere	7 000	-	-	-	-	7 000
Luc Delfosse	6 000	-	-	1 200	1200	8 400
Eric Spiessens	6 500	-	900	300	-	7 700
Johan Van Overstraeten	7 000	3 300	-	-	1 500	11 800
Liévin Van Overstraeten	7 000	-	600	300		7 900
Guy Van Wymersch-Moons	5 500	-	1 200	1 200	-	7 900
Total	46 000	6 600	3 900	4 500	4 200	65 200

Remuneration policy of the Executive Management in the course of the financial year 2013

- *Basic principle:* a correct basic remuneration, taking into account the importance of the function, the required knowledge, the importance of the company, added to a limited variable remuneration, depending on the results in comparison with the defined targets. The variable remuneration 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 Appointment and Remuneration Committee. Assessing to which degree the evaluation criteria have been implemented, is the task of the Board of Directors advised by the Appointment and Remuneration Committee, in the light of financial statements of the just ended financial year.
- *Relative importance of the different remuneration items:* the Board limits the variable remunerations granted to each member of the Executive Management.
- *There are no performance bonuses* in shares, options or other rights to acquire shares.

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

(pursuant to an agreement concluded in May 2002, together with amendments that end definitively on 31 May 2014)

Taking into account the applicable contractual provisions, the indexed annual basic remuneration, payable monthly, amounted to € 270 000 (value 1/1/2009), while the variable remuneration could be between 0% and 28% of the annual basic remuneration of the financial year concerned.

Mr Xavier Mertens was also eligible for a mobile phone and for reimbursement of his mobile communications expenses, and was reimbursed for the expenses incurred on behalf of the Sicafi.

Financial year 2013

The remuneration of Mr Xavier Mertens, paid in the course of the financial year 2013 amounted to € 341 406.86 (fixed remuneration of € 291 406.86, variable remuneration of € 50 000.00 granted in 2013 for the financial year 2012).

His variable remuneration is determined on the basis of the 5 following assessment criteria:

- management of the occupancy rate of the buildings;
- acceleration of the sales policy of buildings/land;
- implementation of the other strategic areas decided by the Board;
- Corporate Management in general;
- the external communication.

Pension plan, supplementary insurance or other benefits: none.
Performance bonuses in the form of shares, options or other rights to acquire shares: none.

In accordance with the contractual provisions the company will pay for the financial year 2014 a balance of € 466 988.26.

These contractual provisions could possibly diverge¹ from the relevant recommendations, as contained in the Belgian Corporate Governance Code (2009 edition). However, the Board of Directors believed that these provisions were balanced given the CEO's level of remuneration and his acquired experience.

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

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

The agreement provides for an indexed annual base remuneration, payable in monthly instalments, of € 144 000 (value 1/3/2013) and a variable remuneration that can vary between 5% and 16% of the basis annual remuneration for the year in question.

He is also eligible for a mobile phone, reimbursement of mobile communications expenses, and is reimbursed for the expenses incurred on behalf of the Sicafi.

Financial year 2013

The remuneration of Chief Financial Officer, Jean-Luc Colson, on the financial year 2013 amounted to € 165 199,14 (fixed remuneration of € 146 359,14 variable remuneration of € 18 480 granted in 2013 for the financial year 2012).

His variable remuneration is determined on the basis of the application of the 5 following assessment criteria, during the year in question:

- the implementation of the sales policy of buildings
- the 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 SPRLu YLKATT provides, if the Sicafi terminates the contract, notice of nine months, plus a three-month 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 remuneration and the variable remuneration.

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.

These contractual provisions can potentially diverge 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 remuneration and the acquired experience.

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

(pursuant to an agreement dated 5 March 2011 with the SPRLu FVW Consult)

The agreement provides for an indexed annual basic remuneration, payable in monthly instalments, of € 144 000 (value 1/3/2011) and a variable remuneration that lies between 5% and 16% of the basic annual remuneration 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 Sicafi.

Financial year 2013

The remuneration of the Chief Operating Officer, Filip Van Wijnendaele, amounts to € 174 015.92 for 2013 (fixed remuneration of € 151 150.92, variable remuneration of € 22 865 granted in 2013 for the financial year 2012).

His variable remuneration is determined on the basis of the application of the 7 following assessment criteria, during the year in question:

- managing occupancy rate;
- control of operating margin;
- control of technical costs;
- management of outstanding payments;
- realization of the sales policy;
- insourcing of the technical management of the company
- portfolio growth

Pension plan, supplemental 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 SPRLu FVW Consult, if the Sicafi terminates the contract, provides for three months notice, plus one month per service year, totalling a maximum of

six months, and a compensation of four months, to augment by one month per year of service, totalling a maximum of six months. This compensation shall be calculated on both the fixed remuneration and the variable remuneration.

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

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

Remuneration of the Chief Commercial Officer (CCO), Alexander Hodac

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

The agreement provides for an indexed annual basic remuneration, payable in monthly instalments, of € 150 000 and a variable remuneration that lies between 5% and 16% of the basic annual remuneration 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 Sicafi.

Financial year 2013

The remuneration of the Chief Commercial Officer, Alexander Hodac, amounts to € 62 500 (fixed remuneration).

His variable remuneration is determined on the basis of the application of the following assessment criteria during the year in question:

- the implementation of the sales policy of buildings;
- managing occupancy rate;
- control of operating margin;
- portfolio growth.

Pension plan, supplemental 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 SPRLu AHO Consulting, if the Sicafi terminates the contract, provides for three months notice, plus one month per service year, totalling a maximum of six months, and a compensation of three months, to augment by one month per year of service, totalling a maximum of six

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.

months. This will be calculated based on both the fixed and variable remuneration.

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

The company has no intention to significantly modify its remuneration policy in the two following years.

▶ The team

The Executive Management is assisted by a team of 23 people on 31 December 2013.

The Sicafi appeals regularly to specialised property managers to rent out or sell its buildings as effectively as possible. The property managers, the company calls upon, are selected carefully, based on the location of the building, its positioning, and the type of clientele sought. However, this does not withhold the company to take on itself the letting and selling of specific buildings.

In the course of the financial year 2013, Home Invest Belgium has insourced the technical management of most of its buildings in the Brussels region. The buildings that are not internally technically managed stay under the management of external managers and property managers.

Special attention is paid to the reputation for professionalism and integrity of these various service providers, in accordance with the ethical values respected by the Sicafi in the framework of its corporate responsibility.



Other interveners

Statutory Auditor

The Statutory Auditor of Home Invest Belgium is Mr Karel Nijs, company auditor, related to SCRL Grant Thornton, a firm of corporate auditors, located at Potvlietlaan 6, 2600 Antwerp. He is accredited by the FSMA and certifies the financial statements of the Sicafi 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 remuneration has been fixed at € 26 800 annually, to be increased by VAT and indexed.

(In € - VAT included)	2013	2012
Statutory Auditor's fees broken down as:		
Statutory Auditor's fees	32 428	29 040
Fees for exceptional work or specific assignments performed at the company by the Statutory Auditor		
Other auditory mandates		
Other non-audit work	1 815	4 359
Fees for persons with whom the Auditor is linked		
Fees for exceptional work or specific assignments carried out at the company		
Tax advice	0	1 571
TOTAL	34 243	34 970

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. His report is integrated in the report dealing with the consolidated results 2013 in the chapter "Financial statements"

Real Estate Surveyor

SA Winssinger & Associates (registered at the Brussels RPM: 0422.118.165), having its registered office at Chaussée de La Hulpe 166, 1170 Brussels, Belgium (tel.: +32 (0)2 629 02 90), represented by Mr Geoffroy Regout, is the Sicafi'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 Sicafi, and when buildings are incorporated in the consolidation scope of the company in any other way.

Annual fee is calculated as follows:

Appraisal of surfaces	per m ² appraised
≤ 125 000 m ²	€ 0.40
> 125 000 et ≤ 175 000 m ²	€ 0.35
> 175 000 m ²	€ 0.30

Financial service

BNP Paribas Fortis (registred at the Brussels RPM: 0403.199.702), having its registered office at Montagne du Parc 3 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, convocation of the General meetings).

His remuneration is fixed as follows and subject to VAT:

Dematerialized securities	0.2% of the net value of the coupon paid
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Depository

The obligation to have a depository has been deleted by the royal decree of 7 December 2010 and the Sicafi has terminated its contract with Fortis Bank SA as from 1 July 2011.

Liquidity provider

Bank Degroof and ING Equity Markets act as “liquidity provider” of the Home Invest Belgium share.

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 18 of the Royal Decree of 7 December 2010**.

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

Other rules preventing conflicts of interest are foreseen in the **Corporate Governance Charter¹** of Home Invest Belgium¹ to which all directors of the Sicafi 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. (...)*”

The combination of mandates or functions can also give rise to conflicts of interests. In function of the concrete circumstances, - should transactions take place 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 would have an interest opposed to that of Home Invest Belgium.

- should transactions take place between Home Invest Belgium and Axa Belgium of which Mr Wim Arousseau is the Chief Investment Officer, Axa Belgium would have an interest opposed to that of Home Invest Belgium.

The Executive Management is subject to the same rules, as regards conflicts of interest as the Board of Directors.

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 Sicafi 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 Conduct²** applicable to transactions involving the Sicafi’s shares and other financial instruments by directors and employees of the Sicafi or its subsidiaries.

This code provides a/o for:

- the implementation of a schedule of periods during which trading on the Sicafi’s shares is not authorised: for example, between the moment directors become aware of the financial figures 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 Sicafi’s shares.

During the past financial year, the functions of **Compliance Officer** have been taken up by the Chairman of the Board of Directors, respectively Mr Guy Van Wymersch-Moons (till 26/11/2013) and by Mr Guillaume Botermans (as of 26/11/2013). For the transactions the Chairman of the Board of Directors might want to fulfil, Mr Eric Spiessens, Chairman of the Audit Committee, would intervene in the quality of Compliance Officer.

Research and development

Home Invest Belgium has not undertaken any activity in the field of research and development in the financial year 2013.

Information on the existence of circumstances that might have a notable influence on the development of the Sicafi

The Board of Directors has no indication on the existence of circumstances which might have a notable influence on the development of the Sicafi in the sense of article 119, 3° of the Company Code.

The objectives and the policy of the company on the

1 The Corporate Governance Charter is available on the website www.homeinvestbelgium.be of the Sicafi.

2 The Code of Conduct is presented in the Attachment 1 of the Governance Charter of the Sicafi and is available on the website www.homeinvestbelgium.be

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 described in the chapter “Risk factors” in the present 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 market¹

Set forth below is the information explaining 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 2013, the registered capital of Home Invest Belgium was represented by 3 056 143 fully paid-up ordinary shares², without designation of face value;
- 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 right to vote;
- 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 appointment and replacement of Board members are those set forth in the articles of association and in the Corporate Governance Charter;
- The rules applicable to the amendment of the articles of association of Home Invest Belgium are those set forth in the articles of association that take into account the applicable legislation – in particular the Company Code, the law of 3 August 2012 relating to certain forms of collective management of investment portfolios, the Royal Decree of 7 December 2010 on Sicafi;
- In accordance with article 6 of the articles of association, 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. There was no use of this authorised capital during the 2013 financial year. The authorised capital still remaining on 31 December 2013 was € 74 401 221.91;

- acquire shares of the company or take them in pledge within the limits foreseen in article 6.3 of the articles of association which provides for:
 - a) on the one hand, the possibility to acquire shares of the company 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 convention concluded with the LB Lux Bank and in the credit convention concluded with bank Degroof allowing the LB Lux Bank and the bank Degroof to terminate the credit convention in advance, in case of change of control;
- 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.

1 See also the law of 1 April 2007 on public takeover bids and item 21.2.6 in annex I of the Prospectus regulation 809/2004.

2 Of which 12 912 treasury shares, held by Home Invest Development SA, a 100% subsidiary of Home Invest Belgium.

CORPORATE RESPONSIBILITY

Home Invest Belgium's mission consists of providing the population with decent housing, while paying attention to the interest of its shareholders. In order to reach this, the Sicafi recognises its responsibilities in **environmental** and **human** matters for fulfilling its purpose. By this recognition, the company takes into account the social, environmental and ethical criteria prescribed by article 88 of the law of 3 August 2012.

Environmental surroundings

Home Invest Belgium's responsibility is mainly perceived at the level of *managing its property in operation and its investment decisions*. As the owner of an important portfolio of buildings composed of buildings with a variable life, the company has developed a pragmatic policy matching a rational though permanent renovation program to financial imperatives; that way, it can sometimes be recommended to sell an older building instead of spending large sums to improve its inadequate energy performance. This well-grounded policy with regard to investments and an active arbitrage on the portfolio relies 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 long period, is taken into account within the scope of complying with the best current environmental standards.

With regard to environmental respect the Sicafi 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 functioning, such as energy consumption (heating- lighting -transportation), waste management (selective waste disposal- paper consumption cleaning). 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.

Human surroundings

The Sicafi recognises in essence two groups of individuals it is closely connected to and towards whom it is responsible: its tenants and its staff.

- **Towards its tenants:** based on the relatively important number of tenants the company has, i.e. more than 1 300 families, 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. Within that same mindset, we recall the participation of the Sicafi to the 'green' mobility project launched by D'leteren Auto (www.mymove.eu) in the course of 2011 in the building "Birch House" aiming at inciting the inhabitants at organising their common transportation by means of electric or 'green' vehicles.
- **Towards its staff:** the Sicafi 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 (23 employees without the Executive Management on 31 December 2013), focus is on short communication lines and an interactive and dynamic teamwork; besides, each team member is subject to an annual evaluation by the Executive Management based on previously assigned jobs and targets for the next year.

Within this large human context Home Invest Belgium wishes to communicate a number of essential ethical values, as to all aspects of its functioning, namely honesty, integrity and equality. To its opinion, respecting these values is essential in order to correctly fulfil its mission to the benefit of all its "stakeholders".

15 years

They are recognized and lived by, both at the level of the Board of Directors and the Executive Management and its entire staff, and consequently expressed in all the Sicafi's operation.

LES ERABLES (WOLUWÉ-SAINT-LAMBERT)



BELLIARD 21 (BRUSSELS)



RIJCKMANS (UCCLE)



RIJCKMANS (UCCLE)

risk factors

background

management report

HIB stock exchange

property report

financial statements

permanent document



HIB on the stock exchange





HOME INVEST BELGIUM on the stock exchange

EVOLUTION OF THE SHARE

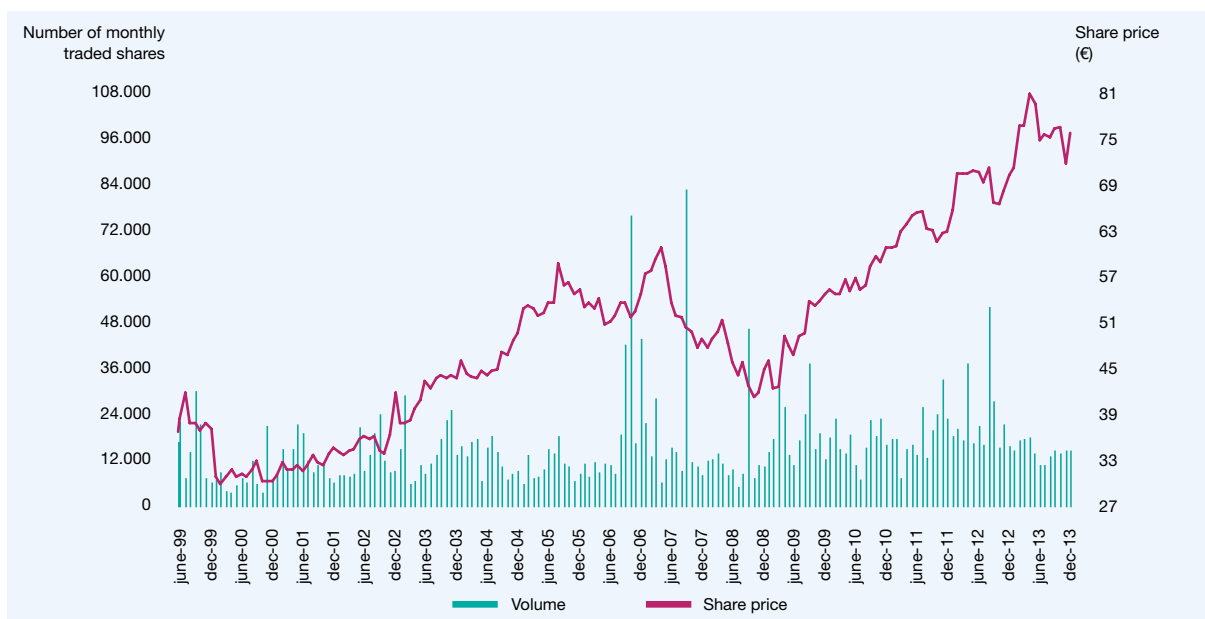
+8%

progress in 2013

The Home Invest Belgium share – incorporated in the BEL Mid Index¹ since 24 June 2013 – recorded a **notable progression** in 2013 **of 8%** between 2 January 2013 (closing price of € 70.60) and 31 December 2013 (closing price of € 76), without taking into account the dividend distributed in May 2013.

The Home Invest Belgium share recorded a significant rise during the first 5 months of the year to reach a maximum of € 82.35 on 13 May 2013, before decreasing again at the beginning of June and globally remaining stable the following months of the year at an average share price of € 75.60. The total average of the closing prices of the financial year 2013

Evolution of the share price since the IPO, 1999-2013



¹ The BEL Mid index is composed of shares not included in the BEL20 index, having a market capitalisation calculated on the basis of the free float, that is higher than the BEL20 index multiplied by € 55 000 and recording a velocity on free float of at least 15%..

15 years

Based on the last closing price of the year 2013 (€ 76), the proposed dividend represents a **return of 4.61%** (compared with a return of 4.58% in 2012 and 4.68% in 2011), while the rate of OLO at 5 years was 1.3% at 31 December 2013.

The share's **liquidity** has decreased, with a daily average of 701 shares per trading session over the year 2013 as a whole (compared with a daily average of 1 136 and 902 shares during the financial years 2012 and 2011).

Evolution compared to the BEL 20 - EPRA Belgium indices¹

The good performance of the Home Invest Belgium share during the financial year 2013 (increase of 8%) can be compared to the evolution of the BEL20 index (increase of 16.2%) and the overall evolution of the Belgian sicafi sector, reflected by the EPRA Belgium sectoral index (increase of 1.5%) during the same period.

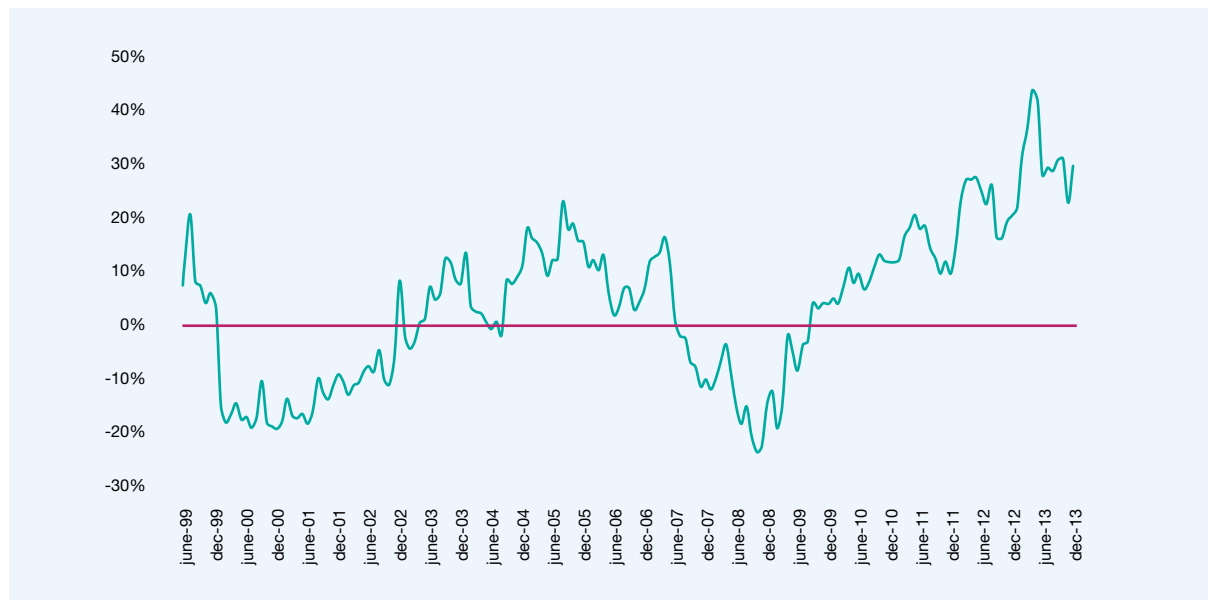
The graph below illustrates the excellent stock performance of the Home Invest Belgium share compared to the EPRA Belgium or the BEL 20 indices, and this since June 1999.

