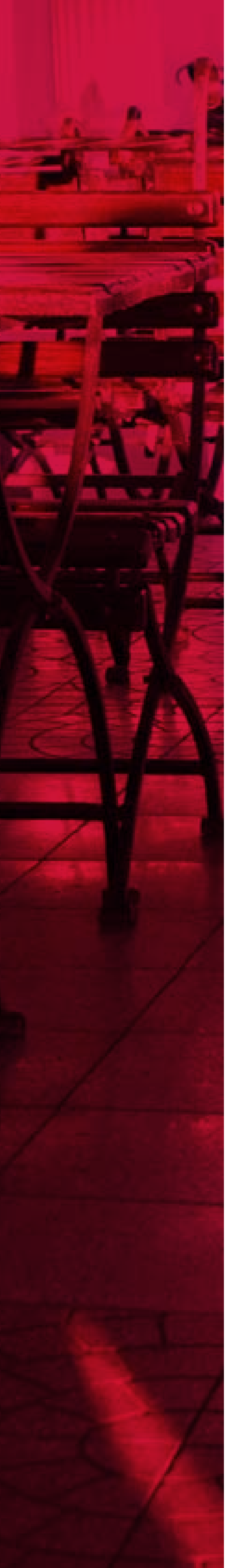
annual financial report 2011

HOME INVEST BELGIUM

Housing life



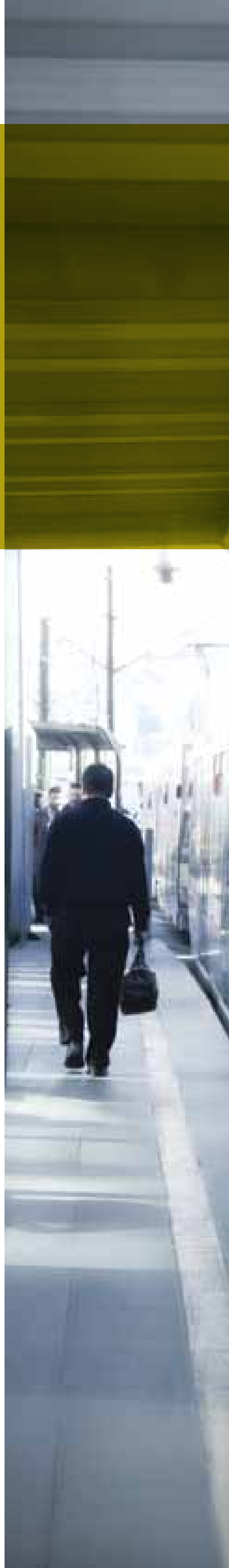
contents

Note: the definition of the terms in colour can be found in the lexicon on page 134.

mission

As an institutional investor on the residential rental market, **Home Invest Belgium** wishes to contribute to providing an answer to the people's most basic right and need: **being able to live in decent housing** (Art. 23 of the Belgian Constitution).

Besides providing its tenants with attractive housing, it is **Home Invest Belgium**'s objective to offer its shareholders an appreciable direct net return, combined with value creation in the long term.



profile

Home Invest Belgium (limited company) has been granted the Sicafi status on 16 June 1999 and is Belgium's first private initiative Sicafi (Société d'Investissement à Capital Fixe en Immobilier / fixed capital real estate investment trust) for residential housing.

The Sicafi benefits from a preferential tax status (see Chapter IX point 4), equivalent to the American REIT (Real Estate Investment Trusts) and the French SIIC (Sociétés d'Investissement Immobilier Cotées) and other indirect real estate investments, which comply with the specific legal and fiscal rules of each country.

On 31 December 2011, or at the end of its 12th year of existence, the fair value of the property portfolio of **Home Invest Belgium**, excluding the current development projects, amounts to more than **€ 238 million**[1], 78% of which consists of apartments and houses mainly located in the **Brussels-Capital Region**, known for its dynamic and profitable rental market, its low vacancy rate and its high-quality residential properties.

By spreading risks over more than 1 200 rental units and keep concentrating on the Brussels residential market, Belgium's biggest and the one with the greatest growth and capital gain potential in Belgium, **Home Invest Belgium** aims at offering its investors a **higher than average** security level, combined with good middle and long-term prospects.

Home Invest Belgium shares are listed on Euronext Brussels' continuous trading market.

1 The fair value of the property portfolio, including the development projects, amounts to € 256.6 million.

Important preamble:

Throughout this Annual Financial Report 2011 the figures and percentages realized in 2011 are compared with those of the 2010 financial year; taking into account the new accounting principles applied to the 2011 financial statements in virtue of the royal decree of 7 December 2010 on Sicafi, the figures of the 2010 financial year have been restated to allow a comparison on the same basis.

Important events that have contributed to the development of the activities of Home Invest Belgium

In over twelve years of its existence, the Sicafi has increased its initial property portfolio fivefold. Some major projects are at the origin of this appreciable growth:

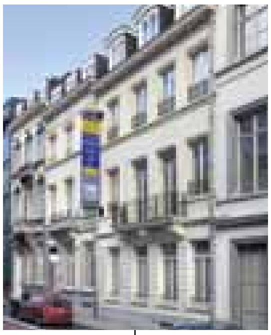
2001

April 2001
merger with Mons Real Estate SA

2002

May 2002
merger with Les Résidences du Quartier Européen SA

July 2002
acquisition of the Cours Saint-Michel property



2003

December 2003
contribution of three properties held by the AXA Belgium Group, paid for in new Sicafi shares

2005

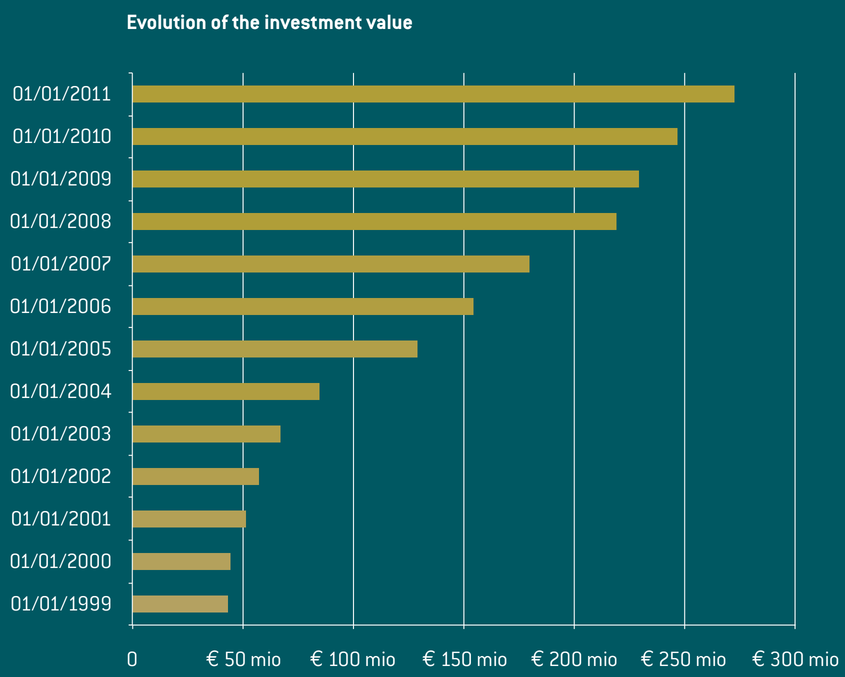
March 2005
completion of Giotto (turnkey)

May 2005
merger with 205 Rue Belliard SA and Patroonshuis SA

2006

May 2006
merger with Immobilière du Prince d'Orange SA

October 2006
increase in shareholders' equity, amounting to € 31.6 million, through the issue of 619 380 new shares



2007

May 2007
merger with
Investim SA and
Immobilière Van Volxem SA

October 2007
completion of
Résidence Colombus
(turnkey)

2008

May 2008
partial demerger
with SA V.O.P. and
merger with SA JBS

2009

May 2009
merger with
ERIV Mechelen SPRL
and Les Erables Invest SA

2010

May 2010
merger with Alltherm SA
and redevelopment in
four phases of this
complex in the course
of the 2010 and
2011 financial years

October 2010
completion of Jourdan 85,
developed for own account

2011

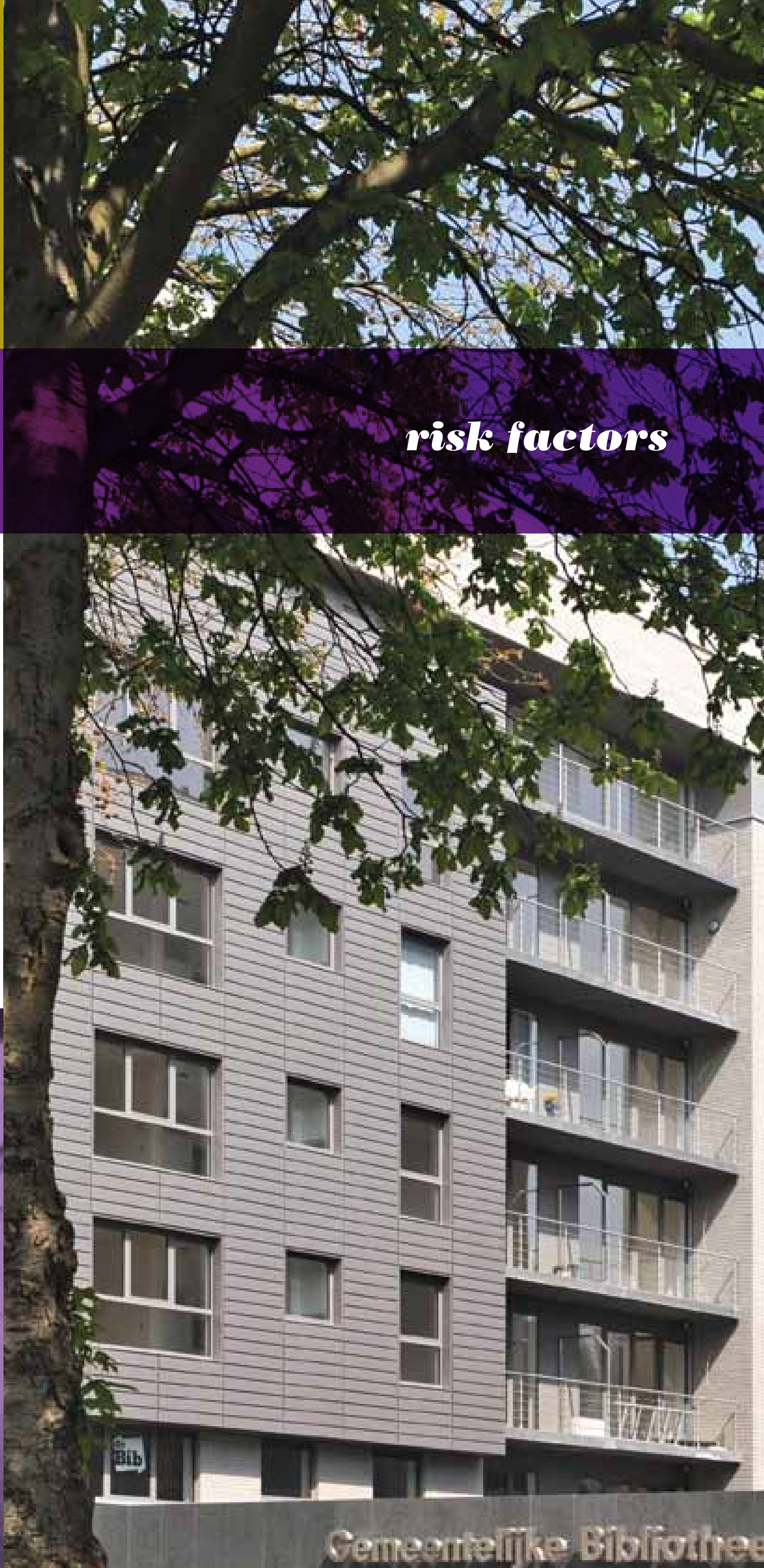
January 2011
partial demerger with
SA Masada

November 2011
acquisition Quai de Rome
in Liège

December 2011
partial demerger with
SA V.O.P. and demerger
with SA Urbis

“Lambermont” - Schaerbeek (1030 Brussels) >

risk factors



"Attentive to market evolutions"

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 reuse of its funding coming from divestments.

The objective of Home Invest Belgium is to manage these risks as well as possible in order to generate a recurrent and increasing rental income on the one hand, and a capital gains potential on the other hand, primarily under the form of positive changes in the fair value of the investments, and subsequently through effectively realised capital gains.

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 exposure of the Sicafi and its shareholders to these factors.

1. 1. THE ECONOMIC RISK – THE INHERENT RISKS OF INVESTING IN PROPERTY

Any direct investment in property involves a certain degree of risk. The same applies for indirect property investments. An investment in a Sicafi owning a diversified property portfolio provides in itself a certain degree of risk spreading.

The main risks connected with investments in property are:

- the development of supply and demand in the buyer market;
- the development of supply and demand in the rental market;
- the property becoming outdated on a technical and/or actual level.

These different factors may be the source of positive or negative changes in the fair value of the investment properties in operation[1], of the occupancy rate of the property portfolio and the level of maintenance or renovation costs. As such, a decrease of 1% of the fair value of the property portfolio would entail a decrease of € 2.4 million of the net result (the net result of 2011 would thus have gone from € 14.8 million to € 12.4 million), but would have no impact at all on the net current result nor the distributable result. According to this hypothesis the net asset value would also decrease by € 2.4 million, or € 0.81 per share and the debt ratio would consequently evolve from 34.02% to only 34.32%.

Furthermore, it should be pointed out that rents are index-linked, meaning that, at a given portfolio and occupancy rate, a Sicafi's rental income develops basically in line with inflation (or deflation).

On 31 December 2011, the investment property portfolio of Home Invest Belgium (excluding development projects and assets held for sale) consisted of 1 211 rental units representing a total surface of more than 130 048 m2, spread across the Brussels-Capital Region (69.4%), the Flemish Region (15.4%) and the Walloon Region (15.1%).

The development of supply and demand in property is influenced by the general economic climate. Consequently, a downturn in the main Belgian and international macroeconomic indicators, as was the case since the end of 2008 – beginning of 2009, with an influence on the household disposable income, can affect the occupancy rate of Home Invest Belgium's portfolio, or the level of the rents.

To limit these negative effects of its exposure to the economic climate, the Sicafi diversifies its investments, entering different types of buildings (high- and middle segment) and geographic locations. The economic downturn was clearly more visible in certain locations and segments, confirming the contribution of diversification to reducing the risk.

The Board of Directors and the Executive management of Home Invest Belgium are furthermore constantly striving for high add value to the Sicafi's portfolio, through the quality of commercial and technical management as well as through the rigorous selection of new investments and the in-depth analysis of divestment opportunities.

1 In accordance with IAS 40 investment properties – including development properties – are valued at fair value. As a derogation to IAS 40 § 53 allows that development projects are valued at cost if it is impossible to define the fair value of these projects in a reliable way. The investment properties in operation concern the investment properties excluding the development projects.

2. 2. THE REGULATORY RISK

Although the company is alert to respecting regulations and is therefore surrounded by experts, it is exposed to the risk of not respecting regulatory limitations, a/o environmental.

On the other hand, Home Invest Belgium' business and its results for shareholders partially depend on the regulatory environment in place, more specifically with regard to taxes, whether federal, regional, provincial or at city level. As is the case for any company, a change in this regulatory framework can impact the company's profitability or the shareholder's return.
We need to remind that, in a press release of 28 January 2010, the European Commission has announced that Belgium will be asked to modify its tax rules regarding dividends paid by Belgian Sicafi, investing all their assets in property. This announcement aims at Belgian Sicafi investing a minimum of 60% of their assets in residential property on Belgian territory. At present, the Belgian legislation indeed foresees an exemption of withholding tax at the source (withholding tax of 21% since 1 January 2012) to the distributed dividends. Consequently, the risk for the shareholders consists of a modification or deletion of this exemption regime.
Home Invest Belgium's knowledge, at the present date of editing this annual financial report, of the tax treatment of the dividend, is detailed hereafter in point 11.
On the other hand, and globally, it has become clear that the regulatory risk has become very real in the current economic context, both Belgian and international, and is consequently subject to a continuous monitoring by the Board of directors and the Executive management.

3. THE RISK OF INFLATION

In principle, Home Invest Belgium is exposed, to a limited degree, to the risk of inflation, because the collected rents are adjusted in line with the development of the consumer price index, measured by the health index.

A context of renewed inflation, as has been the case in 2011, can entail an increase of the interest rates and represents a real risk of increasing financial charges due to the "time gap" between rising interest rates and rent adjustments.

Home Invest Belgium has taken appropriate measures to hedge against this type of risk (see item 4 below) by entering into hedges.

By contrast, in a context of deflation, or in the case of a temporary freezing – totally or partially – of the rents imposed by the government, the growth of the rental income can be slowed down. The current legislation on residential rental contracts does not allow a minimum rent in case of deflation. Nevertheless, deflation can lead to a decrease of the interest rates, resulting in a limited decrease of the financial charges, due to the aforementioned hedges.

4. INTEREST RATE AND EXCHANGE RATE RISKS

Home Invest Belgium maintains a clear and cautious policy in its business funding. This policy involves the will not to expose the Sicafi – and its shareholders – to possible important rises in interest rates.

To this effect, the Board of directors has set down the target of keeping the proportion of credits with variable interest (non-hedged) rates under 15% of the fair value of the property investments.

The Sicafi also conducts a dynamic management of its cash flow, using it primarily to temporarily reduce - subject to any re-borrowing - certain lines of credit.

< "Jourdan 85" -
Saint-Gilles (1060 Brussels)

	Bank	Size of credit lines (€)	Type	Used (€)	Expiry
Variable rate credits	ING	14 950 000	Rollover credit	14 950 000	31/05/2012
	ING	9 400 000	Rollover credit	6 700 000	30/09/2012
	ING	6 540 000	Rollover credit	6 540 000	31/05/2013
	ING	6 000 000	Rollover credit	6 000 000	1/08/2013
	BNP	6 250 000	Rollover credit	6 250 000	30/09/2013
	BNP	6 250 000	Rollover credit	6 250 000	30/09/2013
	BNP	2 000 000	Rollover credit	2 000 000	31/01/2014
	DEXIA	9 400 000	Rollover credit	9 400 000	27/11/2014
	DEXIA	11 350 000	Rollover credit	8 550 000	31/12/2014
	ING	12 000 000	Rollover credit	12 000 000	31/12/2014
	BNP	14 530 000	Rollover credit	1 700 000	7/12/2014
	ING	450 000	Straight loan		-
	BNP	446 208	Straight loan		-
Fixed rate credits	DEXIA	763 750	Investment credit	763 750	30/09/2023
Total		**100 329 958**		**81 103 750**	
Hedges[1]	DEXIA	10 000 000	Floor-double Cap	-	10/07/2013
	ING	20 000 000	IRS	-	20/12/2013
	DEXIA	11 750 000	IRS	-	30/10/2014
	ING	20 000 000	IRS	-	16/12/2015
	DEXIA	15 000 000	IRS callable	-	17/06/2019
Total		**76 750 000**			

1 For the remaining: see chapter Financial statements.

At the close of the financial year, the cash flow actually available amounted to:

- € 1 701 118 in the form of available liquid assets;
- € 19 226 208 in the form of re-borrowing on various lines of credit.

Home Invest Belgium pays particular attention to obtaining the best financing conditions in the banking market. To this effect, the Executive management is in close touch with various financial institutions. The results of this dynamic, though cautious debt policy are to be seen in the table below showing the lines of credit available to the Sicafi on 31 December 2011.

The Board of Directors considers that the interest rate risks have thereby been adequately covered. Notwithstanding the possibilities provided by article 57 of the RD of 7 December 2010 on Sicafi, Home Invest Belgium has not mortgaged any properties nor provided creditors with any other securities.

The total amount of credits expiring in 2012 is € 21 650 000. The renewal of these credit lines for a 5-year period is as from now secured.

Home Invest Belgium realises its total turnover in Belgium and holds its total liabilities in the euro-zone. All financing is likewise conducted in euro. This means that the Sicafi is not subject to any exchange rate risk within the scope of the current euro-zone constellation.

A decrease of the interest rates does however generally lead to a negative change in the fair value of the hedges[2], while an increase of the interest rates usually results in a positive change in their fair value. It has to be noted that these changes are purely latent and temporary.
In total, at the closing of the financial year 2011, the decrease of the interest rates recorded the last couple of years, had a negative impact of € 4 726 384 on the net asset value (NAV), or € 1.55 per share.

The average interest rate for debt over the financial year 2011 amounted to 3.40%. A change of the market interest rates would have had a limited impact on the financial result, as nearly all credits are covered by hedges. Thus, an increase of the interest rates by 1% over the financial year 2011 would have led to an additional interest cost of approximately € 146 000, resulting in an increase of the average interest rate of debt to 3.58%.

Home Invest Belgium has no significant exposure to price, credit or cash flow risks.

2 The decrease in fair value of financial instruments is accounted for in the equity of 31 December 2011 for the effective part and in the results for the ineffective part.

5. THE RISK OF THE COUNTERPARTY BANK

The conclusion of a financing or hedge agreement with a financial institution creates a counterparty risk in case of default of this institution. This risk could consist of a shortage of cash of the financial institution, and even the loss of deposits. In order to limit this counterparty risk, Home Invest Belgium appeals to different renowned banks to ensure a sufficient diversification of the source of its financing and hedging, always watching over the quality-price report of the services rendered. Finally we need to point out that the Sicafi's cash is primarily used to reduce the debts and that Home Invest Belgium consequently never deposits large amounts of cash. Even if this risk can be considered as limited, the fact that one or more counterparty banks of Home Invest Belgium is in default, can't be excluded – taking into account the current eventful financial affairs.

6. DEBT STRUCTURE – LIQUIDITY RISK

The vast majority of the credits granted are 'bullet credits', i.e. credits reimbursed on expiry, with only payment of interests in the meanwhile.
Given the legal and regulatory status of Sicafi, with their mission of investing in low-risk property assets and generating a recurrent income – in particular in rented residential property (houses, apartments), its core business – the Board of Directors of Home Invest Belgium considers that, in a context of a credit narrowing, the risk of lines of credit not being renewed on expiry which would entail a liquidity crisis, has again become, as was the case in 2009, a point of special interest.

As shown in the table above in point 4, Home Invest Belgium endeavours to obtain long-term confirmed credits and achieve a good spread of expiry dates.

On 31 December 2011 Home Invest Belgium's debt ratio amounted to 34.02%[3]. Compared to the maximum authorised debt ratio by the legislation on Sicafis (65%), the theoretical additional debt capacity of the sicafi is over € 200 million. It needs to be pointed out that in case of exceeding the 50% debt ratio on a consolidated level, article 54 of the RD of 7 December 2010 foresees that the sicafi should present a financial plan to the FSMA, accompanied by an execution calendar, with an overview of the measures to prevent exceeding a debt ratio of 65%.

7. RISKS CONNECTED WITH THE PROPERTY PORTFOLIO AND WITH THE INSOLVENCY OF TENANTS

Home Invest Belgium's Board of directors and Executive management, aware of the risks connected with the management and quality of the portfolio, have set themselves strict, clear-cut criteria for investment and disinvestment, maintenance and renovation of properties and their commercial and technical management, in order to limit vacancy and obtain the best valuation of the Sicafi's portfolio.

7.1 Rents – the risk of non-payment

Total turnover of Home Invest Belgium consists of rents generated by renting properties to third parties (private individuals, authorities, retailers, companies, embassies and foreign delegations, operators of nursing homes). Late or non-payment of rents and a decrease of the occupancy rate are liable to have a negative impact on results.

In order to reduce this risk, Home Invest Belgium conducts a policy of diversified investments on the residential market, both from a geographic and sectorial perspective and with regard to the type of tenant targeted.
As regards non-payment, the Sicafi benefits from its position in the middle to upper-middle market segment, from its high number of tenants, and the quality of tenants selected. For the 2011 financial year, unsettled rents amounted to some € 0.14 million, or 0.9% of total rents.

7.2 Vacancy risk

Taking into account the very large number of tenants, the demographic outlook in Belgium showing an important increase and the fact that housing is by nature a basic need for people, the risk of vacancy significantly rising can be considered as limited; this situation is reflected each year in low vacancy rates (5.39% in 2010 and 4.62% in 2011).

7.3 Management

The attractiveness of Home Invest Belgium's property portfolio on the rental market as well as its valuation depends on the perception tenants or potential buyers have of the properties, and in particular of their quality, their state of maintenance and their security. This is why Home Invest Belgium has set up its own internal management team, to maintain a high-quality service for tenants and to meet up, as far as possible, to their wishes and requirements.

To accomplish this, Home Invest Belgium makes use of carefully selected external managers for the technical management of the buildings and the partition of service costs. In case of default of these service providers, the financial risk for Home Invest Belgium is low, as rents and service charges are paid directly into bank accounts opened in the name of the Sicafi. The external managers have no access to the bank accounts receiving the rents, while withdrawals from the accounts receiving the service charges are strictly limited.

7.4 Renovation, development and accidental risks of buildings

Home Invest Belgium conducts a policy of continuously keeping its property portfolio in good repair and modernised with a view to maintaining or even increasing current rents, but also, if possible, facilitating the re-letting or sale of its property assets.

When acquiring a building needing substantial renovation, its cost reflects the state of the building prior to its renovation when incorporated in the property portfolio. However, the renovation cost

3 The debt ratio is calculated according to the provisions of article 27 § 2 of the RD of 7 December 2010 on Sicafi.

is foreseen in the financial plan developed before the investment decision, taking into account that these costs in principle lead to an at least equivalent value increase.
Furthermore Home Invest Belgium has also decided to gradually develop a limited number of residential projects for own account "from scratch". It is the sicafi's opinion that the limits imposed by its Board of directors[4] on the one hand, and the specific competencies of the team that will be built on the other hand, are adequate and will therefore limit the counterparty risk as well as the risk of exceeding the initially defined budgets, to a minimum. The success of this new activity has since then been reflected in the swift commercialization of the 23 newly developed apartments rue Jourdan 85 in Saint-Gilles and the City Gardens complex in Leuven comprising 138 apartments and 2 commercial spaces, and particularly in the unrealized capital gains already generated by these two operations.

The risk of properties fully owned by the Sicafi being destroyed by fire, explosion or other disasters is covered by appropriate insurance policies, covering their reconstruction value to a sum total of € 167.3 million on 31 December 2011. Co-owned properties are themselves insured at reconstruction value by the various co-owners.

8. AVERAGE LENGTH OF LEASES – TERMINATION OR EXPIRY OF MAJOR LEASES

The normal duration of the leases is essentially established based on the type of asset and is usually as follows:

- 3 or 9 years for domiciles;
- from 1 to 12 months for furnished apartments;
- 9 years, renewable up to 3 times for commercial properties;
- 3 years minimum for offices;
- from 9 to 27 years for nursing homes.

Despite the extreme spreads of the duration of the leases, the leases signed by Home Invest Belgium are, on average, shorter than leases for professional real estate. Consequently, this shorter duration can lead to a higher rotation than is the case for professional real estate, and thus to higher management costs over the life span of the building.

The Sicafi reduces this inconvenience by enhancing tenant loyalty through making an appeal to qualified property managers and experienced business agents (syndics).

Given the particularities of residential property and the type of properties in which Home Invest Belgium invests, the risk of leases being terminated is spread over a very large number of tenants – more than one thousand – and a wide range of geographic locations. No major property in the portfolio is rented to a single tenant. The most important tenant represents 2.16% of total rents. No main lease expires in 2012. This risk can therefore be considered to be relatively low.

9. THE POLITICAL RISK

The political risk comprises different topics.

As mentioned in the aforementioned point 3, a temporary freezing, entirely or partially, of the rents cannot be fully excluded, even if such a measure, as had been indicated in the past, would be counterproductive for preserving the residential property market and the level of maintenance and renovation of property.
The consequences of a possible global transfer of the housing authority at a regional or communal level would be limited and could at the very most make managing the property portfolio more complex, as is already partially the case with regard to the different current regimes on technical standards and premiums or grants.
Finally, the impact of a possible splitting-up of the country can hardly be defined in terms of future profitability of Home Invest Belgium, knowing that the Sicafi has nearly ¾ of its property in the Brussels-Capital Region, a region suffering from a structural shortage of accommodation.

10. THE INVESTOR'S RISK

The risk of the investor in Home Invest Belgium shares can be analysed from different points of view.
On the one hand, at the level of the duration of the investment: investing in a Sicafi is usually considered as an investment at the medium or long term, with a minimum duration of 3 years.
On the other hand, as it is a listed value, the share price fluctuates in function of the evolution of the stock exchange, also depending on the development of interest rates.
However, as elaborated in chapter V hereafter, we have noticed that the share price has barely suffered from the general low-spirited context prevailing on the stock exchange, and has on the contrary continued its increasing trend.
As explained in point 2, treating the regulatory risk, residential Sicafi such as Home Invest Belgium benefit from a special tax regime, consisting of an exemption of withholding tax at the source. In the current context and at the moment of closing the editing of this report, this exemption is not being questioned.
Finally, this investor's risk depends on the nature of Home Invest Belgium's business, and thus essentially on the development of the residential property market in Belgium. The strategy developed by the Board of directors and implemented by the Executive management (see chapter IV, point 1 below) aims at positioning Home Invest Belgium at the core of that specific market.

4 See management report, point 1.1.

11. FISCAL TREATMENT OF THE DIVIDEND

Since the Law of 28 December 2011, and based upon documents existing at the end of February 2012, one can conclude that the situation is as follows for the dividends distributed by Home Invest Belgium:

- The withholding tax (WT) on dividends and interests has been brought to 21% (except for the WT of 10% on liquidation boni, the WT of 15% on the 'Leterme' State bonds and on the savings income and the WT that already stood at 25%).
  The WT exemption foreseen in article 106, § 8 ARE/CIR, from which residential Sicafi benefit, has not been modified at this stage.
  The dividends distributed by Home Invest Belgium thus remain exempt from the WT of 21%.
- For Belgian residents-physical persons, the law of 28 December 2011 introduces an additional contribution on income from movable assets of 4%:
  - It consists of a contribution assimilated to the personal income tax, to be charged to physical taxpayers, who receive dividends and interests for a net total amount of over € 20 020. The dividends paid by Home Invest Belgium have to be taken into account for the calculation of this threshold;
  - The special contribution of 4% might be applicable to the dividends paid by Home Invest Belgium;
  - The contribution of 4% will be due at the moment of collection of the personal income tax, except if the beneficiary 'opts' for the additional withholding at the source of 4%. The practicalities still have to be elaborated by a royal decree;
  - Home Invest Belgium or the paying agent thus has to declare the distributed dividends and the beneficiaries (physical persons) to the administration, except for those who opt for the additional withholding of 4% at the source. In the latter case, Home Invest Belgium or the paying agent automatically has to withhold the contribution of 4%.
- All of this evidently has to be confirmed by the royal decrees that should follow.
- Moreover, a coordination error occurred in the drafting of the text of the revised article 313 of the Belgian Income tax Code by the law of 28 December 2011 that currently not takes into account the dividends exempt from WT. This error will have to be corrected in order to allow the breakdown of dividends exempt from WT, adjacent to the dividends subject to the withholding taxes of 10%, 21% or 25%, in the income tax declaration of the 2012 income (financial year 2013). In the absence of such a correction, the dividend exempt from WT could be subject to a tax calculated at the tax rate of 21% (+ 4% additional contribution), issue that by no means has been the intention of the legislator, if we refer to the content of the parliamentary documents with regard to the Law of 28 December 2011.

< "Alliés-Van Haelen" - Forest (1190 Brussels)

letter to the shareholders

"Lambermont" - Schaerbeek (1030 Brussels) >

Dear shareholders,

We are pleased , once again, to be able to present you excellent results for the Sicafi Home Invest Belgium for 2011. Indeed, the distributable result is superior to the one announced in the outlook published in the previous annual financial report, and leaps by nearly 20% compared to 2010.

Globally speaking, the operating result of the company has substantially improved with an increasing growth rate in the course of the 2011 financial year, while the average occupancy rate also progressed from 94.6% to 95.4% in 2011.

The rental income grew by 10.3%, while the increase of the property charges could be limited to 7.3%, after the regression of more than 3% already realized in 2010. More specifically, we need to remind that the technical costs drop by 15.9% and the commercial costs remain steady at € 0.5 million.

The renovation of the complex City Gardens in Louvain could be completed within the initially foreseen deadline and its letting could be successfully closed, with initially foreseen rent levels largely exceeded.

Finally, and in figures, the *net current result excluding IAS 39* grows by 4.99% to € 7.7 million.

The *portfolio result* leaps by 74%, going from € 4.9 million to € 8.5 million, under the substantial influence of the latent capital gains on investment properties, progressing by 66%, as well as the result on sales which has more than doubled.

Moreover we need to point out that the distributable amount generated by these sales has also largely exceeded the amount realized last year: € 2 350 000 in 2011 compared to € 1 085 000 a year before, or a rise by 116%. These distributable capital gains on sales currently represent 23% of the distributable result for the financial year.

The *consolidated net result*, which comprises the portfolio result, records in its turn a new appreciable rise of 25.6% (+ 63% already in 2010), namely thanks to the reinforced active arbitrage on buildings in portfolio.

The *distributable result* of the financial year also strongly rises by 19.9% to € 10.2 million, or € 3.50 per share compared to € 3.02 in 2010[1], while the average number of shares with full dividend rights itself only progresses by 3.5%.

In 2009, at the occasion of its 10th year of existence, the Sicafi has launched a regular portfolio rotation programme in order to respond in a timely manner to the important challenges awaiting investors with regard to sustainability and energy performance of their property. The Board remains persuaded of the soundness of this policy and has fixed as an objective to annually sell approximately 4% (in fair value) of its investment properties by selecting the less recent or less performing ones. This policy will indeed contribute to the constant rejuvenation of the portfolio and also allow continuing to generate capital gains for the shareholders in the course of the coming years.

The Extraordinary general meeting of 23 December 2011 has at first approved two important operations with regard to the acquisition of investment properties and subsequently a profound amendment to the articles of association.

The acquisitions relate in the first place to the transfer to the Sicafi, through a new partial demerger of the SA V.O.P., of a leasehold right of 60 years on four small investment properties in the Brussels-Capital Region and the full ownership of a development project under construction in Jette, designed according to the latest energy standards and comprising 34 apartments, 1 shop and 34 indoor parking spaces. The total evaluation of this portfolio has been fixed at € 7.5 million including costs, reinforcing the Sicafi's shareholders' equity through the issue of 118 491 new shares.

The second operation relates to the acquisition, through demerger of the SA URBIS belonging to the AG Insurance group, of an existing residential complex, part of a larger property, and very well located at Wilsonplein in Gent; the net rentable surface of the 18 apartments covers +/- 2 346 m², while its conventional value amounts to € 3.2 million, including costs. Taking into a debt of € 2.8 million comprised in the contribution, the increase of the Sicafi's shareholders' equity is limited to € 0.4 million and has resulted in the issue of 6 318 new shares.

These operations perfectly fit within the investment strategy of the Sicafi and contribute to the rejuvenation of its portfolio. On the other hand they are examples of its capacity to spot and seize good market opportunities.

The amendment to the articles of association approved at the end of the year had as a primary objective to comply the articles of association to the new legal provisions, i.e. the royal decree of 7 December 2010 on Sicafi and the Law of 20 December 2010 on the exercise of certain rights of shareholders in listed companies.

Taking into account these very good results, the Board has decided to propose to the annual general meeting of shareholders to distribute a dividend, again substantially higher than the previous, of € 3 per share with full dividend rights, compared to € 2.75 in 2010, or an improvement of 9%.

1 Expressed per share, the increase amounts to 15.9%.

Notwithstanding this new significant rise of the dividend, the payout ratio amounts to 85.65%[2], slightly superior to the legal minimum of 80%, while the company can again "carry forward" an amount of € 0.22 per share compared to € 0.56 last year.

For the shareholder who would have participated to the initial public offering ('IPO') in June 1999, based on the initial net asset value of € 34.46 per share, and who would have reinvested, each year, his dividend in Home Invest Belgium shares, the 'IRR' or "Investment Rate of Return", calculated over this twelve year period, and taking into account the growth of the net asset value per share over 2011 (from € 54.68 to € 57.58), would amount to nearly 13.9%[3] per year.

We sincerely wish to thank our shareholders for their loyalty and their faith in the development of our Sicafi.

Finally, we wish to thank all our employees for their dynamism and their commitment, qualities that have again significantly contributed to the substantial growth of the results of Home Invest Belgium in the course of the past financial year.

Brussels, 27 February 2012

2 The payout ratio on a statutory basis amounts to 84.61% in 2011. In 2010, it was respectively 90.99% on a consolidated basis and 89.06% on a statutory basis.