Comparison of the stock exchange evolution: Home Invest Belgium – BEL 20 – EPRA Belgium indices since the IPO



¹ Additional information on the EPRA Belgium and BEL 20 indices is available from NYSE Euronext Brussels for the BEL 20 index and by consulting the www.epra.com website for the EPRA Belgium index.

Evolution of the share price compared to the net asset value



During the 2013 financial year, the net asset value grew by 9% compared to its level at the beginning of the year, rising from € 58.73 to € 64.10 on 31 December 2013.

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 sicafi'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 86% 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.

The Home Invest Belgium share has been traded at a premium on the published net asset value during the entire financial year 2013. On 31 December 2013 the closing price amounted to € 76 which represents a premium of 18.6% in comparison with the net asset value at the end of the financial year. This premium once again illustrates the confidence of shareholders in the strong performances that can be expected by investing in Home Invest Belgium shares.

KEY FIGURES OF THE SHARE ON 31 DECEMBER 2013

ISIN BE0003760742	2013	2012	2011	2010
Share price (in €)				
Highest	€ 82,35	€ 72,00	€ 67,99	€ 61,50
Lowest	€ 69,27	€ 62,90	€ 58,87	€ 53,00
On the last day of the financial year	€76,00	€ 71,00	€ 64,05	€ 60,50
Average price	€76,03	€ 68,59	€ 62,99	€ 56,60
Return of the gross dividend¹	4,61%	4,58%	4,68%	5,45%
Dividend (in €)				
Gross	€ 3,50	€ 3,25	€ 3,00	€ 2,75
Net ²	€ 2,9750	€ 2,25	€ 3,00	€ 2,75
Volume				
Average daily volume	703	1 136	902	833
Annual volume	179 166	289 644	222 912	201 493
Total number of shares on 31 December	3 056 143	3 056 143	3 056 143	2 931 334
Market capitalisation on 31 December	€ 232 million	€ 217 million	€ 197 million	€ 171 million
Free float	50,24%	47,01%	46,83%	49,65%
Velocity³	11,67%	20,16%	15,40%	13,85%
Payout ratio (statutory)	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.



GALERIE DE L'ANGE (NAMUR)



YSER (ETTERBEEK)

DIVIDEND

Home Invest Belgium is committed to offering its shareholders an increasing dividend at least equal to or above the rate of inflation in the long run. Between 2000 and 2013, the net dividend rose from € 1.96 to € 3.50 per share, or an increase of 78.6% in the space of 14 and a half years, or also an average annual increase of 5.4%.

For the 2013 financial year, **the proposed gross dividend of € 3.50** represents again a remarkable growth of 7.7% compared to the gross dividend of € 3.25 paid for the year 2012, while the pay out ratio remains at a reasonable level of 93.03%.

The dividend growth, significantly stronger over the last 4 years, is made possible by the reinforcement of the arbitrage volume on the portfolio, for which the Board has fixed an objective of at least 4% per annum.

Under the new legislation in force since 1 January 2013 (Programme law of 27 December 2012), the proposed dividend of € 3.50 is subject to a withholding tax of 15%, so that the proposed net dividend will amount to € 2.9750. For more information on the tax treatment of dividends from 1 January 2013, see the chapter "Permanent document" - "The sicafi and its tax regime."

It has to be pointed out that since the creation of the sicafi, quite a sizeable portion of the profits has been carried forward each year which, before distribution of the 2013 profits and on a consolidated level, now amounts to € 4.09 per share. This should enable the company to maintain dividends in the future, should conditions on the property market become more difficult.

RETURN

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

In the case of a sicafi, the weight of the immediate return may be high, but **the capacity to generate capital gains is the true quality label 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 14 and a half year period, would be 14.07%, and this in spite of the sluggish

performance in the course of the financial years 2008 and 2009.

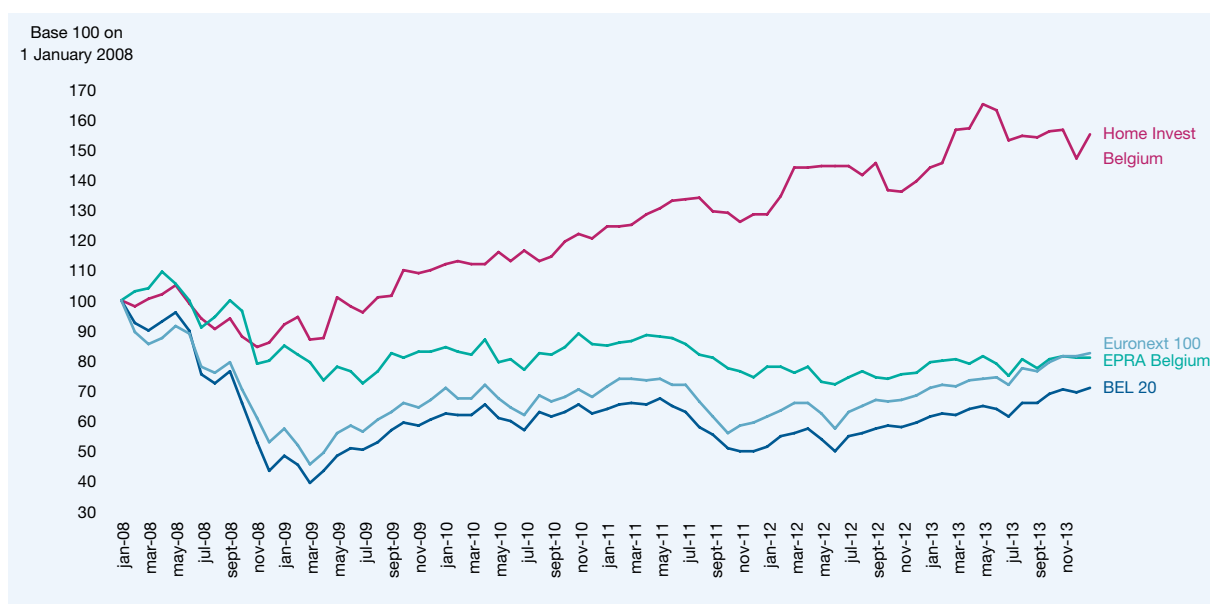
In the same way, the return for Home Invest Belgium shareholders not having reinvested dividends every year, nonetheless stands at a remarkable average of 12.48% per year over the 1999/2013 period.

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

	Return (€) ¹	Net asset value excluding dividend	Value growth	Gross/net dividend	Return per share ²	Return in % for the shareholder ³
Consolidated accounts in IFRS	31/12/13	60,60	5,12	3,50	8,62	15,54%
	31/12/12	55,48	0,90	3,25	4,15	7,60%
	31/12/11	54,58	2,65	3,00	5,65	10,88%
	31/12/10	51,93	1,42	2,75	4,17	8,26%
	31/12/09	50,51	0,16	2,43	2,59	5,14%
	31/12/08	50,35	-2,17	2,36	0,19	0,36%
	31/12/07	52,52	3,21	2,30	5,51	11,17%
	31/12/06	49,31	3,35	2,24	5,59	12,16%
	31/12/05	45,96	4,17	2,19	6,36	14,47%
Statutory accounts in Belgian GAAP	31/12/05	46,91	4,24	3,47	7,71	11,41% ⁴
	31/05/04	42,67	4,13	2,16	6,29	16,32%
	31/05/03	38,54	1,15	2,13	3,28	8,77%
	31/05/02	37,39	0,44	2,07	2,51	6,79%
	31/05/01	36,95	1,19	2,02	3,21	8,98%
	31/05/00	35,76	1,30	1,96	3,26	9,46%
	1/06/1999	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 Rebased to twelve months (12/19).

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



ADAGIO ACCESS BRUSSELS EUROPE (BRUSSELS)



ADAGIO ACCESS BRUSSELS EUROPE (BRUSSELS)



CLOS DE LA PÉPINIÈRE (BRUSSELS)



RÉSIDENCES DU QUARTIER EUROPÉEN (BRUSSELS)

SHAREHOLDING STRUCTURE¹ ON 31 DECEMBER 2013

Shareholders	Number of shares	In % of capital
Van Overstraeten Group	804 809	26,33%
COCKY S.A. ²	110	0,00%
Mr Liévin Van Overstraeten	128 671	4,21%
Mr Antoon Van Overstraeten	127 715	4,18%
Mr Hans Van Overstraeten	132 346	4,33%
Mr Johan Van Overstraeten	128 944	4,22%
Mr Bart Van Overstraeten	128 568	4,21%
Stavos Luxembourg	118 455	3,88%
VOP NV	40 000	1,31%
AXA Belgium	433 164	14,17%
Federal Insurance	105 296	3,45%
Mr and Mrs Van Overtveldt - Henry de Frahan	102 792	3,36%
Mr S. Van Overtveldt	51 396	1,68%
Mrs P. Henry de Frahan	51 396	1,68%
Other registered shareholders	74 733	2,45%
Total known	1 520 794	49,76%
Free Float	1 535 349	50,24%
General total	3 056 143	100,00%

1 Situation on the basis of the transparency statements received by Home Invest Belgium SA and on the basis of the information recorded in the register of nominative shareholders and/or communicated by the shareholders owning more than 3% of the company capital.

2 Of which the shareholders are: Messrs. Liévin Van Overstraeten, Antoon Van Overstraeten, Johan Van Overstraeten, Hans Van Overstraeten and Bart Van Overstraeten.

It should be noted that:

- All shares have the same voting rights;
- Home Invest Development SA, a 100% subsidiary of the sicafi, holds 12 912 Home Invest Belgium shares.



JOURDAN 85 (SAINT-GILLES)



JOURDAN MONNAIES (SAINT-GILLES)

PROFILE OF INVESTORS IN HOME INVEST BELGIUM SHARES

Given the favourable legal set-up of the Sicafi in general, and of residential sicafi in particular, shareholdings in Home Invest Belgium can make **interesting investments** for private and institutional investors alike.

In comparison with the direct ownership of residential property, an investment in Home Invest Belgium shares has **a number of advantages**. It makes it possible to:

- be free of the constraints related to direct residential property management; this becomes more and more burdensome by the increasing administrative and technical obligations; the same applies to the increasing risks of vacancy and non-payment;
- benefit from the advantages offered by this type of investment: a good spread of investment risk, the professionalism of the management, high transparency in the management of the Sicafi through its Corporate Governance and favourable legal and tax provisions (for more details: see the “Permanent Document” chapter of this annual report);
- benefit from an evident improved liquidity of its portfolio taking into account the sicafi’s stock exchange listing.



SIPPELBERG (MOLENBEEK-SAINT-JEAN)



YSER (ETTERBEEK)

SHAREHOLDERS' CALENDAR

2014

Posting of the annual report on the website	Thursday 3 April 2014
Ordinary General Meeting of the 2013 financial year	Tuesday 6 May 2014
Interim statement: results on 31 March 2014	Tuesday 6 May 2014
Payment of the dividend for the 2013 financial year	Friday 16 May 2014
Half-year report: results on 30 June 2014	Friday 29 August 2014
Interim statement: results on 30 September 2014	Friday 14 November 2014

2015

Press release year results 2014	Friday 27 February 2015
Posting of the annual report on the website	Thursday 2 April 2015
Ordinary General Meeting of the 2014 financial year	Tuesday 5 May 2015
Interim statement: results on 31 March 2015	Tuesday 5 May 2015
Payment of the dividend for the 2014 financial year	Friday 15 May 2015

risk factors

background

management report

HIB stock exchange

property report

financial statements

permanent document



ODON WARLAND-BULINS (JETTE)



COLUMBUS (JAMBES)





property report



Property report

STATUS OF THE RESIDENTIAL REAL ESTATE MARKET IN BELGIUM¹

SOURCE: INDEPENDENT SURVEYOR'S REPORT OF WINSSINGER & ASSOCIATES SA

► Economic context

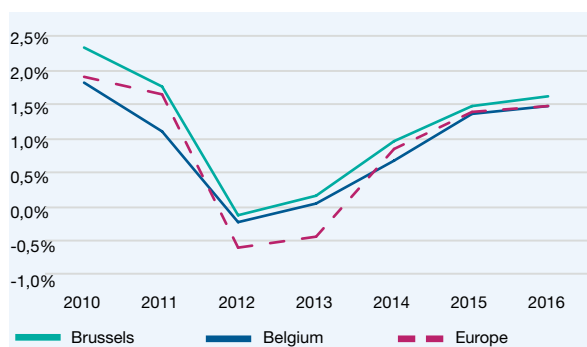
The Belgian economy has shown signs of economic recovery over the entire year 2013. 2014 should confirm this trend.

The Belgian macroeconomic indicators have improved over the entire year 2013, following the global European trend.

The macroeconomic indicators are more positive than a year ago since the risk of a Eurozone break-up has almost disappeared and the financial markets show signs of consolidation.

After a year 2013 marked by a very slight growth, the Belgian economy should consequently register a **growth of its GDP** of less than 1% in 2014 to even 1.5% in 2015, in the years to come.

Evolution of the GDP



Source: Oxford Economics, December 2013

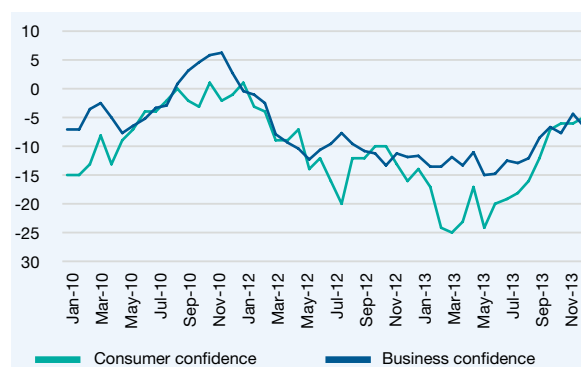
In the course of the entire year 2013 the improvement of the economic circumstances had a positive impact on the **confidence indices for consumers and companies**.

- Consumer confidence stands at its highest level since July 2011. The households have a more positive outlook on

the economic situation and on their financial situation and savings capacity. They remain however more cautious with regard to the unemployment rate and its evolution.

- Companies also display greater confidence in the future than the former year, despite some deterioration in December, mainly in the construction sector.

Confidence indices for consumers and companies



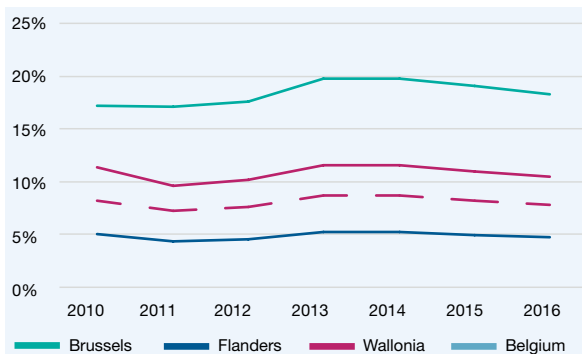
Source: National Bank of Belgium, December 2013

Despite the improvement of the economic situation in general, the **unemployment rate** has increased in the Eurozone in 2013 to 12% at the end of the year (compared to 11.4% end-2012). The unemployment rate has also increased in Belgium in the course of the year and amounts to 8.7% at the end of December (coming from 7.6% in 2012). The macroeconomic growth prospects will only have a limited impact on a reversal of the unemployment curve that would only slightly decrease in 2014. The impact should be more substantial as of 2015. The regional differences remain important and will continue to exist in the coming years. In Brussels, the unemployment rate is one of the major problems as it has risen to nearly 20% and mainly affects young people. This rate should stabilize in 2014 to

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 with its agreement.

consequently decrease as of 2015. The policies for stimulating employment and the fight against unemployment will certainly be a major challenge for the next regional government.

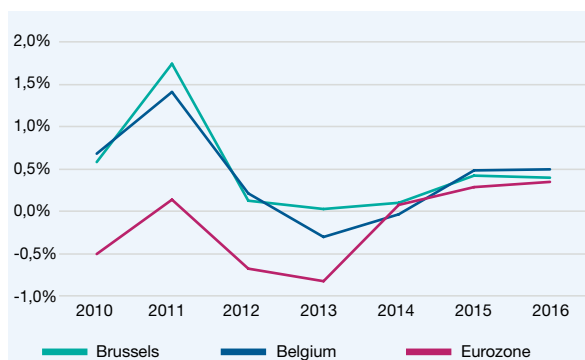
Unemployment rate



Source: Oxford Economics, December 2013

The employment rate has decreased in Belgium in 2013, except in Brussels where a slight improvement was recorded. The employment rate should however increase again in the entire country from 2014 onwards.

Evolution of employment



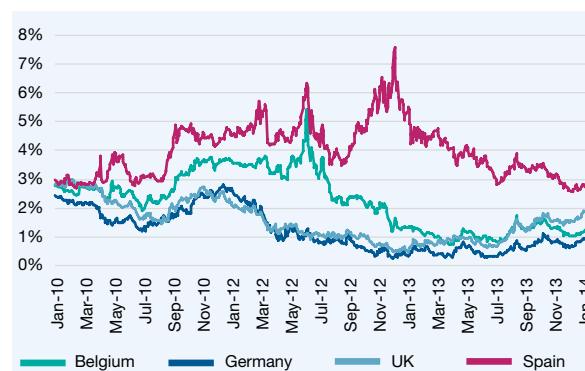
Source: Oxford Economics, Décembre 2013

In 2013 the Federal government has taken important budgetary measures, namely with regard to the decision to sell its shares in BNP Paribas and to transfer the receivables of the Berlaymont to insurer AG. These two measures have allowed to realize important savings and to **make the Belgian sovereign debt drop** below the symbolic threshold of 100%

of the GDP. The budgetary measures of 2014 and 2015 should confirm this trend.

After the decrease of the **interest rates** on 5-year **government bonds**, recorded between November 2011 and January 2013, these remained steady over the entire year 2013. At the end of December they reached a level of 1.3%, comparable to that of German bonds.

Evolution of 5-year government bonds

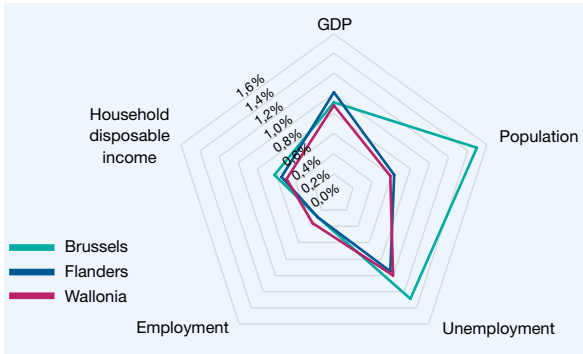


Source: Bloomberg, December 2013

The elections of May 2014 will be a decisive moment for the markets and for the entire country. The political difficulties that arose after the elections of 2010 and the 541-day period necessary to form a government have led to a substantial rise of the interest rates, what has particularly contributed to a significant increase of the interests related to the sovereign debt. According to the outlook, an increase of the interest rates of 10-year bonds by 1% should cost the government over 300 million euro.

The main macroeconomic indicators should evolve equally in **the three regions** of the country in the coming years, except for the population growth and the unemployment rate. Indeed, Brussels will know a much stronger population growth than Flanders and Wallonia. The unemployment rate, already clearly higher in Brussels, should consequently rise even more than in the other two regions.

Important economic indicators, average annual growth 2013-2016



Source: Oxford Economics, September 2013

After two years, characterized by an **inflation rate** of more than 2.5%, the inflation has decreased since July 2012 to a low level that amounted to 0.9% on average in 2013. In the course of the past year, the inflation was very low in the total Eurozone, and amounted to 0.8%, the lowest level since the beginning of the 90's. The inflation should remain relatively low in the course of the coming two years, both in Belgium and in Europe.

The health index follows the exact same trend as the inflation: it stands at +/- 1% in 2013 and should keep this level till the end of 2014.

Evolution of the inflation and the health index



Source: Federal Planning Bureau, December 2013

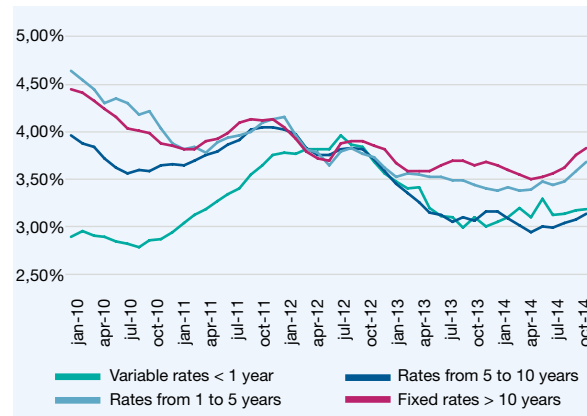
With regard to **interest rates** for new mortgages, it is interesting to point out that the decrease of the interest rates recorded between January 2012 and January 2013, and the consequent period of stability, have now made room for a slight increase of the interest rates since September 2013.

There are two different categories:

- the interest rates for contracts of less than 5 years amount to around 3.2% and have increased less than
- the interest rates for contracts with a longer term, that amount to approximately 3.7 – 3.8%, and that have recorded a stronger increase since last September.

It has to be pointed out that the interest rates should remain relatively low in the course of the first half-year of 2014 to rise again in the second half-year, which could negatively impact the residential property market.

Evolution of interest rates for new mortgages



Source: National Bank of Belgium, December 2013

Finally, according to Febelfin figures, the number of **mortgages granted** has dropped by nearly 10% over the first nine months of the year in comparison with 2012, which leads to conclude that the conditions for granting mortgages were more strict in 2013.

Investments in the Belgian residential property market¹

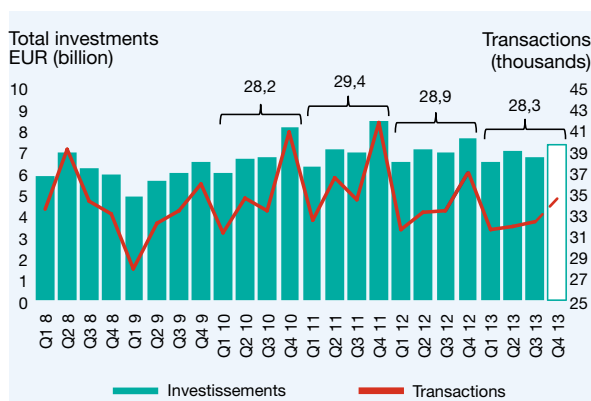
2013 was characterized by the stability of the Belgian residential property market. In comparison with 2012 the total invested volume should be comparable, while the number of transactions should be slightly lower.

The Belgian residential property market is stable since 4 years. The total invested volume in residential property in Belgium indeed nears 28.5 billion euro per year since 2010. In 2013 the invested volume should reach approximately 28.3 billion euro, a decrease by 2%.

The average index of the Belgian residential property activity as defined by the barometer compiled by Belgian notaries confirms that stability of the Belgian residential market: it amounts to 102.5 in 2013 compared to 102.6 in 2012.

The number of transactions recorded over 2013 has however decreased in comparison with 2012. It stands namely at 132 000 transactions, a drop by 2.9% compared to 2012.

Total investments (left scale) and number of transactions (right scale)



Source: Federal Public Service Economy, December 2013, Outlook: DTZ Research

The combination of these 2 factors (the stability of the total invested volume and the decrease of the number of transactions) logically led to a slight increase of the price of residential property in Belgium. Consequently, the average price of a property would have risen by slightly more than 2% average in 2013.

Relatively low **interest rates** and a certain improvement of the economy have contributed to the stability of the residential market during the past year. The improvement of economic circumstances should have a positive effect on property in 2014, while the expected rise of the interest rates in the second half-year could have the opposite effect.

Evolution per type of property

In general, the average prices of residential property have slightly increased in Belgium

Globally, the plots of land have recorded the strongest price increase in Belgium in comparison with 2012, followed by the apartments, the ordinary houses, and finally by the luxury homes.

	Average price 2013	Change 2013 - 2012	Change 2013 - 2010
Houses	197 000 €	+ 1.9%	+ 9.1%
Luxury homes	336 000 €	+ 1.6%	+ 5.2%
Apartments	207 000 €	+ 2.6%	+ 9.7%
Plots (EUR /m ²)	110 €/m ²	+ 4.8%	+ 7.4%

Source: Federal Public Service Economy, December 2013

¹ Note with regard to the methodology: The figures of the Federal Public Service Economy underlying this report are communicated with a delay of one quarter. As such, we only dispose of the figures of the first nine months of 2013 in January 2014. However, based on the information gathered and the different available statistic indicators we have estimated the volumes invested in residential property for the last quarter of 2013, as well as the average prices for the different categories of property included in this market overview.

The average price of an **ordinary house** has slightly increased in Belgium. The increase is the most explicit in Brussels with more than 3%.

The sector of **villas and luxury homes** suffers most, with a stagnation of the prices in Flanders and in Wallonia. In Brussels the prices have risen by nearly 3% in comparison with 2012, which confirms a certain renewed interest.

Regional disparities are relatively important, an ordinary house in Brussels is twice the cost of an ordinary house in Wallonia. The Flanders are situated between these two extremities.

As for ordinary houses, the average price varies greatly from one region to another. The average price is close to one million euro in Brussels whereas in Wallonia it is four times lower.

Evolution of the average price of an ordinary house per region, EUR

	Average price 2013	Change 2013 - 2012	Change 2013 - 2010
Brussels	€ 366 000	+ 3.2%	+ 8.8%
Flanders	€ 211 000	+ 1.8%	+ 11.3%
Wallonia	€ 147 000	+ 0.7%	+ 5.8%

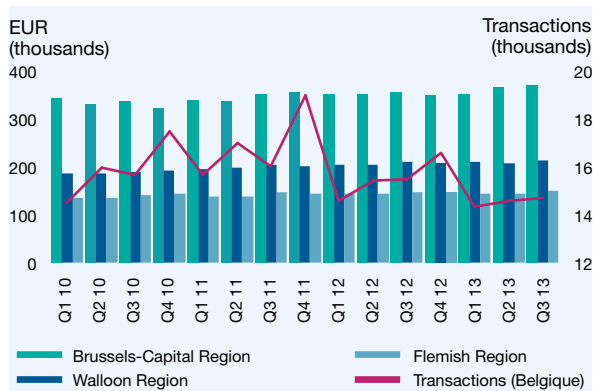
Evolution of the average price of a villa and luxury home per region, EUR

	Average price 2013	Change 2013 - 2012	Change 2013 - 2010
Brussels	€ 915 000	+ 2.9%	+ 1.2%
Flanders	€ 360 000	+ 1%	+ 5.8%
Wallonia	€ 268 000	+ 1%	+ 4.7%

In 2013 the number of transactions recorded in Belgium amounts globally to approximately 14 500 transactions per quarter and consequently stands at its lowest level since 2010. The difficult access to mortgages has undoubtedly contributed more to the decrease of the number of transactions than the price increase in itself.

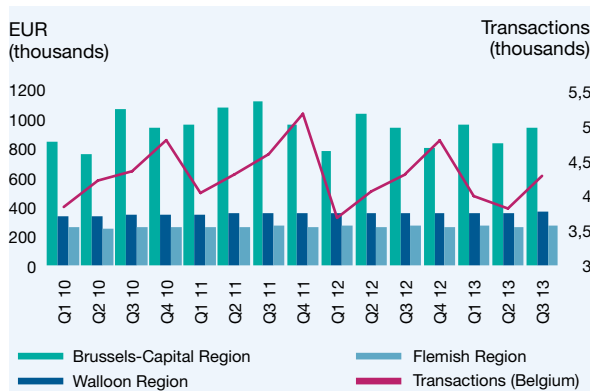
Since the beginning of 2013 the number of transactions recorded in the entire country stands at approximately 4 000 per quarter, or 200 transactions below the average per quarter over the five past years. The attraction of this type of property has however risen in 2013, after a certain stagnation and even drop in interest in this type of property, influenced by the improvement of the macroeconomic situation and that on the financial markets.

Average price per region and number of transactions in Belgium for an ordinary house



Source: Federal Public Service Economy, December 2013, Outlook: DTZ Research

Average price per region and number of transactions in Belgium for a villa and luxury home



Source: Federal Public Service Economy, December 2013

The price of **apartments** records the strongest increase on an annual basis, and this in the three regions of the country. The price increases are the most important in Wallonia in comparison with 2012.

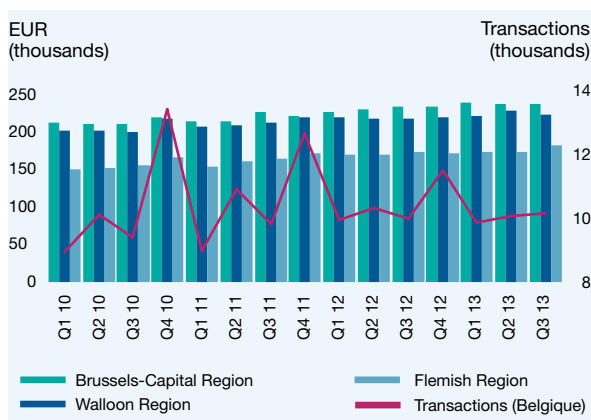
Contrary to ordinary houses and luxury houses, the average prices of an apartment are relatively similar between the three regions although Brussels is slightly more expensive.

Evolution of the average price of an apartment per region, EUR

	Average price 2013	Change 2013 - 2012	Change 2013 - 2010
Brussels	€ 224 000	+ 3%	+ 11%
Flanders	€ 211 000	+ 2.3%	+ 9.2%
Wallonia	€ 166 000	+ 3.2%	+ 13%

In 2013 the number of transactions recorded stands at circa 10 000 per quarter, or entirely in line with the average of the last five years, which confirms the interest of households in this type of property, cheaper than ordinary houses.

Average price per region and number of transactions in Belgium for apartments



Source: Federal Public Service Economy, December 2013

The price of **building plots** has increased by nearly 5% on average in 2013. The increasing rarity of available plots should push the price higher in the future.

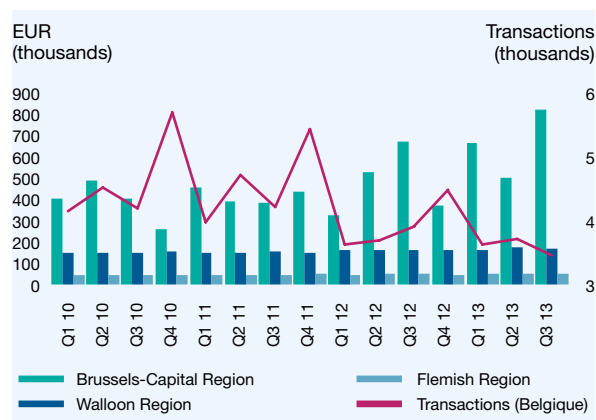
The regional differences are important, mainly due to the increasing rarity of building plots in Flanders and in Brussels, and even more by the important competition for landownership in Brussels.

Evolution of the average price of a building plot per region, EUR/m²

	Average price 2013	Change 2013 - 2012	Change 2013 - 2010
Brussels	686 €/m ²	+ 40%	+ 70%
Flanders	175 €/m ²	+ 5.8%	+ 12.7%
Wallonia	51 €/m ²	+ 2.8%	+ 7.2%

In 2013 the number of recorded transactions is lower than the one listed in 2012 and amounts to approximately 3 600 per quarter compared to 4 200 per quarter on average over the last 3 years. This evolution undoubtedly reflects the progressive decrease of the number of building plots in Belgium.

Average price per region and number of transactions in Belgium for building plots



Source: Federal Public Service Economy, December 2013

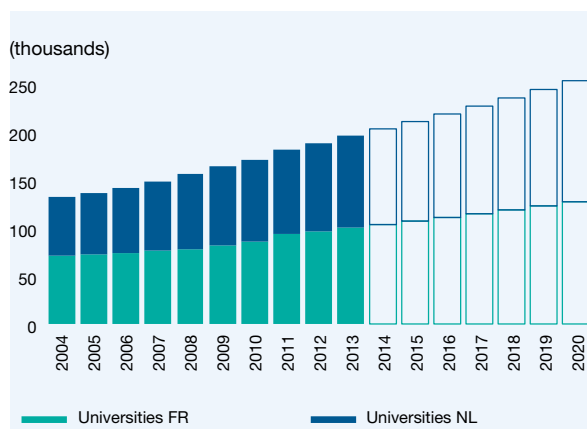
► The market of student housing

The increase of the number of students and the lack of housing made available by universities encourages the private sector to bridge the gap.

In 2012 the number of students in French-speaking and Dutch-speaking universities of the country reached more than 170 000 students in total. In 2004 they were 120 000 in total. To these figures needs to be added:

- the number of students enrolled in the Colleges of the country, of which part is also looking for housing during their program;
- the growing number of Erasmus students in Belgium; they were 3 700 in 2001, are 7 500 today, and represent that way nearly 5% of all university students.

Evolution of the number of students in French-speaking and Dutch-speaking universities



Source: CREF, Flemish government; Outlook: DTZ Research

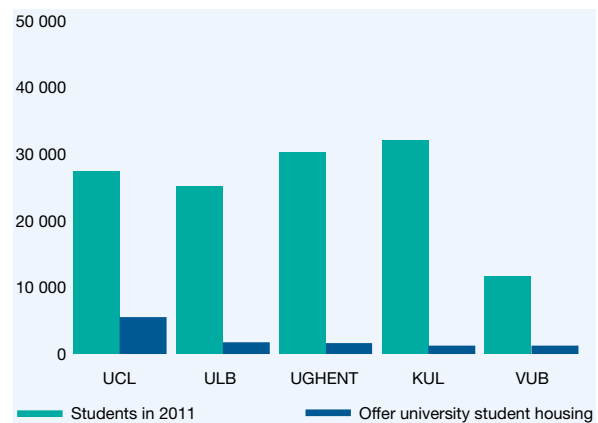
The increase of the number of students recorded from 2004 to 2012 amounts to more than 4.6% (4% per year on average in the French-speaking universities versus 5.3% in the Dutch-speaking universities).

If we take into account a rather conservative growth hypothesis (3.5% of annual growth in the French-speaking universities and 4% in the Dutch-speaking universities), the Belgian population of university students would reach 200 000 students in 2017.

In comparison with this important rise of the university students' population, the lack of housing made available by Universities is growing, and the gap increases. In that way, for the 5 universities under review representing nearly 118 000 students, total student housing offer of universities amounts to barely 11 000 units, or less than 10% of the number of students. The student housing- offer is logically bigger in Louvain-La-Neuve, being a city developed in the first place to welcome students.

We must however consider that not all university students are in search of housing. Based on the information gathered, the need for student housing outside the family circle would amount to 1 student to 3 at the ULB, or a need of approximately 8 000 student houses. But, the ULB offers only circa 1 700 houses, or a gap to bridge of over 6 000 houses. When we extrapolate these figures to the other universities, the demand for student housing could amount to more than 30 000 units, compared to a current offer of 11 000 student houses.

Number of students and number of student houses made available per university



Source: websites of the universities UCL, ULB, Gent, KUL

A large number of projects to respond to this lack of student housing is in a study or realization phase. But the financial situation of the Universities will not allow them to bridge that gap. The private sector consequently tends to take the place of the universities by offering student housing on the free market.

It also has to be pointed out that it is relatively difficult to obtain exact figures on the number of student houses offered by private owners, as these houses are rarely declared as student houses.

► Demographic outlook within the horizon 2030/ 2060 and its impact on the residential property market

The assumed demographic growth in Belgium will mainly concentrate in city centres. This should have a substantial impact on the residential property market as this leads to a growing demand for houses but equally to a possible change in the type of ownership.

Because of the fact that most of the demographic growth comes from international immigration, we can expect that this population will rather resort to renting than to buying. In a scenario in which the international immigration would be the most important, and even the only source of population growth as of 2040, the ratio lessor/lessee could evolve in the years to come. Other factors reinforce this hypothesis. Foremost, the increasingly difficult access to mortgages leads a large part of the population directly to renting instead of buying.

The demographic growth leads in its turn to a growing need for houses in Belgium. Thus, approximately 35 000 new units per year should be produced to take care of the increased population, or more than 3 500 000 m² that should be built each year. In Brussels the difference between additional housing (+/- 4 000 units per year) and the need for housing (approximately 7 000 units per year) is one of the main challenges of the coming years in Brussels.

In Flanders a recent study of the 'Vlaamse Confederatie Bouw' (Flemish Confederation of Construction) pleads, based on the lack of available building plots, in favour of increasing density (high-rise flats, development of previous industrial zones) in the city centres.

The impact of demographic growth on the residential property landscape is consequently not to be ignored.



LEBEAU (BRUSSELS)



LAMBERMONT (BRUSSELS)

SURVEYOR'S REPORT FOR THE FINANCIAL YEAR 2013¹

Ladies, Gentlemen,

Regarding: Evaluation on 31 December 2013

In compliance with legal and statutory provisions, we are proud to provide you with our opinion on the Investment Value of the portfolio belonging to the Sicafi HOME INVEST BELGIUM as of **31 December 2013**.

We have carried out our valuations using the NPV-method of the rental income and in compliance with International Valuation Standards (IVS) and RICS ('Royal Institution of Chartered Surveyors').

As is customary, our mission is executed on the basis of information provided by HOME INVEST BELGIUM regarding the rental status, charges and taxes to be paid by the lessor, the works to be done, together with any other factors influencing property values. We presume this information to be exact and complete.

As stated explicitly in our valuation reports, these do not include any structural or technical examination of properties or any analysis of the possible presence of harmful materials. These factors are well known to HOME INVEST BELGIUM which manages its portfolio in a professional manner, and is well aware of possible risk factors, and therefore proceeds with the necessary technical and legal due diligence before acquiring any property.

The Investment value is defined as the value most likely to be reasonably obtained under normal selling conditions between consenting and well-informed parties, before deduction of transfer costs.

The **fair value** can be obtained as follows:

- for residential or mixed-purpose properties which are by nature and conception appropriate for resale by separate units: by deducting from the Investment value the transfer rights amounting to 10% in Flanders and 12.5% in the Brussels-Capital Region and Wallonia. For residential property, the fair value partly takes into account a potential capital gain in the case of a sale by separate units (apartment per apartment).
- for the other properties contained in the portfolio: by deducting from the investment value a rate of 2.5% when this value exceeds € 2 500 000, or the total transfer rights, set at the above-mentioned rates of 10% and 12.5%, if the Investment value is below € 2 500 000.

An analysis of sales realised on the Belgian market in the 2003 – 2005 period shows an average rate of 2.5% for transfer rights for properties sold 'en bloc' with an investment value exceeding € 2 500 000.

This 2.5% rate will be reviewed periodically and adjusted insofar as the gap shown for the institutional market exceeds +/- 0.5%.

In our analysis of Home Invest Belgium's portfolio, we have arrived at the following findings:

- 1) The portfolio consists of 73.89% residential buildings, of which 1.88% nursing homes, 3.77% hotels and 16.78% commercial spaces and 5.55% office spaces².
- 2) The occupancy rate of the property portfolio on 31 December 2013 amounts to 93.96%³.
- 3) The average level of collected or guaranteed rents is 6.59% higher than the currently estimated value for the property.

¹ Letter of the real estate surveyor of 30 January 2014 literally reproduced with his consent.

² These 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 is calculated as at 31 December 2013 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.

On the basis of the remarks made in the previous paragraphs, we confirm that the Investment value of Home Invest Belgium's property portfolio on 31 December 2013 amounts to € 328 708 000.00 (three hundred and twenty-eight million, seven hundred and eight thousand euro).

The likely realisable value of Home Invest Belgium's property portfolio on 31 December 2013 corresponding to its fair value in the sense of IAS/IFRS is set at € 299 841 000.00 (two hundred and ninety-nine million, eight hundred and forty-one thousand euro).

Yours faithfully,

Brussels, 30 January 2014
WINSSINGER & ASSOCIATES S.A.
Geoffroy REGOUT – Director
SPRL



CITY GARDENS (LOUVAIN)

THE CONSOLIDATED PROPERTY PORTFOLIO OF HOME INVEST BELGIUM

Evolution of the portfolio – Return per segment

The table below presents the evolution of the property portfolio in operation, i.e. the buildings available for letting and the investment properties held for sale.

In €	Fair value	Investment value of the portfolio	Gross current rent + vacancy guarantee (annualised)	ERV (Estimated rental value)	Occupancy rate	Gross yield
31/12/13	299 841 000	328 708 000	20 230 307	18 537 198	94,96%	6,15%
31/12/12	259 185 000	285 889 000	17 475 851	15 550 675	94,16%	6,11%
31/12/11	245 975 978	272 247 567	16 826 762	15 072 907	95,38%	6,18%
31/12/10	222 773 965	246 558 323	15 173 976	13 643 207	94,61%	6,15%
31/12/09	209 363 518	229 001 892	14 400 972	12 742 494	94,60%	6,29%
31/12/08	199 144 677	218 821 398	13 279 535	12 068 321	96,00%	6,07%
31/12/07	162 189 760	179 553 208	10 921 718	9 688 010	96,99%	6,08%
31/12/06	140 931 777	154 250 086	9 635 516	8 537 563	96,77%	6,22%
31/12/05	118 106 816	128 939 823	8 348 966	7 516 226	91,26%	6,48%
31/05/04	N/A	84 573 857	6 310 785	5 788 461	97,79%	7,46%
31/05/03	N/A	66 927 850	5 249 790	4 861 780	97,34%	7,84%
31/05/02	N/A	57 288 245	4 654 442	4 218 134	97,35%	8,12%
31/05/01	N/A	51 361 059	4 176 994	3 839 018	97,67%	8,13%
31/05/00	N/A	44 261 389	3 586 592	3 407 872	99,01%	8,10%
01/06/99	N/A	43 181 416	3 393 792	3 401 772	99,45%	7,86%

On 31 December 2013, the fair value of the consolidated portfolio (investment properties and assets held for sale) was therefore +/- € 300 million, while the investment value stood at +/- € 329 million.