3 The return for the shareholders is detailed in Chapter V - point 5.

From left to right:

Xavier Mertens Managing director
Gaëtan Hannecart Director
Liévin Van Overstraeten Director
Koen Dejonckheere Director
Eric Spiessens Director
Johan Van Overstraeten Director
Guy Van Wymersch - Moons Director and Chairman of the Board
Guillaume Botermans Director
Luc Delfosse Director

< "Belliard-Industrie" - 1000 Brussels

key figures

“Clos de la Pépinière” - 1000 Brussels >

"A 20% higher distributable result"

PROPERTY PORTFOLIO IN OPERATION

Overall figures	31/12/2011	31/12/2010	31/12/2009	31/05/2000
Total surface area	130 048 m²	125 903 m²	118 845 m²	34 626 m²
Number of properties	90	86	89	22
Number of sites	54	46	47	12
Number of leases	1 211	1 120	1 019	318
Occupancy rate	95.38%	94.39%	94.60%	99.08%

RESULTS

In € thousands	31/12/2011 Consolidated IFRS	31/12/2010 Consolidated IFRS	31/12/2009 Consolidated IFRS	31/12/2008 Consolidated IFRS
Net rental result	15 536.17	14 115.94	13 675.62	11 690.47
Property result	14 464.25	13 134.69	12 874.18	11 025.81
Property operating result before the portfolio result (EBIT)[1]	10 362.60	9 174.63	8 923.97	7 818.40
Portfolio Result	8 545.80	4 917.62	1 559.01	-489.47
Operating result	18 908.41	14 092.25	10 482.98	7 328.92
Result before tax	14 841.40	11 720.63	8 088.32	5 309.63
Net result	14 833.59	11 807.67	8 082.29	5 273.37
Net current result	6 287.79	6 890.05	6 523.29	5 762.84
Net current result excluding IAS 39	7 711.71	7 344.71	6 821.68	5 762.84
Distributable result	10 202.48[2]	8 509.34[2]	7 695.51	6 751.73
Dividend for the financial year[3]	8 738.80	7 742.98	6 716.71	5 842.71

1 Earnings Before Interest and Taxes.
2 Consolidated distributable result. On 31 December 2011, the statutory distributable result in accordance with the provisions of the RD of 7 December 2010 amounts to € 10 374 550.
3 The statutory dividend for the 2011 financial year amounts to € 8 777 536 compared to € 7 778 490.50 for 2010 and € 6 748 087.12 for 2009. These dividends include the dividend to be paid to the subsidiary, Home Invest Management, with regard to the 12 912 shares held under auto-control.

BALANCE SHEETS

In € thousands	31/12/2011 Consolidated IFRS	31/12/2010 Consolidated IFRS	31/12/2009 Consolidated IFRS	31/12/2008 Consolidated IFRS
Investment properties (fair value)[1]	238 453.17	222 773.97	207 189.92	198 099.32
Investment value of the portfolio[2]	272 247.57	246 558.32	229 001.89	218 821.40
Equity	175 237.84	153 968.04	149 050.81	147 090.63
Total debt[3]	93 040.70	81 405.47	81 582.09	65 001.86
Debt ratio[3]	34.02%	33.98%	34.82%	30.31%

1 Excluding assets held for sale and development projects.
2 Investment value, including legal fees, 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 Résidence Lemaire (including properties for sale).
3 Total debt calculated according to the provisions of the RD of 7 December 2010, with the 2011 dividend remaining part of equity until the Ordinary general meeting of 2 May 2012.

RATIOS

In %	31/12/2011 Consolidated IFRS	31/12/2010 Consolidated IFRS	31/12/2009 Consolidated IFRS	31/12/2008 Consolidated IFRS
Gross yield on rents received or guaranteed	6.18%	6.15%	6.29%	6.07%
Operating margin[1]	71.64%	69.85%	69.32%	70.91%
Operating margin before tax[2]	43.53%	51.79%	50.72%	52.60%
Net current margin[3]	43.47%	52.46%	50.67%	52.27%
Payout ratio[4]	85.65%	90.99%	87.28%	86.54%

1 Operating result before the portfolio result / property result.
2 Pre-tax result excluding portfolio result / property result.
3 (Net result excluding portfolio result) / property result.
4 Dividend / Distributable result.

DATA PER SHARE[1]

In €	31/12/2011 Consolidated IFRS	31/12/2010 Consolidated IFRS	31/12/2009 Consolidated IFRS	31/12/2008 Consolidated IFRS
Net asset value (before distribution)	57.58	54.68	52.94	52.71
Property result	4.97	4.66	4.66	4.45
Operating result before portfolio result	3.56	3.26	3.23	3.16
Portfolio Result	2.93	1.75	0.56	-0.20
Net result	5.09	4.19	2.92	2.13
Net current result	2.16	2.45	2.36	2.33
Net current result excluding IAS 39	2.65	2.61	2.47	2.33
Growth in value[2]	2.90	1.74	0.23	-2.11
Dividend[3]	3.00	2.75	2.43	2.36
Shareholders' return	5.90	4.49	2.66	0.25
Return in %[4]	10.88%	8.48%	5.05%	0.46%

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 Management 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 Net for gross dividend, due to the fact that more than 60% of assets are residential buildings located in Belgium (See also Risk factors, point 11).
4 Return, divided by the net asset value at the beginning of the period.

NUMBER OF SHARES

Ordinary shares (excluding the shares held in auto-control)	31/12/2011 Consolidated IFRS[1]	31/12/2010 Consolidated IFRS[2]	31/12/2009 Consolidated IFRS[2]	31/05/2000 Statutory (Belgian GAAP)
At the end of the financial year	3 043 231	2 815 630	2 815 630	1 103 362
Average number of shares with full rights	2 912 933	2 815 630	2 764 079	1 103 362

1 3 056 143 shares on 31/12/2011 of which 12 912 shares held by Home Invest Management are to be excluded in accordance with IAS 33 § 20.
2 2 828 542 shares on 31/12/2009 and 31/12/2010 of which 12 912 shares held by Home Invest Management are to be excluded in accordance with IAS 33 § 20.

"Erainn" - Etterbeek (1040 Brussels)

management report

< "Galerie de l'Ange" - Namur

"Vision and expertise, our assets"

Preamble:

- This management report is based on the consolidated accounts. It does however include certain figures relating to statutory accounts. Such cases are expressly indicated. The full statutory accounts[1], along with the statutory management report are available without charge on request from company headquarters.
- Throughout this Annual Financial Report 2011 the figures and percentages realized in 2011 are compared with those of the 2010 financial year; taking into account the new accounting principles applied to the 2011 accounts in virtue of the royal decree of 7 December 2010 on Sicafi, the figures of the 2010 financial year have been restated to allow a comparison on the same basis.

1 STRATEGY

At the end of twelve years of the Sicafi's existence, the Board of directors has refined its strategy; as from now on it is the Board's opinion that Home Invest Belgium's objective is to satisfy its two 'stakeholders': its tenants and shareholders. Notwithstanding their apparent opposite interests, they undoubtedly meet in the defined strategy.

This strategy is indeed focused around two complementary axes: on the one hand it consists of an exclusive concentration of new investments on high-quality residential buildings, as well to their location as to their intrinsic qualities, buildings that are ensured to be managed efficiently in the direct interest of the tenants; on the other hand, these same buildings can be subject to arbitrages for sale in the long run and thus allow to realize accumulated capital gains built up during the previous years of operation. The good performance of both activity poles is thus closely related.

Consequently, it is in the common interest of its tenants and shareholders that Home Invest Belgium explores the market for residential or mixed buildings that can generate a maximum return, composed of the immediate net return, measured in terms of net rental income, and the creation of long-term value, reflected in the evolution of the net asset value, within the legal framework applicable to residential Sicafi, i.e. currently and mainly:

- a minimum of 60% of the total value of the portfolio has to be invested in residential properties in Belgium in order to benefit from the exemption of withholding tax on the dividend;
- 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 obtained[2];
- a maximum debt ratio of 65% of total assets;
- in the event of profit in the financial year, the distributed dividend amounting to at least the positive difference between 80% of the amount of the *corrected result*[3] 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.

The strategy defined by the Board of directors can be explained more profoundly, based on the following three cornerstones:

1.1 The growth of the portfolio

We remind that Home Invest Belgium has opted for a **'pure player' strategy**. This consists in mainly investing in real residential property for letting (apartments, houses), easy to sell lot per lot and with a capital gain potential, in the form of positive changes in fair value, and in the long term, effectively realized capital gains.

- The Board also takes into consideration multifunctional real estate projects (residential/commercial/offices) that are often linked to major redevelopment projects in city centres, and well-designed and structured student housing, located in university cities, as well as public housing (social, 'middle income or 'subsidized').
- With regard to investments in the hotel sector, the Board considers that there is no reason to expand this category of assets.
- Investment in furnished apartments and furnished serviced apartments also does not feature in the investment strategy; the additional initial return is in fact often offset by a higher turnover and a lower occupancy rate;
- Finally, the Board remains opposed to major investment in assets or projects such as nursing homes that are let for a very long term; their fair value is indeed essentially a function of the return expected by the investors, return is in turn directly influenced by the evolution of interest rates, essentially out of the Sicafi's scope of control.

In order to accelerate the growth and the rejuvenation of its portfolio Home Invest Belgium has increased the rhythm of its analysis of investment opportunities, based, on the one hand, on the selective acquisition of existing residential property portfolios, and, on the other hand, on projects to be developed internally. Indeed **development projects**:

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

1 The statutory accounts can be found under point 9 of chapter VIII of this annual financial 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.

- allow to control the product as to its appropriateness for the rental market and as to its technical and commercial qualities;
- automatically contribute to the rejuvenation of the portfolio.

We need to remind that the increasing project development for own account is subject to the following internal limitations, defined by the Board of directors, i.e. mainly:
- total cost of the projects in the course of the different stages of the work 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.

The investment criteria applicable both to new acquisitions – including existing property portfolios – and to the development of newly built property for own account are the following:
- an appreciable immediate net return, 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 resale in parcels;
- 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 recorded an appreciable increase in property value;
- the energy performance of the properties in question;
- the sustainability of the construction and the materials;
- the aesthetics and the quality of the architecture of the properties in question (timeless style).

1.2 The optimization of rental management evidently is one of the main points of attention. Home Invest Belgium actually manages a very large number of tenants – at present over 1 200 – and the quality of the service, at the levels of administration, technical and commercial management, is an essential part of the company's success. 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 personnel.
An effective IT system allows to obtain economies of scale and consequently to differentiate from the multitude of private investors operating in that same residential market.

1.3 The selective arbitrage of the buildings in portfolio – in principle via lot per lot sales – represents the third cornerstone of the company's success. Moreover, this contributes in a significant and regular way to the growth of the return on investments, through the substantial capital gains realized in the interest of the shareholders, and to the continuous rejuvenation of this portfolio and its energy performance.
For 2011 this arbitrage represented a volume of 2.45% of the portfolio of buildings in operation, which has allowed to generate a distributable result of € 2.3 million. The Board has fixed a target to reach an annual volume of sales of +/- 4% of the portfolio of buildings in operation, as from 2012.
Within this context, these sales mainly relate to:
- 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, part of different portfolios acquired in their entirety by the Sicafi, that do not match its strategy and are consequently, in principle, destined to be sold;
- buildings having reached their peak in terms of valuation.

The selection process of the related buildings is a point of special interest of the Executive management that has to prepare the decisions, as well as of the Board of directors; this requires a thorough examination of the building concerned, taking into account a precise and well-documented study of the local property environment.

2 HIGHLIGHTS OF THE FINANCIAL YEAR[4]

2.1 New investments

2.1.1 The extraordinary general meeting of Home Invest Belgium of 31 January 2011 has approved the partial demerger of a large part of the property assets of the SA **MASADA**. The properties acquired in that way comprise a number of very well located buildings in different Brussels municipalities, amongst which Ixelles, Brussels City and Uccle.

2.1.2 With regard to the project **Belliard/Industrie**, of which the construction site got behind due to a problem of faulty concrete, the provisional acceptance of the building can now be expected during the first half-year of 2012. This relates to the development of a hotel residence with 109 rooms by Nexity IG for the account of the SA Belliard 21, a 100% subsidiary of the Sicafi, and the renovation into six apartments of an old mansion; the project is located at the corner of the rue Belliard and the rue de l'Industrie, in the heart of the Brussels European quarter.

2.1.3 The fourth and last phase of the renovation of the property complex **City Gardens**, located at Riddersstraat/Petermannenstraat and Fonteinstraat in Leuven, acquired at the end of 2009, could be successfully completed. Globally, the commercialization of this complex ran very favourably, as well with regard to the rhythm by which the lettings were concluded, as to the level of the rents. The gross initial yield on this global operation indeed reaches +/- 6.8% of the total amount invested, compared to the 6.29%, initially forecasted.

2.1.4 On 23 December 2011 the extraordinary general meeting of Home Invest Belgium approved a new partial demerger of the SA V.O.P.; this real estate company belongs to the Van Overstraeten group, directly and indirectly, part of the stable shareholders of the Sicafi. In this case, this operation represented a potential conflict of interest, elaborated in point 8 hereafter. Following this operation,

4 For more information, we refer to the quarterly press releases and to the half-yearly financial report available on the website www.homeinvestbelgium.be.

Home Invest Belgium has become the owner of the leasehold rights of 60 years on 4 investment properties, located in the Brussels-Capital Region, as well as the full owner of a development project in Jette, at the corner of the **avenue Odon Warland** and the **rue Bulins**. This project comprises 34 apartments and 1 commercial space on the ground floor, with a total rentable surface of +/- 3 123 m² and 34 indoor parking spaces. This building will be equipped with state-of-the-art techniques with regard to energy performance. The total valuation of these acquisitions amounts to € 7 454 000, including costs. For the remuneration of this contribution 118 491 new shares have been issued

2.1.5 The same extraordinary general meeting of 23 December 2011 approved the demerger operation of the SA URBIS, which has allowed to acquire a residential complex of 18 apartments on the Wilsonplein in Ghent, above the shopping center **'Gent-Zuid'**. This residential complex with a net rentable surface of +/- 2 346 m² has been incorporated for € 3 200 000 including costs; taking into account the fact that a debt of € 2 800 000 was also taken over, the total contribution has been remunerated by the issue of 6 318 new shares.

2.1.6 Finally, the Sicafi was able to acquire an apartment building on 14 November 2011, very well located in Liège, Quai de Rome 45-46; it comprises 25 apartments, 2 offices and twenty-four parking spaces; the price of this acquisition amounted to € 2 787 000, costs included. This relates to a classical building held for lease in one of the best locations in Liège.

2.2 The sales

In accordance with the second strategic axis of the company, sales of assets have been extended in 2011; the main objective was the lot per lot sale of residential complexes, i.e. mostly apartment buildings.

The Sicafi has thus grosso modo doubled its arbitrage volume in comparison with the previous financial year. The table below shows that the number of buildings concerned, sold in their entirety or through different sales, has evolved to eleven compared to five in 2010; in the same way the net total amount of the sales (after deduction of the sale costs) has evolved from € 3 956 293 in 2010 to € 7 802 862 in 2011.

That way, the different sales of the financial year 2011 have allowed to book a net realized capital gain of € 2.1 million in total, compared to their latest fair value (on 31/12/2010); this results also in a distributable capital gain of € 2.35 million, compared to the acquisition value augmented by the investments, that substantially reinforces the consolidated distributable result to the shareholders, for the period.

The table below again indicates the importance of those capital gains, in comparison with the latest fair value as well as with the initial acquisition value of the buildings sold.

For the seventh year in a row, the effectively realized sales show the importance of the capital gains which can be generated by investing in high-quality residential property, at the right moment, in combination with a professionally and selectively driven arbitrage.

As explained in point 1.3 these arbitrage activities have clearly become the second cornerstone of the Sicafi's strategy, and should continue to significantly contribute to the growth of the distributable result to shareholders.

In €	Transaction object	Sales price	Latest fair value	Net realized capital gain in % compared to latest fair value	Acquisition price + investments	Net realized capital gain in % compared to acquisition price + investments
Nieuport	1 commercial space and 2 garages	315 000	191 781	64.25%	210 959	49.32%
Coningham	6 apartments	1 328 900	895 805	48.35%	895 805	48.35%
Marie José	2 parkings	41 000	22 666	80.89%	22 666	80.89%
Bergmann	complete building	1 100 000	694 572	58.37%	694 572	58.37%
Montana Tamaris	2 apartments	1 410 000	985 860	43.02%	749 634	88.09%
Floréal	1 apartment	200 000	97 779	104.54%	97 779	104.54%
Stevin	1 commercial space	172 500	108 651	58.76%	108 651	58.76%
Clos Saint Georges	2 villas	1 010 500	925 051	9.24%	397 144	154.44%
Abeilles	complete building	650 000	397 734	63.43%	397 734	63.43%
Decroly	2 villas	760 000	689 778	10.18%	370 434	105.16%
Dieweg	complete building	895 000	696 637	28.47%	685 798	30.50%
Costs		-80 038				
Total		**7 802 862**	**5 706 313**	**36.74%**	**4 631 176**	**68.49%**

2.3 Occupancy rate

The average occupancy rate for the entire financial year 2011 amounted to 95.38%, an improvement compared to 2010 (94.61%). It has to be noted that this occupancy rate is higher than the 95% taken into consideration in the outlook for the financial year 2011. It also has to be pointed out that it undergoes the negative influence, purely temporarily, of the developments at their provisional acceptance.

2.4 Profound revision of the articles of association

During the extraordinary general meeting of 23 December 2011 a profound revision of the articles of association has been approved. This amendment to the articles of association became necessary mainly in order to take into consideration the provisions of the royal decree of 7 December 2010 with regard to Sicafi, as well as to the law of 20 December 2010 on the exercise of certain rights of shareholders of listed companies.

The new coordination of the articles of association is recorded in chapter IX of this annual financial report and can be consulted on the website www.homeinvestbelgium.be.

3 OVERVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS (SEE ALSO CHAPTER VIII FINANCIAL STATEMENTS)

The consolidated financial statements 2011 recorded below have been established according to the International Financial Reporting Standards ('IFRS') and the provisions of the Royal Decree of 7 December 2010.

"Gent Zuid" - Ghent

3.1 Balance sheet 2011

	2011	2010
ASSETS		
I. Non-current assets	**257 986 342**	**234 721 489**
B. Intangible assets	7 623	8 349
C. Investment properties	256 558 090	233 344 258
D. Other tangible assets	200 744	41 094
E. Non-current financial assets	37 755	46 767
F. Finance lease receivables	1 182 131	1 281 021
II. Current assets	**15 492 597**	**4 825 437**
A. Assets held for sale	7 522 808	
C. Finance lease receivables	98 890	92 752
D. Trade receivables	4 118 361	684 851
E. Tax receivables and other current assets	1 928 583	2 989 647
F. Cash and cash equivalents	1 701 118	1 036 510
G. Deferred charges and accrued income	122 836	21 678
TOTAL ASSETS	**273 478 939**	**239 546 926**

	2011	2010
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
A. Capital	73 469 670	70 946 880
B. Share premium account	19 093 664	19 093 664
C. Reserves		
a. Legal reserve (+)	98 778	97 827
b. Reserve from the balance of changes in fair value of investment properties (+/-)	85 457 148	68 696 370
c. Reserve from estimated transfer costs and rights resulting from hypothetical disposal of investment properties (-)	-23 441 309	-19 497 399
d. Reserve from the balance of changes in fair value of allowed hedges to which hedge accounting according to IFRS is applied (+/-)	-2 549 147	-2 974 112
h. Reserve for treasury shares (-)	-757 323	-757 323
m. Other reserves (+/-)	1 259 467	1 138 120
n. Result carried forward from previous financial years (+/-)	7 773 304	5 416 341
D. Net result of the financial year	14 833 588	11 807 670
SHAREHOLDERS' EQUITY	**175 237 840**	**153 968 037**
LIABILITIES		
I. Non-current liabilities	**64 115 189**	**82 171 517**
B. Non-current financial debts	59 388 750	78 433 750
C. Other non-current financial liabilities	4 726 439	3 737 767
II. Current liabilities	**34 125 911**	**3 407 373**
B. Current financial debts	24 926 363	465 055
D. Trade debts and other current debts	8 206 419	2 029 317
E. Other current liabilities	519 171	477 347
F. Accrued charges and deferred income	473 957	435 653
LIABILITIES	**98 241 099**	**85 578 890**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**273 478 939**	**239 546 926**

	2011	2010
Number of shares at end of period	3 043 231	2 815 630
Net asset value	175 237 840	153 968 037
Net asset value per share	**57.58**	**54.68**
Indebtedness	93 040 703	81 405 470
Debt ratio	**34.02%**	**33.98%**

3.2 Comments on the 2011 balance sheet

3.2.1 Assets

The *intangible assets* relate to the WinIris software.

In the course of the financial year the fair value of the *investment properties* has gone from € 233.3 million on 31 December 2010 to € 256.5 million on 31 December 2011, including the development projects, or a substantial growth of nearly 10%, mainly thanks to:

- the growth of the portfolio by the new investments of the financial year (see above sub 2.1),
- different renovations carried out in our buildings in order to adapt them to the demands of the current rental market, for an amount of € 0.6 million,
- the balance coming from a strongly positive change in fair value of the investment properties in the course of the financial year 2011 (+ € 6.5 million compared to + € 3.9 million in 2010),

and this despite an increasing number of sales (see above sub 2.2), with total sales amounting to € 5.7 million in 2011 compared to € 2.9 million in 2010.

The current development projects amount to a total of € 18.1 million compared to € 10.6 million on 31 December 2010.
They comprise the two projects Belliard/Industrie and Odon Warland/Bulins (see above sub 2). It has to be pointed out that the first of both projects is pre-let, to a large extent, to the Pierre & Vacances group and that the total of these two projects remains largely inferior to the limits defined by the company (see above sub 1.1).

The *non-current financial assets* amount to € 0.04 million, a decrease of 19.3% compared to the previous year, following the decrease of the fair value of the hedges by the application of the accounting standard IAS 39.

The *finance lease receivables* of € 1.3 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 accounted for under non-current assets, while the short-term part (less than a year) accounted for under current assets.

The item *assets held for sale* amounts to € 7.5 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*, strongly increasing to € 4.1 million compared to € 0.7 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 2011 (€ 3.5 million), and for the balance (€ 0.6 million) to rent receivables on investment properties, representing 3.3% of the rents earned in 2011.

The *tax receivables and other current assets* drop to an important degree by 35.5% in comparison with the level at closing date of the financial year 2010 (€ 1.9 million compared to € 3 million in 2010). They comprise tax receivables (mainly withholding tax on liquidation proceeds) for an amount of € 0.7 million, the balance being composed of advance payments to the different co-ownerships.

The *cash and cash equivalents* amount to € 1.7 million compared to € 1 million the previous year. We need to remind that the Sicafi's cash is primarily used to temporarily reduce certain short-term credit lines rather than invest in deposits or cash.

Deferred charges and accrued income are at € 0.1 million.

3.2.2 Shareholder equity and liabilities

On 31 December 2011 Home Invest Belgium's capital of € 73.5 million is represented by 3 056 143 shares, of which 12 912 are held under auto-control and are excluded from the calculations per share.

The *reserves* significantly progress by 30% to € 67.8 million compared to € 52.1 million a year before, mainly thanks to an important positive change (+ € 16.8 million) in fair value of the investment properties, listed under the unavailable reserves, or double of the 2010 figures.
We need to remind that the item *'Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties'* corresponds to the amendments made to the investment value to define their fair value, according to the rules recorded in the 'Notes to the consolidated financial statements' under chapter VIII Financial statements hereafter. This item increases substantially (+ 20.2%), mainly due to the elimination of the transfer rights on the acquisitions of the previous financial year.

On the other hand we need to point out that the *result carried forward from previous financial years* currently stands at € 7.8 million, or € 2.55 per share, in comparison with € 5.4 million the previous year (+ 43.5%).

Finally, the *net result of the financial year* amounts to € 14.8 million, or an increase by 25.6% in comparison with 2010. This corresponds to the result of the financial year, before appropriation of the result. It has to be noted that this figures comprises a/o the net balance of the changes in fair value of the investment properties in the course of the financial year, or an amount that will be booked under the reserves within the scope of the appropriation of the result.

The *reserve from the balance of changes in fair value of allowed hedges to which hedge accounting according to IFRS is applied* corresponds to the evolution of the fair value of the effective interest rate hedges in the sense of IAS 39, concluded by the Sicafi. Taking into account the evolution of the interest rates since the end of the financial year 2010, the reduction of the hedging period of the current hedges, and finally the accounting through results of the IRS of 20 million, concluded at the end of 2010, this negative item slightly decreases to € 2.5 million compared to € 3 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 € 0.84.

The *non-current financial debts* decrease to € 59.4 million, in comparison with € 78.4 million a year before (- 24.28%), two credit lines expiring in 2012, and consequently recorded in current financial debts for a total of € 21.6 million.

That way, the *current financial debts* significantly rise to € 25 million compared to only € 0.5 million in 2010. It has to be pointed out that this item also comprises the credit line of € 2.8 million, taken over through the demerger of the SA Urbis, the rental guarantees received and the provisions for expenses from the tenants.

The *trade debts and other current debts* amount to € 8.2 million compared to € 2 million the previous year. This strong increase can be explained by the provision of € 6.2 million for the completion of the building located at the angle of the rue Belliard and the rue de l'Industrie in Brussels. They also comprise debts to suppliers for € 1.2 million, rents received in advance for an amount of € 0.4 million, and finally, corporate tax debts of € 0.5 million.

The *other current liabilities* amount to € 0.5 million, amount that is quasi unchanged compared to the previous year, and comprise the dividends of previous financial years, not claimed by shareholders, of € 0.1 million.

The *deferred charges and accrued income* remained stable at € 0.5 million.

Finally, the net asset value per share[5] amounts to € 57.58 compared to € 54.68 on 31 December 2010, or an increase by 5.3%.

5 Calculated excluding the 12 912 Home Invest Belgium shares held under auto-control (IAS 33, paragraph 20).

3.3 Results 2011

(In €)		31/12/2011	31/12/2010
I.	Rental income (+)	15 724 617	14 253 402
III.	Rental-related expenses (+/-)	-188 448	-137 465
NET RENTAL RESULT (= I +II +III)		**15 536 169**	**14 115 937**
IV.	Recovery of property charges (+)	83 656	106 657
V.	Recovery of charges and taxes normally payable by the tenant on let properties (+)	400 830	370 467
VII.	Charges and taxes normally payable by the tenant on let properties (-)	-1 556 402	-1 458 373
PROPERTY RESULT (= I +II +III +IV +V +VI +VII +VIII)		**14 464 254**	**13 134 688**
IX.	Technical costs (-)	-923 309	-1 097 433
X.	Commercial costs (-)	-541 340	-535 683
XI.	Taxes and charges on unlet properties (-)	-358 203	-265 738
XII.	Property management costs (-)	-1 739 400	-1 419 884
PROPERTY COSTS (= IX +X +XI +XII +XIII)		***-3 562 253***	***-3 318 738***
PROPERTY OPERATING RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII)		**10 902 000**	**9 815 950**
XIV.	General corporate expenses (-)	-539 388	-641 319
OPERATING RESULT BEFORE PORTFOLIO RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV)		**10 362 613**	**9 174 630**
XVI.	Result sale investment properties (+/-)	2 096 549	1 041 163
XVIII.	Changes in fair value of investment properties (+/-)	6 449 248	3 876 459
OPERATING RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV +XVI +XVII +XVIII +XIX)		**18 908 409**	**14 092 253**
XX.	Financial income (+)	188 741	412 723
XXI.	Net interest charges (-)	-2 797 080	-2 201 999
XXII.	Other financial charges (-)	-34 754	-127 420
XXIII.	Changes in fair value of financial assets and liabilities	-1 423 915	-454 930
FINANCIAL RESULT (XX +XXI +XXII +XXIII)		***-4 067 008***	***-2 371 625***
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)		**14 841 402**	**11 720 628**
XXIV.	Corporation tax (-)	-7 814	87 042
TAXES (XXIV + XXV)		***-7 814***	***87 042***
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)		**14 833 588**	**11 807 670**
NET RESULT PER SHARE		**5.09**	**4.19**
Average number of shares		2 912 933	2 815 630
NET CURRENT RESULT (excluding the items XVI. XVII. XVIII and XIX.)		6 287 791	6 890 047
NET CURRENT RESULT PER SHARE (excluding the items XVI. XVII. XVIII and XIX.)		**2.16**	**2.45**
NET CURRENT RESULT EXCLUDING IAS 39 (excluding the items XVI. XVII. XVIII XIX. and XXIII.)		7 711 706	7 344 977
NET CURRENT RESULT EXCLUDING IAS 39 PER SHARE (excluding the items XVI. XVII. XVIII XIX. and XXIII.)		**2.65**	**2.61**
PORTFOLIO RESULT (XVI. to XIX.)		8 545 797	4 917 622
PORTFOLIO RESULT PER SHARE (XVI. to XIX.)		**2.93**	**1.75**
DISTRIBUTABLE RESULT		10 202 475	8 509 343
DISTRIBUTABLE RESULT PER SHARE		**3.50**	**3.02**
Operating margin (Operating result before the portfolio result) / Property result		71.64%	69.85%
Operating margin before tax (Pre-tax result – portfolio result) / Property result		43.53%	51.79%
Net current margin (Net result – portfolio result) / Property result		43.47%	52.46%
Proposed dividend		**3.00**	**2.75**
Pay out ratio		85.65%	90.99%

3.4 Comments on the 2011 results

3.4.1 The net rental result

The rental income amounts to € 15.7 million compared to € 14.3 million in 2010 (+ 10.3%), following the positive influence of the new acquisitions, and this, notwithstanding, but clearly to a lessor extent, the erosion of the rents caused by the sales during the financial year.

The rental-related expenses have increased to € 0.2 million compared to € 0.1 million in 2010, namely under the influence of reductions in value on trade receivables with an increasing trend in a more difficult economic context.

The net rental result consequently stands at € 15.5 million compared to € 14.1 million a year before, representing a nice performance of + 10 %.

3.4.2 The property result

The *charges and taxes normally payable by the tenant* mainly consist of the property tax paid by the Sicafi and remain quasi invariable at € 1.6 million. A part of these taxes (€ 0.4 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 € 14.5 million compared to € 13.1 million a year before, representing a substantial growth of 10.1%.

3.4.3 The property charges

The *technical costs* involve maintenance costs for the owner and renovation costs. They amount to a total of € 0.9 million, or another drop by 15.9%, in comparison with € 1.1 million in 2010, which confirms the favourable impact of a new follow-up system introduced since 2009.

The *commercial costs* thus remain quasi unchanged at € 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 strict rental management of the portfolio.

The *taxes and charges on unlet properties* amount to € 0.4 million, or an increase of 34.8%, and cover the charges the Sicafi has to bear in case of rental vacancy. They are therefore a direct consequence of the occupancy rate of the buildings in portfolio. Their increase in 2011 is explained by the new arbitrage policy on the portfolio, entailing an important vacancy in the buildings selected for sale.

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 € 1.7 million compared to € 1.4 million a year before, or an increase by 22.5%. The increase of this item is simply explained by the hiring, in the course of the year, of COO, a newly created function, as well as to the reinforcement of the internal teams for sales, analysis and administrative support, with three new employees.

In total the *property charges* slightly increase by 7.34% to € 3.6 million in comparison with € 3.3 million the previous year; taking into account the conscious increase of the property management costs, as aforementioned, the growth of the portfolio, and the number of leases under management, this cost finally perfectly relates to the growth and arbitrage strategy of the Sicafi.

3.4.4 The property operating result

The property operating result thus amounts to € 10.9 million, or a very nice progress by 11 % in comparison with the result of € 9.8 million recorded in 2010.

3.4.5 The operating result before the portfolio result

The Sicafi's *general expenses* encompass all charges not directly connected with the direct exploitation of the properties and managing 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 have decreased to € 0.54 million, or a decrease of 15.9% in comparison with 2010, namely following the positive influence of the deletion of certain items (custodian bank, remuneration of the property developer), and the partial reimbursement of the subscription tax paid for the financial years 2009 and 2010.

This results in an *operating result before the portfolio result* of € 10.4 million, an important improvement of nearly 13% in comparison with the result recorded at the end of 2010 (€ 9.2 million).

3.4.6 The operating result

The *result on the portfolio* is again largely positive with € 8.5 million. Since 2008, with a negative result, 2009 with a slightly positive result and 2010 with a positive result of € 4.9 million, the increasing trend is spectacular. This very good result of 2011 can be explained, on the one hand, by the very positive change in fair value of the investment properties for an amount of € 6.4 million (€ 3.9 million in 2010), but also by the important realized capital gains going from € 1 million in 2010 to € 2.1 million in 2011, or a new increase by 101% (reeds + 89,4 % in 2010). This substantial result show, for the seventh year in a row, the fact that Home Invest Belgium succeeds in creating capital gains to the benefit of its shareholders.

The *operating result* (after taking into account the portfolio result) thus amounts to € 18.9 million, a substantial rise of 34.2% in comparison with € 14.1 million in 2010.

3.4.7 The financial result

The *financial revenues* of € 0.2 million comprise the interest received and the finance lease receivables. This item clearly declines (- 54.3%) in comparison with the previous year because of the non-recurrence of extraordinary income in 2010.

The *interest charges* clearly increase (+ 27%) following the increase of debt.

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 € - 0.5 million to € -1.4 million (+ 213%) following the combined effect of the decrease of the interest rates and the recording in the non-effective hedges of the IRS of 20 million concluded in December 2010 (impact of IAS 39).

In total the *financial result* (negative) increases by 71.5% to € - 4.1 million.

3.4.8 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 grows from € 11.8 million in 2010 to € 14.8 million in 2011, or a rise by 25.6%.

The net current result decreases to € 6.3 million (- 8.7%), influenced by the negative 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. It increases substantially (+ 4.99% in comparison with 2010).

The distributable result also rises from € 8.5 million in 2010 to € 10.2 million for 2011.

3.4.9 The development of the margins

The realized margins have evolved as follows:

- the operating margin: 71.64% compared to 69.85%
- the operating margin before tax: 43.53% compared to 51.79%
- the net current margin: 43.47% compared to 52.46%.

The apparent diverging evolution of these margins originates from the increase of the financial charges under the negative, though purely latent influence of IAS 39 on the accounting of the non-effective hedges.

3.5 Appropriation of the result

The *consolidated distributable result*[6] amounts to € 10.2 million compared to € 8.5 million last year.

It corresponds to a weighted average of shares with full dividend rights of 2 912 933 units.

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 of	€ 762 006.77
• to distribute in respect of return on capital a **dividend of € 3 per share**, or	€ 8 777 536.45[7]
Total	**€ 9 539 543.22**

The proposed dividend abides by 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, reduced by the net reduction in the company's debt during the course of the financial year, as stated in the statutory annual accounts. This required minimum amounts to € 8 299 640.14.

In accordance with current legislation, this dividend will be paid gross for net (except for the application of the special contribution of 4% in case of exceeding the threshold of € 20 020 of income from movable assets) due to the special status of Home Invest Belgium[8] as a Sicafi with at least 60% of its portfolio invested in residential property situated in Belgium. By way of reminder, these special tax provisions relating to exemption from withholding tax were introduced in 1995 in order to compensate, on the one hand, for the fact that the property tax cannot, itself, be passed on to tenants in residential properties and, on the other hand, for the costs of managing a housing stock which are disproportionate in comparison with those of professional properties such as offices or retail.

If approved by the General meeting, the dividend will be paid from 15 May 2012 by automatic transfer to holders of registered or dematerialised shares, and at branches of BNP Paribas Fortis, in return for coupon no. 15 detached from the current balance of the bearer shares.

3.6 Participations

Home Invest Belgium declares that the only participations it owns are

- its shares in Home Invest Management SA (HIM), its 100% subsidiary since 27 February 2004,
- 600 shares in Belliard 21 SA held since 23 September 2009, with the balance of that company's capital, equaling 20 shares, owned by its subsidiary Home Invest Management.

3.7 Treasury shares

Home Invest Management SA, 100% subsidiary of van Home Invest Belgium, holds at closing date of the financial year 2011 a total of 12 912 Home Invest Belgium shares. At this date these shares were valued on a statutory level at € 58.65 per share or a total of € 757 322.67.

6 The statutory distributable result, calculated in accordance with the RD of 7/12/2010, amounts to € 10 374 550.

7 This dividend is determined on the basis of the statutory accounts.

8 See also point 11 of chapter I "Risk factors".

3.8 Auditor's Fees

The Auditor, Karel Nijs, received fees amounting to a total of € 54 791.83 VAT included (on a consolidated basis), broken down as follows:

- Remuneration of the Auditor: € 33 214.50
- Remuneration for special services or particular assignments accomplished within the company by the Auditor:
  1. Other attestation assignments: € 13 310
  2. Other non-audit assignments: € 6 158.90
- Remuneration for special services or particular assignments undertaken within the company by persons linked to the Auditor:
  1. Tax advice: € 2 108.43

3.9 Risk factors

The risk factors are described in Chapter I of this Annual financial report.