As for the average occupancy rate¹ for the financial year as a whole, it increased to 94.96% compared to 94.16% in 2012.

At the end of the year, the remaining duration of leases stands at 5 years and 11 months. This information is based on the theoretical end date of the signed leases.

It has to be mentioned that in the residential sector, the legislation in force allows tenants to terminate their lease prematurely or extend their lease at maturity. The remaining period is therefore entirely theoretical.

Situation of the investment properties on 31 December 2013 (2)	Fair value	Acquisition value	Insured value(3)	Gross yield(4)
Brussels-Capital Region	185 206 341	130 576 714	118 192 320	5,76%
Flemish Region	36 503 880	31 717 766	18 398 266	5,38%
Walloon Region	68 728 436	63 326 551	57 264 907	7,71%
Total	290 438 658	225 621 031	193 855 493	6,16%

As the Sicafi is mainly active in the letting of residential buildings, it is impossible to determine the activity sectors 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 of 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



FLORIDA (WATERLOO)



LES ERABLES (WOLUWE-SAINT-LAMBERT)

Situation of the property portfolio on 31 Decembre 2013¹

Situation of the property portfolio on 31 December 2013 (1)		Address	Main destination	Year (2)	Units	Surface	Gross rents (3)	ERV (4)	Effective rents (5)	Occupancy rate (6)
Name	City				N°	m ²	€	€	€	%
Brussels Capital Region					776	88 162	11 841 724	10 634 391	11 248 645	94,6%
Adagio Access Brussels Europe	Brussels	Rue de l'Industrie, 12	Hotel residence	2012	1	3 840	769 786	663 913	769 786	100,0%
Belliard 205	Brussels	Rue Belliard, 205	Offices	1937	18	2 256	372 692	305 244	363 192	98,5%
Belliard 21	Brussels	Rue Belliard, 21	Residential	2013	6	278	47 160	47 875	47 160	100,0%
Clos de la Pépinière	Brussels	Rue de la Pépinière, 6-14 - Avenue Thérésienne, 5-9	Residential-Offices	1993	25	3 275	462 235	434 353	444 235	93,0%
Lebeau	Brussels	Rue Lebeau, 55-57	Residential	1998	12	1 153	249 869	182 740	249 869	98,4%
Résidences du Quartier Européen	Brussels	Rue Joseph II, 82-84 - Rue Lebon, 6-10 - Rue Stevin, 21	Residential	1997	50	4 290	747 326	554 985	747 326	80,9%
Birch House	Etterbeek	Cours Saint Michel, 96	Residential	2001	32	3 438	505 815	476 490	465 015	94,9%
Eraïnn	Etterbeek	Rue des Ménapiens, 29	Residential	2001	12	1 252	214 972	195 468	208 972	95,1%
Yser	Etterbeek	Avenue de l'Yser, 13	Residential	1974	15	1 961	316 830	273 690	243 792	92,1%
Giotto	Evere	Avenue du Frioul, 2-10	Residential	2005	85	8 647	1 189 761	1 093 421	1 064 490	93,1%
Belgrade	Forest	Rue de Belgrade, 78-84	Residential	1999	1	1 368	-	-	-	100,0%
Les Jardins de la Cambre	Ixelles	Av. de l'Hippodrome, 96 - Rue des Echevins, 75	Residential	1992	28	3 552	460 736	442 350	442 084	95,7%
Charles Woeste (appartements)	Jette	Avenue Charles Woeste, 296-306	Residential	1998	92	5 091	581 363	552 920	551 023	96,2%
Charles Woeste (commerces)	Jette	Avenue Charles Woeste, 290	Retail	1996	14	2 995	412 758	344 693	401 133	100,0%
Odon Warland - Bulins	Jette	Rue Odon Warland, 205 - Rue Bulins, 2-4	Residential	2012	35	3 123	377 650	366 596	354 963	88,4%
Baeck	Molenbeek St Jean	Rue Joseph Baeck, 22-46	Residential	2001	28	2 652	239 926	236 724	211 129	95,8%
Lemaire	Molenbeek St Jean	Rue Joseph Lemaire, 13-15	Nursing home	1990	1	754	-	-	-	100,0%
La Toque d'Argent	Molenbeek St Jean	Rue Van Kalck, 30-32	Nursing home	1990	1	1 618	197 598	160 465	197 598	100,0%
Sippelberg	Molenbeek St Jean	Avenue du Sippelberg, 3-5	Residential	2003	33	3 290	391 796	354 801	369 765	94,9%
Bosquet - Jourdan	Saint-Gilles	Rue Bosquet, 72 - Rue Jourdan, 71	Residential	1997	27	2 326	290 778	282 937	273 820	95,8%
Jourdan - Monnaies	Saint-Gilles	Rue Jourdan, 121-125	Residential	2002	26	2 814	361 116	350 012	313 397	96,9%
Jourdan 85	Saint-Gilles	Rue Jourdan, 85	Residential	2010	24	2 430	369 547	351 494	361 987	96,6%
Lambermont	Schaerbeek	Bd du Lambermont, 210-222 - Rue Desenfans 13-15,	Residential	2008	131	14 110	1 677 644	1 581 355	1 620 121	97,5%
Melkriek	Uccle	Rue du Melkriek, 100	Nursing home	1998	1	1 971	302 770	210 578	302 770	100,0%
Ryckmans	Uccle	Avenue Rijkmans, 5-19	Residential	1990	8	2 196	277 243	263 520	277 243	99,6%
Les Erables	Woluwé St Lambert	Avenue de Calabre, 30-32	Residential	2001	24	2 202	299 637	263 838	289 387	94,3%
Les Mélèzes	Woluwé St Lambert	Avenue de Calabre, 34-38	Residential	1995	37	4 357	575 122	506 308	532 574	94,9%
Voisin	Woluwé St Pierre	Rue Montagne au Chaudron, 13	Residential	1996	9	923	149 594	137 621	145 814	90,6%
Région flamande					146	14 029	2 135 088	2 137 640	2 051 060	97,0%
Nieuwpoort (commerces)	Nieuport	Albert I-laan, 136	Retail	1997	1	296	29 603	64 000	29 603	100,0%
Grote Markt	Saint Nicolas	Grote Markt, 32	Residential - Offices	2004	17	2 752	392 835	368 541	370 826	96,8%
City Gardens	Louvain	Petermannenstraat, 2A-2B - Ridderstraat, 112-120	Residential	2010	106	5 236	1 057 404	1 058 589	995 385	97,0%
Haverwerf	Malines	Haverwerf, 1-10	Retail	2002	4	3 399	434 640	424 450	434 640	95,8%
Gent Zuid	Gent	Woodrow Wilsonplein, 4	Residential	2000	18	2 346	220 606	222 060	220 606	100,0%

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 31/12/2013, including rental guarantees and the estimated rental value on unoccupied surfaces.

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

5 Gross rents in force on 31/12/2013.

6 Average rate over the year 2013, including rental guarantees.

Situation of the property portfolio on 31 December 2013 (1)		Address	Main destination	Year (2)	Units	Surface	Gross rents (3)	ERV (4)	Effective rents (5)	Occupancy rate (6)
Name	City				N°	m ²	€	€	€	%
Walloon Region					396	45 744	5 621 448	5 129 338	5 322 388	94,9%
Clos Saint-Géry	Ghlin	Rue de Tournai, 4	Residential	1993	1	4 140	296 431	190 000	229 931	80,1%
Place du Jeu de Balle	Lasne	Place du Jeu de Balle, 1	Residential	1999	7	1 198	165 793	154 528	144 347	96,9%
Quai de Compiègne	Huy	Quai de Compiègne, 55	Offices	1971	1	2 479	250 000	161 135	250 000	100,0%
Galerie de l'Ange (appartements)	Namur	Rue de la Monnaie, 4-14	Residential	1995	50	1 880	270 831	256 820	247 676	93,9%
Galerie de l'Ange (commerces)	Namur	Rue de l'Ange, 16-20	Retail	2002	12	2 552	687 898	543 095	687 898	96,0%
Léopold	Liège	Rue Leopold, 2-8	Residential	1988	53	3 080	317 677	303 580	281 102	91,2%
Mont Saint Martin	Liège	Mont Saint Martin, 1	Residential	1988	6	335	30 474	31 635	30 474	86,0%
Saint Hubert 4	Liège	Rue Saint Hubert, 4	Residential	1988	14	910	90 356	88 150	43 016	65,7%
Saint Hubert 51	Liège	Rue Saint Hubert, 51	Residential	1988	4	360	26 714	40 080	26 714	66,4%
Florida	Waterloo	Avenue Florida 75 -79	Residential	1998	5	1 460	113 295	115 040	66 985	41,0%
Louvain La Neuve CV9	Louvain La Neuve	Angle des Rues des Wallons et Grand Rue	Residential - Offices - Retail	1977	16	7 091	742 886	719 900	742 886	100,0%
Louvain La Neuve CV10&18	Louvain La Neuve	Rues Charlemagne, Grand Rue, Robelais, Grand Place, Agora	Residential - Offices - Retail	1977	176	16 519	2 199 810	2 117 400	2 178 370	99,9%
Colombus	Jambes	Rue de l'Orjo, 52-56	Residential	2007	51	3 740	429 283	407 975	392 989	92,2%
Total					1 318	147 935	19 598 260	17 901 369	18 622 093	95,0%

Current development projects

Name	City	Address	Total estimated investment	Investments on 31/12/2013
Ariane	Woluwé St Lambert	Avenue Marcel Thiry, 208	22 027 712	314 743
Brederode/Pépinère	Brussels	Coin des rues Pépinières et Brederode	6 834 375	3 347 682
Montoyer	Brussels	Rue Montoyer, 25	6 929 414	3 492 472
Maurice Charlent	Auderghem	Rue Maurice Charlent, 51-53	11 154 600	59 126
Marcel Thiry 204C	Woluwé St Lambert	Avenue Marcel Thiry, 204C	17 720 847	8 841 270
Reine Astrid	Kraainem	Avenue Reine Astrid, 278	8 861 383	260 000
Total			73 528 331	16 315 294



LAMBERMONT (SCHAERBEEK)



LAMBERMONT (SCHAERBEEK)

Analysis of the breakdown of the property portfolio¹

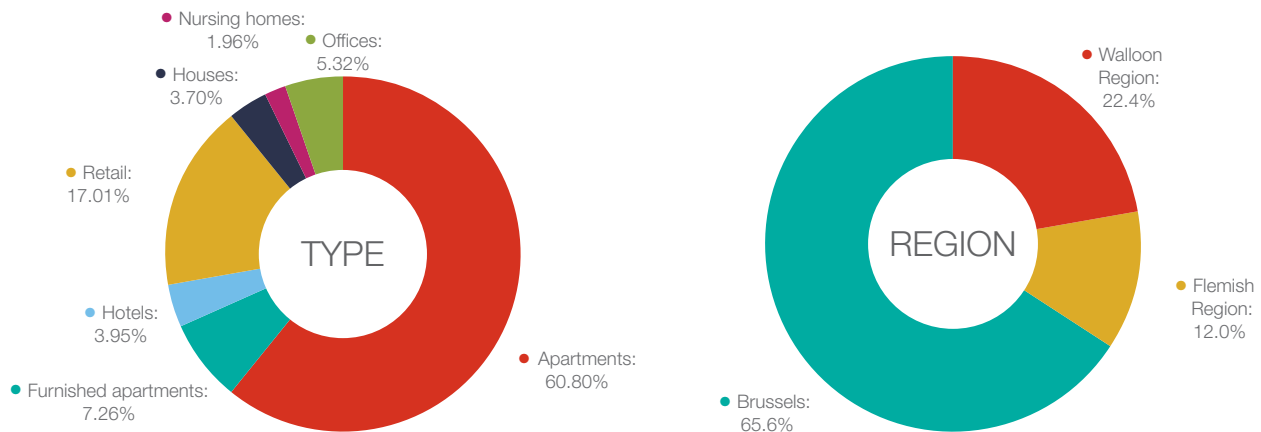
Breakdown according to property type

On 31 December 2013 the investment properties of Home Invest Belgium comprised 73.7% of residential buildings.

The program law of 27 December 2012 states that as of 1 January 2013 the withholding tax on dividends amounts in principle 25%. Home Invest Belgium benefits however from a reduction of the withholding tax to 15% as a residential Sicafi, having at least 60% of its property directly invested in residential buildings. This same program law has revised the percentage of 60% and increased it to 80%. Home Invest Belgium has a transition period of 2 years to comply. Home Invest Belgium is consequently extremely vigilant when examining investment or project development files to do everything possible to reach this threshold of 80% by May 2015

Geographical breakdown

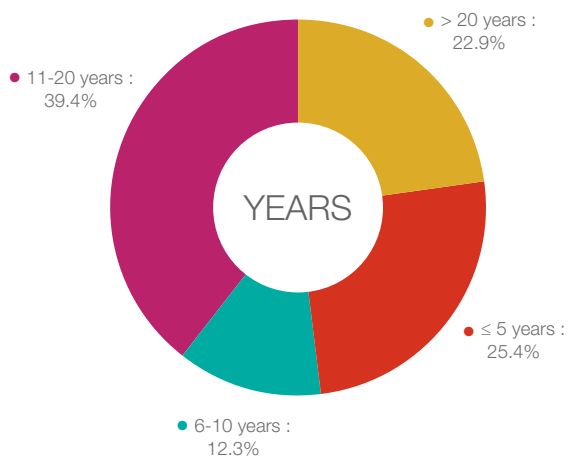
At the same date, the investment properties were located for 65.6% in the Brussels-Capital Region, which reflects the investment strategy of the Sicafi, primarily focused on this region. The presence of the Sicafi in the Flemish region stands at 12.0% and in the Walloon Region at 22.4%.



¹ Calculations made on the basis of the fair value of the investment buildings excluding buildings held for sale.

Breakdown by age of property¹

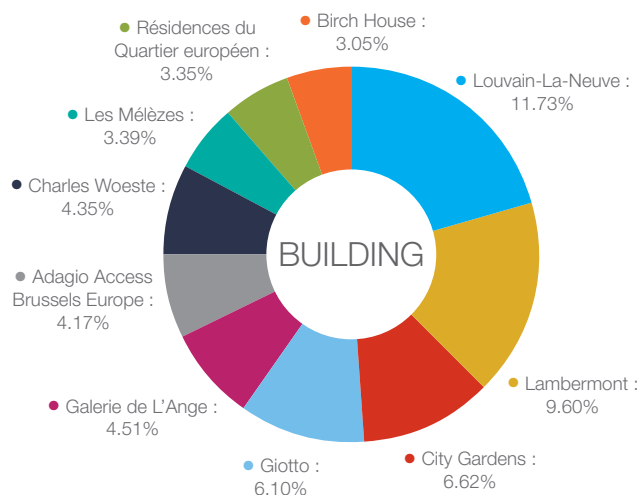
Broken down per age category, buildings that are 10 years of age or less represent 38% of the portfolio, of which 25% under 5 years. This portfolio breakdown demonstrates the company's objective of investing mainly in new or recent buildings.



Breakdown per property¹

The regulation on Sicafi demands that they diversify their risks. Thus, Home Invest Belgium – as a Sicafi – 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 11.7% of the total portfolio of buildings available for letting, followed by the building Lambermont with 9.6%, the diversification is fully assured. The ten main sites of more than 3% each represent 57% of the total portfolio.



¹ Calculations made on the basis of the fair value of the investment buildings excluding buildings held for sale and excluding development projects.



The main investment properties available for letting



The 4 following buildings represent more than 5% of the consolidated investment properties of the Sicafi:

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

Buildings located at the heart of Louvain-la-Neuve.

They comprise +/- 23 000 m² of letting area, of which 40% residential, 36% commercial and the rest office surfaces and auditoria.

This complex represents 11.73% of the investment properties in operation (11.10% of the total of investment properties). The gross rents stand at € 2 942 696 and the average rental occupancy of 2013 amounted to 99.9%.

3 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.

This complex represents 6.62% of the investment properties in operation (6.27% of the total of investment properties). The gross rents stand at € 1 057 404 and the average rental occupancy of 2013 amounted to 97.0%.

2 LAMBERMONT

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

This complex 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.

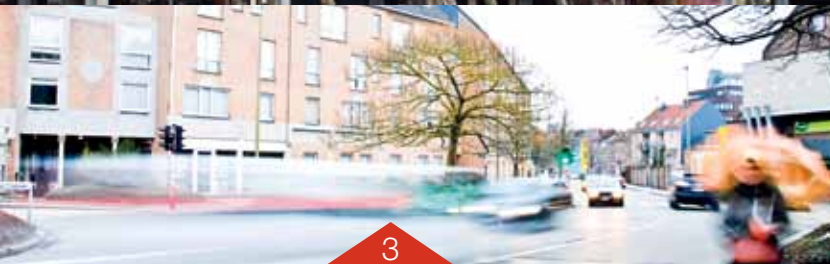
This complex represents 9.60% of the investment properties in operation (9.09% of the total of investment properties). The gross rents stand at € 1 677 644 and the average rental occupancy of 2013 amounted to 97.5%.

4 GIOTTO

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

The property comprises 85 apartments and 85 underground parking spaces.

This complex represents 6.10% of the investment properties in operation (5.77% of the total of investment properties). The gross rents stand at € 1 189 761 and the average rental occupancy of 2013 amounted to 93.1%.



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

5 ODON WARLAND – BULINS

At the angle of the Avenue Odon Warland and of the Rue Bulins, Jette

A building situated in a residential district at the heart of Jette.

The provisional acceptance of the construction works on this building took place on 1 June 2012. It comprises 34 apartments, 1 retail space and 34 parking spaces.

6 JOURDAN 85

Rue Jourdan 85, 1060 Brussels (Saint-Gilles)

The building has a very central location, nearby the avenue Louise and place Stéphanie.

It consists of 23 apartments, 1 office space and 24 underground parking spaces.

7 GALERIE DE L'ANGE

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

The complex consists of a retail ground floor, subdivided into 10 shops, and 50 apartments and studios and 2 office spaces on the floors. It has to be pointed out that 5 additional apartments are being realized.

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 40 apartments; 37 apartments and 38 parking spaces are owned by Home Invest Belgium.

9 LES RÉSIDENCES DU QUARTIER EUROPÉEN

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

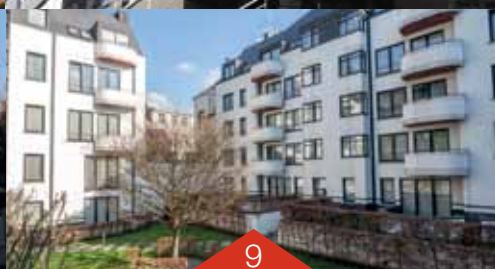
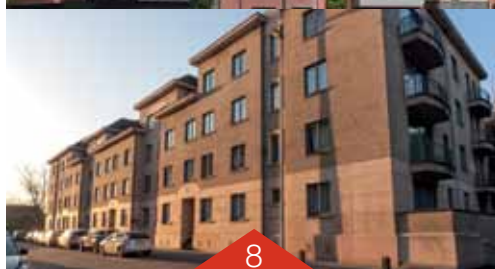
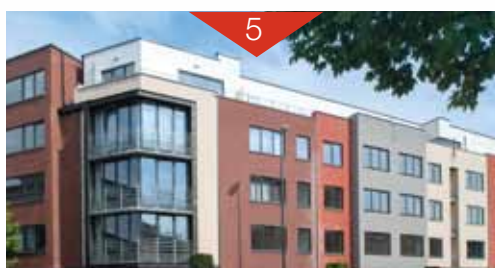
The property consists of three buildings comprising a total of 48 apartments, of which 45 are furnished, 2 small office spaces and 50 underground parking spaces.

10 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.



15 years

11 CLOS DE LA PÉPINIÈRE

Rue de la Pépinière 6 to 14 and
rue Thérésienne 5 to 9, 1000 Brussels

The property comprises 18 luxury apartments, 7 office spaces on the ground floor and 31 underground parking spaces.

12 LES JARDINS DE LA CAMBRE

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

The complex comprises 24 apartments, 4 office units and 31 underground parking spaces.

13 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.

14 COLOMBUS

Rue de l'Orjo, 52-54-56, 5000 Namur (Jambes)

The complex is composed of 33 1-bedroom apartments, 18 2-bedroom apartments and 51 outdoor parking spaces.

15 GROTE MARKT

Grote Markt 31-32, 9100 Saint-Nicolas

The building is located on the Grand Place in Saint-Nicolas. It comprises a retail and office space on the ground floor, 16 apartments on the upper floors as well as 37 outside parking spaces.