3.10 Information pursuant to Article 119, item 6 of the Company Code

Mr Guillaume Botermans, independent director and Chairman of the Audit Committee has the independence and competence required by the above-mentioned item 6 of Article 119 of the Company Code, with regard to accounting and auditing. He has a specific academic background in finance together with proven experience in the management of property certificates (see the Corporate Governance Statement Chapter).

4 MANAGEMENT BODIES

4.1 Evolution of the composition of the Board of directors

4.1.1 The ordinary general meeting of 3 May 2011 has proceeded to:

- the ratification of the appointment of Mr Johan Van Overstraeten as a director representing the Van Overstraeten group, with his mandate ending after the ordinary general meeting of 2015;
- the appointment of Messrs Eric Spiessens and Koen Dejonckheere as independent directors; their mandates will end after the ordinary general meeting of 2015, and
- recording the resignation of Mr Michel Pleeck as a director.

4.1.2 Discharge - Appointment - Thanking

On 3 May 2011, the Board of directors has appointed among its members, Mr Guy Van Wymersch-Moons, director, to take over the chairmanship of the Board of directors from Mr Michel Pleeck, resigning. Taking into account the important contribution of the latter to the launch and the development of the Sicafi, the Board of directors has decided to grant him the title of Honorary Chairman.

5 EVENTS AFTER THE CLOSURE OF THE FINANCIAL YEAR

No important events took place since the closing of the financial year.

6 OUTLOOK 2012

6.1 Working hypotheses

Perimeter:

The outlook for the financial year 2012 has been established on a consolidated level and in a constant perimeter fashion, while nonetheless taking into account:

- the provisional acceptance of the project Belliard/Industrie, foreseen by the end of the first half-year of 2012;
- the incorporation of new buildings in the portfolio, coming from different acquisitions, for a total of € 15 million;
- the progressive lot per lot sale of different buildings clearly selected as no longer fitting within the investment strategy of the Sicafi in the medium term, but the sale of which should lead to important capital gains.

Evolution of the rents – Occupancy rate

Taking into account the economic context, a careful hypothesis of 1.75% growth of the rents (inflation included) has been taken into consideration, while the occupancy rate has been forecasted at 95%.

Maintenance and repair – Management and agent's fees

The outlook has been established per building, based on the experience acquired in the past, and the thorough knowledge of the buildings of the management team, more specifically with regard to their occupancy rate, tenant turnover, rent level and operational maintenance and renovation costs.

Interest rate

With regard to the funding cost[9], the outlook takes into account the latest forecasts of interest rates on the money and capital markets, as well as the current situation of bank margins. That way, the supposition is that the 3-month interest rates (excluding margin) would amount to 1.25%, while the 5-year interest rates (IRS 5 years ex-margin) would reach 1.75%.

The Board of directors and Executive management can to a certain extent influence the following scenarios: the size of the portfolio, the level of rents, the occupancy rate and funding cost (margin). On the other hand, inflation speculations are completely outside their control.

9 The funding cost corresponds to the financial charges incurred on creditlines from banks.

Given the uncertainty due to the current economic situation, especially with regard to the development of the values of the property and those of the hedges, the forecasts published below will be limited to a couple of key figures for the financial year 2012, without making any forecasts regarding changes in the fair value of investment properties or hedges or forecasted balance sheets.

6.2 Key figures for 2012

	Realized in 2011	Outlook for 2012
Net rental result	15 536 169	17 541 349
Property result	14 464 254	16 370 306
Operating result before the portfolio result	10 362 613	11 490 790
Net result	14 833 588	13 416 948
Net result excluding IAS 39	7 711 706	7 766 519
Net current result excluding IAS 39 per share	2.65	2.55
Distributable result	10 202 475	10 264 554
Distributable result per share	3.50	3.37

7 CORPORATE RESPONSIBILITY

Home Invest Belgium's mission – as exposed in the introduction of this report– consists of providing the population with decent housing, while paying attention to the interest of its shareholders. In order to reach this, the Sicafi recognizes 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 76 of the law of 20 July 2004.

7.1 Environmental context

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 useful life, the company has developed a pragmatic policy matching a rational though permanent renovation programme 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 and other consumables) and water consumption (maintenance-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.

7.2 Human context

The Sicafi recognizes 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 1200 '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'Ieteren Auto (www.mymove.eu) in the course of 2011 in the building 'Cours Saint-Michel' 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 (twelve employees without the Executive management, of which four are independent), 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'. 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 operations.

8 CONFLICT OF INTEREST

On 5 October 2011 a Board of directors treating the partial demerger of the SA V.O.P., mentioned sub 2.1.4, was held. As the directors Johan and Liévin Van Overstraeten are also directors and indirect shareholders of the aforementioned company V.O.P., the transaction project was qualified as a potential conflict of interest in the sense of article 523 of the Company Law, article 19 of the articles of association and the articles 4.7.2 and 4.8 of the Corporate Governance Charter of the Sicafi. In accordance with the legal provisions in force, the directors have informed the Chairman of the Board of directors and the Auditor on 4 October 2011 of the existing potential conflict of interest and their decision not to take part in the deliberation on this point. This abstinence has been recorded accordingly in the minutes of the meeting of the Board of directors of 5 October 2011, of which the relevant extracts are integrally reproduced below in accordance with the provision of article 523 § 1 of the Company Code:

"1/ New partial demerger of VOP

A. Application of art 523 § 1 of the Company Code and the articles 4.7.2 and 4.8 of the Corporate Governance Charter – Conflict of interest.

Given their connection with VOP, the directors Liéven and Johan VAN OVERSTRAETEN have informed the Chairman of the Board of directors and the auditor, in accordance with article 523 §1 of the Company Law, of the potential conflict of interest that exists for the transaction project, and they have announced to abstain from voting on this item of the agenda.

I. Brief description of the planned transaction:

It relates to the acquisition by HIB, as a consequence of a partial demerger, of a number of buildings owned by the company VOP, i.e.:

- on the one hand, the building "Odon Warland" in Jette, a turnkey project, for a conventional value of € 5 815 000; the building, currently under construction, comprises 3 123 m^2, with 34 apartments, 1 shop and 34 indoor parking spaces.
  Together with the partial demerger VOP will sign a Project Management agreement for the turnkey delivery of the project "Odon Warland", within the scope of which VOP will take charge of the further follow-up of the project, including the payment of the construction costs all-in till its provisional acceptance (in other words, including building contractor's invoices, fees, VAT, taxes, etc., at the unique exception of the value of the land which is fixed at € 1 650 000), for a maximum amount of € 4 165 000.
  Should the all-in construction cost of Odon Warland (in other words, including fees, VAT, taxes, etc., at the unique exception of the value of the land) exceed € 4 165 000, it will be at the expense of Home Invest Belgium, though VOP guarantees that the total construction cost of Odon Warland will absolutely not amount to more than € 4 500 000.
- and on the other hand, a leasehold right of 60 years on 4 small investment properties located in Schaerbeek, Saint-Gilles and Laeken, for a conventional value of € 1 639 000.

In exchange, the shareholders of VOP will receive new Home Invest Belgium shares. The issue price of the new shares will be defined based on the average closing price of the 30 calendar days preceding the partial demerger date, with as a bottom price the latest published net asset value that will be communicated on 17 November (situation per 30/09/2011).

The parties have also agreed that possibly a surcharge in cash will be paid if the effectively concluded rent exceeds the forecasted rent by at least 4%; this possible surcharge will be calculated as follows:

- moment: after the letting of the commercial space (ground floor and - 1) and the letting of at least 30 of the 34 apartments (= 88% of the residential offer), all of this at latest 18 months after the completion. This means that if the aforementioned rent level is only reached after the 18 months term, no surcharge will be applicable anymore.
- calculation method: based on a comparison between the totality of the concluded rents (restated to 100% for the residential offer) and total forecasted rents by HIB (cf.: note "rent forecast"); if the concluded rents exceed the rent forecast by more than 4%, the positive difference will be capitalized at 6.25% and paid by means of a surcharge. Moreover it has to be mentioned that following the applicable legal provisions, this surcharge can in no way amount to more than 10% of the contributions resulting from the partial demerger.

II. Ground for the potential conflict of interest:

Liéven and Johan VAN OVERSTRAETEN are connected to the company V.O.P. through their directors' mandates; they are also indirect shareholders of this company. The valuations of the property involved in the realization of the partial demerger project as well as the issue conditions of the new Home Invest Belgium shares consequently entail opposite interests between HIB and VOP.

III. Justification of the proposed operation:

As mentioned above, the operation consists of two parts:

The first part relates to the acquisition of a well-located project in Jette, at the corner between the Avenue Odon Warland and the rue Bulins, turnkey project constructed by VOP according to state-of-the-art techniques with extra focus on the best possible energy performance. This building is destined for letting and consequently perfectly fits within the purpose of the Sicafi.

According to the current expectations, the return on this investment should amount to between 5.75% and 6%, or an appreciable initial yield with nice future capital gains potential on top of it. Moreover, through this investment, our Sicafi takes into account the social, environmental and ethical criteria as mentioned in point 2.6 of the annual report on the 2010 accounts.

The second part relates to the acquisition by Home Invest Belgium of a leasehold right of 60 years on four existing investment properties located in the Brussels-Capital Region, and mainly let for housing. Also this fits seamlessly within the core business of our Sicafi, i.e. investing in real estate, mainly with a residential purpose.

The two parts of the operation also contribute to the further risk diversification of the property portfolio, via the presence in districts where Home Invest was not invested up until now.

IV. As to the consequences for the property portfolio, the proposed operation as described above will result in the reinforcement of the shareholders' equity of our Sicafi for an amount of € 7 454 000, which further extends its borrowing capacity for the future.
On the other hand, as remuneration, a number of new shares will be issued based on the issue conditions described above in point I. With regard to this, it is the Board of director's opinion, that except for a significant reversal of the share's price in the two coming months, the issue price of the new shares should turn out to be higher than the latest net asset value of the share to be communicated next 17 November, resulting in an accretive effect for the current shareholders. Anyhow, parties have agreed that the latest net asset value will account for the minimum issue price, excluding an issue with a dilutive effect.

Finally, following this operation, Home Invest Belgium will globally further reinforce its prominent presence in the Brussels rental market, which perfectly fits within its purpose."

9 CORPORATE GOVERNANCE STATEMENT

The Corporate Governance statement, integrally part of this management report, is produced in chapter 7 hereafter.

10 RESEARCH AND DEVELOPMENT ACTIVITIES

Home Invest Belgium carried out no research or development during the financial year 2011.

11 INFORMATION WITH REGARD TO CIRCUMSTANCES POSSIBLY HAVING A SIGNIFICANT INFLUENCE ON THE DEVELOPMENT OF THE SICAFI

The Board of directors has no indication of circumstances with a possible significant 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 with regard to financial risk management, its exposure to credit, price, liquidity and treasury risks, and to hedges and their use, are described in chapter 1 above.

12 PROFILE OF HOME INVEST BELGIUM SHAREHOLDERS

Given the favourable legal set up of the Sicafi in general, and of residential Sicafi in particular, shareholdings in Home Invest Belgium can make for 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; this allows to

- being 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;
- benefiting 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 chapter IX 'Permanent Document');
- benefiting from an evident improved liquidity of its portfolio taking into account the Sicafi's stock exchange listing.

13 DISCHARGE OF DIRECTORS AND THE AUDITOR

The Board of directors proposes to the General meeting of shareholders that it grants discharge to the directors and the Auditor in respect of their mandates in separate votes for the financial year ending 31 December 2011.

14 DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

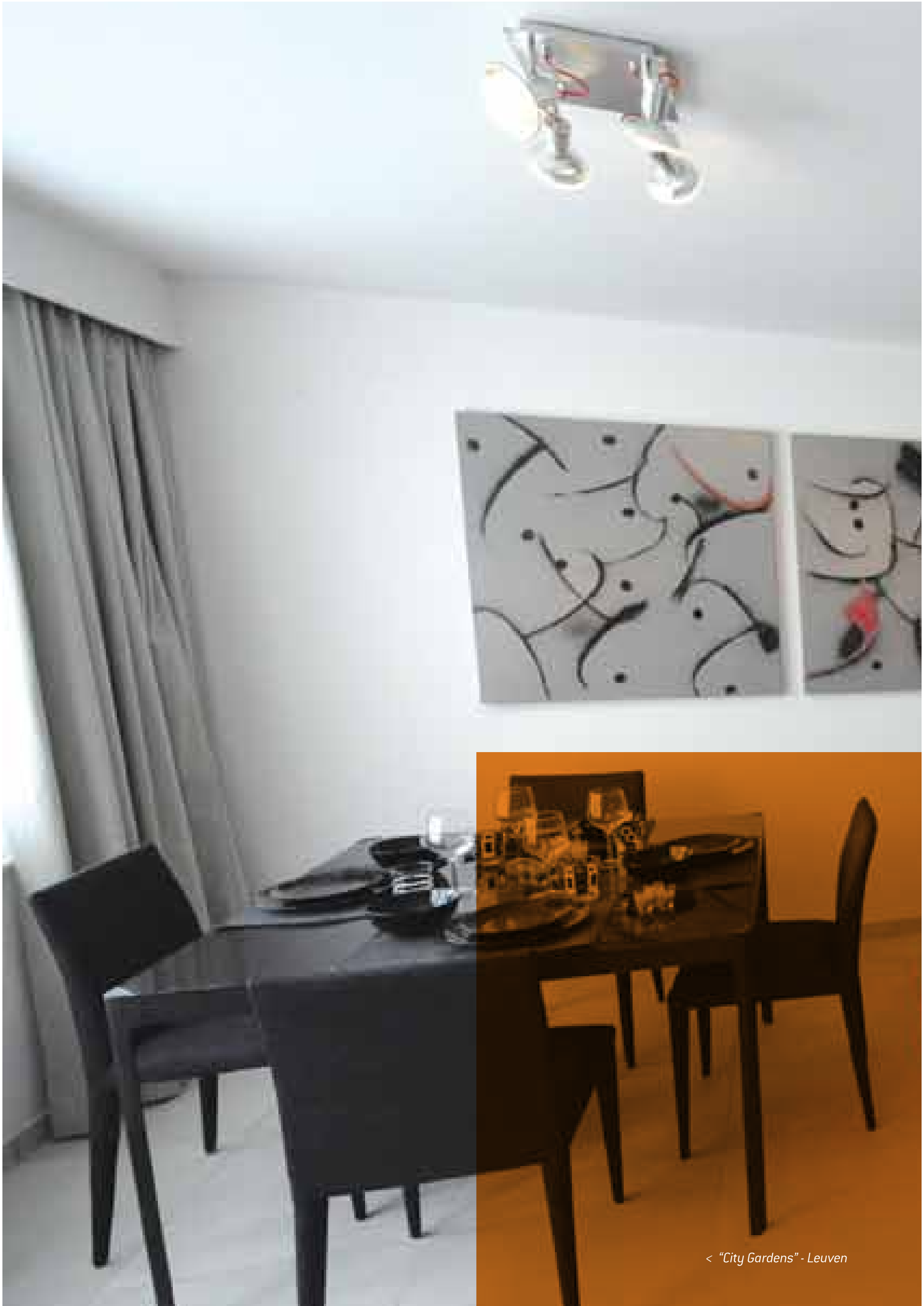
A description of the main characteristics of the internal control systems and risk management is produced in point 2 of chapter VII Corporate Governance statement of this annual financial report.

15 REMUNERATION REPORT

The remuneration report is reproduced in point 6 of chapter VII "Corporate Governance statement", an integral part of this annual financial report.

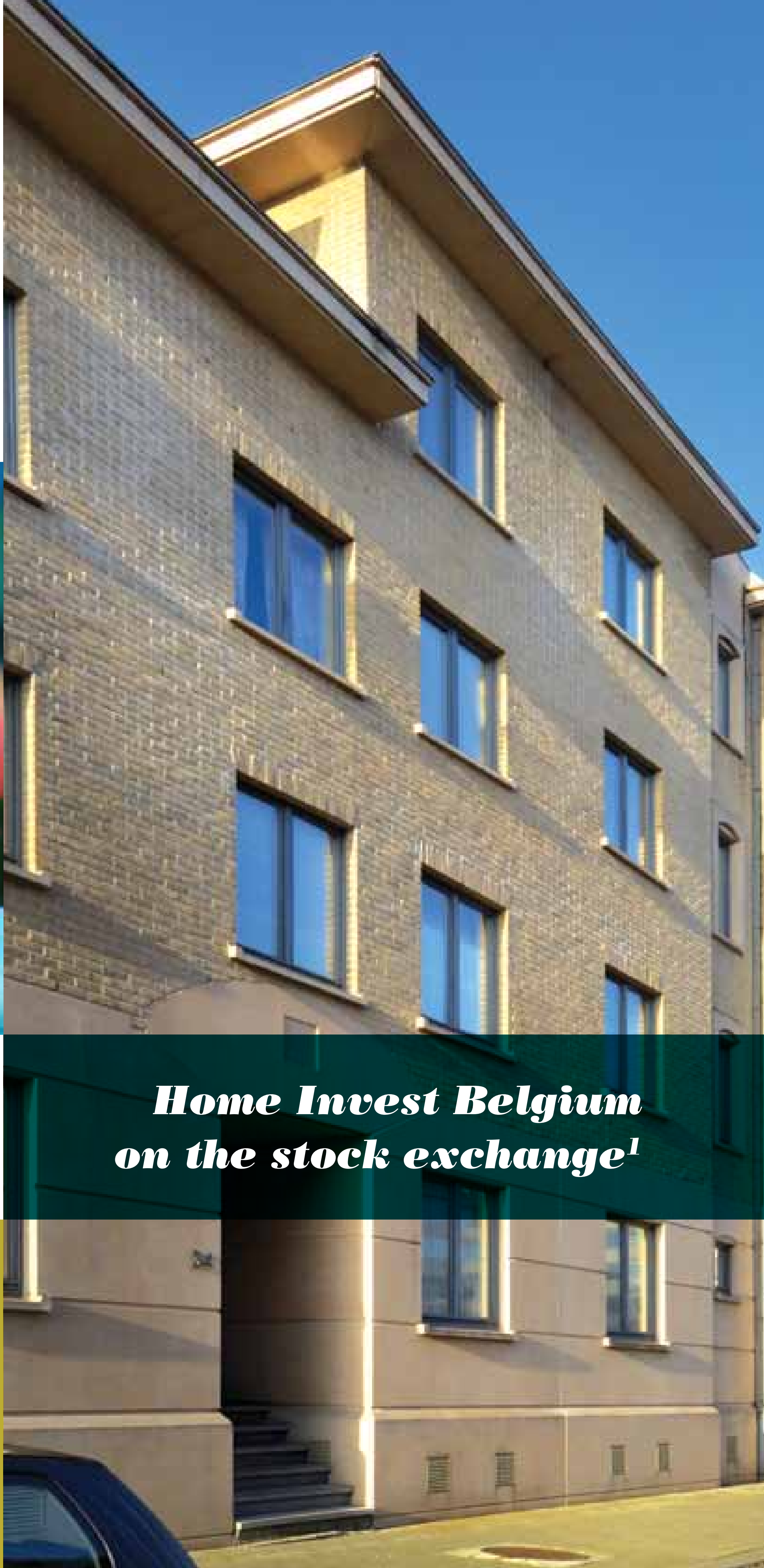
16 AUDITOR'S REPORT

The Auditor has gone over this management report and has confirmed that the information communicated is in no way inconsistent with the information he has within the framework of his mandate.
His report is incorporated in the report on the consolidated annual accounts, produced in point 8 of the Financial statements hereafter.



< *"City Gardens" - Leuven*

Home Invest Belgium on the stock exchange[1]



“Les Mélèzes” - Woluwe Saint-Lambert (1200 Brussels) >

"A continuous upward trend"

1 LISTING AND COMPARISONS

The Home Invest Belgium share is listed on Euronext Brussels' continuous trading market (Symbol: HOMI - ISIN Code: BE0003760742).

The first closing price of 2011, namely the price of 3 January 2011, amounted to € 61. It remained relatively steady during the 1st quarter of the financial year to subsequently record a quasi constant increase till the year's high of € 67.99 on 6 June. Under the influence of the renewal of the economic difficulties, the price has then slightly decreased to reach its lowest level of 60.90 on 9 August. The last month of the year is characterized by a regular leap of the share price till € 64.05 on 30 December 2011, or 5% better than at the beginning of the year. We also need to point out that the share price seemed insensible to the detachment of the coupon on 13 May.

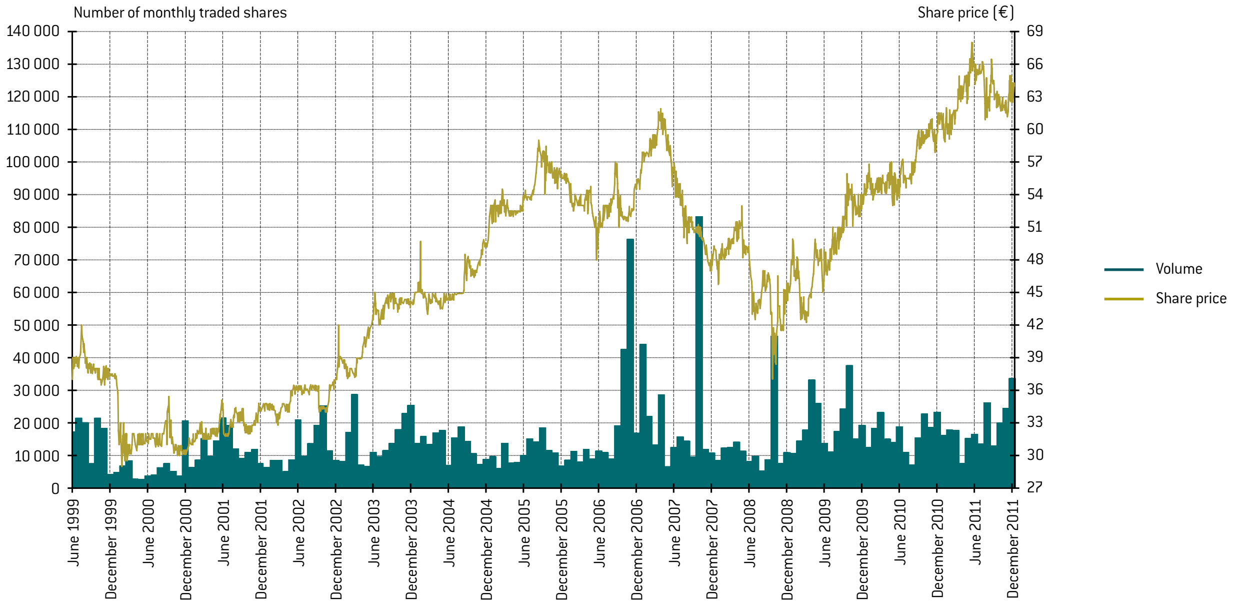
This new progression of 5% in the course of 2011, after an increase of 10% in 2010, sharply contrasts with the strong drop of the BEL20 index (- 17.73%), as well as that of the EURO STOXX 50 index, decreasing by 15.51% in the course of the year under review.

At a share price of € 64.05, last closing price of 2011, the net yield based on the € 3 dividend proposed to the ordinary general meeting of the Sicafi of 2 May 2012 amounts to 4.68%, or superior by 190 base points to the current yield of 5 year-OLO[2].
Last year, the net return for the shareholders, measured in the same way, reached a quasi identical level of 4.48%.

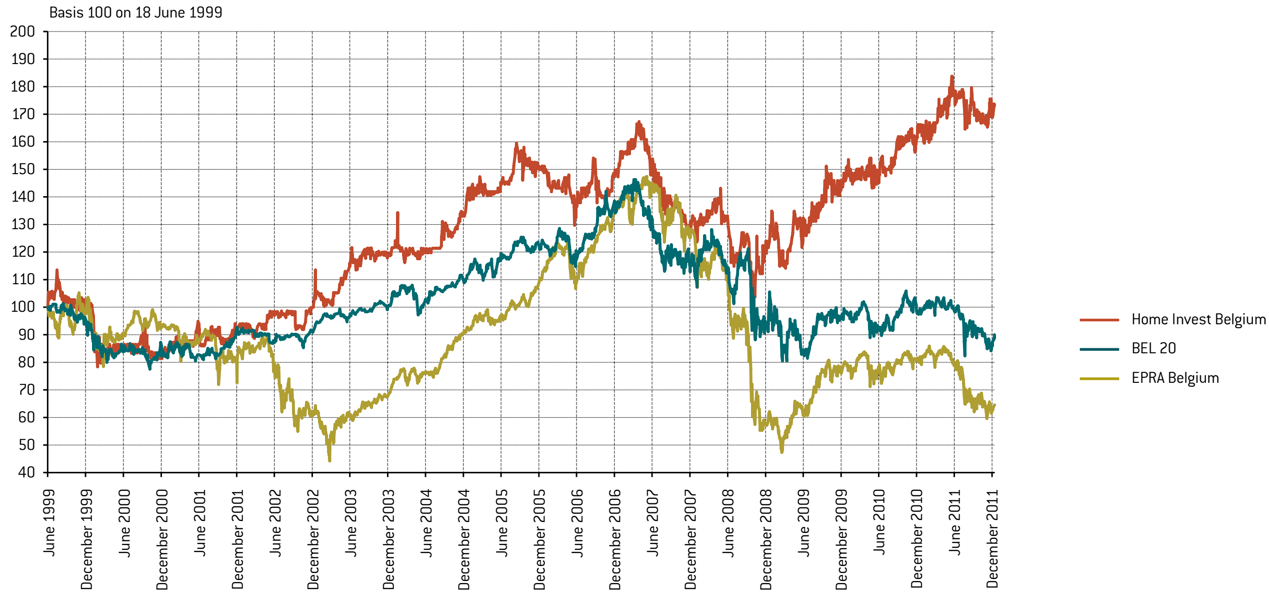
1 This chapter is not part of the elements that were audited.

2 On 30 January 2012 the 5 year-OLO yield amounted to 2.74%.

Evolution of the share price since the IPO 1999 - 2011



Comparison of the stock market evolution: Home Invest Belgium - BEL20 - EPRA Belgium index since the IPO[3]

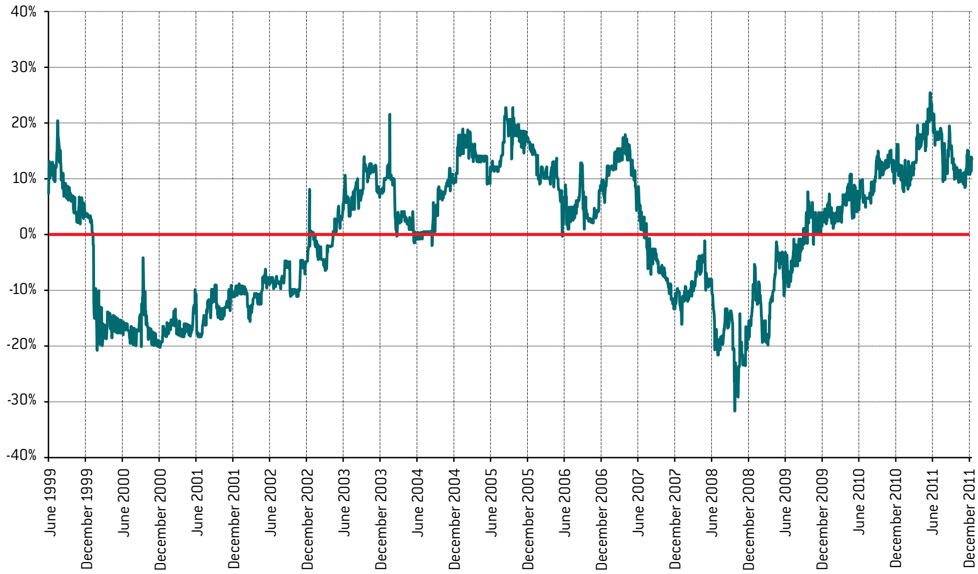


Calculated from 18 June 1999, the first day Home Invest Belgium shares were listed, to 31 December 2011, the stock market performance of Home Invest Belgium shares has undoubtedly been far better than the performance of the EPRA Belgium or BEL20 indices, particularly in the course of the financial years 2009, 2010 and 2011.

3 Additional information on these indices can be obtained at NYSE Euronext Brussels for the BEL20 index and for the EPRA Belgium index, on the website www.epra.com (EPRA Belgium).

2 NET ASSET VALUE – DISCOUNT/PREMIUM

Evolution of the share price compared to the net asset value



The net asset value per share is calculated and published quarterly by way of a press release and publishing on the website www.homeinvestbelgium.be.

In the course of the financial year 2011 this value has recorded an increase of 4.3% in comparison with its level at the start of the financial year, i.e. from € 54.68 to € 57.58 per 31 December 2011.

This positive trend, more pronounced during the second half-year, can essentially be explained by the very good results realized by the Sicafi, as well with regard to letting property, as with regard to the arbitrage of certain buildings, without omitting the increase of the fair value of certain buildings in portfolio and of the results carried forward.

It is worth noting that the net asset value per share is currently 67% higher than its initial level of € 34.46 on its stock market debut in June 1999. This evolution reflects the quality of the property investments made by Home Invest Belgium and its asset management, as well in terms of maintenance-renovation as regarding the timing of the sale of individual units for buildings judged as ready for sale.

Home Invest Belgium shares have been traded at a premium on the published net asset value during the entire financial year 2011. On 30 December 2011 the closing price amounted to € 64.5 (€ 60.5 on 31 December 2010), which represents a premium of 12% in comparison with the net asset value at the end of the financial year (10.6% in 2010). This growing premium is undoubtedly due to the reinforced confidence of the shareholder in the reassuring performance of an investment in Home Invest Belgium shares.

3 KEY FIGURES OF THE SHARE ON 31 DECEMBER 2011

Number of issued shares:	3 056 143
Number of shares admitted to stock market trading:	2 828 542
Market capitalisation based on closing price:	€ 197.1 million
Closing price:	€ 64.50
Highest price:	€ 67.99
Lowest price:	€ 58.87
Average price:	€ 62.99
Annual turnover:	222 912 (against 201 493 in 2010, 241 645 in 2009 and 157 037 in 2008)
Average monthly volume:	18 576 (against 16 791 in 2010, 20 137 in 2009 and 13 086 in 2008)
Average daily volume:	902 (against 833 in 2010, 986 in 2009 and 685 in 2008)
Velocity[1]:	15.40% (against 13.85% in 2010,16.69% in 2009 and 11% in 2008)
Gross dividend:	€ 3.00 per share
Gross dividend yield[2] (%):	4.65%

1 Number of trade shares / free float.

2 Gross dividend / closing price at 30 December 2011.

4 DIVIDEND POLICY

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 2011, the net dividend rose from € 1.96 to € 3.00 per share, or an increase of 53% in the space of twelve years or also an average annual increase of over 4%. In the same period, the 'health index' (l'indice santé) amounted to 2.16% annually.

For the 2011 financial year, the proposed dividend of € 3 represents again an important growth by 9% compared to the dividend of € 2.75 paid for the 2010, while the payout ratio is maintained at an acceptable though careful level of 85.65%[4].
This strong growth of the dividend was made possible thanks to the reinforcement of the arbitrage volume on the portfolio, for which the Board has fixed an objective of +/- 4% per year. As discussed in point 1. of chapter IV, it is the Board's opinion that this policy will allow a substantial contribution to the growth of the distributable result in the coming years.

It has to be pointed out that since the creation of the Sicafi quite a sizeable portion of profits was carried forward each year that, after distribution and on a consolidated level now amounts to € 2.76 per share[5]. This should enable the company to maintain dividends in the future, should conditions in the property market become more difficult.

5 RETURN FOR SHAREHOLDERS

The return on 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 the 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 importance of the immediate return may be high, but the capacity to generate capital gains is the true seal of quality in the long term.

For shareholders who took part in the June 1999 IPO (Initial Public Offering) and since *reinvested all dividends* in Home Invest Belgium shares, the internal rate of return (IRR) calculated over this twelve year period would be 13.87%, and this, in spite of the weak 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*, the average return is nonetheless equal to 11.52% per year over the 1999/2011 period.

This return cannot be compared 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 Home Invest Belgium is not subject to such withholding tax according to the current legislation.

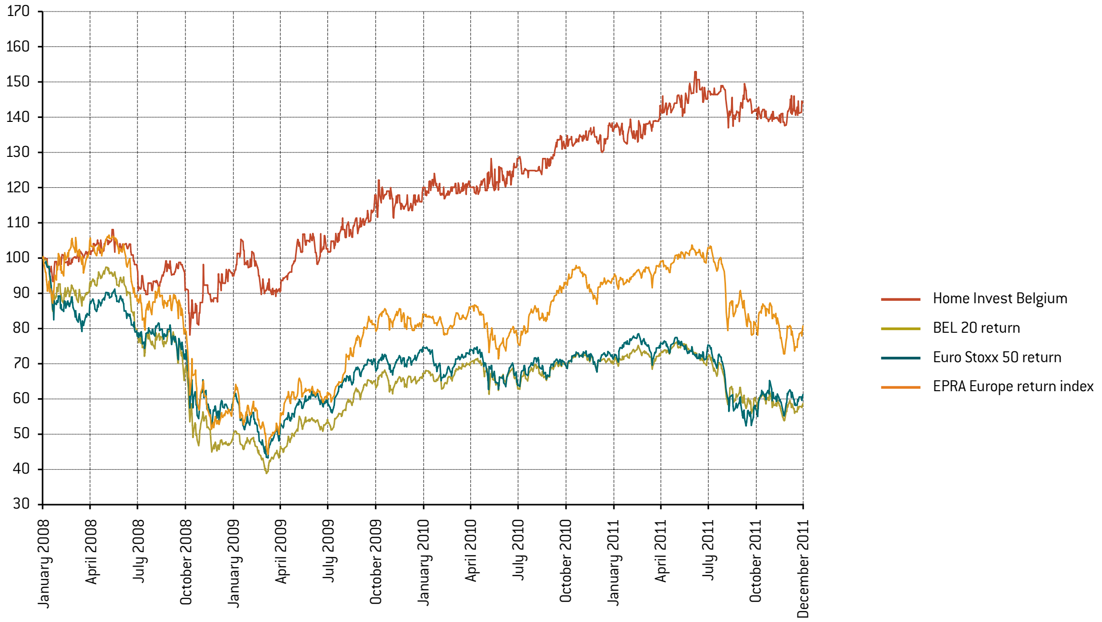
4 The statutory payout ratio amounts to 84.61%. In 2010, it amounted to respectively 90.99% on a consolidated basis and to 89.06% on a statutory basis.

5 Calculations on a consolidated basis and after 2011 profits appropriation.

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

1 Based on consolidated figures as from 2005.
2 Dividend of the financial year plus net asset value growth during the financial year.
3 Idem, divided by the net asset value at the beginning of the financial year.
4 Rebased to twelve months (12/19).

Comparison of the evolution of the return of Home Invest Belgium compared to real estate return and stock performance indice



The quality of an investment in Home Invest Belgium shares is perfectly demonstrated by the graph above, showing the excellent performance – measured in terms of return – of the Home Invest Belgium share compared to the BEL20, EURO STOXX 50 and EPRA Europe return indices. It is noteworthy to record that, notwithstanding the heavy economic crisis context during 2008 and 2009, this return has remained largely positive during the entire period under review.

6 SHAREHOLDERS – FREE FLOAT

The table below lists Home Invest Belgium's registered shareholders and those who have issued a transparency statement, in line with the statements received by the company (status on 24 February 2012):

Shareholders	Number of shares	% of capital
Group Van Overstraeten*[1]	**762 692**	**24.96%**
COCKY SA	110	0.00%
Mr Liévin Van Overstraeten	128 671	4.21%
Mr Antoon Van Overstraeten	127 714	4.18%
Mr Hans Van Overstraeten	128 569	4.21%
Mr Johan Van Overstraeten	130 605	4.27%
Mr Bart Van Overstraeten	128 568	4.21%
Stavos Luxembourg	118 455	3.88%
AXA Belgium*[2]	**433 164**	**14.17%**
Les Assurances Fédérales*	**105 296**	**3.45%**
Group ARCO*[3]	**102 575**	**3.36%**
Arcopar SCRL	77 575	2.54%
Auxipar SA	25 000	0.82%
Family 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 nominative shareholders	**118 364**	**3.87%**
Total known	**1 624 883**	**53.17%**
Free Float	**1 431 260**	**46.83%**
GENERAL TOTAL	**3 056 143**	**100.00%**

* Shareholders having issued a transparency statement in accordance with the Transparency Legislation of 2 May 2007.