16 JOURDAN – MONNAIES

Rue Hôtel des Monnaies 24 to 34 and rue
Jourdan 115 to 121 and 125, 1060 Brussels
(Saint-Gilles)

The property is situated between the rue Jourdan and the rue Hôtel des Monnaies, close to the narrow section of the avenue Louise leading into the avenue de la Toison d'Or.

It comprises 26 apartments and 15 underground parking spaces.

17 ADAGIO ACCESS BRUSSELS EUROPE

Rue de l'Industrie 12, 1000 Brussels

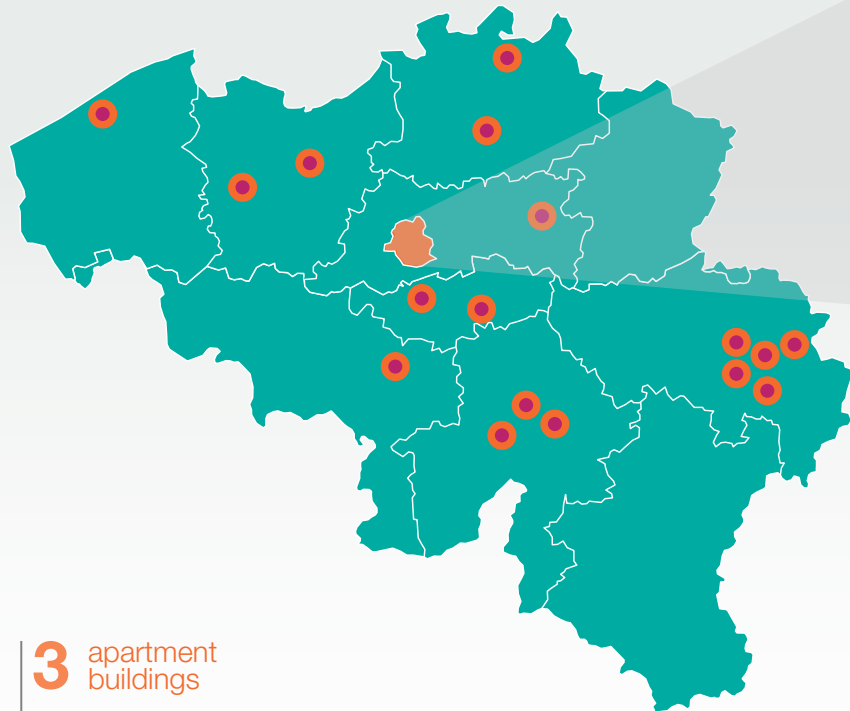
The "Adagio Access Brussels Europe" hotel is situated right in the heart of the European district. The definitive acceptance of the hotel's construction works took place on 25 September 2013.

It consists of 110 rooms and is operated since 17 September 2012 by the Pierre & Vacances group on the basis of a 15-year usufruct agreement.



Consolidated property portfolio of HIB

(BY MAIN DESTINATION)



Flemish Region

2 retail buildings

Nieuport
Haverwerf - Malines

3 apartment buildings

Grote Markt - St-Nicolas
City Gardens - Louvain
Gent Zuid

Walloon Region

1 retail building

Galerie de l'Ange - Namur

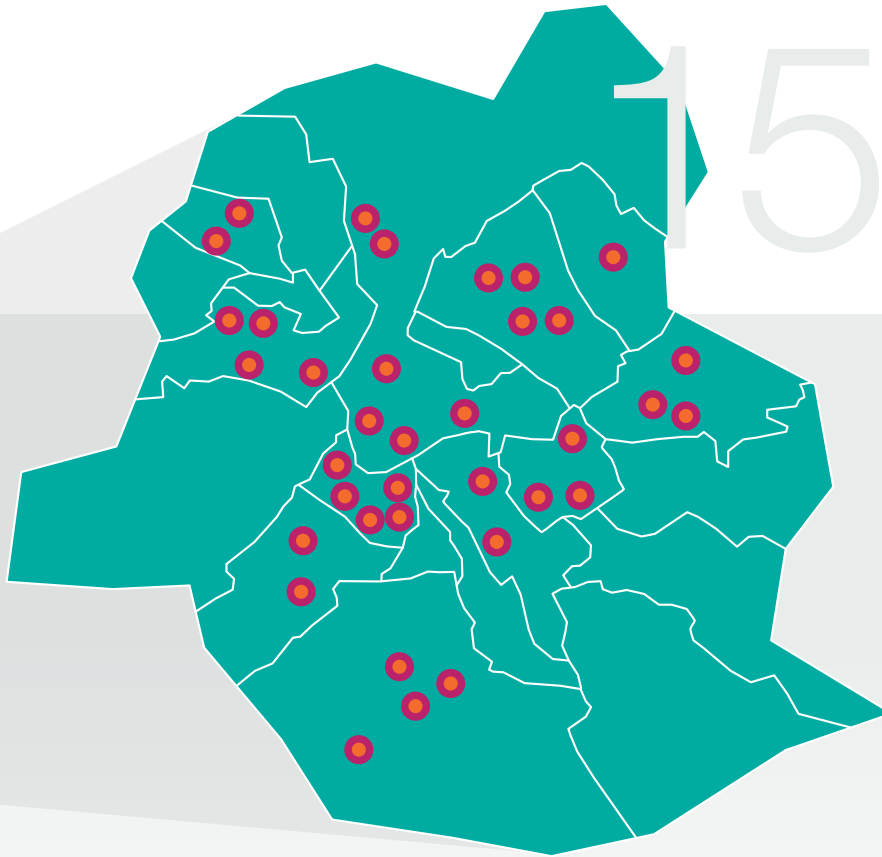
2 office buildings

Quai de Compiègne - Huy
CV9 (partly) - Louvain-la-Neuve

8 apartment buildings

Place du Jeu de Balle - Lasne
Galerie de l'Ange - Namur
Léopold - Liège
Mont Saint Martin - Liège
Saint Hubert 4 - Liège
Saint Hubert 51 - Liège
Columbus - Jambes
CV10-CV18 - Louvain-la-Neuve

15 years



Brussels-Capital Region

1 retail building

Charles Woeste

1 housing complex

Ryckmans

2 furnished apartment buildings

Lebeau
Résidences du Quartier
Européen

3 nursing homes

Lemaire
La Toque d'Argent
Melkriek

1 office building

Belliard 205

1 hotel

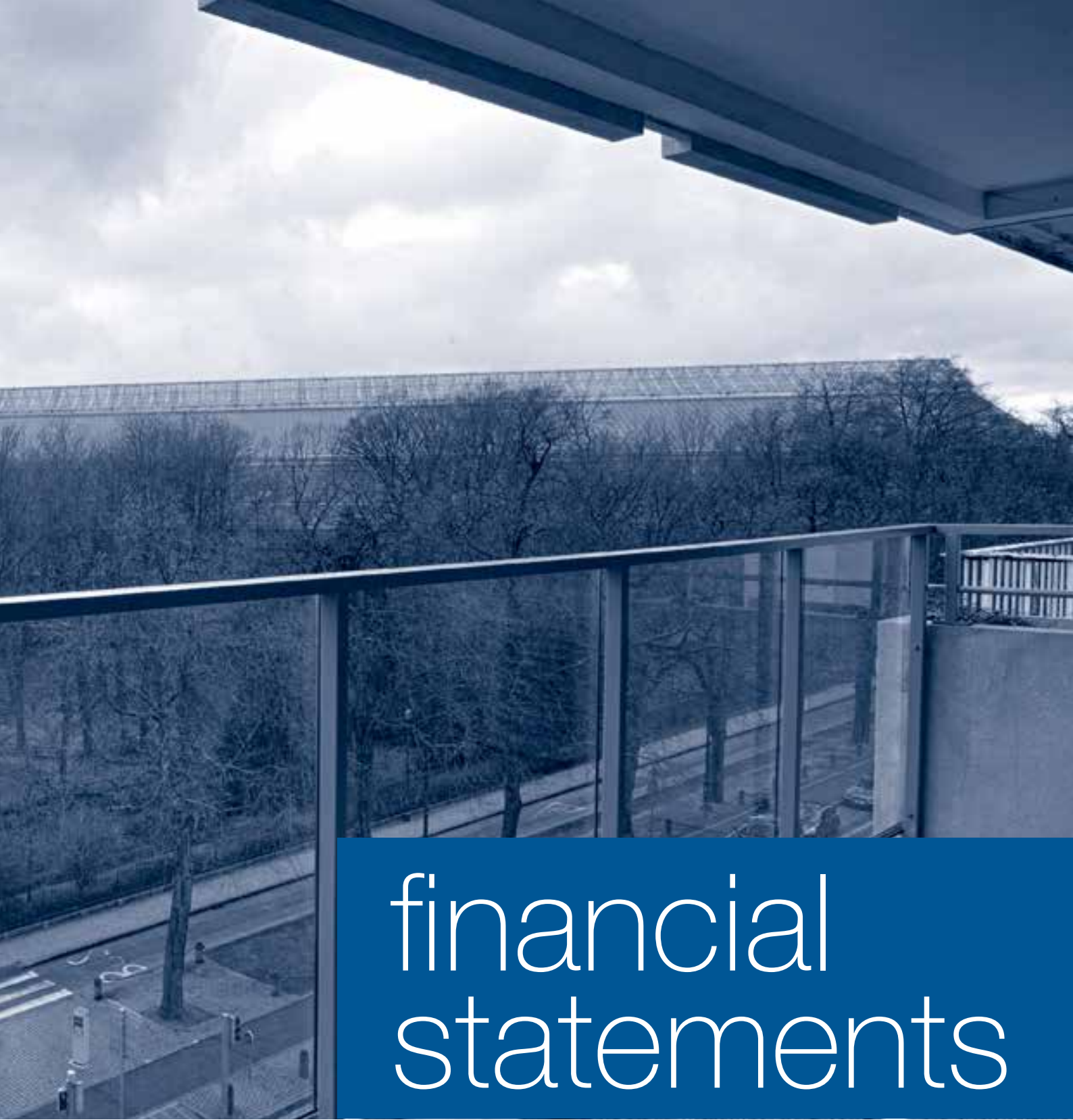
Adagio Access Brussels Europe

23 apartment buildings

Clos de la Pépinière
Birch House
Belliard 21
Erainn
Yser
Giotto
Belgrade
Les Jardins de la Cambre
Charles Woeste
Baeck
Sippelberg
Bosquet - Jourdan
Jourdan - Monnaies
Jourdan 85
Odon Warland-Bulins
Lambermont
Les Erables
Les Mélèzes
Voisin
Pépinère-Brederode
Montoyer 25
Marcel Thiry 204C
Marcel Thiry 208
Maurice Charlent
Reine Astrid







financial statements



Financial statements

CONSOLIDATED FINANCIAL STATEMENTS¹

BALANCE SHEET

ASSETS	Note	31/12/13	31/12/12
I. Non-current assets		307 933 429	244 014 260
B. Intangible assets	15	16 049	5 808
C. Investment properties	16	306 753 952	242 718 208
D. Other tangible assets	18	122 902	161 975
E. Non-current financial assets	24	76 012	51 517
F. Finance lease receivables	19	964 515	1 076 752
II. Current assets		17 166 414	26 378 591
A. Assets held for sale		9 402 061	17 349 556
C. Finance lease receivables	19	112 237	105 379
D. Trade receivables	21	3 199 473	4 779 961
E. Tax receivables and other current assets	21	296 970	1 306 827
F. Cash and cash equivalents	22	3 882 740	2 634 188
G. Deferred charges and accrued income	23	272 933	202 681
TOTAL ASSETS		325 099 843	270 392 851
SHAREHOLDERS' EQUITY			
A. Capital		73 469 670	73 469 670
B. Share premium account		19 093 664	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 (+/-)		90 909 201	89 588 625
c. Reserve from estimated transfer costs and rights resulting from hypothetical disposal of investment properties (-)		-25 730 630	-25 133 105
d. Reserve from the balance of changes in fair value of allowed hedges to which hedge accounting according to IFRS is applied (+/-)		-671 198	-1 958 774
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 (+/-)		12 446 842	11 428 410
D. Net result of the financial year		24 907 336	11 631 985
SHAREHOLDERS' EQUITY		195 025 808	178 721 397
LIABILITIES			
I. Non-current liabilities		79 471 529	71 810 647
B. Non-current financial debts	24	75 000 000	64 550 000
C. Other non-current financial liabilities	24	4 471 529	7 260 647
II. Current liabilities		50 602 505	19 860 808
B. Current financial debts	24	47 382 687	16 162 666
D. Trade debts and other current debts	25	2 290 190	2 486 593
E. Other current liabilities	25	120 734	554 506
F. Accrued charges and deferred income	23	808 895	657 043
LIABILITIES		130 074 035	91 671 455
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		325 099 843	270 392 851

¹ The 2013 consolidated annual accounts of Home Invest Belgium include those of its subsidiaries, Home Invest Development SA (100%) and 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 sicafi, are included by reference in the present financial annual report.

INCOME STATEMENT

	Note	31/12/13	31/12/12
I. Rental income (+)	4	19 353 320	16 814 467
III. Rental-related expenses (+/-)	4	-252 403	-312 211
NET RENTAL RESULT		19 100 917	16 502 255
IV. Recovery of property charges (+)	5	90 977	116 604
V. Recovery of charges and taxes normally borne by the tenant on let properties (+)	5	662 528	404 700
VII. Charges and taxes normally borne by the tenant on let properties (-)	5	-2 021 064	-1 628 894
VIII. Other rental income and expenses (+/-)	5	-778	1 346
PROPERTY RESULT		17 832 578	15 396 011
IX. Technical costs (-)	6	-1 110 397	-1 157 926
X. Commercial costs (-)	7	-539 042	-482 542
XI. Taxes and charges on unlet properties (-)	8	-255 581	-156 258
XII. Property management costs (-)	8	-2 557 758	-1 997 825
XIII. Other property charges		-25 566	0
PROPERTY CHARGES		-4 488 344	-3 794 551
PROPERTY OPERATING RESULT		13 344 234	11 601 461
XIV. General corporate expenses (-)	9	-682 319	-648 065
XV. Other operating revenue and charges (+/-)		-263 587	0
OPERATING RESULT BEFORE PORTFOLIO RESULT		12 398 328	10 953 396
XVI. Result on sale of investment properties (+/-)	10-20	2 517 584	2 835 426
XVIII. Changes in fair value of investment properties (+/-)	10	12 387 402	3 856 947
OPERATING RESULT		27 303 314	17 645 768
XX. Financial income (+)	11	101 768	114 348
XXI. Net interest charges (-)	12	-4 035 036	-2 935 804
XXII. Other financial charges (-)	13	-69 590	-50 747
XXIII. Changes in fair value of financial assets and liabilities (+/-)	13	1 501 542	-3 124 636
FINANCIAL RESULT		-2 501 317	-5 996 839
PRE-TAX RESULT		24 801 997	11 648 929
XXIV. Corporation tax (-)	14	105 340	-16 944
TAXES		105 340	-16 944
NET RESULT		24 907 336	11 631 985
NET RESULT ATTRIBUTABLE TO THE PARENT COMPANY		24 907 336	11 631 985

STATEMENT OF COMPREHENSIVE INCOME

	31/12/13	31/12/12
Statement of comprehensive income		
I. Net result	24 907 336	11 631 985
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	1 287 576	590 372
1. Effective hedging instruments	505 497	-961 793
2. Requalification according to IAS 39 §101	782 079	1 552 165
COMPREHENSIVE INCOME (I + II)	26 194 912	12 222 357

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Capital	Capital increase expenses	Share premium	Legal reserve	Reserve from the balance of changes in fair value of investment properties
Balance at 31/12/2011	74 401 222	-931 552	19 093 664	98 778	85 457 148
Transfert					
Changes resulting from the sale of a building					-5 148 050
Dividend distribution					
Result of the financial year					
Changes in fair value of hedges					
Changes in fair value of property					9 279 527
Balance at 31/12/2012	74 401 222	-931 552	19 093 664	98 778	89 588 625
Balance at 31/12/2012	74 401 222	-931 552	19 093 664	98 778	89 588 625
Transfert					
Changes 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



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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
-23 441 309	-2 549 147	-757 323	1 259 467	7 773 304	14 833 588	175 237 840
				-354 460	354 460	0
1 138 484				4 009 566		0
					-8 738 800	-8 738 800
					11 631 985	11 631 985
	590 372					590 372
-2 830 280					-6 449 248	0
-25 133 105	-1 958 774	-757 323	1 259 467	11 428 410	11 631 985	178 721 397
-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

CASH FLOW STATEMENT

	2013	2012
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2 634 188	1 701 118
1. Cash flow from operating activities	10 894 785	2 660 210
Result for the financial year	24 907 336	11 631 985
Result for the financial year before interest and taxes	27 303 314	17 645 768
Interest received	101 768	114 348
Interest paid	-4 104 626	-2 986 551
Change in fair value of financial assets and liabilities	1 501 542	-3 124 636
Taxes	105 340	-16 944
Adjustment of profit for non-current transactions	-16 329 721	-3 500 874
Depreciation and write-downs	76 806	66 863
- Depreciation and write-downs on non-current assets	76 806	66 863
Other non-monetary elements	-13 888 943	-732 311
- Changes in fair value of investment properties (+/-)	-12 387 402	-3 856 947
- Other non-current transactions	-1 501 542	3 124 636
Gain on realization of assets	-2 517 584	-2 835 426
- Capital gains realized on the sale of non-current assets	-2 517 584	-2 835 426
Change in working capital needs	2 317 169	-5 470 901
Movements in asset items:	2 625 471	-20 798
- Current financial assets	-6 858	-6 488
- Trade receivables	1 692 725	-556 222
- Tax receivables and other short-term assets	1 009 856	621 757
- Deferred charges and accrued income	-70 252	-79 845
Movements of liabilities items:	-308 302	-5 450 103
- Trade and other current debts	-26 383	-5 668 523
- Other current liabilities	-433 772	35 335
- Accrued charges and deferred income	151 852	183 086
2. Cash flow from investment activities	-41 255 732	10 665 410
Investment properties - capitalized investments	-796 094	-664 629
Investment properties - new acquisitions	-34 375 000	
Divestments	10 305 547	12 492 547
Development projects	-16 317 716	-1 122 412
Other intangible assets	-13 528	
Other tangible assets	-34 446	-26 279
Other non-current financial assets	-24 495	-13 817
3. Cash flow from financing activities	31 609 499	-12 392 550
Changes in financial liabilities and debts		
Increase (+) / Decrease (-) in financial debts	41 500 000	-3 653 750
Dividend of the previous financial year	-9 890 501	-8 738 800
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3 882 740	2 634 188

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 : GENERAL INFORMATION ON THE COMPANY

Home Invest Belgium SA is a Sicafi (Société d'Investissement à Capital Fixe en Immobilier - 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 subsidiary the public limited liability company Home Invest Development (100%).

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 2 of the Royal Decree of 21 June 2006 with regard to the bookkeeping, annual financial statements and consolidated financial statements of real estate Sicafis (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, starting from the 2006 financial year which ended on 31 December 2006. 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, via subsidiaries, more than half the voting rights of a particular entity.

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,
- 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».

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 capitalised 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 recognised 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 recognised 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

a 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 2012, namely:

- IFRS 9 Financial instruments: recognition and measurement effective: unspecified.
- IFRS 10 Consolidated financial statements effective as from the financial year starting on 1 January 2014.
- IFRS 11 Joint arrangements effective as from the financial year starting on 1 January 2014.
- IFRS 12 Disclosure of interests in other entities effective as from the financial year starting on 1 January 2014.
- IAS 19: Changes in defined benefit plans: employee contributions effective as from the financial year starting on 1 January 2014.
- IAS 27 Separate financial statements effective as from the financial year starting on 1 January 2014.
- IAS 28 Investments in associates and joint ventures effective as from the financial year starting on 1 January 2014.
- IAS 36: Changes regarding disclosures: recoverable amounts for non-financial assets effective as from the financial year starting on 1 January 2014.
- IAS 39: Changes regarding renewal of derivative financial instruments and continuation of hedge accounting effective as from the financial year starting on 1 January 2014.

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

Note 3 : SEGMENT INFORMATION (CONSOLIDATED)

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

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

In terms of geographic breakdown, the majority of Home Invest Belgium’s investment properties are situated in Brussels. The “unattributed” columns contain the amounts which cannot be attributed to any of these three categories.

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

INCOME STATEMENT BY TYPE OF ASSETS

	Consolidated total	
	2013	2012
I. Rental income (-)	19 353 320	16 814 467
III. Rental-related expenses (+/-)	-252 403	-312 211
NET RENTAL INCOME (= I +II +III)	19 100 917	16 502 255
IV. Recovery of property charges (+)	90 977	116 604
V. Recovery of rental charges and taxes normally borne by the tenant on let premises (+)	662 528	404 700
VII. Rental charges and taxes normally borne by the tenant on let premises (-)	-2 021 064	-1 628 894
VIII. Other rental income and expenses (+/-)	-778	1 346
PROPERTY RESULT (= I +II +III +IV +V +VI +VII +VIII)	17 832 578	15 396 011
IX. Technical costs (-)	-1 110 397	-1 157 926
X. Commercial costs (-)	-539 042	-482 542
XI. Taxes and charges on un-let properties (-)	-255 581	-156 258
XII. Property management costs (-)	-2 557 758	-1 997 825
XIII. Other property charges (-)	-25 566	
PROPERTY CHARGES (= IX +X +XI +XII +XIII)	-4 488 344	-3 794 551
PROPERTY OPERATING RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII)	13 344 234	11 601 461
XIV. General corporate expenses (-)	-682 319	-648 065
XV. Other operating income and charges (+/-)	-263 587	
OPERATING RESULT BEFORE PORTFOLIO RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV)	12 398 328	10 953 396
XVI. Result on sale of investment properties (+/-)	2 517 584	2 835 426
XVIII. Changes in fair value of investment properties (+/-)	12 387 402	3 856 947
OPERATING RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV +XVI +XVII +XVIII +XIX)	27 303 314	17 645 768
XX. Financial income (+)	101 768	114 348
XXI. Net interest charges (-)	-4 035 036	-2 935 804
XXII. Other financial charges (-)	-69 590	-50 747
XXIII. Changes in fair value of financial assets and liabilities (+/-)	1 501 542	-3 124 636
FINANCIAL RESULT (XX +XXI +XXII +XXIII)	-2 501 317	-5 996 839
PRE-TAX RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV +XVI +XVII +XVIII +XIX +XX +XXI +XXII +XXIII)	24 801 997	11 648 929
XXIV. Corporation tax (-)	105 340	-16 944
TAXES (XXIV + XXV)	105 340	-16 944
NET RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV +XVI +XVII +XVIII +XIX +XX +XXI +XXII +XXIII +XXIV +XXV)	24 907 336	11 631 985

	Properties valued by individual units		Properties valued "en bloc" >2 500 000€		Properties valued "en bloc" <2 500 000€		Unattributed	
	2013	2012	2013	2012	2013	2012	2013	2012
	13 213 019	13 887 165	5 765 258	2 629 688	375 043	297 614		
	-92 086	-208 693	-50 975	20 753	2 438	-9 711	-111 780	-114 560
	13 120 933	13 678 471	5 714 283	2 650 441	377 481	287 903	-111 780	-114 560
	82 265	99 092	8 535	17 562	177	-50		
	171 886	183 513	444 616	211 546	46 026	9 640		
	-1 345 023	-1 330 199	-618 156	-245 445	-57 885	-53 251		
	-778	1 346						
	12 029 282	12 632 224	5 549 277	2 634 105	365 799	244 242	-111 780	-114 560
	-1 096 278	-973 208	-100 767	-40 690	-29 719	-12 283	116 367	-131 745
	-523 548	-417 032	-31 988	-7 901	-16 525	-4 617	33 020	-52 992
	-257 684	-49 973	273	-6 650	-1 436	-1 011	3 266	-98 624
	-81 437	-57 269	-42 022				-2 434 299	-1 940 556
							-25 566	
	-1 958 946	-1 497 482	-174 504	-55 241	-47 681	-17 910	-2 307 213	-2 223 917
	10 070 336	11 134 742	5 374 773	2 578 864	318 118	226 332	-2 418 993	-2 338 477
							-682 319	-648 065
							-263 587	
	10 070 336	11 134 742	5 374 773	2 578 864	318 118	226 332	-3 364 899	-2 986 542
	2 593 996	2 733 769				118 742	-76 413	-17 085
	11 905 487	3 582 572	333 193	264 501	148 721	9 873		
	24 569 820	17 451 083	5 707 967	2 843 365	466 839	354 947	-3 441 312	-3 003 628
					90 766	94 468	11 001	19 880
							-4 035 036	-2 935 804
							-69 590	-50 747
							1 501 542	-3 124 636
					90 766	94 468	-2 592 083	-6 091 307
	24 569 820	17 451 083	5 707 967	2 843 365	557 606	449 415	-6 033 395	-9 094 935
							105 340	-16 944
							105 340	-16 944
	24 569 820	17 451 083	5 707 967	2 843 365	557 606	449 415	-5 928 056	-9 111 879

risk factors

background

management report

HIB stock exchange

property report

financial statements

permanent document

INCOME STATEMENT BY REGION

	Consolidated total	
	2013	2012
I. Rental income (+)	19 353 320	16 814 467
III. Rental-related expenses (+/-)	-252 403	-312 211
NET RENTAL INCOME (= I +II +III)	19 100 917	16 502 255
IV. Recovery of property charges (+)	90 977	116 604
V. Recovery of rental charges and taxes normally borne by the tenant on let premises (+)	662 528	404 700
VII. Rental charges and taxes normally borne by the tenant on let premises (-)	-2 021 064	-1 628 894
VIII. Other rental income and expenses (+/-)	-778	1 346
PROPERTY RESULT (= I +II +III +IV +V +VI +VII +VIII)	17 832 578	15 396 011
IX. Technical costs (-)	-1 110 397	-1 157 926
X. Commercial costs (-)	-539 042	-482 542
XI. Taxes and charges on un-let properties (-)	-255 581	-156 258
XII. Property management costs (-)	-2 557 758	-1 997 825
XIII. Other property charges (-)	-25 566	
PROPERTY COSTS (= IX +X +XI +XII +XIII)	-4 488 344	-3 794 551
PROPERTY OPERATING RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII)	13 344 234	11 601 461
XIV. General corporate expenses (-)	-682 319	-648 065
XV. Other operating income and charges (+/-)	-263 587	
OPERATING RESULT BEFORE PORTFOLIO RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV)	12 398 328	10 953 396
XVI. Result on sale of investment properties (+/-)	2 517 584	2 835 426
XVIII. Changes in fair value of investment properties (+/-)	12 387 402	3 856 947
OPERATING RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV +XVI +XVII +XVIII +XIX)	27 303 314	17 645 768
XX. Financial income (+)	101 768	114 348
XXI. Net interest charges (-)	-4 035 036	-2 935 804
XXII. Other financial charges (-)	-69 590	-50 747
XXIII. Changes in fair value of financial assets and liabilities (+/-)	1 501 542	-3 124 636
FINANCIAL RESULT (XX +XXI +XXII +XXIII)	-2 501 317	-5 996 839
PRE-TAX RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV +XVI +XVII +XVIII +XIX +XX +XXI +XXII +XXIII)	24 801 997	11 648 929
XXIV. Corporation tax (-)	105 340	-16 944
TAXES (XXIV + XXV)	105 340	-16 944
NET RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV +XVI +XVII +XVIII +XIX +XX +XXI +XXII +XXIII +XXIV +XXV)	24 907 336	11 631 985

	Brussels-Capital Region		Flemish Region		Walloon Region		Unattributed	
	2013	2012	2013	2012	2013	2012	2013	2012
	12 035 606	11 932 467	2 122 119	2 186 235	5 195 594	2 695 765		
	-112 637	-120 193	-12 013	-16 056	-15 973	-61 403	-111 780	-114 560
	11 922 969	11 812 274	2 110 107	2 170 179	5 179 622	2 634 362	-111 780	-114 560
	65 745	89 280	2 195	20 598	23 036	6 726		
	261 312	265 537	59 131	32 421	342 085	106 741		
	-1 276 071	-1 149 851	-165 919	-160 791	-579 074	-318 252		
	-797	1 282			19	65		
	10 973 157	11 018 523	2 005 514	2 062 407	4 965 688	2 429 642	-111 780	-114 560
	-1 012 033	-908 190	-36 770	-46 241	-177 961	-71 750	116 367	-131 745
	-389 467	-325 746	-63 595	-33 368	-119 000	-70 436	33 020	-52 992
	-216 825	-56 961	-12 456	11 543	-29 565	-12 216	3 266	-98 624
	-76 603	-96 446	-6 280		-40 576		-2 434 299	-1 901 379
							-25 566	
	-1 694 929	-1 387 343	-119 100	-68 066	-367 103	-154 401	-2 307 213	-2 184 740
	9 278 229	9 631 179	1 886 414	1 994 341	4 598 585	2 275 241	-2 418 993	-2 299 300
							-682 319	-648 065
							-263 587	
	9 278 229	9 631 179	1 886 414	1 994 341	4 598 585	2 275 241	-3 364 899	-2 947 365
	2 364 696	2 165 113		622 334	229 301	65 064	-76 413	-17 085
	9 963 257	3 033 653	1 747 283	274 732	676 861	548 561		
	21 606 182	14 829 945	3 633 697	2 891 408	5 504 747	2 888 866	-3 441 312	-2 964 451
	90 766	94 468					11 001	19 880
							-4 035 036	-2 935 804
							-69 590	-50 747
							1 501 542	-3 124 636
	90 766	94 468					-2 592 083	-6 091 307
	21 696 948	14 924 414	3 633 697	2 891 408	5 504 747	2 888 866	-6 033 395	-9 055 758
							105 340	-16 944
							105 340	-16 944
	21 696 948	14 924 414	3 633 697	2 891 408	5 504 747	2 888 866	-5 928 056	-9 072 702

risk factors

background

management report

HIB stock exchange

property report

financial statements

permanent document

BALANCE SHEET BY ASSET TYPE

	Consolidated total		Properties valued by individual units	
	2013	2012	2013	2012
Investment properties in operation	290 438 658	241 835 640	207 485 883	199 793 899
Investment properties - Development projects	16 315 294	882 568	16 315 294	882 568
Assets held for sale	9 402 061	17 349 556	9 402 061	17 349 556
Finance lease receivables	1 076 752	1 182 131		
Other assets	7 867 078	9 142 956		
TOTAL ASSETS	325 099 843	270 392 851	233 203 237	218 026 023
Percentage by sector	100.00%	100.00%	71.73%	80.63%
Shareholders' equity	195 025 808	178 721 397		
Liabilities	130 074 035	91 671 455		
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	325 099 843	270 392 851		

OTHER INFORMATION BY ASSET TYPE

	Consolidated total		Properties valued by individual units	
	2013	2012	2013	2012
Investment properties				
Investments	796 094	664 629	663 986	658 788
Other tangible assets				
Investments	310 325	275 879		
Depreciation	-187 422	-113 904		
Intangible assets				
Investments	43 778	30 250		
Depreciation	-27 729	-24 442		

BALANCE SHEET BY REGION

	Consolidated total		Brussels-Capital Region	
	2013	2012	2013	2012
Investment properties in operation	290 438 658	241 835 640	185 206 341	174 027 927
Investment properties - Development projects	16 315 294	882 568	16 315 294	882 568
Assets held for sale	9 402 061	17 349 556	5 239 111	12 351 111
Finance lease receivables	1 076 752	1 182 131	1 076 752	1 182 131
Other assets	7 867 078	9 142 956		
TOTAL ASSETS	325 099 843	270 392 851	207 837 498	188 443 737
Percentage by sector	100.00%	100.00%	63.93%	69.69%
Shareholders' equity	195 025 808	178 721 397		
Liabilities	130 074 035	91 671 455		
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	325 099 843	270 392 851		

	Properties valued "en bloc" >2 500 000€		Properties valued "en bloc" <2 500 000€		Unattributed	
	2013	2012	2013	2012	2013	2012
	77 489 785	41 097 317	5 462 990	944 424		
			1 076 752	1 182 131	7 867 078	9 142 956
	77 489 785	41 097 317	6 539 742	2 126 555	7 867 078	9 142 956
	23.84%	15.20%	2.01%	0.79%	2.42%	3.38%

					195 025 808	178 721 397
					130 074 035	91 671 455
					325 099 843	270 392 851

	Properties valued "en bloc" >2 500 000€		Properties valued "en bloc" <2 500 000€		Own use	
	2013	2012	2013	2012	2013	2012
	114 275	11 083	17 833			
					310 325	275 879
					-187 422	-113 904
					43 778	30 250
					-27 729	-24 442

	Flemish Region		Walloon Region		Unattributed	
	2013	2012	2013	2012	2013	2012
	36 503 880	34 605 654	68 728 436	33 202 060		
	1 452 727	1 570 000	2 710 222	3 428 444		
	37 956 607	36 175 654	71 438 658	36 630 504	7 867 078	9 142 956
	11.68%	13.38%	21.97%	13.55%	2.42%	3.38%

					195 025 808	178 721 397
					130 074 035	91 671 455
					325 099 843	270 392 851

Note 4: RENTAL INCOME AND CHARGES

	31/12/13	31/12/12
I. Rental income (+)		
A. Rent	19 296 421	16 707 803
B. Guaranteed rental income	24 660	0
C. Rent-free periods	-49 539	-55 544
E. Early lease termination indemnities	81 779	162 207
III. Rental-related expenses (+/-)		
A. Rent payable on leased premises	-101 579	-114 560
B. Impairments on trade receivables	-275 557	-274 708
C. Reversal of impairments on trade receivables	124 733	77 057
NET RENTAL INCOME (= I +II +III)	19 100 917	16 502 255

The rental income progresses significantly under the positive influence of the acquisition beginning of 2013 of the buildings of the real estate certificate "Louvain-la-Neuve 1976", and this, notwithstanding the decrease of the rents following the sales realized in the course of the year.

Note 5: PROPERTY RESULT

	31/12/13	31/12/12
IV. Recovery of property charges (+)		
A. Indemnities for tenant damage	90 977	116 604
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	50 435	42 863
B. Re-invoicing of property and other taxes on let properties	612 093	361 837
VII. Rental-related charges and taxes normally paid by the tenant on let properties (-)		
B. Property and other taxes on leased buildings	-2 021 064	-1 628 894
VIII. Other rental income and expenses (+/-)	-778	1 346
TOTAL	-1 268 338	-1 106 244
PROPERTY RESULT (= I +II +III +IV +V +VI +VII +VIII)	17 832 578	15 396 011

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

	31/12/13	31/12/12
IX. Technical costs (-)		
A. Recurrent technical costs		
1. Repairs	-1 104 364	-873 485
3. Insurance premiums	-105 509	-103 571
B. Non-recurrent technical costs		
1. Major repairs (companies, architects, engineering,...)	72 156	-218 951
2. Indemnification of accidents by insurers	27 321	38 081
TOTAL	-1 110 397	-1 157 926

In its provisional annual budget, Home Invest Belgium defines a specific maintenance and renovation policy for each of its buildings, to keep them in line with the demands of the rental market. Technical costs occur most often upon tenant departures.

Note 7: COMMERCIAL COSTS

	31/12/13	31/12/12
X. Commercial costs (-)		
A. Agency and experts' fees	-315 364	-314 983
C. Lawyers' fees, legal costs	-223 678	-167 559
TOTAL	-539 042	-482 542

Home Invest Belgium's usual policy is to use specialised estate agents in order to market its property portfolio to the best advantage. As part of its decision to insource base activities in the course of 2013, the company proceeded to the recruitment of an employee charged with the commercialization of the buildings available for letting.

Note 8: TAXES AND CHARGES ON UNLET PROPERTIES - MANAGEMENT COSTS

	31/12/13	31/12/12
XI. Taxes and charges on un-let properties (-)	-255 581	-156 258
XII. Property management costs (-)		
A. Managers' fees	-135 263	-64 236
B. (Internal) property management costs	-2 422 495	-1 933 589
XIII. Other property charges (-)	-25 566	0
TOTAL	-2 838 905	-2 154 083
PROPERTY CHARGES (= IX + X + XI + XII + XIII)	-4 488 344	-3 794 551
PROPERTY OPERATING RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII)	13 344 234	11 601 461

Internal property management expenses comprise primarily personnel costs incurred during the year.

Note 9: GENERAL CORPORATE EXPENSES

	31/12/13	31/12/12
XIV. General corporate expenses (-)	-682 319	-648 065
XV. Other operating income and charges (+/-)	-263 587	0
TOTAL	-945 906	-648 065
OPERATING RESULT BEFORE PORTFOLIO RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV)	12 398 328	10 953 396

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 of € 48 534 paid within the framework of an arbitrage file (Arbitrage on the commercialization of the building Lambermont subject of a contribution in 2008) 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

	31/12/13	31/12/12
XVI. Result on sale of investment properties (+/-)		
A. Net sales of properties (sales price – selling costs)	10 305 547	12 462 547
B. Accounting values of the properties sold	-7 787 963	-9 627 122
XVIII. Changes in fair value of investment properties (+/-)		
A. Positive changes in the fair value of investment properties	16 081 696	7 444 387
B. Negative changes in the fair value of investment properties	-557 643	-2 016 741
C. Positive changes in the estimated transfer costs and rights intervening in case of hypothetical alienation of investment property	42 979	107 234
D. Negative changes in the estimated transfer costs and rights intervening in case of hypothetical alienation of investment property	-3 179 631	-1 677 933
TOTAL	14 904 985	6 692 372
OPERATING RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV +XVI +XVII +XVIII +XIX)	27 303 314	17 645 768

The result on the sale of investment properties results from the sale of apartments. Complete details on the sales and the realized capital gains are presented in the chapter Management report.

We remind that the result on the sale of investment properties is accounted for as the difference between the sales price minus the expenses related to the conclusion of these sales (heading XVI.A.) and the latest fair value recorded for the asset in question (heading XVI.B.)

In accordance with article 27 §1 - § 1 of the Royal Decree of 7 December 2010 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 31/12/2013, the realized distributable capital gain thus amounted to € 2 844 237 (compared to the acquisition value), while the realized capital gain compared to the latest fair value amounted to € 2 517 584.

According to the property surveyor's report, the fair value of residential property partially takes into account the potential capital gain in the case of a sale per apartment. The sale per apartment allows to maximizing the price obtained when selling the concerned investment property. It is the opinion of the Board of directors that this valuations faithfully reflects the company's situation.

Note 11: FINANCIAL INCOME

	31/12/13	31/12/12
XX. Financial income (+)		
A. Interest and dividends received	11 001	19 880
B. Lease-financing and similar payments	90 766	94 468
TOTAL	101 768	114 348

Interest and dividends received come exclusively from the short-term deposit of cash surpluses. The lease-financing payments relate to the leasings described in Note 19.

Note 12: INTEREST CHARGES

	31/12/13	31/12/12
XXI. Net interest charges (-)		
A. Nominal interest on borrowings	-1 796 250	-1 120 296
C. Income from allowed hedges		
1. Allowed hedges to which hedge accounting as defined by IFRS is applied	-2 238 786	-1 815 507
TOTAL	-4 035 036	-2 935 804

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

	31/12/13	31/12/12
XXII. Other financial charges (-)		
A. Bank charges and other fees	-64 994	-50 747
D. Other	-4 596	0
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	1 501 542	-3 124 636
TOTAL	1 436 548	-3 175 383
FINANCIAL RESULT (XX +XXI +XXII +XXIII)	-2 501 317	-5 996 839
PRE-TAX RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV +XVI +XVII +XVIII +XIX +XX +XXI +XXII +XXIII)	24 801 997	11 648 929

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 Sicafi or the banks do 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 € 4 471 529 (see note 24 hereafter). This purely latent charge is excluded in the calculation of the distributable result.

Note 14: INCOME TAXES

	31/12/13	31/12/12
XXIV. Corporation tax (-)	105 340	-16 944
TAXES (XXIV + XXV)	105 340	-16 944
NET RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV +XVI +XVII +XVIII +XIX +XX +XXI +XXII +XXIII +XXIV +XXV)	24 907 336	11 631 985

Sicafi 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. The tax amount excluding this extraordinary income amounts to € 29 862.

Note 15: INTANGIBLE ASSETS

	31/12/13	31/12/12
Intangible assets, beginning of the financial year	5 808	7 623
1. Gross value	30 250	30 250
2. Accumulated amortization (-)	-24 442	-22 627
Investments	13 528	0
Amortizations (-)	-3 287	-1 815
Intangible assets, end of the financial year	16 049	5 808
1. Gross value	43 778	30 250
2. Accumulated amortization (-)	-27 729	-24 442

Intangible assets consist solely of the Winlris real estate software. This asset is amortized on a straight-line basis over a 5-year useful life. The amortization is accounted for under heading XII "Property management costs" of the income statement.

Note 16: INVESTMENT PROPERTIES

	31/12/13	31/12/12
Investment properties, balance at the beginning of the financial year	242 718 209	256 558 091
Development projects		
Investments – development projects	16 317 716	1 122 412
Other withdrawals	0	-30 000
Completion of development projects	-884 990	-18 314 764
Investment properties		
Completion of buildings under construction	884 990	18 314 764
Acquisition of buildings	34 375 000	0
Capitalized subsequent expenses	796 094	664 629
Gains (losses) from fair value adjustments	12 387 402	3 856 947
Disposals (-)		-9 627 122
Transfer to assets held for sale	159 532	-9 826 748
Investment properties, closing balance at the end of the financial year	306 753 952	242 718 209

The above table shows the changes in investment properties during the year under review. The fair value is defined in accordance with note 2 Principal accounting methods – investment properties. The balance under each heading at year-end is as follows:

	31/12/13	31/12/12
Investment properties	290 438 658	241 835 640
Development projects	16 315 294	882 568
Investment properties, balance at year end	306 753 952	242 718 208

The development projects at the closing of the financial year 2013 are commented in detail in the Management report and the Property report. One single development project was completed in the course of 2013: the building Belliard 21. The Board of directors has selected a number of buildings to be sold within the arbitrage policy; these are booked under assets held for sale.