1 Stavos Luxembourg SA is controlled for 100 % by the 'Stichting Administratiekantoor Stavos'. Stichting Administratiekantoor Stavos is controlled by Liévin, Antoon, Hans, Johan and Bart Van Overstraeten. Cocky NV is controlled for 99 % by the Partnership Van Overstraeten, in its turn controlled for 100% by the "Stichting Administratiekantoor Stavos".

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

3 Arcopar SCRL and Arcoplus SCRL constitute a consortium. Auxipar SA is under the joint control of Arcopar SCRL (and its subsidiary Arcofin SCRL) and Arcoplus SCRL.

It is worth remembering that article 8 of Home Invest Belgium's articles of association expressly provides for the obligation of any shareholder increasing or decreasing his shareholding to the respective thresholds of 3%, 5% or a multiple of 5% of capital to give notice of such to the Sicafi and the Financial Services and Markets Authority (FSMA) via a transparency statement.

Consequently, the company's free float represents 46.83% of total capital, represented by 3 056 143 on 24 February 2012.

There is no dominant shareholder controlling the Sicafi and there is no provision in the deed of constitution, the articles of association, any charter or any other internal regulation which could have the effect of delaying, deferring, or preventing a change of control.

All shares have the same voting rights.

The 12 912 shares held by Home Invest Management, a 100% subsidiary of Home Invest Belgium, are a result of the mergers with the companies Investim and Immobilière Van Volxem in 2007 and JBS in 2008.

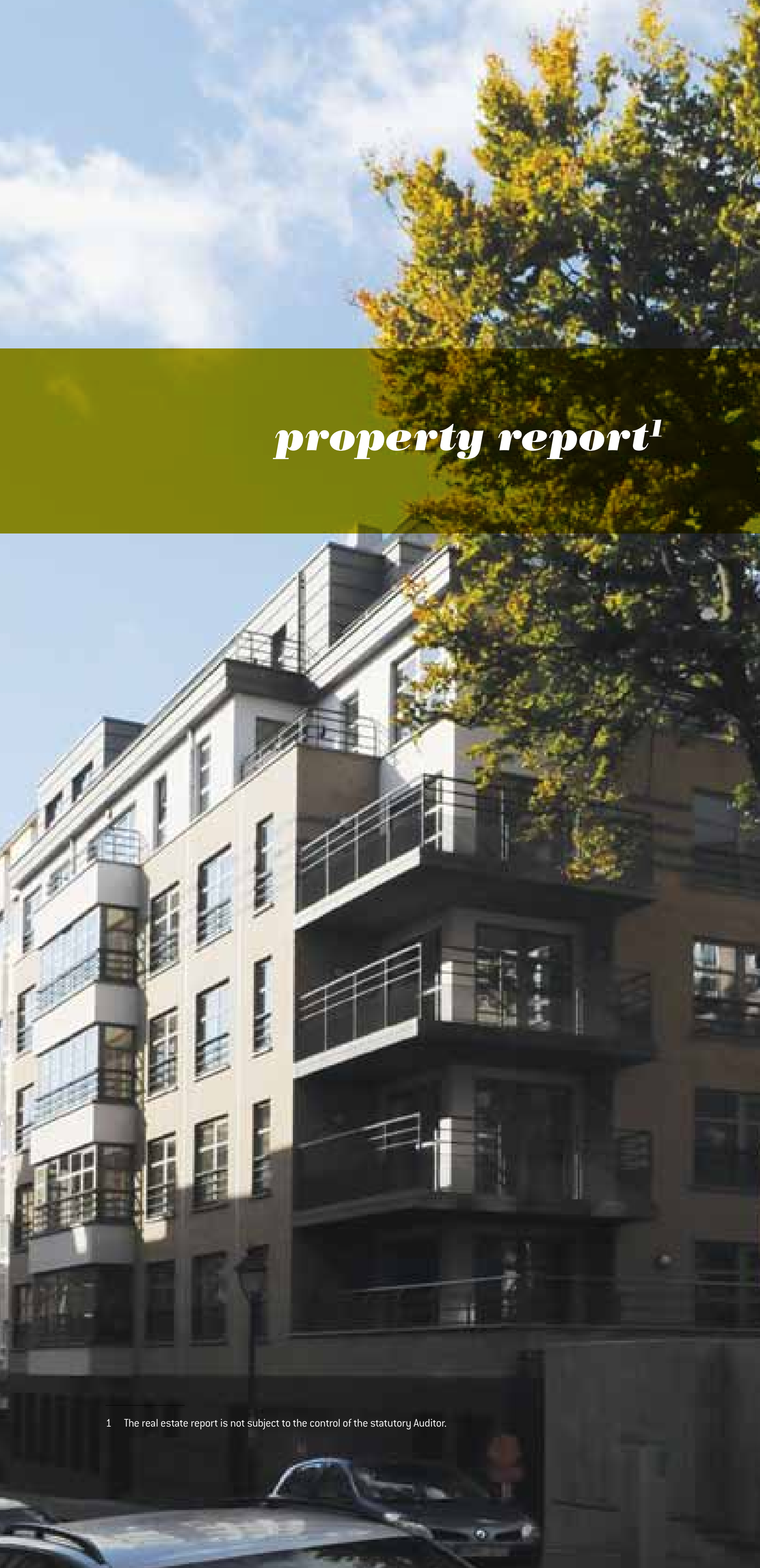
Any amendment to the rights of shareholders requires an amendment of the articles of association (set forth in the Permanent Document), in accordance with the provisions of the Company Code.

< "Giotto" - Evere (1040 Brussels)

7 SHAREHOLDERS' CALENDAR

• Annual results for the 2011 financial year	2 March 2012
• Annual general meeting for the 2011 financial year, Interim statement: quarterly results on 31 March 2012	2 May 2012
• Payment of the dividend for the 2011 financial year	15 May 2012
• Half-year financial report as at 30 June 2012	31 August 2012
• Interim statement: quarterly results on 30 September 2012	16 November 2012
• Annual results for the 2012 financial year	1 March 2013
• Annual general meeting for the 2012 financial year, Interim statement: quarterly results on 31 March 2013	7 May 2013
• Payment of the dividend for the 2012 financial year	17 May 2013

< “Jourdan 85” - Saint-Gilles (1060 Brussels)



property report[1]

1 The real estate report is not subject to the control of the statutory Auditor.

"Residential real estate, a place to live in"

The following items 1 and 2 have been transcribed from the report of the certified real estate surveyor, with his agreement, while the following items contain supplementary details, mainly based on balance sheet data or taken from various regular assessment reports issued by the certified real estate surveyor.

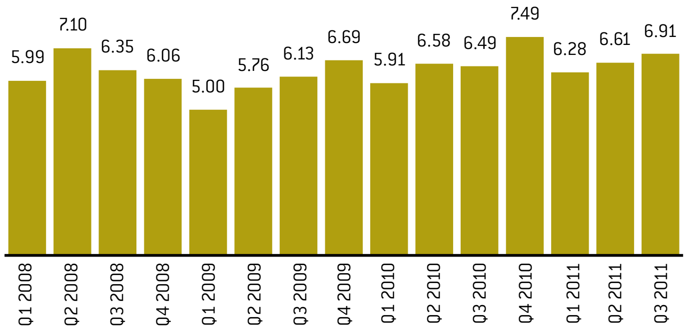
1 STATUS OF THE RESIDENTIAL REAL ESTATE MARKET IN BELGIUM

Surveyor's report of Winssinger & Associates SA on 31 December 2011:

Investments in the Belgian residential market

Compared to the investment level reached at the end of the first three quarters of 2010, the residential market records a progression of 4.4% to stand at nearly € 20 billion at the end of the third quarter of 2011[1] (Figure 1), while the number of transactions listed in the kingdom decreases by 0.1%. Consequently, we note an increase of the property values if we align both periods, while the inflation level (cf. table below) in 2011 is higher than in 2010.

Figure 1: Investments in Belgian residential property



Source: SPF Economie

This investment level can a/o be explained by the decrease of the fixed interest rates on mortgages in the course of 2011 to reach a rate of 3.93% in September (Figure 11). Total amount of mortgages amounts to over € 18 billion, a level comparable to that of the first three quarters of 2010.

Annual evolution (%)	2010	2011	2012	2013
GDP	2.3	2.1	0.6	2.1
Private consumption	2.3	0.7	-0.3	1.4
Inflation	2.2	3.5	1.8	1.7

Source: Oxford Economics (16 December 2011)

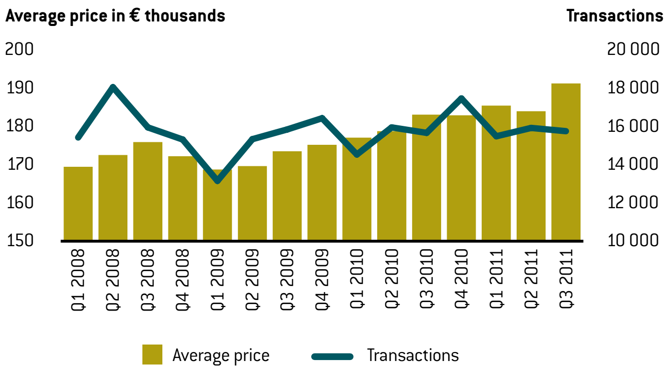
Evolution of the prices per market

As shown by the analyses per type op property below, the average prices of ordinary houses, luxury homes and apartments all record an increase of nearly or equal to 4% in comparison with 2010, while only building land slightly declines by 0.3%. In 2011 the number of transactions for this type of property remains at a level comparable to that of 2010, with 47 000 purchases.

1 The figures of the FPS Economy are a basis for this report. At present (1 February 2012) these have no further been actualized than including the third quarter of 2011. For reasons of coherence the comparisons with 2010 will only be based on the first three quarters of 2011.

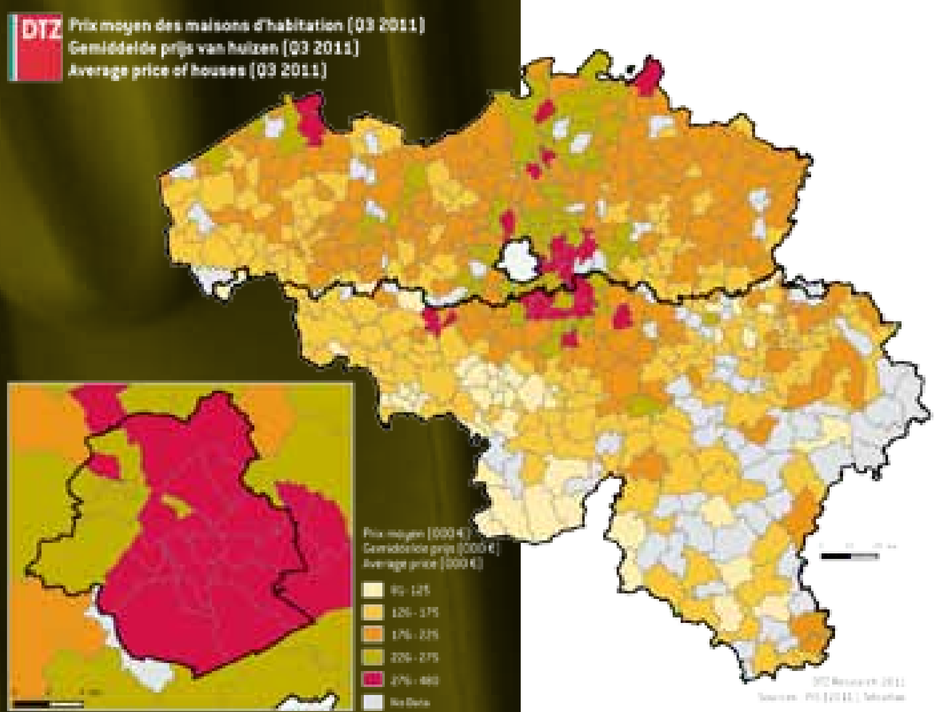
Ordinary houses:
The average price of ordinary houses grows by 4.0% and stands at € 187 000. The number of transactions (47 000) for this type of property has increased by 2.2% (Figure 2).

Figure 2: Average price and transactions in ordinary houses



According to the figures of the FPS Economy the average price of an ordinary house in the Brussels-Capital Region was € 346 000, or an increase of 1.8% in 2011. As demonstrated by Figure 3, six municipalities in the Brussels-Capital Region record an average price below € 276 000 at the end of 2011: Anderlecht, Berchem-Sainte-Agathe, Jette, Koekelberg, Molenbeek-Saint-Jean, and Saint-Josse-ten-Noode. It has to be pointed out that Ganshoren has in the meanwhile exceeded the € 276 000 limit.

Figure 3



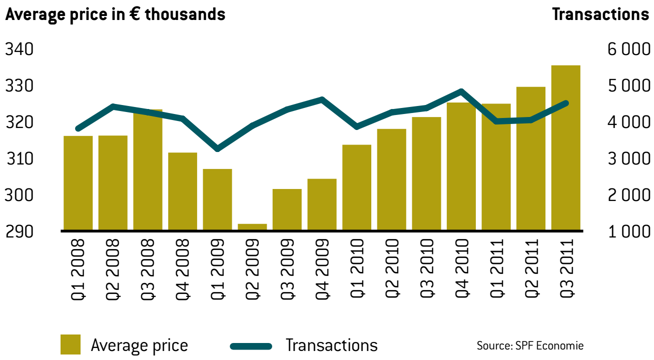
The average price of ordinary houses in the Flemish Region amounts to € 201 000 in 2011, or a rise by 6.3% compared to 2010. As indicated on the map (Figure 3), the highest price levels at the end of the year are essentially located in the zone covering the Brussels periphery to Leuven. Different coastal cities, amongst which Knokke-Heist, also record high price levels. The most affordable prices are still situated in the provinces Limburg and Western Flanders.

In 2011 the prices of ordinary houses in the Walloon Region reach € 142.000 on average or an increase of 3.3% in comparison with the previous year. The 'Brabant wallon' counts different municipalities currently exceeding the € 276 000 threshold, amongst which Ottignies-Louvain-la-Neuve and Ramillies. In the 'Hainaut' Silly is as from now on listed among the most expensive municipalities of Wallonia.

Villas, luxury homes:

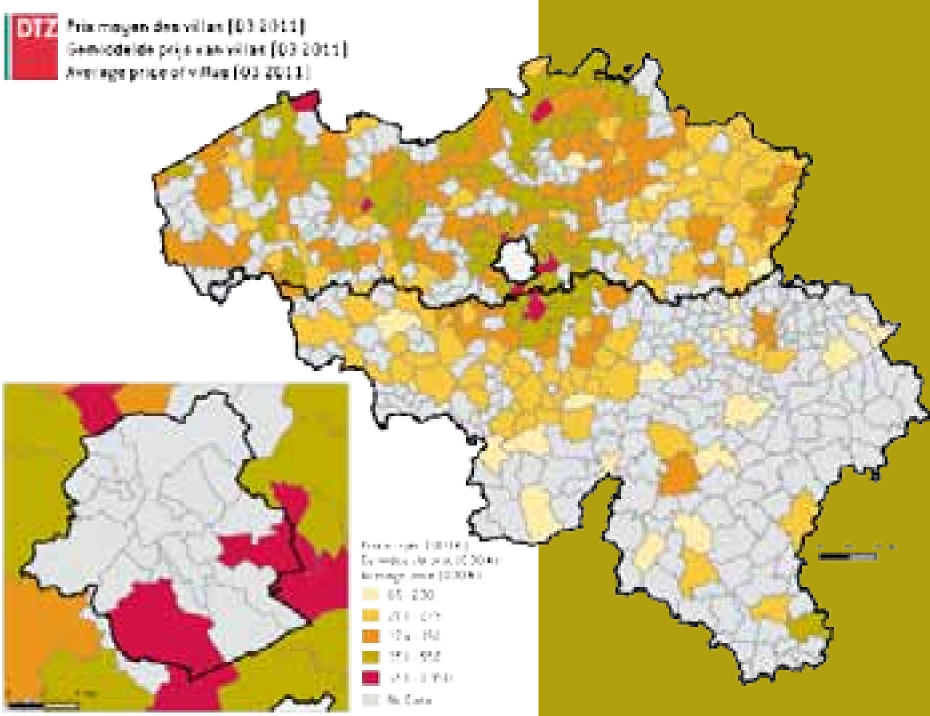
The average price amounts to € 329 000, or an increase by 3.8%. The number of transactions in villas and luxury homes in 2011 stands at a comparable level to that of 2010, with more than 12 000 purchases (Figure 4).

Figure 4: Average price and transactions in villas and luxury homes



The average price of villas amounted to € 1 048 000 in the Brussels-Capital Region in 2011, or an important progression by 17.5% in comparison with the previous year, nevertheless coloured by the small sample of this type of buildings in the Region. The municipalities Uccle and Woluwe-Saint-Pierre are the only two where these types of transactions have been recorded at the end of the year (Figure 5).

Figure 5



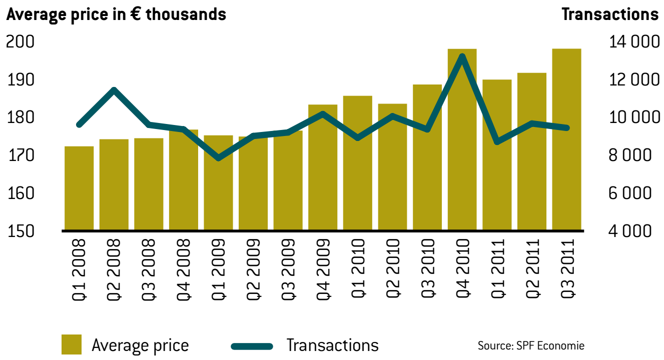
The average price of luxury homes and villas in the Flemish Region stands at € 352 000, or an increase by 4.7% compared to 2010. Figure 5 shows a drop of the average price of luxury homes in the province of Antwerp, and a price increase in the municipality of Tervueren, which remained below the € 551 000 threshold till the second quarter.

The average price of luxury homes and villas in the Walloon Region amounts to € 262 000, or an increase by 2.5% in comparison with the previous year.

Apartments:

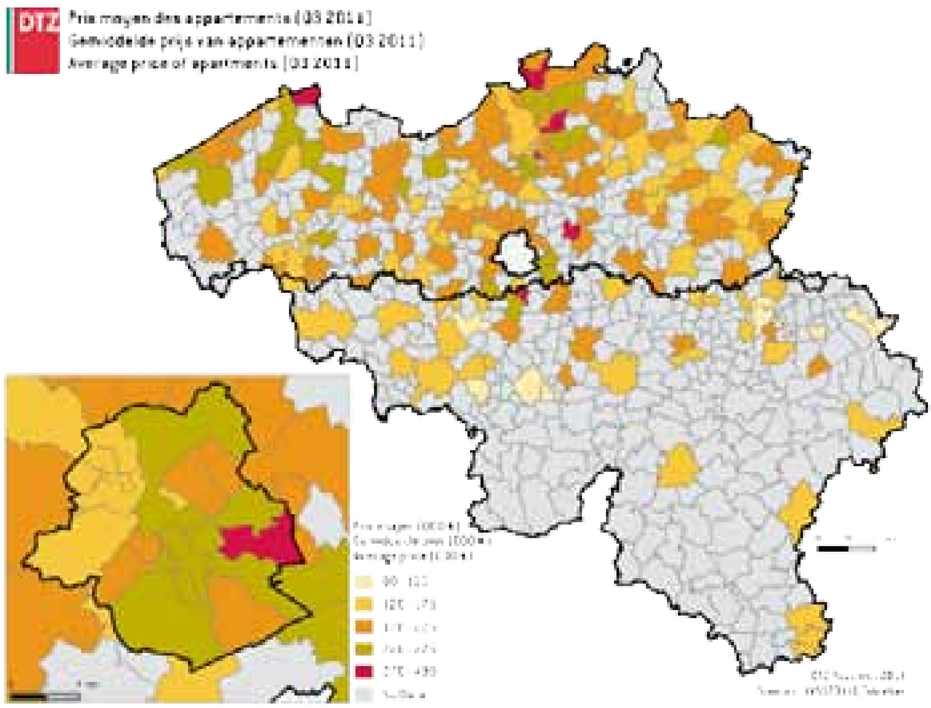
The global rise of the average prices of apartments amounts to 3.9% since 2010. The average price reaches € 193 000 in 2011. However, the number of transactions in apartments has decreased by 1.08%; more specifically, less than 28 000 were recorded (Figure 6).

Figure 6: Average price and transactions in apartments



For the Brussels apartments the average price was € 206 000 in 2011, or a progression of 3.6% compared to 2010. The highest average price is still to be found in Woluwe-Saint-Pierre, while we observe an increase of the average prices in the municipalities Schaerbeek and Auderghem, and a decrease in Watermael-Boitsfort (Figure 7).

Figure 7



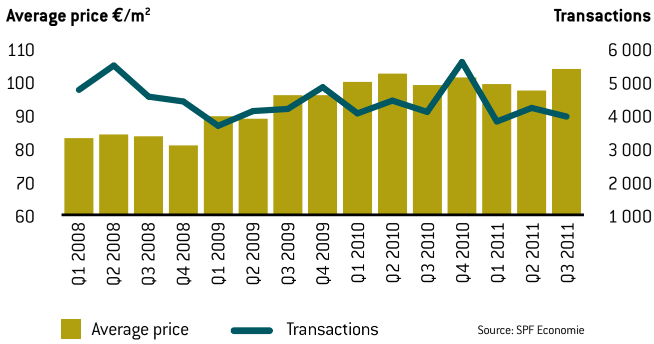
In the Flemish Region the average stood at € 198 000, representing a rise of 4.7% in comparison with 2010. A number of coastal cities and municipalities around Antwerp namely succeed in exceeding the € 276 000 threshold at the end of 2011.

The average price of apartments in the Walloon Region has risen by 4.1% in comparison with 2010, to reach € 150 000.

Building land:

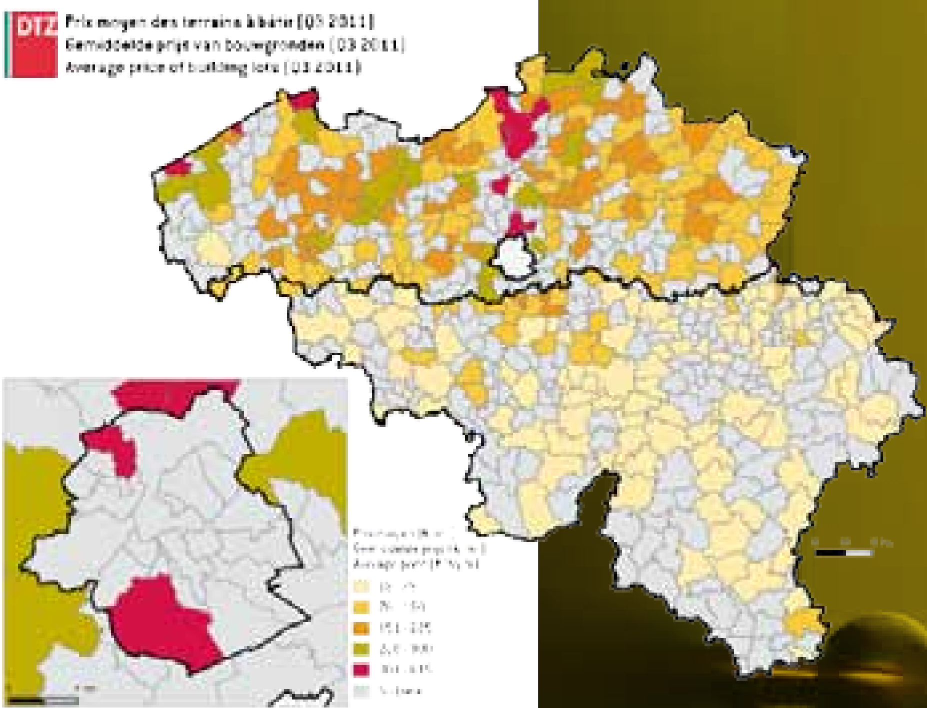
The average price of building land records a decrease of 0.3% compared to 2010 to reach € 102/m² on average. 12.256 transactions in this type of property were listed in 2011 (Figure 8). This evolution is probably not reflecting the real situation as it was influenced by a negative trend in Brussels, the latter being based on a limited number of transactions.

Figure 8: Average prices and transactions in building land



The average price of building land sold in the Brussels-Capital Region amounts to € 427/m², or a decrease of 4.0% in comparison with the previous year (Figure 8). Transactions were only recorded in the municipalities Jette and Uccle at the end of 2011 (Figure 9).

Figure 9



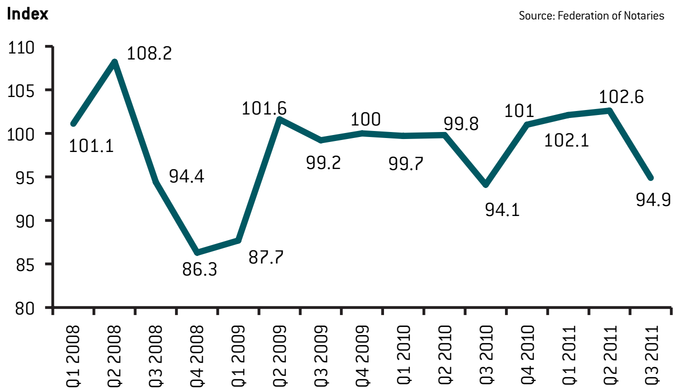
Building land in the Flemish Region reached an average level of € 157/m², or a growth by 1.6% compared to 2010. Certain coastal cities and municipalities on the axis Antwerp-Brussels comprise the most expensive building land of the Region.

We can point out that the price of building land in the Walloon Region has increased by 1.6% in comparison with the previous year and stands at € 48/m² on average, however well below the levels observed in the Flemish and the Brussels-Capital Region. No single building land transaction reached the € 300/m² threshold at the end of 2011.

Conclusion

The real estate activity index of the Federation of Notaries (Figure 10) is stabilized in the first half-year of 2011 to subsequently decrease in the third quarter, as is usual in the summer holiday period. However, the index was higher in the third quarter than in the third quarter of 2010. The figures of the National Bank of Belgium (Figure 11) show that the total amount of mortgages granted to households has continuously decreased between May and August; this coincided with a rise of the interest rates for mortgages between January and July. We also record that, despite the decrease of the fixed interest rates reaching a bottom level of 3.72% in November, the number of mortgages granted to households, the main buyers of property, keeps decreasing at the beginning of the fourth quarter, while in 2010 the biggest volume of granted mortgages during the year was recorded in that period.

Figure 10: Real estate activity index in Belgium



Despite the growth of the investment volumes in residential property in comparison with 2010, the total number of transactions slightly drops. The real estate agents state that demand remains strong, but that the households' time to reflect on the sale is extended, given the current climate of doubt. Moreover, the economic situation results in an increasing number of candidate buyers not being granted a mortgage. In addition, and this since over a year, certain buyers were encouraged to advance their purchases, before the interest rates would rise; we have thus been confronted with a concentration of the purchases over a short period in stead of a more proportional breakdown. These factors explain the decreasing number of purchases in 2011.

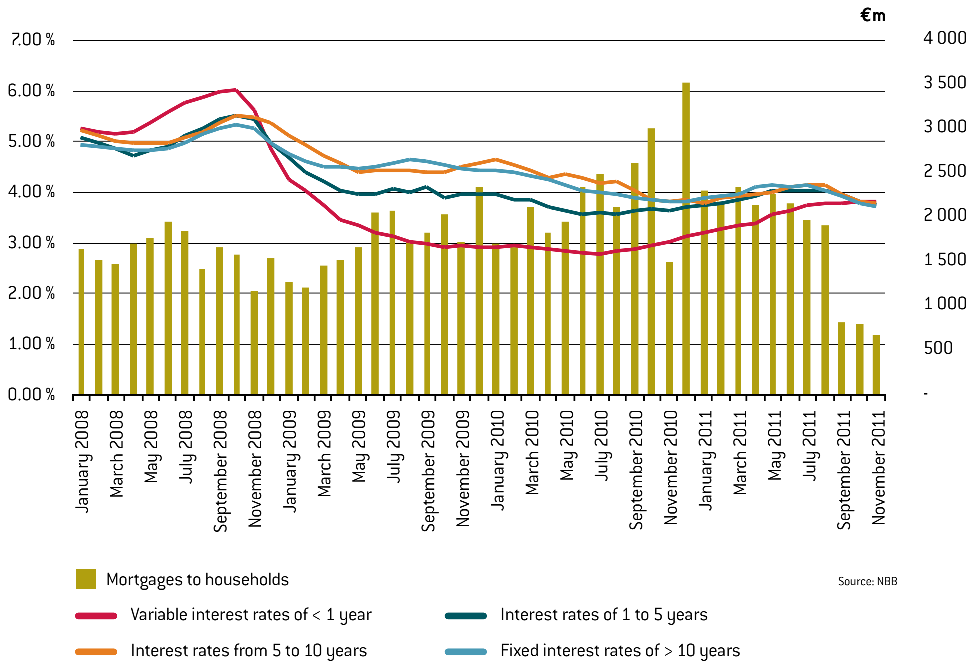
The average price of ordinary houses on the Belgian territory increases by 4.0% in 2011; this type of property also records a rise of the number of transactions by 2.2%. The highest average price of ordinary houses over the three Region is to be found in the Brussels-Capital Region, at € 346 000.

The average price of luxury homes has again progressed in the three Regions, to reach € 329 000 in 2011. The number of transactions has only slightly progressed by 0.5%. The Brussels-Capital Region records the top average price for a luxury home, namely € 1 048 000, of a rise of 17.5% in comparison with 2010!

The average price level of apartments grows in the three Regions. In the Brussels-Capital Region the highest average price has been listed: € 206 000. The number of transactions in this type of property has decreased by 1.8% in 2011.

Finally, the average building land prices decrease by 0.3%. The number of transactions declines by 4.9% in comparison with the previous year. The most expensive building land is found in the Brussels-Capital Region at € 427/m² on average.

Figure 11: Evolution of the interest rates for new property contracts and of amounts granted to households



Source: NBB

2 SURVEYOR'S REPORT FOR THE 2011 FINANCIAL YEAR

"Ladies and gentlemen,

Re: Valuation on 31 December 2011

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 2011**.

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 by 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 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 fees, 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 86.31% residential buildings, of which 2.54% nursing homes, 11.60% commercial spaces and 2.08% office spaces[2].
2 The occupancy rate of the property portfolio per 31 December 2011 amounts to 94.71%[3].
3 The average level of collected or guaranteed rents is 11.64% higher than the currently estimated value for the property.

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 2011** amounts to **€ 272 247 567** (two hundred and seventy-two million, two hundred and forty-seven thousand five hundred and sixty-seven euro).

The likely realisable value of Home Invest Belgium's property portfolio on **31 December 2011** corresponding to its fair value in the sense of IAS/IFRS is set at **€ 245 975 978** (two hundred and forty-five million, nine hundred and seventy-five thousand, nine hundred and seventy-eight euro).

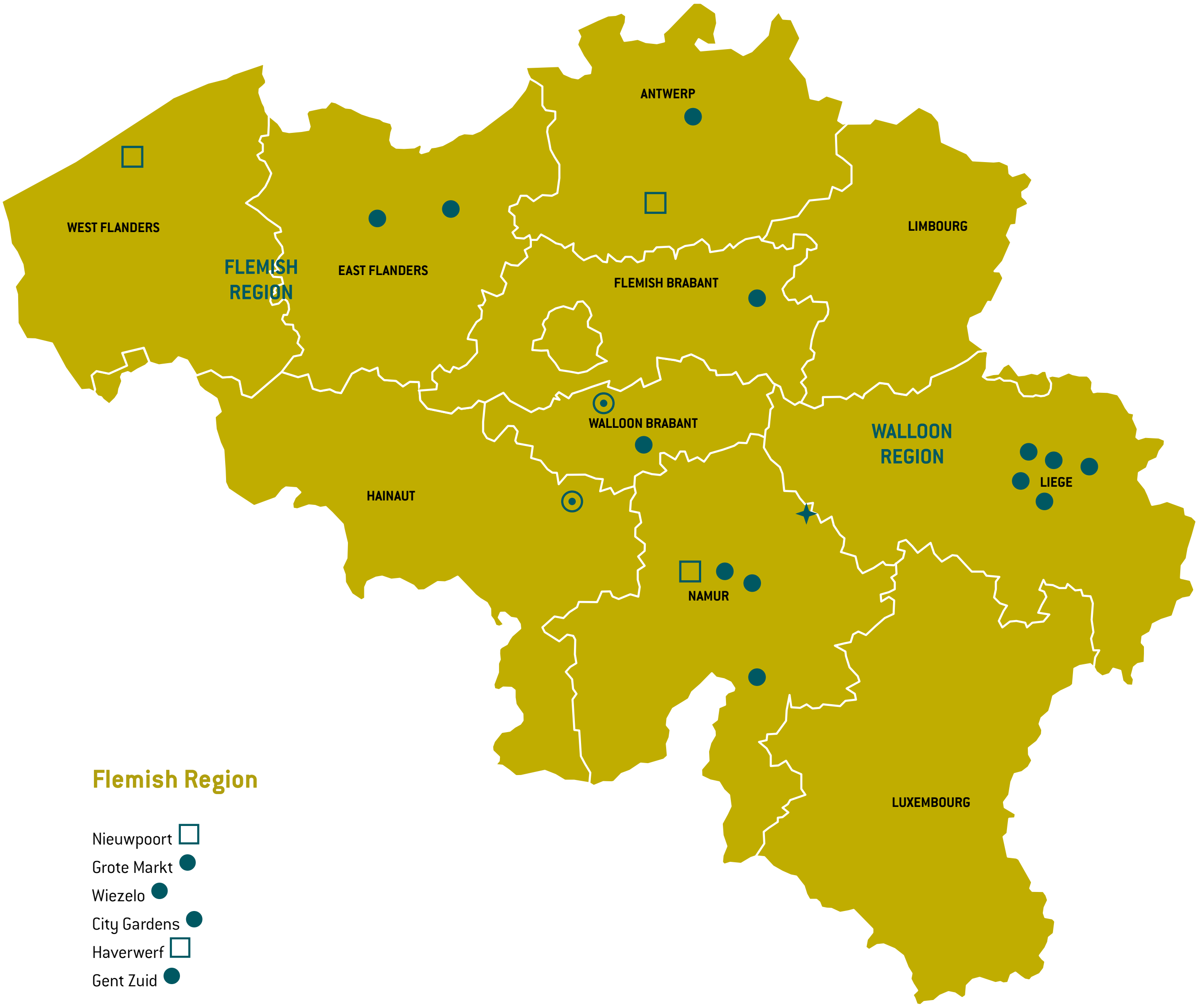
Yours faithfully,

Brussels, 2 February 2012
WINSSINGER & ASSOCIES SA

Fabian DAUBECHIES * MRICS	Benoît FORGEUR *
Director	*Managing director"*

2 These calculations are based on parameters which differ from those used by Home Invest Belgium and are thus based on the investment value of the property portfolio and include the buildings that are for sale.

3 The occupancy rate is calculated as of 31 December 2011 and differs from that published by Home Invest Belgium, which represents the average occupancy rate during the whole financial year, excluding the buildings held for sale.



Flemish Region

- Nieuwpoort □
- Grote Markt ●
- Wiezelo ●
- City Gardens ●
- Haverwerf □
- Gent Zuid ●

Walloon Region

- Clos Saint-Géry ⊙
- Place du Jeu de Balle ●
- Quai de Compiègne ✦
- Galerie de l'Ange ●
- Galerie de l'Ange □
- Florida ⊙
- Léopold ●
- Mont Saint Martin ●
- Quai de Rome ●
- Saint Hubert 4 ●
- Saint Hubert 51 ●
- Colombus ●
- St.-Roch ●

APARTMENTS ●

FURNISHED APARTMENTS ◉

HOUSES ⊙

NURSING HOMES ◎

COMMERCIAL SPACES □

OFFICES ✦

Brussels Capital Region

Belliard
Clos de la Pépinière
Lebeau
Résidences du Quartier Européen
Birch House
Erainn
Yser
Giotto
Alliés - Van Haelen
Belgrade
La Toscane
Les Jardins de la Cambre
Charles Woeste
Charles Woeste
De Wand
Houba de Strooper
Baeck
Lemaire

La Toque d'Argent
Sippelberg
Albanie
Bosquet - Jourdan
Jourdan - Monnaies
Jourdan 85
Parvis St Gilles
Lambermont
Sleeckx
Soquet
Alsemberg
Melkriek
Ryckmans
Winston Churchill
Georges Henri
Les Erables
Les Mélèzes
Voisin

APARTMENTS

FURNISHED APARTMENTS

HOUSES

NURSING HOMES

COMMERCIAL SPACES

OFFICES

3.1 Portfolio development – Yields by segment

In €	Fair value	Investment value of the portfolio	Current gross rent + rental guarantees on unoccupied premises (annual)	ERV (estimated rental value)	Occupancy rate	Gross yield
31/12/2011	245 975 978	272 247 567	16 826 762	15 072 907	95.38%	6.18%
31/12/2010	222 773 965	246 558 323	15 173 976	13 643 207	94.61%	6.15%
31/12/2009	209 363 518	229 001 892	14 400 972	12 742 494	94.60%	6.29%
31/12/2008	199 144 677	218 821 398	13 279 535	12 068 321	96.00%	6.07%
31/12/2007	162 189 760	179 553 208	10 921 718	9 688 010	96.99%	6.08%
31/12/2006	140 931 777	154 250 086	9 635 516	8 537 563	96.77%	6.22%
31/12/2005	118 106 816	128 939 823	8 348 966	7 516 226	91.26%	6.48%
31/05/2004	N/A	84 573 857	6 310 785	5 788 461	97.79%	7.46%
31/05/2003	N/A	66 927 850	5 249 790	4 861 780	97.34%	7.84%
31/05/2002	N/A	57 288 245	4 654 442	4 218 134	97.35%	8.12%
31/05/2001	N/A	51 361 059	4 176 994	3 839 018	97.67%	8.13%
31/05/2000	N/A	44 261 389	3 586 592	3 407 872	99.01%	8.10%
01/06/1999	N/A	43 181 416	3 393 792	3 401 772	99.45%	7.86%

On 31 December 2011, the fair value of the consolidated portfolio (investment properties and assets held for sale) amounted to € 246 million, while the investment value reached € 272.2 million.

The average occupancy rate for the entire year amounted to 95.38%, compared to 94.61% in 2010, reflecting the efficiency of the commercial policy of the Sicafi in a still difficult market.

It is worth noting that the three segments of Home Invest Belgium's portfolio are characterised by the following gross yields according to the investment value:

- properties with the potential of being parcelled out and sold as individual units achieve a gross yield of 5.97% (5.97% in 2010 and 5.92% in 2009);
- properties with the potential of being sold 'en bloc' and having an investment value exceeding € 2.5 million, account for a gross yield of 7.51% (7.22% in 2010 and 7.23% in 2009);
- properties with the potential of being sold 'en bloc' and having an investment value below € 2.5 million, achieve a gross yield of 7.95% (8.11% in 2010 and 7.12% in 2009).

3.2 Situation of the property portfolio on 31 December 2011[4] [5]

Situation of the property portfolio on 31 December 2011[1]		Year[2]	Units	Surface	Gross passing rent[3]	ERV[4]	Effective rent[5]	Occupancy rate[6]
Name	District		Number	m²	€	€	€	%
Brussels Capital Region			**817**	**89 498**	**11 193 809**	**9 979 130**	**10 790 949**	**95.9%**
Belliard	Brussels	1937	18	2 256	354 433	278 172	344 933	95.4%
Clos de la Pépinière	Brussels	1993	25	3 275	443 552	402 192	429 752	92.4%
Lebeau	Brussels	1998	12	1 153	252 996	175 205	252 996	98.6%
Résidences du Quartier Européen	Brussels	1997	50	4 290	618 082	515 348	523 128	86.6%
Birch House	Etterbeek	2001	32	3 438	492 876	431 414	483 276	96.9%
Erainn	Etterbeek	2001	12	1 252	203 801	176 695	198 301	97.6%
Yser	Etterbeek	1974	15	1 961	299 132	250 738	293 032	98.7%
Giotto	Evere	2005	85	8 647	1 193 911	1 064 687	1 153 314	97.0%
Alliés - Van Haelen	Forest	1999	35	4 189	394 074	356 142	379 824	97.7%
Belgrade	Forest	1999	1	1 368	-	-	-	100.0%
La Toscane	Ixelles	1975	1	65	6 506	7 280	6 506	100.0%
Les Jardins de la Cambre	Ixelles	1992	28	3 552	461 099	398 150	457 499	97.0%
Charles Woeste (appartements)	Jette	1998	92	5 091	538 412	465 464	527 841	98.0%
Charles Woeste (commerces)	Jette	1996	14	2 995	395 679	320 473	395 679	100.0%
De Wand	Laeken	1960	3	208	26 110	28 150	26 110	100.0%
Houba de Strooper	Laeken	1954	11	860	80 208	78 200	80 208	100.0%
Baeck	Molenbeek-Saint-Jean	2001	28	2 652	230 502	231 420	230 502	99.4%
Lemaire	Molenbeek-Saint-Jean	1990	1	754	-	-		100.0%
La Toque d'Argent	Molenbeek-Saint-Jean	1990	1	1 618	189 219	154 608	189 219	100.0%
Sippelberg	Molenbeek-Saint-Jean	2003	33	3 290	373 370	349 250	366 620	96.9%
Albanie	Saint-Gilles	1937	4	135	16 226	17 550	16 226	100.0%
Bosquet - Jourdan	Saint-Gilles	1997	27	2 326	288 508	266 055	288 508	98.6%
Jourdan - Monnaies	Saint-Gilles	2002	26	2 814	350 895	319 354	341 035	96.2%
Jourdan 85	Saint-Gilles	2010	24	2 430	359 616	347 524	352 056	94.6%
Parvis St Gilles	Saint-Gilles	1930	6	353	38 649	40 600	38 649	100.0%
Lambermont	Schaerbeek	2008	131	14 110	1 646 580	1 581 355	1 578 442	96.5%
Sleeckx	Schaerbeek	1895	6	279	26 146	26 985	26 146	100.0%
Soquet	Schaerbeek	1970	1	300	15 000	15 000	15 000	100.0%
Alsemberg	Uccle	1960	1	90	11 187	11 250	11 187	100.0%
Melkriek	Uccle	1998	1	1 971	260 928	210 578	260 928	100.0%
Ryckmans	Uccle	1990	8	2 196	272 847	230 580	272 847	94.9%
Winston Churchill	Uccle	2006	11	1 733	220 286	207 249	199 358	89.3%
Georges Henri	Woluwe-Saint-Lambert	1971	4	365	32 708	36 225	32 708	100.0%
Les Erables	Woluwe-Saint-Lambert	2001	24	2 202	343 079	363 838	337 080	97.5%
Les Mélèzes	Woluwe-Saint-Lambert	1995	37	4 357	612 442	497 616	557 618	95.3%
Voisin	Woluwe-Saint-Pierre	1996	9	923	144 750	123 783	124 421	94.7%
Flemish Region			**159**	**15 326**	**2 252 282**	**2 202 006**	**2 065 713**	**92.1%**
Nieuwpoort (commerces)	Nieuwpoort	1997	1	296	30 069	59 200	30 069	100.0%
Grote Markt	Sint-Niklaas	2004	17	2 752	381 156	352 441	376 655	98.2%
Wiezelo	's Gravenwezel	1997	13	1 297	168 419	156 735	166 979	97.8%
City Gardens	Leuven	2010	106	5 236	1 030 756	1 020 352	960 798	88.2%
Haverwerf	Mechelen	2002	4	3 399	455 000	414 678	374 480	93.9%
Gent Zuid	Ghent	2000	18	2 346	186 882	198 600	156 732	100.0%
Walloon Region			**235**	**25 224**	**2 865 160**	**2 482 634**	**2 742 264**	**95.3%**
Clos Saint-Géry	Ghlin	1993	1	4 140	339 300	188 400	339 300	100.0%
Place du Jeu de Balle	Lasne	1999	7	1 198	164 468	153 329	162 068	98.2%
Quai de Compiègne	Huy	1971	1	2 479	190 089	168 572	190 089	100.0%
Galerie de l'Ange (appartements)	Namur	1995	50	1 880	265 121	215 757	265 121	99.1%
Galerie de l'Ange (commerces)	Namur	2002	12	2 552	650 957	543 095	650 957	100.0%
Florida	Waterloo	1998	6	1 760	160 069	158 400	160 069	98.5%
Léopold	Liège	1988	53	3 080	311 985	303 580	299 279	87.1%
Mont Saint Martin	Liège	1988	6	335	37 854	35 635	21 854	73.6%
Quai de Rome	Liège	1953	27	2 490	179 762	202 340	160 612	96.7%
Saint Hubert 4	Liège	1988	14	910	90 490	89 750	51 550	56.2%
Saint Hubert 51	Liège	1988	4	360	39 660	42 480	15 660	68.3%
Colombus	Jambes	2007	51	3 740	417 832	363 096	409 332	96.7%
St.-Roch	Houyet	1970	3	300	17 573	18 200	16 373	100.0%
Total			**1 211**	**130 048**	**16 311 251**	**14 663 770**	**15 598 926**	**95.4%**

1 Not included the buildings being sold and the development projects.
2 Year of construction or latest important renovation.
3 Annual gross rents applicable on 31/12/2011, including rental guarantees and the estimated rental value for unoccupied space.
4 Value estimated by the independent real estate surveyor.
5 Current gross rents on 31/12/2011, on an annual basis.
6 Average for the financial year 2011, including rental guarantees.

4 The terms used in this table and in the files hereafter are defined in the lexicon at the end of this annual financial report.

5 Because of confidentiality reasons the Sicafi does not publish the individual values per building, as this could damage the interests of the shareholders.

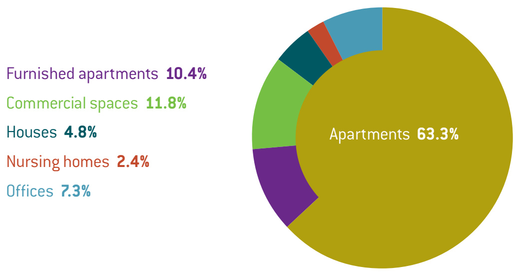
3.3 Analysis of the breakdown of the property portfolio

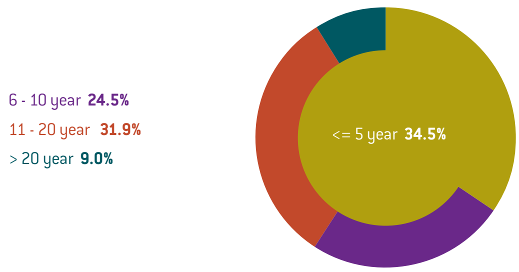
Breakdown according to asset class

On 31 December 2011, the property portfolio of Home Invest Belgium consisted of 80.9% of residential property located in Belgium, a percentage largely superior to the required 60% by the tax legislation to be considered as a residential Sicafi and to benefit from the withholding tax exemption on dividends. This percentage includes nearly 78.5% of apartments and single-family homes, the main investment target group of the Sicafi.

Breakdown by age of property

Home Invest Belgium mainly invests in recent (ten years or less) or recently renovated buildings, which represent a total of 59% of the portfolio in comparison with 57.2% the previous year. This choice allows reducing the maintenance and renovation costs during the detention of the property in portfolio, which maximizes the capital gain potential in the long term.



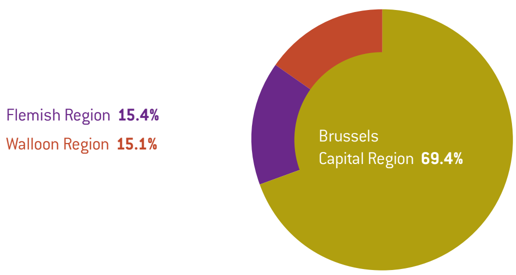


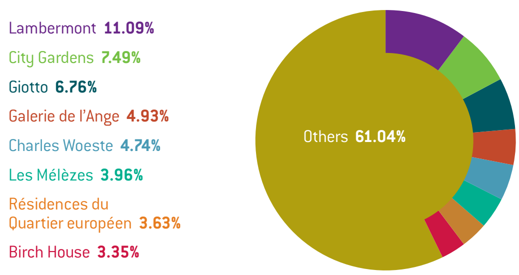
Geographical breakdown

At the same date, the portfolio was located for 69.4% in the Brussels-Capital Region, which reflects the investment strategy of the Sicafi, primarily focused on this region. We need to point out that the renovation of the last two phases of the City Gardens complex in Louvain has allowed to significantly reinforcing the presence of the Sicafi in the Flemish Region to 15.4% whereas the part of the Walloon region in the portfolio slightly decreases to 15.1%.

Breakdown of the property

No building nor property complex reaches the maximum 20% ceiling as single part of the portfolio, whereas The Lambermont complex is, since mid 2009, the main part of the property portfolio of Home Invest Belgium, with nearly 11% of the portfolio, followed by the City Gardens complex in Louvain with a stake of slightly more than 7%. The eight main sites only represent 39% of the total portfolio.





3.4 The top properties in the portfolio

The properties below are those having a fair value exceeding € 5 million on 31 December 2011, including the development projects.

Lambermont

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

This complex consists of four buildings and is located at the boulevard Lambermont next to the Kinetix sport centre; it comprises a total of 127 apartments, two public libraries French and Dutch), a day nursery and 109 underground parking spaces.

City Gardens

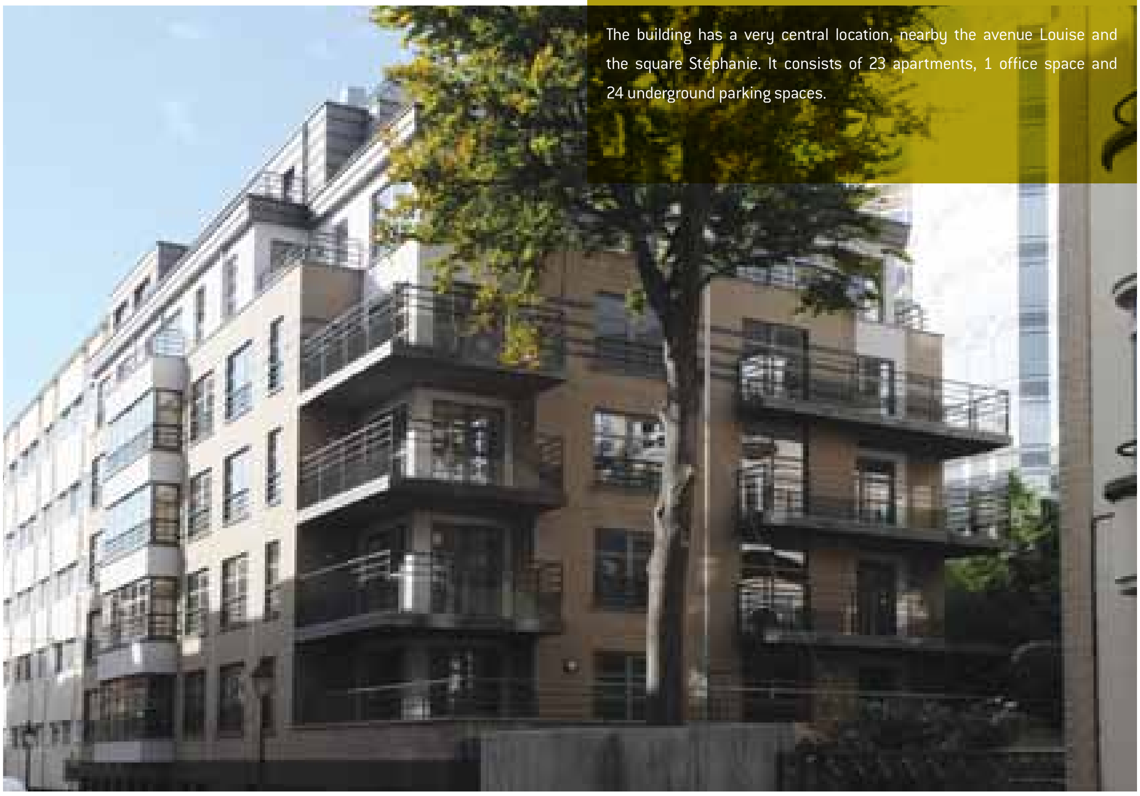
Riddersstraat 112-120, Petermannenstraat 2A and 2B and Fonteinstraat 98-100 in 3000 Leuven

The property complex comprises two wings around an indoor garden; it is located in the immediate surroundings of the city centre of Leuven. The building consists of 108 1-bedroom apartments, 30 2-bedroom apartments, 2 commercial spaces and 92 underground parking spaces.

Jourdan 85

Rue Jourdan 85 in 1060 Brussels (Saint-Gilles)

The building has a very central location, nearby the avenue Louise and the square Stéphanie. It consists of 23 apartments, 1 office space and 24 underground parking spaces.



Giotto

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

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

Galerie de l'Ange

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

The complex is ideally located and has a commercial and residential function in the city centre, nearby the Place d'Armes. It consists of a retail ground floor, subdivided into 10 shops, and 50 apartments and studios and 2 office spaces on the floors.

Les Mélèzes

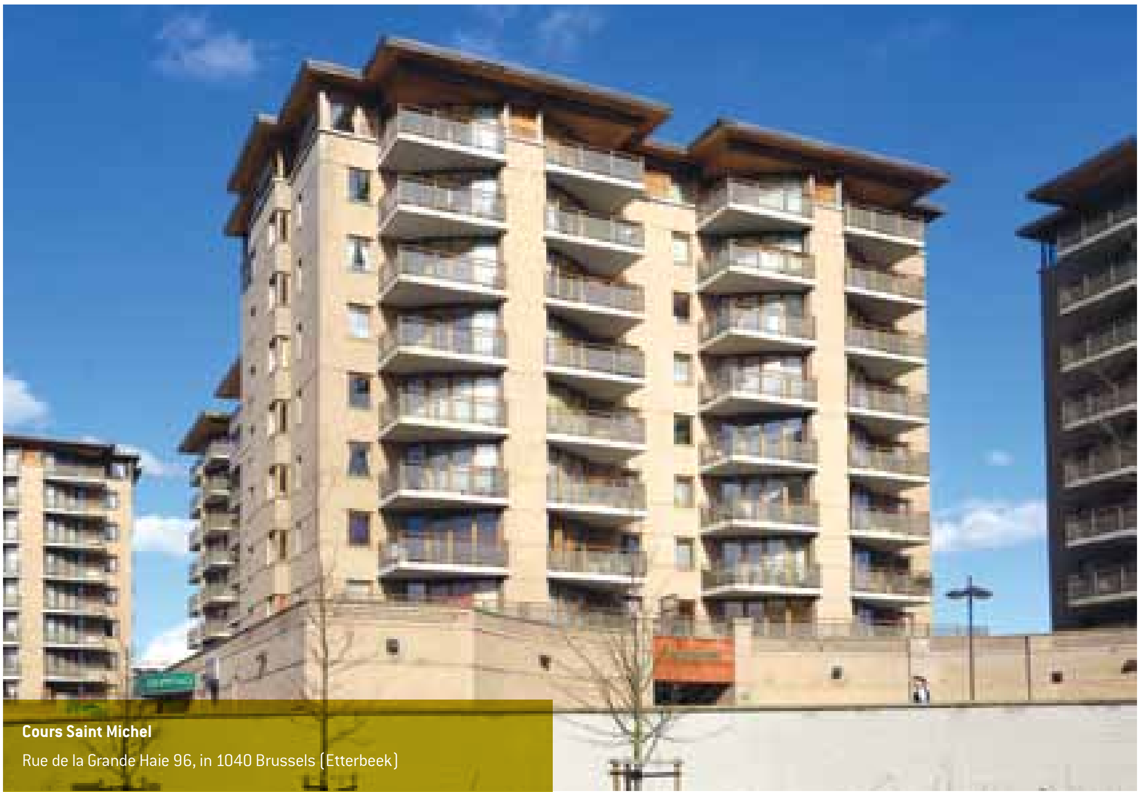
Avenue de Calabre 34, 36, 38, in 1200 Brussels (Woluwe Saint Lambert)

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.

Les Résidences du Quartier européen

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

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



Cours Saint Michel

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

The property is situated in the Rue de la Grande Haie, in the so-called Cours Saint-Michel, nearby the avenue de Tervueren. It consists of 32 2-bedroom apartments and 32 underground parking spaces.

Clos de la Pépinière

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

The property complex is located behind the Royal Palace, between the rue de Bréderode and the rue de Namur, close to the Porte de Namur. It comprises 18 luxury apartments, 7 office spaces on the ground floor and 31 underground parking spaces.

Les Jardins de la Cambre

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

The complex is situated in a much sought after area, close to the Etangs d'Ixelles (the Ixelles Ponds), the Abbaye de la Cambre and the Place Flagey (Flagey Square). It consists of 2 apartment buildings, connected by a green area. It comprises 24 apartments, 4 office units and 31 underground parking spaces.

Haverwerf
Haverwerf 1-10 in 2800 Mechelen

This commercial complex is located nearby the city centre, on the former Lamot brewery site, alongside the 'Dijle' river. It consists of 4 commercial spaces.

Charles Woeste I (residential)
Avenue Charles Woeste 290-312, in 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-shopping complex and consists of 92 apartments or studios, 10 boxes and 20 parking spaces.

Alliés – Van Haelen

Rue des Alliés, 218-226 and boulevard van Haelen, 22-26 in 1190 Brussels (Forest)

The complex is situated in a high-end residential district, nearby the Parc Duden and the Gare du Midi. It comprises 34 apartments, 1 office space and 34 boxes or underground parking spaces.

Colombus

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

The complex is situated in a small quiet street in the green periphery of Jambes. It is composed of 33 1-bedroom apartments, 18 2-bedroom apartments and 51 outdoor parking spaces.

Grote Markt

Grote Markt 31-32, in 9100 Sint-Niklaas

The property is situated in the 'Grote Markt' of Sint-Niklaas. It consists of a ground floor shopping and office area, 16 upper-floor apartments and 37 outdoor parking spaces.

Jourdan – Monnaies

Rue Hôtel des Monnaies 24 to 34 and rue Jourdan 115 to 121 and 125, in 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.

Belliard – Industrie (property development)
Rue Belliard 21 and rue de l'Industrie in 1000 Brussels

Project under construction, at the angle of the rue Belliard and the rue de l'Industrie in 1000 Brussels, in the heart of the European district. The project comprises a hotel residence (rue de l'Industrie) with 109 rooms and 6 apartments (rue Belliard 21).

Odon Warland – Bulins (property development)
At the corner of the avenue Odon Warland and the rue Bulins in 1090 Brussels (Jette)

Project under construction in a residential district in the heart of Jette. It consists of 34 apartments, 1 commercial space and 34 underground parking spaces.

corporate governance statement

< "Clos de la Pépinière" - 1000 Brussels

"Fully transparent communication"

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.

1 REFERENCE CODE

Home Invest Belgium adheres to the principles of the Belgian Corporate Governance Code, edition 2009, without losing out of sight the specific nature of the company. It is Home Invest Belgium's opinion to follow all provisions of the aforementioned Code, except with regard to the following points:

- 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 meetings of the Board of directors, and also when renewing mandates (derogation to disposition 4.11);
- the Audit committee, composed of four directors, does not consist of a majority of independent directors, but of two of them. This composition derogates from the Belgian Corporate Governance Code, but is in conformity with the provision of article 526 bis of the Company Code (derogation to point 5.2./4 of annex B);
- the provisions with regard to remuneration of Executive management could derogate from the recommendations of the Belgian Corporate Governance Code (see below sub point 5: 'Remuneration report' (derogation to point 7.18).

The Royal Decree of 6 June 2010 has indicated the Belgian Corporate Governance Code, edition 2009, as the sole applicable code.
The Code is available on the website www.corporategovernance-committee.be.

The Corporate Governance Charter is established by the Board of directors of Home Invest Belgium and aims at providing complete information on the governance rules applicable to the company. The integral version of the charter can be consulted on the website www.homeinvestbelgium.be.

2 INTERNAL CONTROL AND RISK MANAGEMENT

The present paragraph aims at providing a description of the main characteristics of the internal control systems and risk management of the company within the framework of the publication of financial information.

2.1 Risk management and internal control

The Board of directors of Home Invest Belgium and the different specialized Committees are responsible for the evaluation of the risks inherent to the company and for the follow-up of 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 (see hereafter sub 2.2, 2.3 and 2.4).

2.2 Internal control environment

The principal elements of the internal control environment consist of:

- a clear definition of the role of the respective management bodies: Board of directors, specialized Committees, Executive management (see point 3. below);
- 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 (see also points 9 and 10 hereafter).

2.3 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 followed-up 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. Fore more details on the risks, see Chapter I. 'Risk factors' of this annual financial report.

2.4 Control activities

- In accordance with the Law of 20 July 2004 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, prior to the conclusion of the agreement, a control as to its conformity with the articles of association of the Sicafi and the legal and regulatory provisions in force.
- 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 case of exceeding these thresholds, a special power of attorney can be granted to one director providing that the conditions of article 12 of the articles of association of the Sicafi be respected.

- Derogations to the outlook in comparison with the effective realizations, are regularly reviewed by Executive management based on Key Performance Indicators and quarterly by the Audit committee and the Board of directors.
- Moreover, the Sicafi has developed specific control measures in order to deal with its principal financial risks (see Chapter I Risk factors).

2.5 Information and communication

The management information system of the Sicafi allows to obtaining 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.

3 BOARD OF DIRECTORS AND SPECIAL COMMITTEES

3.1 Board of Directors

3.1.1 Composition

The Board of directors of Home Invest Belgium currently consists of nine directors. As the mandate of Gaëtan Hannecart will end after the Ordinary general meeting of 2 May 2012, after this date, the Board of directors will be composed of eight directors, of which seven non-executive and one executive, i.e. the managing director. Of the seven non-executive directors, four are independent according to the meaning of article 526 ter of the Company Code.

The Board of director's composition must ensure that decisions are taken in the company's interest. Preference is given to persons possessing an in-depth knowledge of real estate, in particular of residential property, and/or having experience in the financial management of a listed company, in particular, a Sicafi. It is therefore important for the members of the Board of directors to have complementary knowledge and experience.

Commitments have been made to the Sicafi's two largest shareholders, the VOP group and AXA Belgium, with respect to their representation on the Board of directors (two mandates for VOP, one mandate for AXA Belgium). Currently, the directors covered by these commitments are Messrs. Liévin and Johan Van Overstraeten for VOP group and Mr. Guy Van Wymersch-Moons for AXA Belgium.

< “Jourdan 85” - Saint-Gilles (1060 Brussels)

Composition of the Board of Directors of Home Invest Belgium

	Guy Van Wymersch-Moons	Xavier Mertens	Guillaume Botermans	Koen Dejonckheere
	Chairman and Director, Chairman of the Appointment and remuneration committee, member of the Audit committee	**Managing director, Chief Executive Officer, Chairman of the Investment Committee**	**Independent director, Chairman of the Audit committee, member of the Investment and Appointment and remuneration committees**	**Independent director**
Start of first mandate	6 May 2009	17 December 2002	2 May 2007	3 May 2011
Business address	AXA Belgium SA, Boulevard du Souverain 25, 1170 Brussels	Home Invest Belgium SA, Boulevard de la Woluwe 60, 1200 Brussels	Arm-Stones Partnership SPRL, Avenue Louise 505, 1050 Brussels	GIMV NV, Karel Oomsstraat 37, 2018 Antwerp
Other functions	General Manager of Real Estate of AXA Belgium SA	membre du Conseil de direction de l'UPSI, membre du Comité exécutif de ULI Belgium	Managing partner of Arm-Stones Partnership SPRL, Director of Pro Materia ASBL	CEO of GIMV NV
Attendance rate at Board meetings during the financial year	100%	100%	100%	100%
Remuneration and benefits in the financial year	attendance fees of € 5 000 (meetings of the Board of directors) and € 900 (meetings of the Committees)	see below sub 6. Contractual provisions: see below sub 5.	attendance fees of € 5 000 (meetings of the Board of directors) and € 3 600 meetings of the Committees)	attendance fees of € 3 000 (meetings of the Board of directors)
Number of Home Invest Belgium shares held	none	920	none	none
Expiry date of mandate	Ordinary general meeting of 2015	Ordinary general meeting of 2015	Ordinary general meeting of 2016	Ordinary general meeting of 2015
Education/experience	Degree in law (UCL), Notary degree (UCL), "DES" degree in environmental law (Facultés Universitaires Saint-Louis); he has held a variety of management positions within the AXA Belgium group	Degree in law (KUL), Master in Business Administration (Lancaster); he has held a variety of management positions, in particular, at Banque Anhyp and at Fortis Real Estate	Degree, with teaching qualification, in commercial, consular and financial sciences (Jury ICHEC and Saint-Louis Examination Board), degree in European Economics (ULB); he held various management positions within the Paribas group, in particular, in managing real estate certificates	Civil engineer (Ghent) and MBA (IEFSI, France)
Other mandates[1]	Blauwe Toren SA, Brustar One SA, Cabesa SA, Cornaline House SA, Evers Freehold SA, Immo Instruction SA, Immo Jean Jacobs SA, Immobilière du Parc Hôtel SA, Immo Zellik SA, Instruction SA La Tourmaline SA, Leasinvest Real Estate SCA, Leg II Meer 15 SA, Leg II Meer 22-23 SA, Leg II Meer 42-48 SA, Lex 65 SA, Marina Building SA, Messancy Réalisation SA, MUCC SA, Parc Louise SA, QB19 SA, Immo RAC Hasselt SA, Royaner SA, Royawyn SA, Sodimco SA, The Bridge Logistics SA, Transga SA, Trèves Freehold SA, Trèves Leasehold SA, Vepar SA, WaterLeau SA, Zaventem Properties SA, Zaventem Properties II SA*, Upar SA, Beran SA, Immo Jean Jacobs SA, WOM, UPSI SA, Leasinvest Immo LUX, Froissart Léopold SA, Parc Léopold SA, Maison de l'Assurance SCRL, Wetinvest III SA, Parc de l'Alliance SA.	Home Invest Management SA, Belliard 21 SA, UPSI-BVS, ULI Belgium, Emix SPRL.	Paribacert I*, Paribacert II*, Paribacert III*, Immorente*, Artesimmo*, Arm-Stones Partnership SPRL, Pro Materia ASBL, M2 SA.	Gimv NV, Adviesbeheer Gimv Clean Tech 2007 NV, Adviesbeheer Gimv Buyouts & Growth 2004 NV, Adviesbeheer Gimv Buyouts & Growth 2007 NV, Adviesbeheer Gimv Buyouts & Growth Belgium 2010 NV, Adviesbeheer Gimv Buyouts & Growth 2010 NV, Adviesbeheer Gimv Buyouts & Growth NV, Adviesbeheer Gimv Technology NV, Adviesbeheer Gimv Technology 2004 NV, Adviesbeheer Gimv Technology 2007 NV, Adviesbeheer Gimv Life Sciences NV, Adviesbeheer Gimv Life Sciences 2004 NV, Adviesbeheer Gimv Life Sciences 2007 NV, Gimfin NV, Inframan NV, Vlaamse Investeringsmaatschappij NV, Biotech Fonds Vlaanderen NV, DG Infra + NV, Belgian Venture Capital and Private Equity Association VZW, Gimv-XL NV, Gimv-XL Partners Comm.VA, Adviesbeheer Gimv-XL NV, Adviesbeheer Gimv Venture Capital 2010 NV, Adviesbeheer Gimv Group 2010 NV, Gimv-Agri Investment Fund NV,Adviesbeheer Gimv Deal Services 2004 NV, Adviesbeheer Gimv Deal Services 2007 NV, Adviesbeheer Gimv Fund Deals 2007 NV, Adviesbeheer Gimv Deal Services NV, KBC Securities NV and affiliates*, CapMan PLC (Finland), Eagle Venture Partners Guernsey, Gimv Arkiv Tech Fund II NV, Gimv Arkiv Technology Fund, Gimv Nederland BV, Gimv Nederland Holding BV, H.Hartziekenhuis Roeselare-Menen VZW, Noorderman NV, Invest At Value NV.

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.





Luc Delfosse	Gaëtan Hannecart	Eric Spiessens	Johan Van Overstraeten	Liévin Van Overstraeten
Independent director, member of the Appointment and remuneration committee	**Director** (till the ordinary general meeting of 2 May 2012)	**Independent director, member of the Audit committee**	**Director, member of the Investment committee**	**Director, member of the Audit committee**
19 September 2007	1 June 1999	3 May 2011	18 August 2010	23 May 2008
Delficom, Kapucijnendreef 62, 3090 Overijse	Matexi Group NV, Franklin Rooseveltlaan 180, 8790 Waregem	ARCO Group, avenue Urbain Britsiers 5, 1030 Brussels	VOP SA, avenue du Sippelberg 3, 1080 Brussels	VOP SA, avenue du Sippelberg 3, 1080 Brussels
Member of the Board of directors of Wilma Project Development	Managing director of Matexi Group NV	Member of the Executive committee of ARCO Group	Director of VOP SA group	Managing director of VOP SA
80%	80%	83%	100%	100%
attendance fees of € 4 000 (meetings of the Board of directors) and € 300 (meetings of the Committees)	attendance fees of € 4 000 (meetings of the Board of directors)	attendance fees of € 2 500 (meetings of the Board of directors) and € 300 (meetings of the Committees)	attendance fees of € 5 000 (meetings of the Board of directors) and € 1 500 meetings of the Committees)	attendance fees of € 5 000 (meetings of the Board of directors) and € 900 (meetings of the Committees)
none	none	none	130 605	128 671
Ordinary general meeting of 2014	Ordinary general meeting of 2012	Ordinary general meeting of 2015	Ordinary general meeting of 2015 The appointment of Mr Johan van Overstraeten as a director representing VOP group has been approved by the Ordinary general meeting of 3 May 2011	Ordinary general meeting of 2014
Degree in Economics and Finance (ICHEC); having held a variety of management positions, at the Codic, CDP, IVG and Wilma groups	Degree in electronic engineering (KUL), Master in Business Administration (Harvard); having held a variety of management positions in the Matexi group	Degree in Sociology (KU Leuven), teaching qualification for high school, Engineer in Social Sciences (KU Leuven); having held different functions with responsibility, namely at ARCO group and GIMV	Jan Van Ruisbroeck college Laeken (1973) with a/o a broad experience in managing companies, more specifically in property development	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
IVG Real Estate Belgium SA*, Property Security Belgium SA*, Batipromo SA*, Asticus Europe GIE*, Opus II SARL Lxbg*, Stodiek Beteiligung I Lxbg, Stodiek Beteiligung II Lxbg, Wertkonzept Holland IV Berlin*, Wertkonzept Holland V Berlin*, Organisation Immobilière SA*, ASBL Jazz Station, ASBL FCM Brussels Strombeek*, Régie Communale Autonome de Saint-Josse-ten-Noode, Centre Mommens SA*, BECI*, Promenades Vertes SA*, SA Simazone, NV Crommelynck, Galerie des Carmes SA.	Matexi Group NV, Matexi NV, Tradiplan NV, Sibomat NV, Entro NV, Wilma Project Development NV, Ankor Invest NV, Brufin NV, Nimmobo NV, Depatri NV*, Campagne du Petit Baulers SA*, Hooglatem NV, Matexi Luxembourg SA, Nieuw Bilzen NV, Wiprover NV, BI Invest NV, Het Schepenhof NV*, Kempense Bouwwerken NV, La Cointe SA, Renoplan NV, SDM NV, QuaeroQ CVBA, UPSI-BVS VZW, NFTE Belgium VZW, Cofinimmo SA, Schoonbeek NV*, Itinera Institute, Real Dolmen NV, Matexi Projects NV, Duro Home Holding SA, De Burkel NV, Familo NV, Rode Moer NV, Vauban NV.	Gimv NV, Auxipar NV, VEH CVBA, Publigas CVBA, Aspiravi NV, DG Infra+ NV, EPC CVBA, Sint-Jozefskredietmaatschappij NV, Livingstones CVBA.	VOP SA, Immovo SA, Sippelberg SA, Rolem Belgium SA, Cocky SA, Stavos Luxembourg SA (G.D. du Luxemburg), Stichting Administratie-kantoor Stavos NV (Nederland).	VOP SA, Immovo SA, Sippelberg SA, Rolem Belgium SA, Cocky SA, Stichting Administratie-kantoor Stavos, Stavos Luxembourg SA, Robelproduct SRL* (Roumanie), Robeldoors SRL* (Roumanie), Belconstruct SRL* (Roumanie), Immorobel SRL* (Roumanie), C&C SRL* (Roumanie).

3.1.2 Competences and functioning

The Board of directors of Home Invest Belgium determines the company's strategy and takes final decisions as regards investments and divestments.

It prepares the half-year and annual accounts of Home Invest Belgium, as well as the Annual financial report, which is drawn up with a view to the General meeting of shareholders, the half-year financial report, as well as the interim statements.

It approves merger reports, decides on the use of authorised capital and convenes Ordinary and Extraordinary general meetings of the shareholders. It ensures the precision, accuracy and transparency of the communications addressed to the shareholders, financial analysts and to the public.

It delegates day-to-day management to 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.

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

It met physically on ten occasions and once by teleconference during the 2011 financial year.

The Board of director's deliberations shall only be valid if at least one-half of the Board's members are present or represented. If this condition is not satisfied, a new meeting can be convened, in which case its deliberations shall be valid on the points contained on the agenda of the previous meeting, provided that at least two directors are present or represented.