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 2013 amounts to € 306 753 952, 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 2012 and 2013:	
Investment properties at 31/12/2012	242 718 209
Acquisitions and investments	51 648 341
Profits resulting from fair value adjustments	12 387 402
Investment properties at 31/12/2013	306 753 952

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

	31/12/13	31/12/12
Other tangible assets, balance beginning of period	102 865	200 744
1. Gross value	275 879	249 599
2. Accumulated depreciation (-)	-113 904	-48 856
Investments	34 446	26 279
Transfer depreciation (-)	-73 519	-65 048
Other tangible assets, closing balance end of period	122 902	161 975
1. Gross value	310 325	275 879
2. Accumulated depreciation (-)	-187 422	-113 904

The other tangible assets relate exclusively to the operating assets, comprising the design of the offices, the office furniture and IT.

Note 19: FINANCE LEASE RECEIVABLES

	31/12/13	31/12/12
Receivables after 5 years	391 187	446 887
Receivables after one year and within 5 years	573 328	629 865
Receivables within one year	112 237	105 379
TOTAL	1 076 752	1 182 131

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 31/12/2013:
 - short and long-term receivables: € 691 294.61
 - purchase option: € 285 333.33 (fair value)
- Résidence Lemaire: real estate leasing contract (Dec. 2003-Nov. 2018); valuation on 31/12/2013:
 - short and long-term receivables: € 385 457.49
 - purchase option: € 101 333.33 (fair value)

Note 20: ASSETS SOLD

	31/12/13	31/12/12
Net sales prices (excl. costs)	10 305 547	12 462 547
Latest fair value	-7 787 963	-9 627 122
Realized capital gain	2 517 584	2 835 426
Distributable realized capital gain	2 844 237	2 698 320

Note 21: TRADE, TAX AND OTHER RECEIVABLES

	31/12/13	31/12/12
Tenants	763 390	847 147
Other	0	1 592 814
Realized sales	2 436 083	2 340 000
TOTAL	3 199 473	4 779 961

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 2013; on 31/12/2013 Home Invest Belgium had receivables of € 2 436 083 that will be paid beginning of 2014, upon enactment of the notarized deeds of sale. In 2012, the other receivables mainly relate to an advance of € 1 500 000 paid within the framework of the acquisition of the property portfolio in Louvain-la-Neuve.

	31/12/13	31/12/12
Recoverable tax and other taxes	7 487	6 843
Working capital payments	289 483	1 299 984
TOTAL	296 970	1 306 827

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. These substantially decrease over the 2013 financial year due to the insourcing of this activity.

Note 22: CASH AND CASH EQUIVALENTS

	31/12/13	31/12/12
Cash in hand	9 366	6
Bank balances	3 873 373	2 634 182
TOTAL	3 882 740	2 634 188

Note 23: DEFERRALS AND ACCRUALS

	31/12/13	31/12/12
Accrued and not due property income	10 408	11 051
Prepaid property charges	10 813	58 854
Other	251 712	132 776
TOTAL ASSETS	272 933	202 681
Property income received in advance	372 805	354 738
Interest and other charges accrued and not due	436 090	302 305
TOTAL LIABILITIES	808 895	657 043

Note 24: FINANCIAL ASSETS AND LIABILITIES

	31/12/13	31/12/12
Other financial assets	76 012	51 517
TOTAL	76 012	51 517

The figures in the table below relate solely to debts to financial institutions (and this for the withdrawn amount):

	31/12/13	31/12/12
Current financial liabilities at up to 1 year	46 750 000	15 700 000
Non-current financial liabilities at 1 to 5 years	50 000 000	39 550 000
Non-current financial liabilities at more than 5 years	25 000 000	25 000 000
TOTAL	121 750 000	80 250 000

The financial debts are booked at amortized cost, which corresponds to the fair value. 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 2014.

Bank	Amount of credit line (€)	Amount drawn (€)	Average duration	Lines maturing in 2014 (€)
BELFIUS	45 750 000	45 750 000	3 years and 3 months	20 750 000
BNP	41 530 000	39 000 000	3 years	16 530 000
ING	12 000 000	12 000 000	1 year	12 000 000
LBLUX	15 000 000	15 000 000	3 years and 11 months	0
DEGROOF	10 000 000	10 000 000	4 years and 4 months	0
TOTAL	124 280 000	121 750 000	3 years and 1 month	49 280 000

The debt ratio at 31/12/2013 amounts to 38.39% compared to 30.97% on 31/12/2012.

Interest rate hedging instruments are exclusively IRS (Interest Rate Swaps), which exchange floating interest rates for fixed rates. As at 31 December 2013, total IRS hedges amounted to € 111 750 000, as recorded in the table below.

Bank	Amount of active hedges (€)	Average duration	Hedges with maturity in 2014 (€)
BELFIUS	46 750 000	2 years and 9 months	26 750 000
BNP	25 000 000	4 years and 5 months	0
ING	40 000 000	5 years and 8 months	0
TOTAL	111 750 000	4 years and 2 months	26 750 000

Home Invest Belgium's prudent hedging policy enabled it to obtain an average interest rate of 3.52% for the year, including bank margin and hedging costs, compared with 3.53% and 3.88% for the previous financial year (the average rate excluding hedging amounts to 1.57%).

Given the prudent financial structuring of its debt, combined with its very low debt ratio, Home Invest Belgium has only a limited exposure to fluctuations in market interest rates.

Accounting:

In accordance with IAS39, the negative value of financial instruments as at 31 December 2013 is recognised in liabilities under heading I.C. "Other non-current financial liabilities" at a total amount of € - 4 471 529. The counterpart is recognised as follows:

Fair value of financial instruments as at 31/12/2013	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	-505 497		
Ineffective instruments (change in 2013)		2 369 372	
Ineffective instruments at previous year end (1)			-5 301 872
3 IRS declared effective in 2011 and			
- reclassified as ineffective in 2012 and 2013		-782 079	
- to be reclassified as ineffective in 2014	-165 701		
- variation in 2013 (2)		-85 751	
TOTAL:	-671 198	1 501 542	-5 301 872
OVERALL TOTAL	-4 471 529		

- (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 3 IRS in question having been declared ineffective, the change in fair value during the 2013 financial year is recognised in full in the income statement

Credit lines are recognised in "Non-current and current financial debts".

L'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

	31/12/13	31/12/12
TRADE DEBTS AND OTHER CURRENT DEBTS		
Suppliers	1 066 295	1 470 048
Tenants	795 708	482 924
Tax, salary, social security	428 187	533 621
TOTAL	2 290 190	2 486 593
OTHER CURRENT LIABILITIES		
Dividends	47 327	34 981
Other	73 407	519 525
TOTAL	120 734	554 506

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 issued / existing
4/07/1980	1 250 000 BEF	Constitution of SA Philadelphia	BEF 1 000	1 250
1983	6 000 000 BEF	Capital increase	BEF 1 000	6 000
13/04/1999	-	New representation of capital (by division)	-	26 115
1/06/1999	1 373 650 000 BEF	Contribution of properties and ...	-	-
1/06/1999	10 931 BEF	Increase of capital in cash (rounded)	BEF 1 411.89	972 919
1/06/1999	1 500 000 BEF	Merger of SA Socinvest	-	97 078
1/06/1999	-71 632 706 BEF	Capital reduction to discharge debts	-	-
Total at 01/06/1999	€ 32 493 343.44			1 103 362
09/04/2001	€ 62 000.00	Merger SA Mons Real Estate	€ 32.00	35 304
Total at 31/05/2001	€ 32 555 343.44			1 138 666
31/05/2002	€ 151 743.90	Merger of SA Les Résidences du Quartier Européen	€ 34.78	4 471
Total at 31/05/2002 and at 31/05/2003	€ 32 707 087.34			1 143 137
15/12/2003	€ 5 118 338.36	Contribution of properties by AXA Belgium	€ 44.13	178 890
15/12/2003	€ 4 116 712.93	Contribution of properties by TRANSGA	€ 44.13	143 882
15/12/2003	€ 7 861.37	Incorporation of part of the Share Premium account	-	-
Total at 31/05/2004	€ 41 950 000.00			1 465 909
12/05/2005	€ 3 472.00	Merger with SA 205 Rue Belliard	€ 51.01	3 220
12/05/2005	€ 4 737v66	Merger with SA Patroonshuis	€ 51.01	3 324
Total at 31/12/2005	€ 41 958 209.66			1 472 453
22/05/2006	€ 915 214.47	Merger with SA Immobilière du Prince d'Orange	€ 50.32	76 000
5/10/2006	€ 9 978 110.03	1st capital increase	€ 51.00	360 378
13/10/2006	€ 7 171 221.48	2nd capital increase	€ 51.00	259 002
Total at 31/12/2006	€ 60 022 755.64			2 167 833
24/05/2007	€ 275 043.48	Merger with SA Immobilière Van Volxem	€ 57.90	5 000
24/05/2007	€ 3 185.77	Merger with SA Investim	€ 57.90	5 824
Total at 31/12/2007	€ 60 300 984.89			2 178 657
23/05/2008	€ 10 062 486.49	Partial demerger of SA VOP	€ 50.00	622 632
23/05/2008	€ 29 000.00	Merger with SA JBS	€ 50.00	2 088
Total at 31/12/2008	€ 70 392 471.38			2 803 377
29/05/2009	€ 1 246 937.97	Merger with SA Les Erables Invest	€ 49.55	25 165
Total at 31/12/2009	€ 71 639 409.35			2 828 542
Total at 31/12/2010	€ 71 639 409.35			2 828 542
31/01/2011	€ 122 708.91	Partial demerger of SA Masada	€ 59.72	102 792
23/12/2011	€ 5 584.90	Mixed demerger of SA Urbis	€ 63.32	6 318
23/12/2011	€ 2 633 518.75	Partial demerger of SA VOP	€ 62.91	118 491
Total at 31/12/2011	€ 74 401 221.91			3 056 143
Total at 31/12/2012	€ 74 401 221.91			3 056 143
Total at 31/12/2013	€ 74 401 221.91			3 056 143

On 31/12/2013, 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.

Note 27: CONSOLIDATION SCOPE

Name	Company nr.	Country of origin	Direct or indirect shareholding	Annual accounts dd.
En 2013				
Home Invest Belgium SA	0420 767 885	Belgium	-	31/12/2013
Home Invest Development SA	0466 151 118	Belgium	100%	31/12/2013
En 2012				
Home Invest Belgium S A	0420 767 885	Belgium	-	31/12/2012
Home Invest Development S A	0466 151 118	Belgium	100%	31/12/2012

All the companies that are part of the consolidation scope are domiciled in Belgium at Bd. de la Woluwe, 60, 1200 Brussels. On 27 March 2013 the name of Home Invest Management was changed in Home Invest Development.

At 31 December 2013 there are no minority interests.

With the exception of the remuneration of the Managing director (see "Management report" - "Corporate Governance Statement") there have been no transactions with related parties within the meaning of IAS 24.

The 2 companies Charlent 53 Freehold and Charlent 53 Leasehold are not recorded in the consolidation scope taking into account the existing resolutive condition; for more details on the operation, we refer to the Management report.

STATUTORY ACCOUNTS¹

Statutory balance sheet (IFRS)

Assets	31/12/2013	31/12/2012
I. Non-current assets	308 169 430	244 012 261
B. Intangible assets	16 049	5 808
C. Investment properties	306 753 952	242 718 208
D. Other tangible assets	122 902	161 975
E. Non-current financial assets	312 013	49 518
F. Finance lease receivables	964 515	1 076 752
II. Current assets	19 038 013	27 323 460
A. Assets held for sale	9 402 061	17 349 556
C. Finance lease receivables	112 237	105 379
D. Trade receivables	3 401 531	4 797 783
E. Tax receivables and other current assets	2 243 210	2 294 723
F. Cash and cash equivalents	3 606 043	2 573 339
G. Deferred charges and accrued income	272 933	202 681
TOTAL ASSETS	327 207 444	271 335 721
SHAREHOLDERS' EQUITY		
A. Capital	73 469 670	73 469 670
B. Share premium account	19 093 664	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 (+/-)	90 156 936	89 451 446
c. Reserve from estimated transfer costs and rights resulting from hypothetical disposal of investment properties (-)	-25 730 630	-25 133 105
d. Reserve from the balance of changes in fair value of allowed hedges to which hedge accounting according to IFRS is applied (+/-)	-671 198	-1 958 774
m. Other reserves (+/-)	1 781 255	1 781 255
n. Result carried forward from previous financial years (+/-)	12 784 902	11 529 255
D. Net result of the financial year	24 909 192	11 296 078
SHAREHOLDERS' EQUITY	195 892 570	179 628 267
LIABILITIES		
I. Non-current liabilities	79 471 529	71 810 647
B. Non-current financial debts	75 000 000	64 550 000
C. Other non-current financial liabilities	4 471 529	7 260 647
II. Current liabilities	51 843 344	19 896 808
B. Current financial debts	47 382 687	16 162 666
D. Trade debts and other current debts	2 569 866	2 522 593
E. Other current liabilities	1 081 897	554 506
F. Accrued charges and deferred income	808 895	657 043
Liabilities	131 314 873	91 707 455
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	327 207 444	271 335 721

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.

Statutory income statement (IFRS)

	31/12/2013	31/12/2012
I. Rental income (+)	19 353 320	16 785 431
III. Rental-related expenses (+/-)	-252 403	-312 211
NET RENTAL RESULT	19 100 917	16 473 220
IV. Recovery of property charges (+)	90 977	116 604
V. Recovery of charges and taxes normally borne by the tenant on let properties (+)	662 528	404 700
VII. Charges and taxes normally borne by the tenant on let properties (-)	-2 021 064	-1 614 627
VIII. Other rental income and expenses (+/-)	-778	1 346
PROPERTY RESULT	17 832 578	15 381 243
IX. Technical costs (-)	-1 110 397	-1 153 603
X. Commercial costs (-)	-539 042	-482 542
XI. Taxes and charges on unlet properties (-)	-255 581	-156 258
XII. Property management costs (-)	-2 605 048	-1 958 648
PROPERTY COSTS	-4 535 634	-3 751 050
PROPERTY OPERATING RESULT	13 296 944	11 630 192
XIV. General corporate expenses (-)	-682 319	-648 065
XV. Other operating revenue and charges (+/-)	-263 587	0
OPERATING RESULT BEFORE PORTFOLIO RESULT	12 351 038	10 982 127
XVI. Result sale investment properties (+/-)	2 517 584	2 835 426
XVIII. Changes in fair value of investment properties (+/-)	12 387 402	3 241 861
OPERATING RESULT	27 256 024	17 059 414
XX. Financial income (+)	150 219	624 539
XXI. Net interest charges (-)	-4 035 036	-3 196 367
XXII. Other financial charges (-)	-68 673	-49 940
XXIII. Changes in fair value of financial assets and liabilities (+/-)	1 501 542	-3 124 636
FINANCIAL RESULT	-2 451 948	-5 746 403
PRE-TAX RESULT	24 804 076	11 313 011
XXIV. Corporation tax (-)	105 117	-16 932
TAXES	105 117	-16 932
NET RESULT	24 909 192	11 296 078

APPROPRIATION AND WITHDRAWALS

	31/12/2013	31/12/2012
Appropriation and withdrawals		
A. Net result	24 909 192	11 296 078
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	-15 524 054	-4 812 560
- previous financial years		
- realization of real estate	326 653	280 244
2. Transfer to/from reserves of estimated transfer rights and costs resulting from hypothetical disposal of investment properties (-/+)	3 136 652	1 570 699
11. Transfer to/from result from previous financial years carried forward (-/+)	-2 151 943	1 598 004
C. Remuneration of capital according to art.27, § 1, § 1 of the RD of 7/12/10	-9 198 181	-8 991 518
D. Remuneration of capital – other than C	-1 498 319	-940 946

	31/12/2013	31/12/2012
Scheme for calculation of result according to art. 27, § 1, § 1 of the RD of 7/12/10		
Corrected result (A)		
Net result	24 909 192	11 296 078
+ Depreciations	275 557	274 708
- Write-back of depreciations	-124 733	-77 057
+/- Other non monetary items	-1 501 542	3 124 636
+/- Result on sale of property	-2 517 584	-2 835 426
+/- Changes in fair value of property	-12 387 402	-3 241 861
Corrected result (A)	8 653 490	8 541 079
Net capital gains on the sale of property not exempt from distribution (B)		
+/- Capital gains and losses on property realized during the financial year (capital gains or losses compared with the acquisition value plus capitalised investment expenses)	2 844 237	2 698 320
= Net capital gains on the sale of property not exempt from distribution (B)	2 844 237	2 698 320
Total (A + B)	11 497 726	11 239 398
80 % according to art. 27, § 1, § 1	9 198 181	8 991 518
Net reduction in debt	0	0
Minimum distribution required by art. 27	9 198 181	8 991 518

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 € 28.8 million.

Net statutory assets after distribution of the dividend:	185 196 070
Method of calculation of the amount referred to in art. 27 para. 1 subpara. 6 of the RD of 7/12/10	
Paid-up capital or, if greater, called-up capital (+)	73 469 670
Share premiums not available pursuant to the articles of association (+)	19 093 664
Reserve from the positive balance from changes in the fair value of real estate assets (+)	90 156 936
Reserve for transfer rights and costs estimated to arise on the hypothetical disposal of investment properties (-)	-25 730 630
Reserve from the balance from change in the fair value of authorised hedging instruments to which hedge accounting according to IFRS is applied (+/-)	-671 198
Legal reserve (+)	98 778
Total :	156 417 220
Difference:	28 778 849

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 2013

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 2013, 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 2013 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 2013, prepared on the basis of International Financial Reporting Standards as adopted by the European Union and in which the consolidated balance sheet total is € 325.099.843 and the consolidated income statement for the financial year shows earnings of € 24.907.336.

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 2013 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 2013 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, 27 March 2014

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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GENERAL INFORMATION

Company name	Home Invest Belgium SA, a Belgian "Société d'Investissement à Capital Fixe en Immobilier publique de droit belge" (closed-end REIT) or Belgian "Public Sicaf Immobilière" (Belgian "Sicafi").
Legal form	A Belgian public limited liability company ("Société anonyme" - SA)
Register of Legal entities (RPM)	The company is registered at the Registry of Legal Entities ("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 incorporated on 4 July 1980 under the name of "Philadelphia SA", via a deed executed before notary Daniel Pauporté in Brussels, published in the annex 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 23 December 2011, published in the annex of the Belgian Official Gazette on 17 January 2012 under nrs. 0014318 and 0014319.
Term	The company is incorporated 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. It essentially consists of any collective investment of the public's financial resources in real estate.
Changes of the company purpose and investment policy	The company can only make any changes to its company purpose or to its investment policy, as reproduced in article 4 of the articles of association, in conformity with its articles of association and provided that said changes are consistent with the laws and regulations applicable to Sicafi.
Financial year	The financial year begins on 1 January and ends on 31 December.
Places where the documents accessible to the public can be consulted	<ul style="list-style-type: none">• The company's articles of association can be consulted at the registry of the Brussels commercial court and on the company's website.• The company's deed of constitution can be consulted at the registry of the Brussels commercial court and at the company's registered office.• The annual financial statements are filed at the National Bank of Belgium and can be consulted at the registry of the Brussels commercial court.• Decisions concerning the appointment and revocation of the 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 nominative 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.
Issued share capital	The company capital on 31 December 2013 stands at € 74 401 221.91. It is represented by 3 056 143 shares without designation of nominal value. The company capital is fully paid-up.

COMPANY CAPITAL

Authorised capital

The Board of Directors is authorised to increase, on one or more occasions, the company capital for an amount of € 74 401 221.91.

Under the same conditions the board of directors is authorized to issue convertible bonds or subscription rights.

This authorization has been conferred for a duration 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 2013, the balance of the authorised capital is € 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)

I. The main purpose of the company is the collective investment of financial resources obtained from the public in real estate as defined in article 7, 1st paragraph, 5° of the Law of 20 July 2004 and article 2, 20° of the Royal Decree of 7 December 2010.

Real estate is defined as:

- i. real estate as defined in articles 517 ff. of the Civil Code as well as real rights exercised on immovable assets;
- ii. voting shares issued by real estate companies, exclusively or jointly controlled by the Sicafi;
- iii. option rights on real estate;
- iv. shares from public or institutional Sicafi, provided that in the latter case, a joint of exclusive control is executed;
- v. participation rights in foreign undertakings for collective investment in real estate registered with the list foreseen in article 129 of the law;
- vi. participation rights in undertakings for collective investment in real estate established in another member state of the European Economic Area, and not registered with the list foreseen in article 129 of the law, as far as they are subject to a similar supervision as the public Sicafi;
- vii. real estate certificates, as foreseen in article 5, § 4, of the Law of 16 June 2006;
- viii. the rights deriving from contracts granting one or more assets to the company in the form of financial leasing, or similar rights of use;
- ix. along with all other assets, shares or rights as included in the definition given to real estate by the Legislation applicable to Sicafi.

Within the limits of the investment policy as described in article 4 of the articles of association and in accordance with the legislation applicable to Sicafi, the company may, directly, or through a subsidiary:

1. purchase, renovate, develop, let, sub-let, manage, exchange, sell, parcel out and submit to co-ownership immovable assets as described above;
2. acquire and lend financial instruments in accordance with the legislation on Sicafi, and taking into account the provisions of article 4.0 iii b & c of the present articles of association;
3. lease in property, with or without purchase options, in accordance with article 36 of the Royal Decree of 7 December 2010 on Sicafi;
4. lease out property; in accordance with article 37 of the Royal Decree of 7 December 2010 on Sicafi, leasing out property with a purchase option is only allowed as an accessory activity, except if the property's purpose is of public interest, including social housing and education.

- II. The company may also, in accordance with the legislation applicable to Sicafi:
1. in accessory fashion or on a temporary basis, invest in securities other than real estate in accordance with the Royal Decree of 7 December 2010 on Sicafi, and own unallocated cash. Such investments and the holding of the aforementioned cash must be the subject of a special decision of the board of directors, justifying their accessory or temporary nature. The ownership of movable assets must be reconcilable with the pursuit, in the short or medium term, of the investment policy as described in article 4 of the articles of association. Said securities must be admitted to listing on a Belgian or foreign regulated market, as foreseen in article 2, 3°, 5° or 6° of the Law of 2 August 2002. Liquid assets may be held in any currency in the form of sight and term deposits, or any money market instrument which can be easily converted into cash;
 2. grant mortgages or other sureties or guarantees within the framework of the financing of its real estate activities or those of the group, within the limits and in accordance with the Legislation on Sicafi and taking into account the provisions of article 4.2 iv of these articles of association;
 3. grant credit facilities and issue guarantees in favour of a company subsidiary, in accordance with the Legislation on Sicafi and taking into account the provisions of article 4.2 ii of these articles of association.
 4. conclude hedges, as far as their only purpose is to cover the interest rate or exchange rate risk, excluding any speculative operation.
- The company may acquire, lease in or out, transfer or exchange and, in general, undertake all commercial or financial activities relating to all movable and immovable assets, which relate directly or indirectly to its company purpose, as well as exploit any intellectual rights relating to these assets and activities.
- In so far as is compatible with the status of Sicafi, the company may, by means of contributions in cash or in kind, merger, registration, participation, financial intervention or in any other way, acquire shares in companies or enterprises of any kind, existing or to be constituted, in Belgium or abroad, the company purpose of which is identical to its own, or which is such as to promote the achievement of its own company purpose.

Investment policy (article 4.1)

The assets of the company and its potential subsidiaries are invested in property as defined by article 3 of the articles of association.

Collective investments in property are made,

- primarily, in residential buildings designed for housing of people, located in Belgium;
- in an accessory fashion, in residential buildings and health care institutions in the broadest sense, located in member states of the European Union; furthermore, in all other buildings intended for use as, offices, commercial spaces, semi-industrial spaces, storage spaces, located in Belgium and in member states of the European Union;
- finally, in all types of property, such as land, woods and the like, without this list being limitative, provided that these investments contribute to the realization of a primary and/or accessory investment.

Investments in securities, not in accordance with the aforementioned definition of real estate, are valued and executed in accordance with article 35 § 1 of the Royal Decree of 7 December 2010, in accordance with the articles 47 and 51 of the Royal Decree of 4 March 2005 with regard to certain public undertakings for collective investment.

Authorised capital (article 6.2)

The board of directors is expressly authorized to increase the capital of the company, in one or more instalments, up 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 Law. Under the same conditions the board of directors is authorized to issue convertible bonds or subscription rights.

This authorization is conferred for a period of five years from the date of publication in the annexes to the Official Belgian Gazette of the minutes of the extraordinary general meeting of 23 December 2011.

Whenever capital is increased, the board of directors will set the price, any 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 lifted in accordance with article 6.4 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 shares, 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 authorization 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 6.3)

The company may acquire its own shares by purchase or take them in pledge under the conditions provided for by law.

By decision of the extraordinary general meeting of 23 December 2011, the board of directors is authorized to acquire shares of the company 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 5 years from the date of the publication in the annexes to the Official Belgian 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 authorized, with no requirement for any additional prior approval of the general meeting, to acquire by purchase the shares of the company, should such acquisition be necessary to avoid serious and imminent damage to the company. This authorization is granted for a period of three years from the date of publication in the annexes to the Official Belgian Gazette of the minutes of the general meeting of 23 December 2011, and may be extended for equal periods. It is authorized 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 authorization of the general meeting.

The above authorizations 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 6.4. – 6.5. – 6.6.)

Article 6.4. – Capital increases by contribution in cash

Without prejudice to the articles 592 till 598 of the Company Law, the company’s capital may be increased by a decision of the general meeting, or by a decision of the board of directors, within the framework of the authorized capital, taking into account that the rights of preference shareholders can only be limited or lifted as far as an irreducible allocation right is given to the current shareholders when granting new securities. This irreducible allocation right meets the following conditions:

1. it is related to all new securities issued;
2. it is granted to shareholders in relation to their share in the capital at the moment of the capital increase;
3. at latest on the eve of the opening of the public subscription period that has to last for at least three exchange days, the maximum price per share is announced.

Without prejudice to the articles 595 till 599 of the Company Law, the aforementioned irreducible allocation right has not to be granted in the case of a contribution in cash with limitation or lifting of the preferential right, as an accessory of a contribution in kind within the framework of the distribution of an optional dividend, as far as the distribution of this dividend is effective to all shareholders.

The company may not, directly or indirectly subscribe to its own capital.

The general meeting can decide to issue shares without mentioning the par value below the fractional value of the old shares. The convocation to the general meeting should explicitly mention this. With reference to this, in application of article 582 of the Company Law, special reports have to be issued by the board of directors and the auditor, which should also be mentioned in the convocation.

In the case of a capital increase with the creation of issue premiums, the total amount of this premium has to be fully paid up at the subscription. After deduction of potential charges, this amount will be transferred to a blocked account, called “issue premium”, that will, as it is the case for capital, constitute a third party warranty and can only be reduced or lifted by a decision of the general meeting respecting the quorum and majority conditions required for a capital decrease, subject to its incorporation in capital.

Article 6.5. – Capital increase by contribution in kind.

The issue of shares against a contribution in kind has to meet the conditions of the articles 601 and 602 of the Company Law.

6.5.1. Furthermore, the following conditions have to be respected according to the Legislation on Sicafi:

- 1° the contributor's identity must be mentioned in the report referred to in article 602 of the Company Law, and in the notice convening the general meeting called for the increase of capital;
 - 2° The issue price cannot amount to less than the lowest value of (a) a net asset value of at the very most four months prior to the date of the contribution agreement or, depending on the Sicafi'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 aforementioned amount under 2 (b), an amount that corresponds to the part of the undistributed gross dividend the new shares are potentially not entitled to, 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 6.5.3, the exchange rate, as well as the applicable modalities are, at latest on the working day following the conclusion of the contribution agreement, are 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;
- 6.5.2. The conditions of art. 6.5.1. do not apply in the case of a contribution of the right to a dividend within the framework of the distribution of an optional dividend, as far as this is effectively payable to all shareholders.
- 6.5.3. Article 6.5.1 of these articles of association applies mutatis mutandis to the mergers, demergers and similar operations mentioned in the articles 671 till 677, 681 till 758 and 772/1 of the Company Law. In that case the "date of the contribution agreement" refers to the filing date of the merger or demerger proposal.

Article 6.6. – Capital increase of a subsidiary having the status of an institutional sicafi

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 he elaborates on the economic justification of 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 it is allowed to 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.

Shares (article 7.1)

The shares are registered shares, bearer shares or dematerialized shares. They are all fully paid up and without nominal value.

The company could issue dematerialized shares by capital increase or by exchange of existing bearer or registered shares. Each shareholder can, at his costs, ask for an exchange into registered or dematerialized shares.

In accordance with the Law of 14 December 2005 annulling bearer shares:

- the bearer shares in bank accounts on 1 January 2008 will automatically be converted into dematerialized shares as from that date;
- the bearer shares held in physical form on 1 January 2008, and listed on an account at a later date, will automatically be converted into dematerialized shares as from their registration date;
- bearer shares not registered on a bank account as from 31 December 2013 will automatically be converted into dematerialized shares as from 1 January 2014.

In accordance with article 8, § 2, 4° of the Law of 20 July 2004 on certain forms of collective management of investment portfolios, different categories of shares can be created; such a decision will lead to an amendment to these articles of association.

The registered shares are listed in the shareholders' register held at the registered office of the company. Ownership of these shares is exclusively proven by registration to the shareholders' register. Each transfer of these shares can only have an 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 delivered to the shareholders.

The shares are indivisible and the company only recognizes 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)

At the exception of profit-sharing bonds and similar securities, and subject to specific related legal provisions, the company can issue other securities in accordance with article 460 of the Company Law.

Declaration of transparency (article 8)

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 the stock exchange, any legal or physical 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 number of financial instruments held by it, every time that the voting rights attached to these financial instruments 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-paragraphs one and two.

Composition of the Board of Directors (article 9)

The company is governed by a Board, composed to the effect of ensuring an autonomous management, in the exclusive interest of the shareholders; it consists of at least 3 and no more than 9 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 the mandate may never exceed six years; the mandate is revocable at any given moment.

Among the members of the Board of directors the general meeting must appoint at least 3 independent directors. An independent director is defined as one meeting the criteria set out in article 526 ter of the Company Law.

In the event that one or more directorships 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 in function no longer reaches the statutory minimum.

In the event that a legal person is appointed as director, this person is required to designate a physical person who will represent it in the exercise of its directorship.

All directors and their representatives must possess the professional competence and experience required for this function, and are answerable for the autonomous management of the company.

Representation of the company (article 12)

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 executive committee, by two members of the same acting jointly. For all deeds of disposition involving an item of real estate, two directors must always act jointly pursuant to article 9 § 2 of the Royal Decree of 7 December 2010 on Sicafi, except when the operation relates to a building whose value amounts to less than the lowest amount of 1% of the consolidated company assets and € 2.500.000, in which case the company will be validly represented by one single director. In the case the aforementioned values are exceeded, special powers can also be granted to one director; such a power delegation has to take place under the direct supervision, during and after the operation, of the board of directors, and taking into account the fulfilment of the following cumulative conditions:

- the board of directors has to effectively control the deeds/ documents signed by the special mandated agent(s) and establish hereto an internal procedure with regard to both the content and the periodicity of the control;
- the proxy may only relate to a specific operation or a well- defined number of operations (the mere fact that the operations or number of operations 'can be defined' is not sufficient). General proxies are not authorized;
- the relevant limits (e.g. with regard to the price) are specified in the proxy document, and the proxy is given for a specific term, i.e. the period necessary to deal with the operation.

The company is also validly bound by two special mandated agents acting within the framework of their mission.

The company may be represented abroad by any person expressly appointed by the board of directors.

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 22)

A general meeting, known as the "annual meeting" will be held every year on the first Tuesday of May at 15.00. Where this date falls on a legal 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 that the interest of the company demands.

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 capital of the company.

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 23)

General meetings and extraordinary general meetings are convened by means of an announcement published a single time 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 appear 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 mention 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 art. 533 ter of the Company Law, 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 invoking the absence or irregularity of the calling of the meeting.

To be admitted to the meeting and expressing their votes, shareholders need to register their shares at latest the 14th day prior to the general meeting, at midnight (Belgian time), of by subscription to the register of nominative shareholders, or by subscription by an authorized account holder or a settlement body, or by filing the bearer shares with a financial intermediary, regardless of the amount of shares held by the shareholder on the day of the general meeting. At latest the 6th day prior to the meeting date, the shareholder has to inform the company of his wish to attend. To that end, the financial intermediary, authorized account holder or settlement body provides a certificate to the shareholder proving the number of bearer or dematerialized shares that have been respectively filed, or registered in the name of the shareholder at the registration date, and with which the shareholder wants to participate to the meeting. Owners of nominative shares communicate their wish to participate within the same term to the company, 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 24)

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 the 6th day prior to the meeting; the notification can be made electronically, within the same term, at the address mentioned in the convocation.

Co-owners, usufructuaries and bare owners, pledgors 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, the vote expressed in such a way needs to reach the meeting at latest the 6th day prior to it.

Number of votes – abstention (article 28)

A share entitles its holder to one vote. An abstention is considered as a vote against.

Dissolution – liquidation (article 36)

Where 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 stipulations in the deed of appointment, the persons charged with the liquidation enjoy the widest possible powers to this end, in accordance with the Company Law. 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 Law.

SICAFI AND ITS TAX REGIME

The information provided below is based on tax legislation and tax practices in force at the time of the drafting of this annual report. It is therefore subject to modification in the future, including with retroactive effect, and is communicated for purely information purposes. 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.

Sicafi

The Sicafi (Société publique d'Investissement à Capital Fixe en Immobilier) is a real estate collective investment body created in 1995, which has a similar status to that of organizations present in other countries: "Real Estate Investment Trusts (REITs)" in the United States, "Fiscale Beleggingsinstellingen (FBI)" in the Netherlands, "Grundwertpapiere" in Germany, and "Sociétés d'Investissements Immobiliers Cotées (SIICs)" in France.

The Sicafi was set up by the legislator to ensure that real estate investments would be characterized by unparalleled transparency and to make it possible to distribute as much profit as possible while benefiting from numerous advantages, in particular, from tax advantages.

Its status is currently governed by the Act of 3 August 2012 on certain forms of collective management of investment portfolios and by the Royal Decree of 7 December 2010 on Real Estate Investment Trusts.

Supervised by the Financial Services and Markets Authority (FSMA), the Sicafi is governed by a specific regulation, the main characteristics of which are as follows:

- a fixed capital company;
- Stock Exchange listing;
- activity limited to real estate investment;
- debt ratio limited to 65% of the market value of the company's assets;
- property portfolios carried at their fair value, without any depreciation;
- diversified portfolio: no more than 20% of total consolidated assets invested in a single property, unless 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 – provided that the Sicafi 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 Sicafi such as Home Invest Belgium. Since the new Program law of 27 December 2012, residential Sicafi 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 to their shareholders (instead of 25% for the other Sicafi; 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 their accreditation as a Sicafi or that merge with a Sicafi 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%.

Home Invest Belgium became an accredited Sicafi on 16 June 1999.

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 physical persons	<p>For Belgian physical persons 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.</p> <p>For Belgian physical persons who act in a professional capacity, received dividends are taxable at the normal tax rate of the personal income tax.</p>
Belgian legal entities	<p>For taxpayers subject to corporate tax, dividends distributed by Home Invest Belgium are subject to a 15% withholding tax.</p>
Belgian tax-resident companies or permanent establishments of non-resident companies	<p>Dividends distributed are subject to a 15% withholding tax. Belgian tax-resident companies or permanent establishments of non-resident 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 and benefiting from a deduction regime.</p> <p>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.</p>
Non-resident individuals and non-resident companies without a permanent establishment in Belgium	<p>The dividends distributed by Home Invest Belgium are exempt from the Belgian levy at source (withholding tax) of 15%, except for the part of the distributed income that comes from dividends that Home Invest Belgium itself received from a resident company. In order to benefit from this exemption, the non-resident shareholder has to present an attestation to Home Invest Belgium certifying that he (i) is the owner or usufructuary of the Home Invest Belgium shares and (ii) is a non-resident who has not intended the Home Invest Belgium shares for executing a professional activity in Belgium. He also has to present an attestation, issued by the competent foreign fiscal authorities, of his fiscal residence abroad.</p>

Capital gains and losses

Belgian physical persons	<p>In Belgium, the capital gains made by a physical person 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 physical persons can be subject to taxation of 33%, plus additional community 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”.</p> <p>They can also be subject to taxation of 16.5%, plus additional community tax, the rate of which depends on the district of residence, if the shares are sold to a company that doesn't 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.</p> <p>Belgian physical persons 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.</p>
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¹ As of 1 January 2013, there is a 15% withholding tax on dividends from Residential Sicafi (including Home Invest Belgium), whereas they were previously exempt.

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 non-resident companies	Capital gains made on a Belgian company's 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 individuals and non-resident companies without a permanent establishment in Belgium	<p>The citizens of the countries with which Belgium has concluded a double taxation convention are not, in principle, subject to taxation on such capital gains in Belgium.</p> <p>Capital gains made by non-resident physical persons or companies on Home Invest Belgium shares are not taxable in Belgium, in principle. In exceptional cases, a non-resident physical 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.</p>

Tax on stock market transactions

The subscription of 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 estimations and forecasts of the company and on reasonable expectations related to outside events and factors. Financial forecasts are subject to risks and uncertainties that could cause the results, financial position, performance and current achievements to differ from the results, financial position, performance and achievements expressed or implicitly communicated by these forecasts. In view of these uncertain factors, the forward-looking statements are not subject to any guarantee.

Persons in charge

The Board of Directors and the Executive Management of Home Invest Belgium SA¹ are responsible for the information communicated in this annual financial report. They did everything in their power to verify the information contained in the report and declare that after having taken all reasonable measures in this connection, the information contained herein reflects, to the best of their knowledge, the actual situation 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.

¹ The composition of the Board of Directors and of the Executive management are recorded in the Management report – Corporate governance statement.



MONNAIES JOURDAN (SAINT-GILLES)



VOISIN (WOLUWÉ-SAINT-PIERRE)

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 provided that the sicafi is aware of it and is able to assure it based on the information published by these third parties, no fact has been omitted that would cause the information reproduced to be inaccurate or misleading.

Historical financial information

The annual financial reports from 2001 onwards (which include the consolidated financial statements, with an abbreviated version of the statutory financial statements, the management report, the auditor and surveyor reports) and the half-year reports can be consulted on the website www.homeinvestbelgium.be.

All financial reports since the financial year 2001 are included by reference in the current annual financial report.

Governmental or other strategy or factor

As regards any governmental, economic, budgetary, monetary or political strategy or factor having had a significant impact or that could have a significant impact, whether directly or indirectly, on the operations of Home Invest Belgium, see the "Risk factors" chapter.

¹ The composition of the Board of Directors and of the Executive management are recorded in the Management report – Corporate governance statement.



GROTE MARKT (SAINT-NICOLAS)



LOUVAIN-LA-NEUVE

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 board, 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 research of 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, services 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 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.

¹ The composition of the Board of Directors and of the Executive management are recorded in the Management report – Corporate governance statement.

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 2013.

Additional information communicated pursuant to Annex I to Commission Regulation (EC) No. 809/2004

No restriction needs to be pointed out 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 services 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.

The significant contracts concluded during the past two financial years of the sicafi are identified in the Management report of this annual financial report, or in that of the year 2012, which can be consulted on the company’s website (www.homeinvestbelgium.be).

Glossary

Effective rent

Is the rent applying on 31 December 2013, 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.

Estimated rental value (ERV)

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 2013, 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 inserted into 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' 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 sicafi. 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 sicafi'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 can't 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 integrally reimbursed 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.

SHAREHOLDERS' CALENDAR

2014

Posting of the annual report on the website	Thursday 3 April 2014
Ordinary General Meeting of the 2013 financial year	Tuesday 6 May 2014
Interim statement: results on 31 March 2014	Tuesday 6 May 2014
Payment of the dividend for the 2013 financial year	Friday 16 May 2014
Half-year report: results on 30 June 2014	Friday 29 August 2014
Interim statement: results on 30 September 2014	Friday 14 November 2014

2015

Press release year results 2014	Friday 27 February 2015
Posting of the annual report on the website	Thursday 2 April 2015
Ordinary General Meeting of the 2014 financial year	Tuesday 5 May 2015
Interim statement: results on 31 March 2015	Tuesday 5 May 2015
Payment of the dividend for the 2014 financial year	Friday 15 May 2015

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 25 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.

Home Invest Belgium is a residential Sicafi, created in June 1999 and listed on the continuous market of NYSE Euronext Brussels.

At 31 December 2013, its operating portfolio consisted of 75 buildings on 44 sites with a total surface area of +/- 148 000 m². It owns a property portfolio of € 307 million of investment properties in fair value.

Its activities are controlled by the Financial Services and Markets Authority (FSMA).

At 31 December 2013, the total market capitalization of Home Invest Belgium amounted to € 232 million.

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