There are no specific statutory rules governing the taking of decisions by the Board of directors.

A clear distinction is made between the responsibilities of the Managing director and those of the Chairman of the Board of directors. The latter leads the Board of directors and ensures the drawing up of meeting agendas and the timely transmission of information needed by the directors. For his part, the Managing director is responsible for day-to-day management of the company. Both are in regular contact with respect to business developments. The Board of directors sees to it that the Managing director has sufficient power to assume his obligations and responsibilities.

3.1.3 Activity report of the Board of directors

In the financial year under review, the Board of directors, duly performed all of its duties on a regular basis, as indicated above in item 3.1.2. Namely:

- with respect to investment and divestment, it took decisions on all of the investment and divestment files that the Sicafi examined;
- it carefully and closely examined the company's funding and interest-rate hedging policy, as described in chapter 1 (Risk factors);
- on 2 September 2011, it devoted an entire day to an in-depth analysis of the company's strategy.

3.2 Special committees

3.2.1 General principle

The responsibilities and functioning of these Committees are explained in detail in the Corporate Governance Charter, which can be downloaded on the Sicafi's website (www.homeinvestbelgium.be).

3.2.2 2 Investment committee

The investment committee, chaired by Mr Xavier Mertens, is comprised of the following people:

- **Xavier Mertens**, managing director
- **Guillaume Botermans**, independent director
- **Sophie Lambrighs**, representative of AXA Belgium group
- **Johan Van Overstraeten**, director, representative of VOP group

It is the body that selects, analyses and prepares investment files, although the final approval of these files is entrusted to the Board of directors.

This Committee met on seven occasions during the past financial year.

Activity report of the Investment committee

As this committee is not foreseen by the Belgian Corporate Governance Code, the company has decided not to draw up an activity report for the Investment committee.

3.2.3 Audit committee

Although Home Invest Belgium satisfies two of the three exclusion criteria reproduced in article 526 bis § 3 of the Company Law[1] and is therefore not required to set up such a Committee, the Sicafi's Board of directors decided to set up an Audit Committee.

It is chaired by Mr. Guillaume Botermans, Independent director, and is composed of the following people:

- **Guillaume Botermans**, independent director
- **Guy Van Wymersch-Moons**, director and Chairman of the Board
- **Liévin Van Overstraeten**, director
- **Eric Spiessens**, independent director

It meets at least four times a year and whenever it deems this necessary in order to perform its duties.

It is authorized to decide on the following matters:

- *Financial reporting:* follow-up of 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.
- *Internal audit process:* assessment of the use of creating an internal audit function.
- *External audit process:* recommendations with regard to the appointment or renewal of the mandate of the Auditor and his remuneration.

1 This is the average number of employees, which is below the threshold of 250 people and the annual net turnover, which is below the threshold of € 50 000 000.

The complete internal rules and regulations of this Audit committee are contained in annex 2 of the Corporate Governance Charter available on the Sicafi's website www.homeinvestbelgium.be.

Activity report of the Audit committee in 2011

In the course of the financial year 2011 the committee met four times.

The Auditor of the Sicafi has been consulted each time by the Audit committee in the course of the financial year. Within the framework of his mission to ensure the accuracy of Home Invest Belgium's reporting on annual and half-yearly accounts, and the quality of internal and external control and of the information to shareholders and the market, the following items were discussed:

- quarterly reporting;
- follow-up of the recommendations of the Auditor;
- examination, in collaboration with management of the internal management procedures.

3.2.4 Appointment and remuneration committee

This committee is chaired by Mr Guy Van Wymersch-Moons, Director and Chairman of the Board, and is composed of the following people:

- **Guy Van Wymersch-Moons**, director and Chairman of the Board
- **Guillaume Botermans**, independent director
- **Luc Delfosse**, independent director.

Home Invest Belgium wanted to combine the remuneration and appointment functions in a single Committee, thus benefiting from the latitude offered by the provisions of the Belgian Corporate Governance Code.

Home Invest Belgium's Appointment and remuneration committee reports to the Board of directors on a regular basis on the performance of its duties. It meets at least twice a year and whenever it deems this necessary for the performance of its duties.

The committee is mainly authorized with regard to:

a. Its appointment section:

It meets whenever amendments need to be made to the composition of the Board of directors or the Executive management (appointments, renewals, extensions).

More specifically, this committee:

- periodically assesses the size and composition of the Board of directors and of the Executive management;
- identifies the competences required for the duty/ies to be performed;
- examines questions concerning director's positions or positions as members of the Executive management to be filled in or reappointed, and
- draws up the list of candidates to be approached or to be selected for these positions.

b. Its remuneration section:

It makes proposals to the Board of directors on the remuneration policy and the individual remuneration of the directors and members of the Executive management.

It prepares the remuneration report, which will be included by the Board of directors in its Corporate Governance statement and comments on this report at the Annual general meeting of the shareholders.

Within the scope of its responsibilities, the Appointment and remuneration committee has access to all of the resources it deems necessary, including to external advice.

The complete internal rules of this Appointment and remuneration committee are shown in annex 4 of the Corporate Governance Charter, available on the Sicafi's website www.homeinvestbelgium.be.

Activity report of the Appointment and remuneration committee

In the course of the financial year 2011 the committee met once, mainly to discuss the following items:

- policy with regard to the composition of the Board of directors, appointment of new directors, duration of the mandates and renewal of some of them;
- assessment of the individual targets of the members of Executive management and definition of their variable remuneration for the financial year closed at 31 December 2010;
- definition of the individual targets of the members of Executive management for the financial year 2011.

Overview of the composition of the Board of directors and the Committees:

	Board of directors	Investment committee	Audit committee	Appointment and remuneration committee
Guy Van Wymersch – Moons	Chairman	-	Member	Chairman
Xavier Mertens	Managing director	Chairman	-	-
Guillaume Botermans	Independent director	Member	Chairman	Member
Luc Delfosse	Independent director	-	-	Member
Gaëtan Hannecart[1]	Director	-	-	-
Johan Van Overstraeten	Director	Member	-	-
Liévin Van Overstraeten	Director	-	Member	-
Eric Spiessens	Independent director	-	Member	-
Koen Dejonckheere	Independent director	-	-	-
Sophie Lambrighs	-	Member	-	-
Michel Pleeck	Honorary Chairman			

1 Till the Ordinary general meeting of 2 May 2012.

4 EXECUTIVE MANAGEMENT

The Board of directors has not opted for the creation of an Executive committee in the sense of the Company Code. On 31 December 2011 the Executive management consists of Mr Xavier Mertens, CEO, Mr Jean-Luc Colson, CFO (as permanent representative of the sprlu Ylkatt) and Mr Filip Van Wijnendaele, COO, (as permanent representative of the sprlu FVW Consult).

In accordance with article 38 of the Law of 20 July 2004 on certain forms of collective management of investment portfolios, the CEO, the COO and the CFO are charged with day-to-day management of the company and with jointly representing the company within the framework of this management. They report on their management to the Board of directors.

4.1 Composition



	Xavier Mertens	Jean-Luc Colson (as permanent representative of sprlu YLKATT)	Filip Van Wijnendaele (as permanent representative of sprlu FVW Consult)
	Managing director - Chief Executive Officer	**Chief Finance Officer** (permanent representative of sprlu YLKATT)	**Chief Operating Officer** (permanent representative of sprlu FVW Consult)
Start of first mandate	17 December 2002	21 January 2010	16 June 2011
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
Education/experience	see above sub point 3.1.1 (Board of directors)	Degree in accounting (HEMES SAINTE MARIE), having held a variety of financial positions, in particular, at AXA Belgium, ING Real Estate and Home Invest Belgium	Degree in commercial and consular sciences; held different functions with responsibility, a/o at Hugo Ceusters real estate and the "Vennootschap van commerciële centra van België (SCCB)"
Other functions	see above sub point 3.1.1 (Board of directors)	Director of Home Invest Management SA and Belliard 21 SA	none
Remuneration and benefits	see above sub point 3.1.1 (Board of directors)	see below sub 6	see below sub 6
Number of Home Invest Belgium shares held	see above sub point 3.1.1 (Board of directors)	none	none
Other mandates	see above sub point 3.1.1 (Board of directors)	sprlu Ylkatt has no directors' mandates. Its permanent representative, Jean-Luc Colson, is director (manager) of the following companies: Home Invest Management NV, Belliard 21 NV, Ylkatt ebvba	sprlu FVW Consult has no directors' mandates. Its permanent representative, Filip Van Wijnendaele had a mandate as a member of the Executive Committee of NV Immobiliën Hugo Ceusters

4.2 Responsibilities and duties:

a. *Real estate management*

- the examination of any investment and divestment files and the holding of negotiations necessary to this purpose;
- the presentation of investment and divestment files to the Investment committee and to the Board of directors;
- the preparation of the acquisition or alienation of a title on a building, as well as the structuring of the transactions and the negotiation of the contractual documents;
- the leasing and renewal of contracts covering the leasing of buildings, including the determination of the rental value and other useful provisions in rental contracts;
- the implementation of the insurance policy, including the determination of the actual cover, the choice of insurer and the handling of claims;
- the handling and resolution of disputes concerning rent collection and other subjects directly linked to the management of buildings;

- the monitoring of the policy for the maintenance and renovation of buildings
- the follow-up and co-ordination of development projects for own account, including planning, awarding and carrying out of the work;
- the monitoring and co-ordination of arbitrage policy;
- the monitoring and co-ordination of the activities of the certified real estate surveyors;
- the management of the Sicafi's real estate documentation and IT.

b. *Financing*

- financial transactions;
- management of short and long-term deposits and fixed-term advances;
- leading discussions with financial institutions as regards applications for credit facilities, long-term financing and hedges.

c. *Personnel*

- the management of personnel;
- the appointment and dismissal of employees who are not part of Executive management, the determination of their remuneration and the conditions of their contract;
- the presentation of the employee budget and the organisational chart and its monitoring.

d. *Financial information*

- the preparation of all financial and other information, as well as the reports required by law;
- the submission to the Board of directors of an objective and complete quarterly financial report;
- the exhaustive, timely, and accurate preparation of the Sicafi's financial results, in accordance with accounting standards;
- the setting up of internal controls covering the systems for the identification, assessment, management and monitoring of financial and other risks.

e. *External representation*

- the supply of all of the information necessary for the shareholders, the competent authorities or the other market authorities;
- the main contact point and interview partner for these authorities;
- the representation of the Sicafi as part of its competences;
- the Managing director monitors and co-ordinates the "Investor Relations" and consults the Chairman of the Board of directors on all matters that could potentially affect the Sicafi's share price.

The Executive Management reports to the Board of directors on its responsibilities and its assignments. It provides on a timely basis, all of the information necessary to the fulfilment of its obligations.

f. *Assessment*

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 (see points 6.4 and 6.5 below).

The complete internal rules of this Executive management appear in annex 3 of the Corporate Governance Charter available on the Sicafi's website www.homeinvestbelgium.be.

5 MANAGEMENT TEAM

Executive management is assisted by a team of eight employees and four freelancers.

Furthermore, Home Invest Belgium appeals to specialised real estate agents to rent out or sell its buildings as effectively as possible. These real estate agents are selected carefully, based on the location of the building, its positioning, and the type of clientele sought.

Moreover, Home Invest Belgium draws on the services of building management companies to assist it in the technical management of its buildings and the breakdown of the shared charges.

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.

6 REMUNERATION REPORT

The remuneration report below has been approved by the Board of directors of 15 February 2012.
It comprises the provisions of the Belgian Corporate Governance Code (edition 2009).

6.1 Internal procedure adopted in the course of the financial year 2011

The Appointment and remuneration committee has been formally established beginning of 2010. Questions relating to remuneration policy of non-executive directors and targets of Effective management and the definition of their remuneration have been treated by the Committee in the course of two meetings at the beginning of the financial year 2010.
At the end of 2010 and at the beginning of 2011 the Committee had an important role in selecting a COO candidate to join the Executive management.
In the course of the financial year 2011 the Committee met once at the beginning of the financial year, mainly to treat the evolution of the composition of the Board of directors, and the cooperation with Filip Van Wijnendaele (through the sprlu FVW Consult) as COO, as well as the variable remuneration of Xavier Mertens and Jean-Luc Colson (through the sprlu Ylkatt).

6.2 Remuneration policy of executive managers in the course of the financial year 2011

- Basic principle: a basis remuneration in accordance with market standards, taking into account the importance of the function, the required knowledge, the interests of the company, augmented by a limited variable remuneration, depending on the results in comparison with the defined targets.
- Relative importance of the different remuneration items:
  The Board did want to limit these variable remunerations as follows:
  - for the Managing director: a maximum of 28% of his basis remuneration (see below sub 6.4);
  - for the sprlu YLKATT: a maximum of 16% of his basis remuneration (see below sub 6.5);
  - for the sprlu FVW Consult: a maximum of 16% of his basis remuneration (see below sub 6.5).
- There are no performance bonuses in shares, options or other rights to acquire shares.

6.3 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. In 2011, only Michel Pleeck, Chairman of the Board till 3 May 2011, made use of this right, for a total amount of € 11 340.05.
Since the beginning of the financial year 2010 the non-executive directors benefit from a system of attendance fees for the meetings of the Board of directors and the specialized committees, with, € 500 per meeting of the Board and € 300 per meeting of a specialized committee.
Member of Executive management present to these meetings do not benefit from this system.

6.4 Remuneration of the Managing director, Xavier Mertens, who is also one of the Sicafi's effective directors (pursuant to an agreement concluded in May 2002, together with an amendment signed on 21 December 2005 and a second amendment, signed on 19 August 2009):

- *Financial year 2011*
  The remuneration of the Managing director on the financial year 2011 amounted to € 301 310.68 (fixed remuneration of € 276 310.68, variable remuneration of € 25 000 granted in 2011 for the financial year 2010).
- *Financial year 2012*
  Taking into account the applicable contractual provisions, the indexed annual basis remuneration, monthly payable, will amount to € 285 243 for 2012, while the variable remuneration can go from 5% to 28% of the annual basis remuneration of the financial year concerned.

The managing director is also eligible for a mobile phone and for reimbursement of his mobile communications expenses, and is reimbursed for up to € 10 000 per year, for the expenses incurred on behalf of the Sicafi (restaurants, travel, etc.).

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

- management of the occupancy rate of the buildings,
- acceleration of the process to sell buildings/land,
- implementation of the other strategic areas approved by the Board,
- Corporate Management in general, and
- the accentuation of external communications.

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 the Managing director provides, in the event of termination by the Sicafi, notice of at least six months, plus a termination compensation of at least 1 month per year of services, without exceeding a total of twelve months. It will be calculated based on both the fixed remuneration and the variable remuneration.

These contractual provisions can possibly diverge[2] from the relevant recommendations, as contained in the Belgian Corporate Governance Code (2009 edition). However, the Board of directors believes that these provisions are balanced given the Managing director's level of remuneration and his acquired experience.

6.5 Remuneration of CFO, Mr 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 € 125 000 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 2011*
  The remuneration of CFO, Mr Jean-Luc Colson, on the financial year 2011 amounted to € 143 750 (fixed remuneration of € 128 125, variable remuneration of € 15 625 granted in 2011 for the financial year 2010).

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

- the acceleration of the process of transferral of buildings/land,
- the management of outstanding payments,
- administrative, human resources and IT management, reporting internally and to the Board,
- monitoring of operating margin, and
- the implementation of the other strategic areas approved by the Board.

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-month 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.

These contractual provisions can potentially diverge[3] 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.

6.6 Remuneration of COO, Mr Filip Van Wijnendaele (pursuant to an agreement, dated 5 March 2011 with the sprlu FVW Consult):
The agreement provides for an indexed annual base remuneration, payable in monthly instalments, of € 144 000 and a variable remuneration that lies between 5% and 16% of the basis annual remuneration for the financial year in question, and payable for the first time during the first two weeks of April 2012.
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 2011*
  The remuneration of COO, Mr Filip Van Wijnendaele, on the financial year 2011 amounted to € 78 000 (fixed remuneration of € 66 000 since 14 June 2011 and Sign on Bonus of € 12 000).

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

- managing occupancy rate,
- control of operating margin,
- control of technical costs,
- the management of outstanding payments,
- realization of the sales policy,
- visiting the buildings of the portfolio, and
- management of his team and implementing the Board of director's strategy.

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 the sprlu FVW Consult provides, if the Sicafi terminates the contract, 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.
The notice can be replaced by a compensation for an amount proportional to the remaining duration of the notice.
These contractual dispositions are in accordance with the Belgian Corporate Governance Code.

2 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.

3 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.

7 STATUTORY AUDITOR

The Statutory auditor of Home Invest Belgium is Mr Karel Nijs, company auditor, related to SCCRL PKF, a firm of corporate auditors, located at Potvlietlaan 6, 2600 Antwerp.
The Statutory Auditor's fees in the course of 2011 amounted to a total of € 49 130.55, including VAT, broken down as follows:

- Statutory auditor's fees: € 29 040
- Fees for exceptional work or specific assignments performed at the company by the Statutory auditor:
  1. Other auditory mandates: € 13 310
  2. Other non-audit work: € 6 158.90
- Fees for exceptional work or specific assignments carried out at the company by persons with whom the Statutory auditor is linked:
  1. Tax advice: € 621,64

His mandate expires after the Ordinary general meeting of 2013.

8 REAL ESTATE SURVEYORS

SA Winssinger & Associates[4] (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 Messrs Benoît Forgeur and Fabian Daubechies till the end of 2011, and by Mr Geoffroy Regout as from 2012, is the Sicafi's independent real estate surveyor. It values the property on a quarterly basis, and also in the cases 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: € 0.40 per m² (valuation up to 125 000 m²), € 0.35 per m² (valuation between 125 001 and 175 000 m²), and € 0.30 per additional m².

9 PREVENTION OF CONFLICTS OF INTEREST

9.1 As regards the members of the Board of directors and the Executive management

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 17, 18 and 19 of the Royal Decree of 7 December 2010.

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. This rule is reproduced as such in the Corporate Governance charter to which all of the directors have adhered.

In the course of the financial year 2011 one operation has resulted in a conflict of interest in the sense of article 523 of the Company Law and articles 4.7.2 and 4.8 of the Corporate Governance charter; it relates to the partial demerger operation of the company V.O.P. mentioned in point 2 of the aforementioned consolidated Management report (new acquisitions). This potential conflict of interest is elaborated in point 8 of this Management report.

Two directors of Home Invest Belgium, Gaëtan Hannecart and Guy Van Wymersch-Moons, are also directors of other Sicafi, Cofinimmo and Leasinvest Real Estate, respectively. However, given the fact that these two Sicafi invest almost exclusively in real estate market sectors in which Home Invest Belgium does not invest, the likelihood of conflicts of interest are limited.

Executive management is subject to the same rules as regards conflicts of interest as the Board of directors.

9.2 With respect to service providers

The company implements a rigorous policy to avoid conflicts of interest amongst its service providers. Accordingly, the principal service providers are asked to adhere to, and sign their consent for the Corporate Governance Charter, especially with respect to conflicts of interest and the prevention of insider trading (see point 10 below). 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.

10 PREVENTION OF INSIDER TRADING

Given Home Invest Belgium's reputation for integrity, the Board of directors has set up a Code of Conduct applicable to transactions involving the Sicafi's shares and other financial instruments by directors and employees of the Sicafi or its subsidiaries[5].

This code provides a/o:

- the implementation of a schedule of periods during which trading on the Sicafi's shares is not authorised: for example, between the time directors become aware of the financial figures and the second working day following the date of their publication ("closed periods");
- the appointment of a compliance officer who is responsible for preparing this schedule at the beginning of the financial year, and for monitoring adherence, by the Sicafi's directors and staff as part of their obligations under the Code of Conduct;

4 Country of origin: Belgium – Laws governing its activities: Belgian legislation.

5 This Code of Conduct appears in annex 1 of the Corporate Governance Charter available on the website www.homeinvestbelgium.be of the Sicafi.

- the obligation to notify the compliance officer in writing prior to any transaction involving the Sicafi's shares;
- the obligation to wait for a positive reply from the compliance officer prior to executing any transaction.

The compliance officer is Mr Guy Van Wymersch-Moons, Chairman of the Board of directors. For possible transactions the compliance officer would envisage, Xavier Mertens has the role of Compliance Officer.

11 SHAREHOLDER STRUCTURE

The structure is elaborated in point 6 of the aforementioned chapter V Home Invest Belgium on the stock exchange.

12 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 MARKET[6]

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:

1. On 31 December 2011, the registered capital of Home Invest Belgium was represented by 3 056 143 fully paid up ordinary shares[7] without designation of face value.
2. There are no restrictions imposed by law or set down in the articles of association on the transfer of securities.
3. There are no holders of securities with special control rights.
4. There is no share plan for the employees.
5. There is no restriction imposed by law or set down in the articles of association on the right to vote.
6. 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
7. The rules applicable to the appointment and replacement of Board members and to amendment of the articles of association of Home Invest Belgium are those set forth in the applicable legislation - in particular the Company Code -, the Law of 20 July 2004 relating to certain forms of collective management of investment portfolios, the Royal Decree of 7 December 2010 on Sicafi, and those contained in the articles of association of Home Invest Belgium. The articles of association do not deviate from the above-mentioned provisions imposed by law.
8. 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 (article 6.2 of the articles of association), up to a maximum of € 74 401 221.91. This authorisation is valid for a 5-year period beginning on 17 January 2012. There was no use of this authorised capital during the 2011 financial year. On 31 December 2011 the available authorized capital amounted to € 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 option 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 5 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 option, 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.
     It should also be noted that on 31 December 2011, Home Invest Management, a 100% subsidiary of Home Invest Belgium, held 12 912 shares in Home Invest Belgium.
9. 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.
10. 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.

For details on the conditions of the articles of association referred to above, see the articles of association of Home Invest Belgium produced in chapter IX “Permanent document” hereafter.

6 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

7 Of which 12 912 shares in auto-control.

"Birch House" - Etterbeek (1040 Brussels) >

13 FINANCIAL SERVICE

BNP Paribas Fortis (Register of legal persons Brussels: 0403.199.702)[8], 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, convening to General meetings).
The remuneration is fixed, as regards dematerialized securities, at 0.2% of the net value of the coupon paid. The remuneration for bearer shares is 2% of the net coupon, plus € 0.1 per collected sub-share. This remuneration is subject to VAT.

14 CUSTODIAN BANK

The obligation to have a custodian bank has been deleted by the royal decree of 7 December 2010 and the Sicafi has terminated its contract with Fortis Bank as from 1 July 2011. Upon approval of the new articles of association by the extraordinary general meeting of 23 December 2011, the mention with regard to this appointment has been deleted.

15 LIQUIDITY PROVIDER

ING Equity Markets acts as liquidity provider of the Home Invest Belgium share. Its annual fixed remuneration is € 5 000, excluding VAT.

8 Country of origin: Belgium – Laws governing its activities: Belgian legislation.

financial statements

< "Gent Zuid" - Ghent

"Jourdan 85" - Saint-Gilles (1060 Brussels) >

The 2011 consolidated annual accounts of Home Invest Belgium include those of its subsidiaries, Home Invest Management SA (100%) and Belliard 21 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[1].

We remind that throughout this Annual Financial Report 2011 the figures and percentages realized in 2011 are compared with those of the 2010 financial year; taking into account the new accounting principles applied to the 2011 accounts in virtue of the Royal Decree of 7 December 2010 on Sicafi, the figures of the 2010 financial year have been restated to allow a comparison on the same basis.

1 The annual financial reports (which include the consolidated financial statements, with an abridged version of the statutory accounts, consolidated management reports, auditor's reports and survey reports), interim statements, half-yearly financial reports, the description of the financial situation, information concerning related parties and historical financial information concerning the Sicafi's subsidiaries, are included for reference in this annual financial report.

1. BALANCE SHEET

	2011	2010
ASSETS		
I. Non-current assets	**257 986 342**	**234 721 489**
B. Intangible assets	7 623	8 349
C. Investment properties	256 558 090	233 344 258
D. Other tangible assets	200 744	41 094
E. Non-current financial assets	37 755	46 767
F. Finance lease receivables	1 182 131	1 281 021
II. Current assets	**15 492 597**	**4 825 437**
A. Assets held for sale	7 522 808	
C. Finance lease receivables	98 890	92 752
D. Trade receivables	4 118 361	684 851
E. Tax receivables and other current assets	1 928 583	2 989 647
F. Cash and cash equivalents	1 701 118	1 036 510
G. Deferred charges and accrued income	122 836	21 678
TOTAL ASSETS	**273 478 939**	**239 546 926**

SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
A. Capital	73 469 670	70 946 880
B. Share premium account	19 093 664	19 093 664
C. Reserves		
a. Legal reserve (+)	98 778	97 827
b. Reserve from the balance of changes in fair value of investment properties (+/-)	85 457 148	68 696 370
c. Reserve from estimated transfer costs and rights resulting from hypothetical disposal of investment properties (-)	-23 441 309	-19 497 399
d. Reserve from the balance of changes in fair value of allowed hedges to which hedge accounting according to IFRS is applied (+/-)	-2 549 147	-2 974 112
h. Reserve for treasury shares (-)	-757 323	-757 323
m. Other reserves (+/-)	1 259 467	1 138 120
n. Result carried forward from previous financial years (+/-)	7 773 304	5 416 341
D. Net result of the financial year	14 833 588	11 807 670
SHAREHOLDERS' EQUITY	**175 237 840**	**153 968 037**
LIABILITIES		
I. Non-current liabilities	**64 115 189**	**82 171 517**
B. Non-current financial debts	59 388 750	78 433 750
C. Other non-current financial liabilities	4 726 439	3 737 767
II. Current liabilities	**34 125 911**	**3 407 373**
B. Current financial debts	24 926 363	465 055
D. Trade debts and other current debts	8 206 419	2 029 317
E. Other current liabilities	519 171	477 347
F. Accrued charges and deferred income	473 957	435 653
LIABILITIES	**98 241 099**	**85 578 890**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**273 478 939**	**239 546 926**

Number of shares at end of period	3 043 231	2 815 630
Net asset value	175 237 840	153 968 037
Net asset value per share	**57.58**	**54.68**
Indebtedness	93 040 703	81 405 470
Debt ratio	**34.02%**	**33.98%**

2. INCOME STATEMENT

The number of shares at end of period and the average number of shares are excluding the 12 912 shares in auto-control.
The average number of shares takes into account the different capital increases in the course of the financial year, of which the detail is recorded in Note 26 of the notes to the financial statements hereafter.

	31/12/2011	31/12/2010
I. Rental income (+)	15 724 617	14 253 402
III. Rental-related expenses (+/-)	-188 448	-137 465
NET RENTAL RESULT (= I +II +III)	**15 536 169**	**14 115 937**
IV. Recovery of property charges (+)	83 656	106 657
V. Recovery of charges and taxes normally payable by the tenant on let properties (+)	400 830	370 467
VII. Charges and taxes normally payable by the tenant on let properties (-)	-1 556 402	-1 458 373
PROPERTY RESULT (= I +II +III +IV +V +VI +VII +VIII)	**14 464 254**	**13 134 688**
IX. Technical costs (-)	-923 309	-1 097 433
X. Commercial costs (-)	-541 340	-535 683
XI. Taxes and charges on unlet properties (-)	-358 203	-265 738
XII. Property management costs (-)	-1 739 400	-1 419 884
PROPERTY COSTS (= IX +X +XI +XII +XIII)	***-3 562 253***	***-3 318 738***
PROPERTY OPERATING RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII)	**10 902 000**	**9 815 950**
XIV. General corporate expenses (-)	-539 388	-641 319
OPERATING RESULT BEFORE PORTFOLIO RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV)	**10 362 613**	**9 174 630**
XVI. Result sale investment properties (+/-)	2 096 549	1 041 163
XVIII. Changes in fair value of investment properties (+/-)	6 449 248	3 876 459
OPERATING RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV +XVI +XVII +XVIII +XIX)	**18 908 409**	**14 092 253**
XX. Financial income (+)	188 741	412 723
XXI. Net interest charges (-)	-2 797 080	-2 201 999
XXII. Other financial charges (-)	-34 754	-127 420
XXIII. Changes in fair value of financial assets and liabilities	-1 423 915	-454 930
FINANCIAL RESULT (XX +XXI +XXII +XXIII)	***-4 067 008***	***-2 371 625***
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)	**14 841 402**	**11 720 628**
XXIV. Corporation tax (-)	-7 814	87 042
TAXES (XXIV + XXV)	***-7 814***	***87 042***
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)	**14 833 588**	**11 807 670**
NET RESULT PER SHARE	**5.09**	**4.19**
Average number of shares	2 912 933	2 815 630
NET CURRENT RESULT (excluding the items XVI. XVII. XVIII and XIX.)	6 287 791	6 890 047
NET CURRENT RESULT PER SHARE (excluding the items XVI. XVII. XVIII and XIX.)	**2.16**	**2.45**
NET CURRENT RESULT EXCLUDING IAS 39 (excluding the items XVI. XVII. XVIII XIX. and XXIII.)	7 711 706	7 344 977
NET CURRENT RESULT EXCLUDING IAS 39 PER SHARE (excluding the items XVI. XVII. XVIII XIX. and XXIII.)	**2.65**	**2.61**
PORTFOLIO RESULT (XVI. to XIX.)	8 545 797	4 917 622
PORTFOLIO RESULT PER SHARE (XVI. to XIX.)	**2.93**	**1.75**
DISTRIBUTABLE RESULT	10 202 475	8 509 343
DISTRIBUTABLE RESULT PER SHARE	**3.50**	**3.02**
Operating margin (Operating result before the portfolio result) / Property result	71.64%	69.85%
Operating margin before tax (Pre-tax result – portfolio result) / Property result	43.53%	51.79%
Net current margin (Net result – portfolio result) / Property result	43.47%	52.46%
Proposed dividend	**3.00**	**2.75**
Pay out ratio	85.65%	90.99%

3. STATEMENT OF COMPREHENSIVE INCOME

	31/12/2011	31/12/2010
Statement of comprehensive income		
I. Net result	**14 833 588**	**11 807 670**
II. Other items of comprehensive income:		
B. Changes in the efficient part of the fair value of hedging instruments authorized as cash flow as defined in IFRS	424 965	-173 731
COMPREHENSIVE INCOME (I + II)	**15 258 553**	**11 633 939**

4. APPROPRIATION AND WITHDRAWALS

	Consolidated		Statutory	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Appropriation and withdrawals				
A. Net result	**14 833 588**	**11 807 670**	**15 005 663**	**12 031 955**
B. Transfer to/from reserves (-/+)				
1. Transfer to/from reserves of the balance (positive or negative) of changes in fair value of investment property				
- financial year	-9 279 527	-8 163 418	-9 279 527	-8 163 418
- previous financial years				
- realization of real estate	983 127	1 398 441	983 127	1 398 441
2. Transfer to/from reserves of estimated transfer rights and costs resulting from hypothetical disposal of investment properties (+/-)	2 830 280	4 286 958	2 830 280	4 286 958
11. Transfer to/from result from previous financial years carried forward (-/+)	-628 667	-1 586 668	-762 007	-1 775 446
C. Remuneration of capital according to article 27, § 1, § 1	**-8 161 980**	**-6 807 475**	**-8 299 640**	**-6 986 903**
D. Remuneration of capital – other than C	**-576 821**	**-935 508**	**-477 896**	**-791 587**

	Consolidated		Statutory	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Scheme for the calculation of the result according to art. 27, § 1, § 1				
Corrected result (A)				
Net result	14 833 588	11 807 670	15 005 663	12 031 955
+ Depreciations	195 722	148 389	195 722	148 389
- Write-back of depreciations	-54 501	-69 477	-54 501	-69 477
+/- Other non monetary items	1 423 915	454 930	1 423 915	454 930
+/- Result on sale of property	-2 096 549	-1 041 163	-2 096 549	-1 041 163
+/- Changes in fair value of property	-6 449 248	-3 876 459	-6 449 248	-3 876 459
Corrected result (A)	**7 852 928**	**7 423 889**	**8 025 003**	**7 648 175**
Net capital gains on the sale of property not exempt from distribution (B)				
+/- Capital gains and losses on property realized during the financial year	2 349 547	1 085 454	2 349 547	1 085 454
= Net capital gains on the sale of property not exempt from distribution (B)	**2 349 547**	**1 085 454**	**2 349 547**	**1 085 454**
Total (A + B)	**10 202 475**	**8 509 343**	**10 374 550**	**8 733 629**
80 % according to article 27, § 1, § 1	**8 161 980**	**6 807 475**	**8 299 640**	**6 986 903**

< *"Lambermont" - Schaerbeek (1030 Brussels)*

5. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Capital	Capital increase expenses	Share premium	Legal reserve
Balance on 31/12/2009	**71 639 409**	**-692 530**	**19 093 664**	**97 827**
Transfer				
Changes resulting from the sale of a building				
Dividend distribution				
Result of the financial year				
Changes in fair value of hedges				
Changes in fair value of property				
BALANCE ON 31/12/2010	**71 639 409**	**-692 530**	**19 093 664**	**97 827**
Balance on 31/12/2010	**71 639 409**	**-692 530**	**19 093 664**	**97 827**
Transfer				
Changes resulting from the sale of a building				
Dividend distribution				
Partial demerger Masada	122 709	-83 596		
Partial demerger VOP	2 633 519	-70 448		951
Mixed demerger URBIS	5 585	-84 978		
Result of the financial year				
Changes in fair value of hedges				
Changes in fair value of property				
BALANCE ON 31/12/2011	**74 401 222**	**-931 552**	**19 093 664**	**98 778**

1 These reserves from the changes in fair value relate to the 3 partial demergers realized in 2011. These values correspond to the difference between the conventional value and the historical accounting value of the incorporated buildings.

Reserve from the balance of changes in fair value of investment properties	Reserve from estimated transfer costs and rights	Reserve from the balance of changes in fair value of hedges	Reserve for treasury shares	Other reserves	Result carried forward from previous financial years	Net result of the financial year	Total
70 586 704	**-19 515 291**	**-2 800 381**	**-757 323**	**1 138 120**	**2 178 316**	**8 082 293**	**149 050 809**
-744 646					1 839 584	-1 094 938	
-1 509 505	111 065				1 398 441		
						-6 716 711	-6 716 711
						11 807 670	11 807 670
		-173 731					-173 731
363 817	-93 173					-270 644	
68 696 370	**-19 497 399**	**-2 974 112**	**-757 323**	**1 138 120**	**5 416 341**	**11 807 670**	**153 968 037**
68 696 370	**-19 497 399**	**-2 974 112**	**-757 323**	**1 138 120**	**5 416 341**	**11 807 670**	**153 968 037**
-1 398 441					1 586 668	-188 228	
-1 326 176	343 049				983 127		
						-7 742 983	-7 742 983
4 241 754[1]				67 496	1 707 297		6 055 659
6 672 317[1]				52 286	-1 905 072		7 383 552
407 906[1]				1 567	-15 058		315 022
						14 833 588	14 833 588
		424 965					424 965
8 163 418	-4 286 958					-3 876 459	
85 457 148	**-23 441 309**	**-2 549 147**	**-757 323**	**1 259 467**	**7 773 304**	**14 833 588**	**175 237 840**

6. CASH FLOW STATEMENT

	2011	2010
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1 036 510**	**1 964 597**
1. Cash flow from operating activities	**11 333 469**	**5 409 141**
Result for the financial year before interest and taxes	18 908 409	15 490 693
Interest received	188 741	412 723
Interest paid	-2 901 852	-2 329 419
Taxes	-7 814	87 042
Adjustment of profit for non-current transactions	**-8 519 202**	**-6 290 199**
Depreciation and write-downs	**26 595**	**25 864**
- Depreciation and write-downs on non-current assets	26 595	25 864
Other non-monetary elements	**-6 449 248**	**-3 876 459**
- Changes in fair value of investment properties (+/-)	-6 449 248	-3 876 459
Gain on realization of assets	**-2 096 549**	**-2 439 604**
- Capital gains realized on the sale of non-current assets	-2 096 549	-2 439 604
Change in working capital needs	**3 665 186**	**-1 961 700**
Movements in asset items	**-2 380 854**	**-254 892**
- Current financial assets	-6 138	-5 806
- Trade receivables	-3 433 510	523 012
- Tax receivables and other short-term assets	1 061 063	-766 551
- Deferred charges and accrued income	-2 269	-5 547
Movements of liabilities items	**6 046 040**	**-1 706 808**
- Trade and other current debts	5 965 912	-1 386 490
- Other current liabilities	41 824	-282 800
- Accrued charges and deferred income	38 304	-37 518
2. Cash flow from investment activities	**-3 173 984**	**-1 112 286**
Investment properties - capitalized investments	-644 628	-550 992
Investment properties - new acquisitions	-2 787 200	
Divestments	7 802 862	3 956 293
Development projects	-7 358 234	-4 502 627
Other tangible assets	-185 519	-20 256
Other non-current financial assets	-1 266	5 296
3. Cash flow from financing activities	**-7 494 876**	**-5 224 942**
Changes in financial liabilities and debts		
Increase (+) / Decrease (-) in financial debts	487 129	1 497 543
Changes in capital (+/-)	-239 023	
Dividend of the previous financial year	-7 742 983	-6 722 485
Total cash flow	**1 701 118**	**1 036 510**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1 701 118**	**1 036 510**

Reminder: the cash flow statement only shows the cash flow changes during the financial year under review.

7. NOTES TO THE 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 1200 Brussels, Boulevard de la Woluwe, 60 (Belgium).

The company is listed on NYSE Euronext Brussels. The consolidated annual accounts encompass those of Home Invest Belgium and its subsidiaries.

Note 2: MAIN ACCOUNTING METHODS

1. 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 accounts and consolidated accounts of real estate Sicafi (fixed capital investment trusts), amending the Royal Decrees of 10 April 1995 and seq. on real estate Sicafi, Home Invest Belgium has made use of the option to draw up its annual accounts in accordance with IFRS standards, starting from the 2006 financial year ending 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 reprocess acquisitions made prior to the IFRS transition date, in accordance with IFRS 3 - Business combinations.

2. Preparation basis

The financial statements are presented in euros unless otherwise mentioned. 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 methods have been applied consistently for the financial years presented.

3. Consolidation basis

The consolidated annual accounts contain the annual accounts of Home Invest Belgium and its subsidiaries. Subsidiaries are entities controlled by the group. A control is put in place when Home Invest Belgium holds, directly or indirectly, via subsidiaries, more than half the voting rights of a particular entity.

The annual accounts of subsidiaries are fully consolidated from the acquisition date until date at which control ends.

Subsidiaries' accounts 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 operations, as well as unrealized intra-group gains and losses on operations between group companies are eliminated. Unrealized losses are eliminated except in the case of extraordinary capital losses.

4. 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 passed through the acquirer's income statement.

5. Intangible assets

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

Intangible assets are amortized on a straight-line basis based on a best estimate of their useful lives.

The useful life and amortization method of intangible assets are reviewed at least at the end of every financial year.

6. Investment properties

6.1 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 activity segments, 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 account 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.

The expert values properties on the basis of three methods:

- capitalization of their estimated rental value,
- valuation per unit 'deed in hands', and
- the DCF method.

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 lends them for resale in separate units, Home Invest Belgium deducts from this valuation 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 expert valuation 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 registration costs, 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.

6.2 Accounting treatment of the valuation of investment properties in operation

Any gain or loss deriving from a change in fair value is recorded in the income statement under the item 'XVIII. Changes in fair value of investment properties' before being allocated to Sharholders' equity under the item 'C. Reserves – b. Reserve of the balance of changes in fair value of investment properties.'.

6.3 Works undertaken in investment properties in operation

Building works which are the owner's responsibility are recorded in the accounts 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 capitalized in so far and to the extent that the expert recognizes, in the normal course of things, an appropriate appreciation in the estimated rental value. Examples: in-depth renovation of a dwelling, placing of parquet flooring, rebuilding 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 capitalized.

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

6.4 Development projects

Property that is being constructed or developed is listed 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 capitalized relate to materials, contracting works, technical studies, fees (architects, engineers, project management), internal costs and interest charges during the construction period.

7. 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 annual closing.

The useful life is as follows for each asset category:

- IT hardware: 3 years
- IT software: 5 years
- urniture and office equipment: 10 years
- Office improvements: depending on the length of the lease, with a maximum of 6 years.

8. 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 realization during the twelve months following after the closing date.

A distinction can be made between:

- Financial assets valued at fair value: the changes in fair value of these assets are recorded 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 passed through the income statement.
- Financial assets held to maturity: financial assets held to maturity are recorded at amortized cost.

9. 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 according to IAS 39 are passed through 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 according to 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 accounted for under shareholders' equity. The non-effective part is passed through 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 contained at that time in shareholders' equity is passed through the income statement.

10. 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.

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

12. 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 recorded in the balance sheet at nominal value or cost.

13. Capital - Dividends
Ordinary shares are accounted for in shareholders' equity. Costs directly linked to the issue of new shares or options are recorded in equity, net of tax, as a deduction from the amount collected.
Treasury shares 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 taken directly to shareholders' equity.
Dividends are recognized 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.

14. Provisions
A provision is recognized 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.

15. Taxes
Taxes on the result for the period consist of both current taxes and deferred taxes. These are recognized in the income statement except where they relate to items recorded directly in equity, in which case they too are recognized in 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 realized or the obligation ends.
Deferred tax receivables are recognized 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 realized 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.

16. 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.

17. 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 transfer rights, and the latest fair value of the sold property on 31 December of the past financial year. That result is presented in item XVI 'Result on sale of investment properties' of the income statement.
In the calculation scheme of article 27, § 1, § 1 of the RD of 7 December 2010, the distributable result comprises the item '+/- Capital gains or losses realized on property during the financial year (capital gains or losses in comparison with the acquisition value increased by capitalized investment expenses)', which thus allows to take into account the initial acquisition value.

18. The accounting methods 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 2011, namely:

- *IFRS 7 Financial instruments:* amendments: improvement of disclosures related to transfers of financial assets, effective as from the financial year starting on 1 July 2011

- *IFRS 9 Financial instruments:* recognition and measurement effective as from the financial year starting on 1 January 2015

- *IAS 12 Income Taxes:* amendment on recovery of underlying assets, effective as from the financial year starting on 1 January 2012

- *IFRS 10* Consolidated financial statements effective as from the financial year starting on 1 January 2013

- *IFRS 11* Joint arrangements effective as from the financial year starting on 1 January 2013

- *IFRS 12* Disclosure of interests in other entities effective as from the financial year starting on 1 January 2013

- *IFRS 13* Fair value measurement effective as from the financial year starting on 1 January 2013

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

Note 3: SEGMENT INFORMATION (CONSOLIDATED)

The investment properties held by Home Invest Belgium contains 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, with the Flemish Region representing 15.4% of the portfolio and the Walloon Region 15.1% (calculations based on fair value).

The "unattributed" columns contain the amounts which cannot be attributed to any of these three categories.

< "Érainn" - Etterbeek (1040 Brussels)

1. Income statement by type of assets

	Consolidated total	
	2011	2010
I. Rental income (-)	15 724 617	14 253 402
III. Rental-related expenses (+/-)	-188 448	-137 465
NET RENTAL INCOME (= I +II +III)	**15 536 169**	**14 115 937**
IV. Recovery of property charges (+)	83 656	106 657
V. Recovery of rental charges	400 830	370 467
VII. Recovery of charges and taxes normally payable by the tenant	-1 556 402	-1 458 373
PROPERTY RESULT (= I +II +III +IV +V +VI +VII +VIII)	**14 464 254**	**13 134 688**
IX. Technical costs (-)	-923 309	-1 097 433
X. Commercial costs (-)	-541 340	-535 683
XI. Taxes and charges on un-let properties (-)	-358 203	-265 738
XII. Property management costs (-)	-1 739 400	-1 419 884
PROPERTY COSTS (= IX +X +XI +XII +XIII)	***-3 562 253***	***-3 318 738***
PROPERTY OPERATING RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII)	**10 902 000**	**9 815 950**
XIV. General corporate expenses (-)	-539 388	-641 319
OPERATING RESULT BEFORE PORTFOLIO RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV)	**10 362 613**	**9 174 630**
XVI. Result on sale of investment properties (+/-)	2 096 549	1 041 163
XVIII. Changes in fair value of investment properties (+/-)	6 449 248	3 876 459
OPERATING RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV +XVI +XVII +XVIII +XIX)	**18 908 409**	**14 092 253**
XX. Financial income (+)	188 741	412 723
XXI. Net interest charges (-)	-2 797 080	-2 201 999
XXII. Other financial charges (-)	-34 754	-127 420
XXIII. Changes in fair value of financial assets and liabilites (+/-)	-1 423 915	-454 930
FINANCIAL RESULT (XX +XXI +XXII +XXIII)	***-4 067 008***	***-2 371 625***
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)	**14 841 402**	**11 720 628**
XXIV. Corporation tax (-)	-7 814	87 042
TAXES (XXIV + XXV)	***-7 814***	***87 042***
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)	**14 833 588**	**11 807 670**

	Properties valued by individual units		Properties valued “en bloc” > € 2 500 000		Properties valued “en bloc” < € 2 500 000		Unattributed	
	2011	2010	2011	2010	2011	2010	2011	2010
	13 223 611	11 731 005	2 176 287	2 133 246	324 720	389 152		
	-119 593	-73 865	-5 543	-1 568	-16 086	-3 479	-47 226	-58 553
	13 104 018	**11 657 140**	**2 170 744**	**2 131 677**	**308 634**	**385 673**	**-47 226**	**-58 553**
	81 984	106 657	1 622		50			
	145 471	135 904	239 400	214 672	15 959	19 891		
	-1 308 800	-1 170 451	-170 021	-230 116	-58 041	-57 717	-19 539	-89
	12 022 673	**10 729 250**	**2 241 744**	**2 116 234**	**266 602**	**347 847**	**-66 766**	**-58 642**
	-930 022	-1 084 074	-13 198	-26 295	-30 459	12 936	50 369	
	-472 244	-352 152	-5 248	-6 409	-15 636	-4 809	-48 213	-172 313
	-140 426	-261 566	-2 894	-2 063	-483	-2 109	-214 402	
	-86 027	-71 374		-58 017			-1 653 373	-1 290 493
	-1 628 718	***-1 769 166***	***-21 339***	***-92 783***	***-46 577***	***6 018***	***-1 865 618***	***-1 462 807***
	10 393 955	**8 960 083**	**2 220 405**	**2 023 451**	**220 025**	**353 865**	**-1 932 384**	**-1 521 449**
							-539 388	-641 319
	10 393 955	**8 960 083**	**2 220 405**	**2 023 451**	**220 025**	**353 865**	**-2 471 772**	**-2 162 768**
	2 004 185	226 227	0	0	117 208	814 936	-24 845	
	5 313 818	3 356 631	1 084 743	676 897	50 687	-157 068		
	17 711 958	**12 542 941**	**3 305 147**	**2 700 348**	**387 920**	**1 011 732**	**-2 496 617**	**-2 162 768**
					97 220	98 820	91 521	313 904
							-2 797 080	-2 201 999
							-34 754	-127 420
							-1 423 915	-454 930
					97 220	***98 820***	***-4 164 228***	***-2 470 445***
	17 711 958	**12 542 941**	**3 305 147**	**2 700 348**	**485 140**	**1 110 552**	**-6 660 844**	**-4 633 213**
							-7 814	87 042
							-7 814	***87 042***
	17 711 958	**12 542 941**	**3 305 147**	**2 700 348**	**485 140**	**1 110 552**	**-6 668 658**	**-4 546 171**

2. Income statement by region

	Consolidated total	
	2011	2010
I. Rental income (+)	15 724 617	14 253 402
III. Rental-related expenses (+/-)	-188 448	-137 465
NET RENTAL INCOME (= I +II +III)	**15 536 169**	**14 115 937**
IV. Recovery of property charges (+)	83 656	106 657
V. Recovery of rental charges (+)	400 830	370 467
VII. Recovery of charges and taxes normally payable by the tenant (-)	-1 556 402	-1 458 373
PROPERTY RESULT (= I +II +III +IV +V +VI +VII +VIII)	**14 464 254**	**13 134 688**
IX. Technical costs (-)	-923 309	-1 097 433
X. Commercial costs (-)	-541 340	-535 683
XI. Taxes and charges on un-let properties (-)	-358 203	-265 738
XII. Property management costs (-)	-1 739 400	-1 419 884
PROPERTY COSTS (= IX +X +XI +XII +XIII)	***-3 562 253***	***-3 318 738***
PROPERTY OPERATING RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII)	**10 902 000**	**9 815 950**
XIV. General corporate expenses (-)	-539 388	-641 319
OPERATING RESULT BEFORE PORTFOLIO RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV)	**10 362 613**	**9 174 630**
XVI. Result on sale of investment properties (+/-)	2 096 549	1 041 163
XVIII. Changes in fair value of investment properties (+/-)	6 449 248	3 876 459
OPERATING RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV +XVI +XVII +XVIII +XIX)	**18 908 409**	**14 092 253**
XX. Financial income (+)	188 741	412 723
XXI. Net interest charges (-)	-2 797 080	-2 201 999
XXII. Other financial charges (-)	-34 754	-127 420
XXIII. Changes in fair value of financial assets and liabilites (+/-)	-1 423 915	-454 930
FINANCIAL RESULT (XX +XXI +XXII +XXIII)	***-4 067 008***	***-2 371 625***
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)	**14 841 402**	**11 720 628**
XXIV. Corporation taxs (-)	-7 814	87 042
TAXES (XXIV + XXV)	***-7 814***	***87 042***
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)	**14 833 588**	**11 807 670**

Brussels Region		Flemish Region		Walloon Region		Unattributed	
2011	2010	2011	2010	2011	2010	2011	2010
11 441 263	10 662 233	1 724 882	1 239 246	2 558 472	2 351 923		
-92 336	-47 618	-6 787	-8 605	-42 098	-22 689	-47 226	-58 553
11 348 927	**10 614 615**	**1 718 095**	**1 230 641**	**2 516 374**	**2 329 234**	**-47 226**	**-58 553**
76 517	65 664	1 165	33 116	5 973	7 878		
241 526	219 676	54 295	51 481	105 008	99 310		
-1 104 916	-1 030 358	-151 063	-159 456	-280 884	-268 471	-19 539	-89
10 562 055	**9 869 598**	**1 622 493**	**1 155 781**	**2 346 471**	**2 167 951**	**-66 766**	**-58 642**
-843 908	-953 188	-31 571	-27 820	-98 200	-116 425	50 369	
-327 077	-272 206	-76 295	-50 844	-89 755	-40 320	-48 213	-172 313
-67 166	-210 237	-72 462	-48 009	-4 174	-7 492	-214 402	
-86 027	-129 391					-1 653 373	-1 290 493
-1 324 178	***-1 565 021***	***-180 328***	***-126 673***	***-192 129***	***-164 237***	***-1 865 618***	***-1 462 807***
9 237 877	**8 304 577**	**1 442 165**	**1 029 108**	**2 154 342**	**2 003 714**	**-1 932 384**	**-1 521 449**
						-539 388	-641 319
9 237 877	**8 304 577**	**1 442 165**	**1 029 108**	**2 154 342**	**2 003 714**	**-2 471 772**	**-2 162 768**
2 004 897	186 646	116 722	757 869	-225	96 648	-24 845	
3 149 249	2 629 563	2 088 348	1 478 528	1 211 650	-231 632		
14 392 024	**11 120 786**	**3 647 235**	**3 265 505**	**3 365 768**	**1 868 730**	**-2 496 617**	**-2 162 768**
97 220	98 820					91 521	313 904
						-2 797 080	-2 201 999
						-34 754	-127 420
						-1 423 915	-454 930
97 220	***98 820***					***-4 164 228***	***-2 470 445***
14 489 244	**11 219 606**	**3 647 235**	**3 265 505**	**3 365 768**	**1 868 730**	**-6 660 844**	**-4 633 213**
						-7 814	87 042
						-7 814	***87 042***
14 489 244	**11 219 606**	**3 647 235**	**3 265 505**	**3 365 768**	**1 868 730**	**-6 668 658**	**-4 546 171**

3. Balance sheet by asset type

	Consolidated total	
	2011	2010
Investment properties in operation	238 453 170	222 773 965
Investment properties - Development projects	18 104 920	10 570 292
Assets held for sale	7 522 808	
Lease financing receivables	1 281 021	1 373 774
Other assets	8 117 020	4 828 895
Total assets	**273 478 939**	**239 546 926**
Percentage by sector	100%	100%
Shareholders' equity	175 237 840	153 968 037
Liabilities	98 241 099	85 578 890
Total shareholders' equity and liabilities	**273 478 939**	**239 546 926**

4. Other information by asset type

	Consolidated total	
	2011	2010
Investment properties		
Investments	624 064	550 992
Other tangible assets		
Investments	249 599	190 683
Depreciation	-48 856	-149 589
Intangible assets		
Investments	30 250	30 250
Amortization	-22 627	-21 901

5. Balance sheet by region

	Consolidated total	
	2011	2010
Investment properties in operation	238 453 170	222 773 965
Investment properties - Development projects	18 104 920	10 570 292
Assets held for sale	7 522 808	
Lease financing receivables	1 281 021	1 373 774
Other assets	8 117 020	4 828 895
Total assets	**273 478 939**	**239 546 926**
Percentage by sector	100%	100%
Shareholders' equity	175 237 840	153 968 037
Liabilities	98 241 099	85 578 890
Total shareholders' equity and liabilities	**273 478 939**	**239 546 926**

	Properties valued by individual units		Properties valued “en bloc” > € 2 500 000		Properties valued “en bloc” < € 2 500 000		Unattributed	
	2011	2010	2011	2010	2011	2010	2011	2010
	204 148 333	189 451 709	29 948 293	28 828 293	4 356 544	4 493 964		
	5 845 000	4 630 000	12 259 920	5 940 292				
	7 522 808							
					1 281 021	1 373 774		
							8 117 020	4 828 895
	217 516 141	**194 081 709**	**42 208 212**	**34 768 585**	**5 637 566**	**5 867 738**	**8 117 020**	**4 828 895**
	79.54%	81.02%	15.43%	14.51%	2.06%	2.45%	2.97%	2.02%
							175 237 840	153 968 037
							98 241 099	85 578 890
							273 478 939	**239 546 926**

	Properties valued by individual units		Properties valued “en bloc” > € 2 500 000		Properties valued “en bloc” < € 2 500 000		Corporate	
	2011	2010	2011	2010	2011	2010	2011	2010
	579 657	550 992	40 732		3 674			
							249 599	190 683
							-48 856	-149 589
							30 250	30 250
							-22 627	-21 901

	Brussels Region		Flemish Region		Walloon Region		Unattributed	
	2011	2010	2011	2010	2011	2010	2011	2010
	165 536 616	163 524 669	36 803 969	27 282 749	36 112 585	31 966 547		
	18 074 920	5 940 292		4 600 000	30 000	30 000		
	5 505 778		1 566 364		450 667			
	1 281 021	1 373 774						
							8 117 020	4 828 895
	190 398 335	**170 838 735**	**38 370 333**	**31 882 749**	**36 593 252**	**31 996 547**	**8 117 020**	**4 828 895**
	69.62%	71.32%	14.03%	13.31%	13.38%	13.36%	2.97%	2.02%
							175 237 840	153 968 037
							98 241 099	85 578 890
							273 478 939	**239 546 926**

Note 4: RENTAL INCOME AND CHARGES

		2011	2010
I.	**Rental income (+)**		
	A. Rent	15 679 623	14 093 546
	B. Guaranteed revenues		60 819
	C. Rent-free periods	-71 420	-36 606
	E. Early lease termination indemnities	116 414	135 643
III.	**Rental-related expenses (+/-)**		
	A. Rent payable on leased premises	-47 226	-58 553
	B. Impairments on trade receivables	-195 722	-148 389
	C. Reversal of impairments on trade receivables	54 501	69 477
NET RENTAL RESULT (= I + II + III)		**15 536 169**	**14 115 937**

The increase of the rental income (+10.3%) is due to the growth of the property portfolio in the course of the financial year 2011. Complete details on these transactions are presented in chapter IV Management report.

Note 5: PROPERTY RESULT

		2011	2010
IV.	**Recovery of property charges (+)**		
	A. Indemnities for tenant damage	83 656	106 657
V.	**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	41 440	49 177
	B. Re-invoicing of property and other taxes on let properties	359 390	321 291
VII.	**Rental-related charges and taxes normally paid by the tenant on let properties (-)**		
	B. Property and other taxes on leased buildings	-1 556 402	-1 458 373
PROPERTY RESULT (= I + II+ III + IV + V + VI + VII + VIII)		**14 464 254**	**13 134 688**

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

		2011	2010
IX.	**Technical costs (-)**		
	A. Recurrent technical costs		
	1. Repairs	-705 734	-821 110
	3. Insurance premiums	-94 327	-82 890
	B. Non-recurrent technical costs		
	1. Major repairs (companies, architects, engineering,...)	-138 532	-193 434
	3. Indemnification of accidents by insurers	15 283	

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

		2011	2010
X.	**Commercial costs (-)**		
	A. Agency and experts' fees	-404 319	-363 369
	B. Lawyers' fees, legal costs	-137 022	-172 313

Home Invest Belgium's policy is to use specialist real estate agents to market the properties in its portfolio to best effect.

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

		2011	2010
XI.	**Taxes and charges on un-let properties (-)**	**-358 203**	**-265 738**
XII.	**Property management costs (-)**		
	A. Managers' fees	-85 645	-71 374
	B. (Internal) property management costs	-1 653 755	-1 348 510
PROPERTY CHARGES (= IX + X + XI + XII + XIII)		**-3 562 253**	**-3 318 738**
PROPERTY OPERATING RESULT (I + II+ III + IV + V + VI + VII + VIII + IX + X + XI + XII + XIII)		**10 902 000**	**9 815 950**

On 31/12/2011Home Invest Belgium employed 8 people. These costs are accounted for in the internal property management costs.

Note 9: GENERAL CORPORATE EXPENSES

		2011	2010
XIV.	**General corporate expenses (-)**	**-539 388**	**-641 319**

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

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

		2011	2010
XVI.	**Result on sale of investment properties (+/-)**		
	A. Net sales of properties (sales price – transfer costs)	7 802 862	3 956 293
	B. Carrying values of the properties sold	-5 706 313	-2 915 130
XVIII.	**Changes in fair value of investment properties (+/-)**		
	A. Positive changes in the fair value of investment properties	9 586 939	9 139 134
	B. Negative changes in the fair value of investment properties	-307 412	-975 716
	C. Positive changes in the estimated transfer costs and rights	19 585	146 755
	D. Negative changes in the estimated transfer costs and rights	-2 849 864	-4 433 714

The result on the sale of investment properties results from the sale of buildings. Complete details on the sales and the realized capital gains are presented in chapter IV 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 capital gains realized on property during the financial year are distributable, calculated in comparison with the acquisition value increased by the capitalized investment expenses. On 31/12/2011, the realized distributable capital gain thus amounted to € 2 349 547 (compared to the acquisition value), while the realized capital gain compared to the latest fair value amounted to € 2 096 549.

Note 11: FINANCIAL INCOME

		2011	2010
XX.	**Financial income (+)**		
	A. Interest and dividends received	91 521	313 904
	B. Lease-financing and similar payments	97 220	98 820

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

		2011	2010
XXI.	**Net interest charges (-)**		
	A. Nominal interest on borrowings	-1 385 575	-693 822
	C. Income from allowed hedges		
	1. Allowed hedges to which hedge accounting as defined by IFRS is applied	-1 411 502	-1 465 074
	E. Other interest charges		-43 103

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. For more detail on the financial debt structure, please refer to Note 24 below as well as to the Risk factors chapter, point 4.

Note 13: OTHER FINANCIAL CHARGES

		2011	2010
XXII.	**Other financial charges (-)**		
	A. Bank charges and other fees	-34 754	-127 420
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	-1 423 915	-454 930

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 purely latent charge is excluded in the calculation of the distributable result.

Note 14: INCOME TAXES

		2011	2010
XXIV.	**Income taxes (-)**	**-7 814**	**87 042**

Sicafi enjoy a specific tax system. Only benefits in kind, abnormal and benevolent benefits and certain specific charges are subject to corporate income tax. The subsidiaries are not covered by this specific tax regime.

Note 15: INTANGIBLE ASSETS

	2011	2010
Intangible assets, beginning of the financial year	**8 349**	**1 815**
1. Gross value	30 250	22 990
2. Accumulated amortization (-)	-21 901	-21 175
Investments		7 260
Amortization (-)	-726	-726
Intangible assets, end of the financial year	**7 623**	**8 349**
1. Gross value	30 250	30 250
2. Accumulated amortization (-)	-22 627	-21 901

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

Note 16: INVESTMENT PROPERTIES

	2011	2010
Investment properties, balance at the beginning of the financial year	**233 344 258**	**225 625 958**
Development projects		
Investments – development projects	13 263 818	4 502 627
Completion of development projects	-5 729 191	-12 370 124
Investment properties		
Completion of building under construction	5 729 191	12 370 124
Acquisition of buildings	16 105 824	
Capitalized subsequent expenses	624 064	550 992
Gains (losses) from fair value adjustments	6 449 248	3 876 459
Other increase (decrease)		-472 654
Disposals (-)	-5 706 313	-739 125
Transfer to assets held for sale (-)	-7 522 808	
Investment properties, closing balance at the end of the financial year	**256 558 091**	**233 344 258**

The development projects are the buildings under construction: the project Odon Warland/Bulins in Jette and the project Belliard/Industrie in Brussels.
The acquisitions of the financial year are described in the Management report.
The Board of directors has selected different buildings for sale within the scope of the arbitrage policy; these are accounted for as assets held for sale.

Note 17: DEVELOPMENT PROJECTS

We remind that the development projects are included among the investment properties in Note 16. The financial year's various acquisitions are set out in chapter IV "Management report".

Note 18: OTHER TANGIBLE ASSETS

	2011	2010
Other tangible assets, balance beginning of period	**41 094**	**53 236**
1. Gross value	190 683	177 687
2. Accumulated depreciation (-)	-149 589	-124 451
Investments	185 519	12 996
Sales (-)	-126 602	
Depreciation (-)	-25 869	-25 138
Transfer depreciation (+)	126 602	
Other tangible assets, closing balance end of period	**200 744**	**41 094**
1. Gross value	249 599	190 683
2. Accumulated depreciation (-)	-48 856	-149 589

The other tangible assets relate exclusively to the operating assets.

Note 19: FINANCE LEASE RECEIVABLES

	2011	2010
Receivables after 5 years	582 639	717 882
Receivables after one year and within 5 years	599 492	563 140
Receivables within one year	98 890	92 752
TOTAL	**1 281 021**	**1 373 774**

The finance lease receivables relate to the Rue de Belgrade building in Forest and Résidence Lemaire in Molenbeek.

Brief description of the contracts:
- **Rue de Belgrade:** long-term lease (Sept. 1999-Aug. 2026); purchase option in favour of the lessee;
  Operation treated for accounting purposes as a real estate leasing contract.
  Valuation on 31/12/2011:
  - short and long-term receivables: € 774 910.30
  - purchase option: € 245 662 (fair value)
- **Résidence Lemaire:** real estate leasing contract (Dec. 2003-Nov. 2018);
  Valuation on 31/12/2011:
  - short and long-term receivables: € 506 111.15
  - purchase option: € 91 731 (fair value)

Note 20: ASSETS SOLD

	2011	2010
Sales price (excl. costs)	7 802 862	3 956 293
Latest fair value	-5 706 313	-2 915 130
Realized capital gain	2 096 549	1 041 163
Distributable realized capital gain	2 349 547	1 085 454

Note 21: AMOUNTS RECEIVABLE

	2011	2010
Tenants	520 940	524 149
Other	102 547	
Realized sales	3 494 874	160 702
TOTAL	**4 118 361**	**684 851**

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 2011, Home Invest Belgium has on 31/12/2011 receivables of € 3 494 874 that will be paid beginning of 2012, upon enactment of the notarized deeds of sale.

	2011	2010
Recoverable property and other taxes	710 903	1 066 452
Withholding tax on liquidation bonus		742 763
Working capital payments	1 189 089	1 180 432
Other	28 592	
TOTAL	1 928 583	2 989 647

Working capital payments are the funds made available to building managers and agents (syndics) to enable them to financially assume the management of the common expenses of the investment properties.

Note 22: CASH AND CASH EQUIVALENTS

	2011	2010
Cash in hand	161	9 611
Bank balances	1 700 958	1 026 899
TOTAL	1 701 118	1 036 510

Note 23: DEFERRALS AND ACCRUALS

	2011	2010
Accrued property income	11 666	12 255
Prepaid property charges	9 423	9 423
Other	101 747	
TOTAL	122 836	21 678
Property income received in advance	342 633	272 014
Interest and other accrued charges	130 943	163 359
Other	381	281
TOTAL	473 957	435 653

Note 24: FINANCIAL ASSETS AND LIABILITIES

	2011	2010
Hedging instruments	55	10 333
Other financial assets	37 700	36 434
TOTAL	37 755	46 767

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

	2011	2010
Current up to one year	21 715 000	102 543
Non-current from 1 to 5 years	58 690 000	77 930 000
Non-current over 5 years	698 750	503 750
TOTAL	81 103 750	78 536 293

Table of credit lines and maturities:

	Bank	Amount of credit line (€)	Type	Amount drawn (€)	Maturities
Variable rate credits	ING	14 950 000	Roll-over credit	14 950 000	31/05/2012
	ING	9 400 000	Roll-over credit	6 700 000	30/09/2012
	ING	6 540 000	Roll-over credit	6 540 000	31/05/2013
	ING	6 000 000	Roll-over credit	6 000 000	1/08/2013
	BNP	6 250 000	Roll-over credit	6 250 000	30/09/2013
	BNP	6 250 000	Roll-over credit	6 250 000	30/09/2013
	BNP	2 000 000	Roll-over credit	2 000 000	31/01/2014
	DEXIA	9 400 000	Roll-over credit	9 400 000	27/11/2014
	DEXIA	11 350 000	Roll-over credit	8 550 000	31/12/2014
	ING	12 000 000	Roll-over credit	12 000 000	31/12/2014
	BNP	14 530 000	Roll-over credit	1 700 000	7/12/2014
	ING	450 000	Straight Loan		-
	BNP	446 208	Straight Loan		-
Fixed-rate credits	DEXIA	763 750	Investment credit	763 750	30/09/2023
TOTAL		**100 329 958**		**81 103 750**	

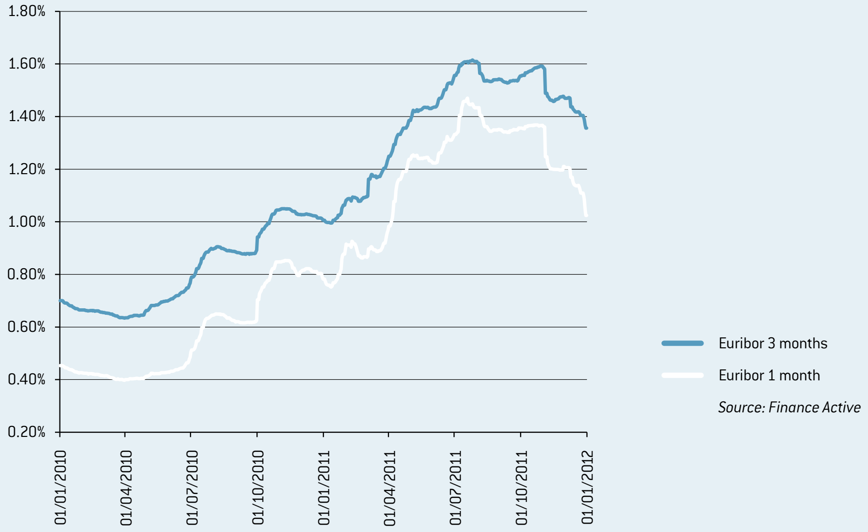
Table of hedging instruments:

Bank	Amount	Type	Interest rate	Maturity	Fair value
DEXIA	€ 10 000 000	Floor	4.85% Knock In 3.85%	10/07/2013	-664 694
DEXIA	€ 10 000 000	Cap	4.85%	10/07/2013	55
DEXIA	€ 10 000 000	Cap	5.50% Pay out 0.65%	10/07/2013	-17
ING	€ 20 000 000	IRS	4.4195%	20/12/2013	-1 357 260
DEXIA	€ 11 750 000	IRS	2.635%	30/10/2014	-527 231
DEXIA	€ 15 000 000	IRS Callable	2.82%	17/06/2019	-1 341 637
ING	€ 20 000 000	IRS	2.37%	16/12/2015	-835 600
TOTAL	**€ 76 750 000**				**-4 726 384**

It should be noted that the floor and double cap concluded with DEXIA individually amount to € 10 000 000, but that they represent one and the same coverage of € 10 000 000 because, if one is applied, the other two are not activated. The coverage for the company is therefore € 10 000 000 and not € 30 000 000.

The risk management policy is presented in detail above in chapter I "Risk factors".

The above tables show that on 31 December 2011, 94.6% of the capital amounts drawn down were covered by interest rate hedging instruments or covered by a fixed-rate investment credit.



Source: Finance Active

The interest rates applicable to all floating rate borrowings are based on Euribor (drawings of less than 12 months). During the 2011 financial year, 3 and 1-month Euribor rates, were marked by a strong increase in the course of the first semester; consequently they evolved from their minimum at the beginning of January (respectively 0.995% and 0.752%) to reach their maximum at the end of July (respectively 1.615% and 1.470%). This increase was followed by a stabilization in the course of the 3rd quarter to subsequently record a decrease in the course of the last quarter of the financial year. The average over the 2011 financial year was respectively 1.392% for the Euribor 3 months (compared to 0.812% in 2010) and 1.177% for the Euribor 1 month (compared to 0.568% in 2010). In 2009 the rate was 1.225% (Euribor 3 months) and in 2008 4.651% (Euribor 3 months).

Home Invest Belgium's prudent hedging policy enabled it to obtain an average interest rate of 3.40% including margin, over the financial year, compared to 3.28% and 3.39% over the previous financial years.
The interest rate hedges are mainly IRS (Interest Rate Swaps) which serve to exchange floating interest rates for fixed rates. The total amount of this type of hedging amounts to € 66 750 000 at 31 December 2011.
Home Invest Belgium also has a tunnel consisting of a Floor and a Double Cap, for a sum of € 10 000 000.
Given this 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:
As required by IAS 39, changes in the fair value of hedging instruments are recorded on the closing date, in equity as regards their effective portion, under the heading of the reserves d. Reserve from the balance of changes in fair value of allowed hedges to which hedge accounting according to IFRS is applied (+/-).
The change in the fair value of the ineffective hedging instruments in its turn is recorded at € -1 423 915 in the income statement under heading XXIII. 'Changes in fair value of financial assets and liabilities (+/-)'. It has to be pointed out that this only relates to the annual change that is passed through the results account.
On 31 December 2011, the positive value of hedging instruments is recorded under asset heading I.E. "Non-current financial assets" in a total amount of € 55, while the negative fair value is accounted for in equity under heading I.C. "Other non-current financial liabilities" in a total amount of € 4 726 439.

The credit lines are accounted for under "Non-current and current financial debts". A single credit (Dexia) of € 698 750 is subject to annual repayments, all other credits being "bullet loans" repayable in full at maturity.

Note 25: TRADE DEBTS AND OTHER CURRENT DEBTS

	2011	2010
TRADE DEBTS AND OTHER CURRENT DEBTS		
Suppliers	7 332 277	1 122 984
Tenants	358 551	331 531
Tax, salary, social security	450 169	424 491
Exit Tax	65 423	150 312
TOTAL	**8 206 419**	**2 029 317**
OTHER CURRENT LIABILITIES		
Dividends	116 910	95 433
Other	402 262	381 915
TOTAL	**519 171**	**477 347**

Exit tax debts consist of the provisions set up in the context of the merger by absorption of Belliard 21 SA, stil to take place.
Dividends relate solely to earlier dividends not yet claimed by shareholders.
The other current liabilities relate to the provisions for charges paid by tenants.

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	Iincrease 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 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	€ 4 737.66	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**

On 31/12/2011, 12 912 shares were held in auto-control by Home Invest Management and these shares were accounted for at € 757 322.67 or € 58.65 per share, or at the same level as their acquisition value.

Note 27: CONSOLIDATION SCOPE

Name	Enterprise nr.	Country of origin	Direct or indirect shareholding	Annual accounts dd.
On 31/12/2011				
Home Invest Belgium SA	0420.767.885	Belgium	-	31/12/2011
Home Invest Management SA	0466.151.118	Belgium	100%	31/12/2011
Belliard 21 SA	0807.568.451	Belgium	100%	31/12/2011
On 31/12/2010				
Home Invest Belgium SA	0420.767.885	Belgium	-	31/12/2010
Home Invest Management SA	0466.151.118	Belgium	100%	31/12/2010
Belliard 21 SA	0807.568.451	Belgium	100%	31/12/2010

All the companies that are part of the consolidation scope are domiciled in Belgium at Bd. de la Woluwe, 60, 1200 Brussels.
With the exception of the remuneration of the Managing director (see Corporate Governance statement, 2.) there have been no transactions with related parties within the meaning of IAS 24.

8. REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED ACCOUNTS

"REPORT OF THE STATUTORY AUDITOR TO THE ANNUAL GENERAL MEETING OF HOME INVEST BELGIUM SA SHAREHOLDERS ON THE CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2011

As required by law and the company's articles of association, we are pleased to report to you in the context of the auditor's mandate. The report includes our opinion on the consolidated accounts together with the required additional comment and information.

Unqualified audit opinion on the consolidated accounts

We have audited the consolidated financial accounts for the financial year ending on 31 December 2011, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union. The consolidated balance sheet shows total assets of € 273 478 939 and the income statement shows a profit for the financial year of € 14 833 588.

The preparation of consolidated financial statements is the responsibility of the management body. This responsibility includes a/o: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated accounts that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting rules and methods, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated accounts based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated accounts are free from material misstatement, whether due to fraud or error.

In accordance with these standards, we have assessed the organisation of the consolidated accounts, taken as a whole, on the basis of the administrative and accounting policies used, as well as the internal audit policies. The board of directors and responsible officers of the company have provided us with the explanations and information necessary for our audit. We have, using samples, examined the justification for the amounts featuring in the consolidated accounts. We have looked into the validity of the rules for evaluation and consolidation, and the reasonableness of significant accounting estimates made by the company and the presentation of the consolidated accounts, taken as a whole. In our opinion, these procedures provide a reasonable base for us to express our opinion.

In our opinion, the consolidated accounts closed on 31 December 2011 give a true image of the financial situation, the financial performance and the cash flow of the consolidated whole, in accordance with the International Financial Reporting Standards as adopted in the European Union.

Additional comment and information

The preparation and the content of the consolidated management report are the responsibility of the management body.

Our responsibility is to include in our report the following additional comment and information which does not change the scope of our audit opinion on the consolidated accounts:

- The consolidated management report and the chapters 1 and 7 of the annual financial report 2011, which are part of the consolidated management report, include the information required by law and are in agreement with the consolidated accounts. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting all companies included in the consolidation scope, or on the status, foreseeable evolution or significant influence of certain factors on its future development. We can, nevertheless confirm that the information given is not in obvious contradiction with any information of which we are aware in the context of our appointment.

- In application of article 523 of the Company Code we also need to report to you on the following operations that have taken place since the last ordinary general meeting. On 5 October 2011 A Board of directors treating the partial demerger of V.O.P. was held. To the directors Johan Van Overstraeten and Liévin Van Overstraeten, who are also directors and indirect shareholders of the aforementioned company V.O.P., the operation project represented a potential conflict of interest as foreseen by article 523 of the Company Law. This related to the acquisition (by means of a partial demerger) of a building "Odon Warland" in Jette, under construction, for a conventional acquisition price of € 5 815 000 and the acquisition (by means of a partial demerger) of a leasehold right of 60 years on 4 houses, located in Schaerbeek, Saint-Gilles and Laeken for a total value of € 1 639 000, or a total agreed acquisition value of € 7 454 000. Home Invest Belgium's shareholders' equity has increased by an amount of € 7 454 000 and 118 491 new shares were created. A possible surcharge in cash will be paid to the shareholders of V.O.P. For a more detailed description and more information, we refer to our report on the partial demerger project by transfer of rights in rem on a property portfolio.

Antwerp, 28 February 2012

Karel Nijs

Statutory Auditor and Auditor

certified by the FSMA for UCI's Auditor"

9. STATUTORY ACCOUNTS

Preamble

Home Invest Belgium's statutory annual accounts have been prepared in accordance with IFRS standards since 1 January 2005.

The statutory accounts are presented in an abbreviated version, in accordance with article 105 of the Company Code. The detailed statutory accounts will be lodged with National Bank following the Ordinary general meeting. They are also available upon request from the company's registered office.

9.1. Statutory balance sheet

	31/12/2011	31/12/2010
ASSETS		
I. Non-current assets	**252 072 559**	**234 735 482**
B. Intangible assets	7 623	8 349
C. Investment properties	244 298 170	227 403 965
D. Other tangible assets	200 744	41 094
E. Non-current financial assets	392 180	401 052
F. Finance lease receivables	1 182 131	1 281 021
G. Trade receivables and other non-current assets	5 991 711	5 600 000
II. Current assets	**16 436 816**	**5 866 130**
A. Assets held for sale	7 522 808	
C. Finance lease receivables	98 890	92 752
D. Trade receivables	4 270 783	1 005 464
E. Tax receivables and other current assets	2 922 527	3 783 013
F. Cash and cash equivalents	1 498 972	963 222
G. Deferred charges and accrued income	122 836	21 678
TOTAL ASSETS	**268 509 374**	**240 601 612**
SHAREHOLDERS' EQUITY		
A. Capital	73 469 670	70 946 880
B. Share premium account	19 093 664	19 093 664
C. Reserves		
a. Legal reserve (+)	98 778	97 827
b. Reserve from the balance of changes in fair value of investment properties (+/-)	85 319 968	68 670 255
c. Reserve from estimated transfer costs and rights resulting from hypothetical disposal of investment properties (-)	-23 441 309	-19 608 464
d. Reserve from the balance of changes in fair value of allowed hedges to which hedge accounting according to IFRS is applied (+/-)	-2 549 147	-2 974 112
m. Other reserves (+/-)	1 781 255	1 659 908
n. Result carried forward from previous financial years (+/-)	7 740 810	5 195 069
D. Net result of the financial year	15 005 663	12 031 955
SHAREHOLDERS' EQUITY	**176 519 353**	**155 112 982**
LIABILITIES		
I. Non-current liabilities	**64 115 189**	**82 171 517**
Non-current financial debts	59 388 750	78 433 750
C. Other non-current financial liabilities	4 726 439	3 737 767
II. Current liabilities	**27 874 833**	**3 317 113**
B. Current financial debts	24 926 363	465 051
D. Trade debts and other current debts	1 955 342	1 939 062
E. Other current liabilities	519 171	477 347
F. Accrued charges and deferred income	473 957	435 653
LIABILITIES	**91 990 022**	**85 488 630**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**268 509 374**	**240 601 612**
Number of shares at end of period	3 056 143	2 828 542
Net asset value	176 519 353	155 112 982
Net asset value per share	**57.76**	**54.84**
Indebtedness	86 789 626	79 360 477
Debt ratio	**32.32%**	**32.98%**

9.2. Statutory income statement

	31/12/2011	31/12/2010
I. Rental income (+)	15 724 617	14 253 402
III. Rental-related expenses (+/-)	-188 448	-137 465
NET RENTAL RESULT (= I +II +III)	**15 536 169**	**14 115 937**
IV. Recovery of property charges (+)	83 656	106 657
V. Recovery of charges and taxes normally payable by the tenant on let properties (+)	400 830	370 467
VII. Charges and taxes normally payable by the tenant on let properties (-)	-1 539 045	-1 451 360
PROPERTY RESULT (= I +II +III +IV +V +VI +VII +VIII)	**14 481 610**	**13 141 702**
IX. Technical costs (-)	-920 327	-1 097 184
X. Commercial costs (-)	-541 340	-535 683
XI. Taxes and charges on unlet properties (-)	-358 203	-265 738
XII. Property management costs (-)	-1 662 064	-1 434 906
PROPERTY COSTS (= IX +X +XI +XII +XIII)	***-3 481 934***	***-3 333 511***
PROPERTY OPERATING RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII)	**10 999 676**	**9 808 191**
XIV. General corporate expenses (-)	-538 859	-640 485
OPERATING RESULT BEFORE PORTFOLIO RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV)	**10 460 817**	**9 167 706**
XVI. Result sale investment properties (+/-)	2 096 549	1 041 163
XVIII. Changes in fair value of investment properties (+/-)	6 449 248	3 876 459
OPERATING RESULT (I +II +III +IV +V +VI +VII +VIII +IX +X +XI +XII +XIII +XIV +XV +XVI +XVII +XVIII +XIX)	**19 006 614**	**14 085 328**
XX. Financial income (+)	526 347	795 234
XXI. Net interest charges (-)	-3 067 817	-2 404 650
XXII. Other financial charges (-)	-27 752	-76 077
XXIII. Changes in fair value of financial assets and liabilities (+/-)	-1 423 915	-454 930
FINANCIAL RESULT (XX +XXI +XXII +XXIII)	***-3 993 137***	***-2 140 422***
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)	**15 013 477**	**11 944 906**
XXIV. Corporation tax (-)	-7 814	87 050
TAXES (XXIV + XXV)	***-7 814***	***87 050***
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)	**15 005 663**	**12 031 955**
NET RESULT PER SHARE	**5.13**	**4.25**
Average number of shares	2 925 845	2 828 542
NET CURRENT RESULT (excluding the items XVI. XVII. XVIII and XIX.)	6 459 867	7 114 333
NET CURRENT RESULT PER SHARE (excluding the items XVI. XVII. XVIII and XIX.)	**2.21**	**2.52**
NET CURRENT RESULT EXCLUDING IAS 39 (excluding the items XVI. XVII. XVIII XIX. and XXIII.)	7 883 782	7 569 263
NET CURRENT RESULT EXCLUDING IAS 39 PER SHARE (excluding the items XVI. XVII. XVIII XIX. and XXIII.)	**2.69**	**2.68**
PORTFOLIO RESULT (XVI. to XIX.)	8 545 797	4 917 622
PORTFOLIO RESULT PER SHARE (XVI. to XIX.)	**2.92**	**1.74**
DISTRIBUTABLE RESULT	10 374 550	8 733 629
DISTRIBUTABLE RESULT PER SHARE	**3.55**	**3.09**
Operating margin (Operating result before the portfolio result) / Property result	72.24%	69.76%
Operating margin before tax (Pre-tax result – portfolio result) / Property result	44.66%	53.47%
Net current margin (Net result – portfolio result) / Property result	44.61%	54.14%
Proposed dividend	**3.00**	**2.75**
Payout ratio	84.61%	89.06%

9.3. Report of the statutory Auditor on the statutory accounts

The auditor filed a statement without reservations with regard to the statutory annual accounts of Home Invest Belgium.

permanent document

"City Gardens" - Leuven >

1 GENERAL INFORMATION

1.1 Company name

Home Invest Belgium SA, a Belgian *"Société d'Investissement à Capital Fixe en Immobilier"* (closed-end REIT) or Belgian *"Sicaf Immobilière"* (Belgian "Sicafi").

1.2 Registered office – Telephone number

The company's registered office is established at B – 1200 Brussels, Boulevard de la Woluwe, 60. Tel: +32 (02) 740 14 50.

1.3 Legal type

A Belgian public limited liability company (*"Société anonyme"* - SA).

1.4 Incorporation

Home Invest Belgium 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.

Since 16 June 1999, Home Invest Belgium has been accredited as a Belgian *"Société d'Investissement à Capital Fixe en Immobilier de droit belge"* and is registered on the list of the FSMA.

1.5 Duration

The company was incorporated for an unlimited period of time.

1.6 Register of Legal entities

Home Invest Belgium is registered at the Registry of Legal Entities ("RPM") under No. 0420.767.885.

1.7 Company purpose

The company purpose is reproduced in full, in article 3 of the Co-ordinated articles of association.

It essentially consists of any collective investment of the public's financial resources in real estate, as defined in article 7,5° of the Law of 20 July 2004 on certain forms of collective management of investment portfolios and article 2, 20° of the RD of 7 December 2010 on Sicafi.

1.8 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, more specifically, article 30, which defines the majority and attendance quorum conditions, and provided that said changes are consistent with the laws and regulations applicable to real estate Sicafi.

1.9 Places where the documents accessible to the public can be consulted

The company's articles of association can be consulted at the registry of the Brussels commercial court and at the company's registered office.

The annual financial statements are filed at the National Bank of Belgium and can be consulted at the registry of the Brussels commercial court.

They are sent each year, together with the annual financial report, to the holders of registered shares and to those persons who so request.

Decisions concerning appointments and the removal of members of the management bodies of Home Invest Belgium are published in the annex of the *Belgian Official Gazette*.

Financial press releases concerning Home Invest Belgium are published in financial newspapers and on the company's website.

Other publications can be obtained at the registered office of Home Invest Belgium or by consultation of the company's website (www.homeinvestbelgium.be).

2 COMPANY CAPITAL

2.1 Issued share capital

The issued and subscribed share capital of Home Invest Belgium on 31 December 2011 stands at € 74 401 221.91.

It is represented by 3 056 143 shares without designation of nominal value. This capital is fully paid-up.

With respect to accounting, the IFRS standards provide that expenses incurred to increase the capital are deducted from the subscribed capital.

Consequently, according to the financial statements drawn up in accordance with IFRS the capital stood at € 73 469 670.05 on 31 December 2011.

2.2 Authorised capital

The Sicafi's Board of Directors is authorised to increase, on one or more occasions, the share capital and to issue convertible bonds or subscription rights. These capital increases can be made by subscriptions in cash, contributions in kind, or via the incorporation of reserves or issue premiums.

This authorisation for a maximum amount of € 74 401 221.91 has been granted for a term of five years that began on 17 January 2012, the date of the publication in the Annexes to the *Belgian Official Gazette* of the minutes of the Extraordinary general meeting of 23 December 2011.

On 31 December 2011, the balance of the authorised capital was still € 74 401 221.91.

3 CO-ORDINATED ARTICLES OF ASSOCIATION (ON 23 DECEMBER 2011)

SECTION I – FORM – NAME – REGISTERED OFFICE – PURPOSE – DISTRIBUTION OF INVESTMENTS – DURATION

FORM AND NAME

Article 1

The company takes the form of a public limited liability company (société anonyme) under Belgian law, in order to invest in the real estate category, as set out in article 7, 1st paragraph, 5° of the Law of 20 July 2004 with regard to certain forms of collective management of investment portfolios.

The company is a public undertaking for collective investment with a fixed number of participation rights and is subject to the legal status of companies with fixed capital, named "public Sicafi incorporated under Belgian law", foreseen by article 19 of the Law of 20 July 2004 and the relevant implementing orders. It carries the name "HOME INVEST BELGIUM". This name is followed immediately by, and all documents emanating from the company include the words: "Société d'Investissement Immobilière publique à Capital Fixe de droit belge" (Public Fixed Capital Real Estate Investment Company under Belgian Law) or "Sicaf Immobilière publique de droit belge" (Public Real Estate Sicaf under Belgian Law).

The company makes calls for public savings within the meaning of Article 438 of the Company Law.

The company is subject to the relevant provisions of the Law of 20 July 2004 with regard to certain forms of collective management of investment portfolios and of the Royal Decree of 7 December 2010 on Sicafi, and of all other Royal Decrees in pursuance of the aforementioned Law that are applicable to undertakings for collective investment with a fixed number of participation rights, having as their exclusive object, the collective investment in the category of allowed investments as defined in article 7, 1st paragraph, 5° of the aforementioned Law. The aforementioned Law of 20 July 2004, the Royal Decree of 7 December 2010 with regard to Sicafi, together with all other applicable Royal Decrees and any other regulation applicable at anytime to Sicafi, are collectively referred to hereafter as the "Legislation applicable to Sicafi".

REGISTERED OFFICE

Article 2

The company's registered office is established at Woluwe-St. Lambert (B-1200 Brussels), Bd de la Woluwe 60/4.

It may be transferred to any other place in Belgium by decision of the board of directors. Hereto, the board of directors is also authorized to have the consequent amendments to the articles of association authenticated.

PURPOSE

Article 3 : Company purpose

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 an other 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 eduction.

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.

DISTRIBUTION OF INVESTMENTS

Article 4

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.

4.2. Prohibitive rules:

i. The company cannot act as a property developer in the sense of article 51 the Royal Decree of 7 December 2010.

ii. Without prejudice to article 3, II. 2 and 3 of the articles of association, the company, nor one of its subsidiaries, can (a) grant credits or (b) grant sureties or guarantees for the account of third parties, except for
   - credits, sureties or guarantees granted by the company in favour of a subsidiary, and
   - credits, sureties or guarantees in favour of the company or one of its subsidiaries, granted by one of the company's subsidiaries.

   As for the field of application of the previous paragraph, amounts due to the company following any property transfer, as far as they were paid for during the period of usage, are not taken into account.

iii. The company can in no possible way:
   a. participate in a syndicated fixed take-over or guarantee facility;
   b. lend financial instruments, except for loans subject to the conditions and according to the provisions of the Royal Decree of 7 March 2006 with regard to security loans by certain undertakings for collective investment;
   c. acquire financial instruments issued by a company or association under private law that has been declared bankrupt, that has concluded a private agreement with its creditors, that has been subject to a procedure of legal reorganization, that has been granted delayed payments, or has been subject to a comparable measure abroad.

iv. The company cannot grant mortgages, nor grant other sureties or guarantees, other than those within the framework of financing its real estate activities or those of its group.

The total coverage amount of these mortgages, sureties or guarantees can never exceed 50% of the correct value of the property held by the company and its subsidiaries. No single mortgage, surety or guarantee on a specific property, granted by the company or one of its subsidiaries, can relate to an amount exceeding 75% of the value of the entailed property.

DURATION

Article 5

The company is established for an unlimited period of time.

SECTION II – CAPITAL – SHARES

CAPITAL

Article 6

Article 6.1. – Company capital

The subscribed company capital is set at the sum of € 74,401,221.91 and is represented by 3,056,143 no-par shares, numbered from 1 to 3,056,143, each representing an equivalent fraction of the capital.

Article 6.2. – Authorized capital

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 granted 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.

Article 6.3. – Acquisition of own shares

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.

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, that 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 (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.

TYPE OF SHARES – SALE OF SHARES

Article 7

Article 7.1. – Shares

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.

Articles 7.2. – Other securities

At the exception of van 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.

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 Banking, Finance and Insurance Commission 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."

SECTION III – ADMINISTRATION AND CONTROL

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.

DELEGATION OF POWERS

Article 10

The board of directors may appoint a chairman from among its members.
Pursuant to article 524bis of the Company Law and without prejudice to the indications given below with regard to day-to-day management and delegation, the board of directors may delegate its management powers to an executive committee (comité de direction) consisting of several members, who may or may not be directors. The delegation may not include defining the general policy of the company or the various deeds reserved by law or the articles of association for the board of directors or decisions or operations to which article 524ter of the Company Law applies, in which case the procedure of informing the board of directors provided for by article 524ter paragraph 2, will be followed.
The board of directors is charged with supervising the executive committee, and sets its modus operandi, the conditions for the appointment of its members, their dismissal, their compensation and the length of their missions.
Whenever a legal person is appointed a member of the executive committee, that person is required to designate a permanent representative from among its partners, owner-managers, directors or workers, charged with undertaking this mission on behalf of and for the account of this legal person.
The board may delegate the day-to-day management of the company, the management of one or more sectors of activity or the execution of the decisions of the board to one of more directors, executive managers or mandated agents.
The day-to-day management is organized in such a way that, within the board of directors, it is exercised or controlled either by two directors acting jointly, or by a managing director acting singly, appointed by the board of directors.
Both the board and the persons to whom day-to-day management has been mandated in the framework of such management may also confer specific powers on one or more persons of their choice. The board may set the compensation of each mandated agent to whom special powers have been granted, pursuant to the Law of 20 July 2004 on certain forms of collective management of investment portfolios and its implementing orders.

COMPETENCIES

Article 11

The board of directors is authorized to undertake all action necessary or useful for achieving the company purpose and to undertake everything that is not reserved for the general meeting by law or these articles of association. The company is managed in the exclusive interests of the shareholders.
The board of directors prepares the half-yearly report and the draft annual report.
The board of directors appoints the expert(s) in accordance with article 6 of the Royal Decree of 7 December 2010 on Sicafi, and will propose any change to the list, as imposed by the Legislation on Sicafi.
The board of directors appoints the financial institution in charge of the company's financial service and revokes its mission, if necessary, in which case, it sees to it that the financial service remains ensured. The coordinates of the financial institution are communicated in the annual report.

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.

BOARD MEETINGS AND FORM OF DELIBERATION

Article 13

Meetings of the board of directors are convened by its chairman, two directors or the managing director at least three days before the planned meeting date.

The convening notice may be validly sent by post, airmail, telegram, telex or fax. The convening of meetings by telephone is also valid.

Any director attending a board meeting or represented at the same is deemed to have been regularly invited to the meeting. A director may also renounce invoking the absence or irregularity of a convening notice, either before or after the meeting not attended by him.

Article 14

Board meetings are held in Belgium or abroad, at the place indicated in the convening notice.

Where the board of directors has appointed a chairman from its midst, each board meeting is chaired by the chairman. In his absence, the board of directors may appoint a chairman from among members present.

The persons chairing the meeting may appoint a secretary, who may or may not be a director.

Article 15

Any director may grant proxy to another board member, either in writing, or by telegram, telex or fax, to represent him at a particular meeting.

However, no board member may represent more than one colleague, if the board does not consist of more than six members, and more than two colleagues, where the board consists of more than six members.

Article 16

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 on the agenda of the previous meeting, providing that at least two directors are present or represented.

Article 17

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 authorized capital.

Article 18

Board decisions are recorded in minutes signed by the chairman of the meeting, the secretary, and members who so desire. These minutes are inserted into a special register. Proxies are attached to the minutes of the meeting for which they have been given.

DIRECTORS ' COMPENSATION

Article 19

Directors are compensated for the normal and justified expenditures and costs which they can prove to have incurred in the exercise of their functions.

Their fixed compensation will not be directly or indirectly linked to the operations undertaken by the company, pursuant to article 16, § 2 of the Royal Decree of 7 December 2010 on Sicafi.

PREVENTING CONFLICTS OF INTEREST

Article 20

Directors, persons charged with day-to-day management and the mandated agents of the company, as well as any other person mentioned in article 18 § 1 of the Royal Decree of 7 December 2010, may not act as co-contractors in operations with the company or with a company controlled by it, and may not draw any benefit from operations with said companies, except where the operation is undertaken in the interest of the company, in the framework of the planned investment policy and at normal market conditions.

Where such cases arise, the company should first inform the Financial Services and Markets Authority.

The operations mentioned in the first paragraph of this article and the information communicated in advance will be published immediately. They will also be explained in the annual report and, where applicable, the half-yearly report.

This advance information requirement does not apply to operations provided for in article 19 of the Royal Decree of 7 December 2010 on Real Estate Sicafi.

Articles 523 and 524 of the Company Law remain fully applicable.

STATUTORY AUDITOR

Article 21

The auditing of the company's operations is entrusted to one or more statutory auditors appointed by the general meeting for a three-year renewable term from among members of the Institute des Réviseurs d'Entreprise who are approved for auditing the accounts of investment companies and who appear on the list of the Financial Services and Markets Authority.

The statutory auditor's compensation is set by the general meeting at the time of appointment.

The statutory auditor(s) will also check and certify the accounting data included in the company's annual accounts. At the request of the Financial Services and Markets Authority, it/they will confirm in the same way the accuracy of the data that the company has transmitted to the Financial Services and Markets Authority, by way of application of article 133 of the Law of 4 December 1990 on Financial Operations and Financial Markets.

SECTION IV – GENERAL SHAREHOLDER MEETINGS

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.

CONVENING AND FORM OF DELIBERATION

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.

De company takes care of keeping a register 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 to the meeting, accompanied by the related proof.

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.

Article 25

All shareholders and their mandated agents are required, prior to taking part in the meeting, to sign the attendance list, indicating the surname, given name(s) and domicile of the shareholders and the number of shares they represent.

Article 26

General meetings are chaired by the chairman of the board of directors or, in the absence of the latter, by a director appointed by his colleagues or by a member of the meeting appointed by the latter. The chairman of the meeting appoints the secretary.

Where the number of persons present permits, the meeting appoints two tellers, based on a proposal by the chairman.

The minutes of the general meetings are signed by the chairman of the meeting, the secretary, the tellers, the directors present, the statutory auditor(s) and by shareholders who so wish.

These minutes are kept in a special register.

Mandates are attached to the minutes of the meeting for which they are given.

Article 27

Directors reply to questions put to them by shareholders about their report or the agenda items.

The statutory auditor(s) respond(s) to questions put to him/them by shareholders about his/their audit report.

Article 28

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

Article 29

No meeting may deliberate on items that are not on the agenda, except if all shareholders are present and unanimously accept to deliberate on the new items.

Except for those cases defined in the following article, the general meeting may validly deliberate, whatever the number of shares present or represented, and decisions may be taken by a major of votes present or represented.

Article 30

When the general meeting is required to deliberate on:

- an amendment to the articles of association;
- a capital increase or decrease;
- the issuing of shares at below par value;
- the issuing of convertible bonds or subscription rights;
- the winding up of the company,

at least half of the shares representing the entirety of the capital need to be represented at the meeting. If this condition has not been fulfilled, a new meeting must be convened, which will decide validly, whatever the number of shares represented.

To be valid, decisions on the above subjects need to receive a three-quarters majority of votes taking part in the voting. This does not override the other rules of presence and majority stipulated in the Company Law, covering, among other things, the change of the company purpose, the acquisition, pledging or disposal of own shares by the companies, the winding up of the company if, following a loss, its net assets have fallen to less than a quarter of the company capital, and the conversion of the company into a company having another legal form.

Pursuant to article 9 of the Royal Decree of 10 April 1995 on Sicafi, any projected amendment of the articles of association must also be presented to the Banking, Finance and Insurance Commission.

Pursuant to article 8 of the Royal Decree of 7 December 2010 on Sicafi, any projected amendment of the articles of association must also be presented to the Financial Services and Markets Authority.

SECTION V – FINANCIAL YEAR – ANNUAL ACCOUNTS - DIVIDENDS

Article 31

The financial year begins on 1 January and ends on 31 December every year.

At the end of each financial year, the board of directors undertakes an inventory and draws up annual accounts consisting of the balance sheet, the income statement and the annex.

These documents are be drawn up in the manner required by law.

The board of directors also undertakes an inventory whenever shares are issued or where shares are purchased other than on the Stock Exchange.

The annual accounts are validly signed with a view to publication either by a director, or by a person charged with day-to-day management or expressly mandated by the board of directors.

Article 32

1. Artikel 616 of the Company Law regarding the set up of a legal reserve does not apply to the company in accordance with article 20, § 4 of the law of 20 July 2004.
2. Pursuant article 27 of the Royal Decree of 7 December 2010 on sicafi, the company will, as a remuneration of the capital, distribute an amount of at least the positive difference between the following amounts:
   - eighty percent (80%) of the amount defined in accordance with the scheme mentioned in chapter 3 of appendix C to the Royal Decree mentioned above; and
   - the net decrease, in the course of the financial year, of the debt of the company.
3. The balance will be appropriated as decided by the general meeting, on the proposal of the board of directors.

Article 33

Dividends that the general meeting has decided to distribute will be paid at the times and places determined by the meeting or by the board of directors.

Article 34

The board of directors may decide to proceed to distribute interim dividends and the set the date for payment of these dividends.

Article 35

Any dividends or interim dividends distributed in contravention of the law must be returned by the shareholder receiving them, whenever the company can prove that the shareholder knew, or could not be ignorant in the given circumstances, that the distribution to him was contrary to the rules.

SECTION VI – 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.

Article 37

Except in the case of merger or split, the net assets of the company, after repayment of all liabilities, will be distributed equitably between all shareholders of the company proportionally to the number of shares held by them.

SECTION VII – GENERAL PROVISIONS

ELECTION OF DOMICILE

Article 38

Any director or liquidator of the company who is domiciled abroad is deemed, for the duration of his function, to have elected domicile at the registered office of the company, where all communications, notices and writs of summonses may be validly addressed to him.

Article 39 – Droit commun

Clauses opposed to the mandatory provisions of the Company Law and the Legislation on Sicafi are considered as non-written clauses. Consequently, the provisions of these laws derogated from in an unlawful way are deemed to be part of these articles of association.

4 SICAFI: LEGAL FRAMEWORK AND TAX REGIME

4.1 Legal framework

The legal framework of Sicafi (Société d'Investissement à Capital Fixe en Immobilier) was established by the Law of 4 December 1990 and that of 20 July 2004, as well as by the Royal Decrees of 10 April 1995, 10 June 2001, 21 June 2006 and 7 December 2010. It authorizes the creation in Belgium of Undertakings for Collective Investment, as these exist in many 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.

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

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

- a fixed capital company;
- the company takes the form of a Société Anonyme (SA) or public limited liability company, or a Société en Commandite par Actions (SCA) or partnership limited by shares;
- a public Sicafi must be listed on the stock exhange, and at least 30% of its shares must be traded on the market; this does not apply to institutional sicafi;
- activity is limited to real estate investments;
- debt is limited to 65% of total assets, except if following a change in fair value of the assets, on a statutory as well as on a consolidated level (article 53 § 1 of the RD of 7 December2010);
- the portfolio's accounts are prepared at fair value, without any write-offs of buildings;
- the portfolio must be diversified; no building can represent more than 20% of the total value of the portfolio, unless FSMA grants a derogation for a maximum of two years; it is important to point out that this derogation is withdrawn if the consolidated debt ratio of the Sicafi and its subsidiaries exceeds 33% of consolidated assets at any time of the derogation;
- the rules governing conflicts of interest are very strict;
- the Sicafi only pays tax on non-admissible expenses ("DNAs" in French) and windfall profits ("AABs"); accordingly, it is exempt from corporate tax ("ISOC"), provided that the Sicafi performs the minimum distribution obligation, as defined in article 27 of the Royal Decree of 7 December 2010;
- currently, no withholding tax is due on the dividends distributed by residential Sicafi, such as Home Invest Belgium; to this end, these companies are required to invest at least 60% of their portfolio in residential buildings located in Belgium.

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 tax), which is the equivalent of a tax to be paid on the underlying capital gains and on immunised reserves at the rate of 16.5%, plus the supplementary crisis contribution (currently 3%).

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. See in this connection the chapter "Risk factors".

Each shareholder and each potential investor is invited to obtain information on their tax situation from their advisers.

4.2 Dividends

Principle

Based on current tax legislation, the dividends distributed to the shareholders of Home Invest Belgium are not subject to any withholding tax, since Home Invest Belgium, as a residential Sicafi, has invested more than 60% of its assets in residential buildings located in Belgium.

The Law of 28 December 2011 with regard to different provisions has nonetheless introduced an additional contribution of 4% on income from movable assets, recorded in the personal income tax, applicable to physical taxpayers living in Belgium and having an income from movable assets of over € 20 020. This provision has entered into force as from 1 January 2012.

Belgian physical persons

For Belgian physical persons who act in a private capacity and are subject to personal income tax, received dividends are not subject to taxes, except for, if applicable, the aforementioned additional contribution on income from movable assets of 4%.

For Belgian physical persons who act in a professional capacity, received dividends are taxable at the normal tax rate of the personal income tax.

In conformity with article 313 of the new Belgian Income tax Code physical persons will have to declare their income from movable assets in their annual income tax declaration, except the income that was subject to the special contribution of 4% at the source.

Belgian legal entities

For taxpayers subject to corporate tax, dividends received are not taxed.

Belgian tax-resident companies or permanent establishments of non-resident companies

Belgian tax-resident companies or permanent establishments of non-resident companies in Belgium are, in principle, taxed on the dividends of a Sicafi at the corporate tax rate, without applying the "RDT" or revenues already taxed and benefiting from a deduction regime.

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.

Non-residents individuals and companies

There is no withholding tax on the dividends paid by Home Invest Belgium.

4.3 Capital gains and losses

Belgian physical persons

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.

Belgian physical persons can, however, be subject to taxation of respectively 33%, plus additional community taxes, the rate of which depends on the district of residence, if the capital gains made are considered speculative.

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 foreign company and if they relate to a stake of more than 25% in the company's share capital.

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.

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 tax-resident companies or permanent establishments of non-resident companies

Capital gains made on Home Invest Belgium shares by a Belgian company or by a foreign company having a permanent establishment in Belgium are fully taxable. Capital losses (expressed or realised) are not tax-deductible.

Non-resident individuals and companies

Capital gains made by physical non-resident persons on Home Invest Belgium shares are in principle part of private assets and are not taxable in Belgium. Capital losses are not tax deductible.

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.

4.4 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, since 1 January 2012, 0.22% (0.25% as from 01/05/2012) of the transaction price. The amount of the TOB is limited to € 650 (€ 740 as from 01/05/2012) per transaction and per party.

The following persons, regardless of the circumstances, are exempted from TOB:

(i) 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;

(ii) 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;

(iii) 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;

(iv) the collective investment bodies referred to by the Law of 4 December 1990, acting for their own account; or

(v) non-residents (provided that they submit an affidavit certifying that they do not reside in Belgium).

4.5 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.

5 STATEMENTS

5.1 Forward-looking statements – third-party information – responsible persons

This annual financial report contains forward-looking statements. Such statements include unknown risks, uncertainties and other factors that could cause the results, financial position, performance and current results to differ from the results, financial position, performance and results expressed or implicitly communicated by such forward looking statements. In view of these uncertain factors, the forward-looking statements are not subject to any guarantee.

The Managing Director, Xavier Mertens, who is one of the company's three effective directors, is responsible for the information communicated in this annual financial report.

He did everything in his power to verify the information contained in this annual financial report and declares that after having taken all reasonable measures in this connection, the information contained herein reflects, to the best of his 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 his 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.

Home Invest Belgium further declares 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.

5.2 Historical financial information

The annual financial reports (which include the consolidated financial statements, with an abbreviated version of the statutory financial statements, the consolidated management reports, the auditor and surveyor reports), the interim statements, half-year financial reports, description of the financial position, information concerning the linked parties and the historical financial information concerning the Sicafi's subsidiaries for the years 2010 and 2009, are included by reference in this annual financial report. These documents can also be consulted and downloaded on the website www.homeinvestbelgium.be.

5.3 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 chapter I "Risk factors", in particular, points 2 and 9.

5.4 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 Home Invest Belgium.

5.5 Statements with regard to the directors and Executive Management

Home Invest Belgium declares:

1. 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 involved in a bankruptcy, or placed under compulsory administration or liquidation;
    - the directors and members of the Executive Management have not 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;
    - no employment contract or service contract is concluded with the directors that provides for the payment of compensation at the end of the contract; however, it is important to note that services agreements concluded with managing director Xavier Mertens, sprlu YLKATT, having as its permanent representative Jean-Luc Colson, and with sprlu FVW Consult, having as its permanent representative Filip Van Wijnendaele, contain provisions governing notice and termination compensation (see chapter "Corporate Governance Statement", points 6.4, 6.5 and 6.6);
2. that at this time, no options have been granted on Home Invest Belgium shares;
3. that there are no family ties between the directors, with the only exception of those between Messrs Johan and Liévin Van Overstraeten, brothers.

5.6 Pro forma financial information

During the 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.

5.7 Financial communication to the shareholders – places where the documents accessible to the public are kept

The incorporation document and articles of association of Home Invest Belgium can be consulted at the Registry of the Brussels commercial court and at the company's registered office.
The annual financial statements are filed with the National Bank of Belgium. Each year, the annual financial statements and the related reports are sent to the registered shareholders and to any person who so requests.

Meeting notices inviting shareholders to the General meetings of the shareholders and the other mandatory publications are published in the financial press and on the aforementioned website.
The interim statements, the half-year financial reports and the annual financial reports contain the net asset value per share, as well as the valuation of the Home Invest Belgium real estate portfolio.
Decisions concerning the appointment and revocation of the members of the Board of directors are published in the annexes to the *Belgian Official Gazette*.
Whoever wishes to do so can register free of charge on the website www.homeinvestbelgium.be, in order to receive e-mail press releases and mandatory financial information by e-mail.

5.8 Significant changes since the end of the financial year

No significant changes of the financial or commercial position of Home Invest Belgium have taken place since the end of the financial year 2011.

5.9 Additional information communicated pursuant to Annex I to the Prospectus regulation 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 (cf. Corporate Governance Statement, points 6.4, 6.5 and 6.6), 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 Prospectus regulation (cf. art. 19), except for the partial demerger of the SA VOP on 23 December 2011 (see above sub point 8 of the management report).
- 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 2010, which can be consulted on the company's website (cf. art. 22).
- During this registration document's validity period, the following documents can, if applicable, be consulted in hard copy form at the company's registered office (cf. art. 24):
  a) the company's deed of incorporation and articles of association;
  b) any reports, letters and other documents, historical financial information, valuations and statements made by the experts at the company's request, a part of which is included or referred to in this registration document;
  c) the historical financial information of the company and its subsidiaries for each of the two financial years preceding the publication of this registration document.
- Third party information, presented in this annual financial report has been produced subject to their approval.

EFFECTIVE RENT

Is the rent applying on 31 December 2011, on an annual basis, excluding rental guarantees and the estimated rental value on unoccupied spaces.

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 its investment value, after deduction of mutation 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 2011, 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

Is the average rate of occupancy, calculated on the basis of rents and including rental guarantees, for the whole financial year. 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.

PAYOUT RATIO

The payout 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.

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 13 March 2012.

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.

Het financieel jaarverslag in het Nederlands is beschikbaar op de zetel van de vennootschap.

Le rapport financier annuel en Français est disponible au siège de la société.

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