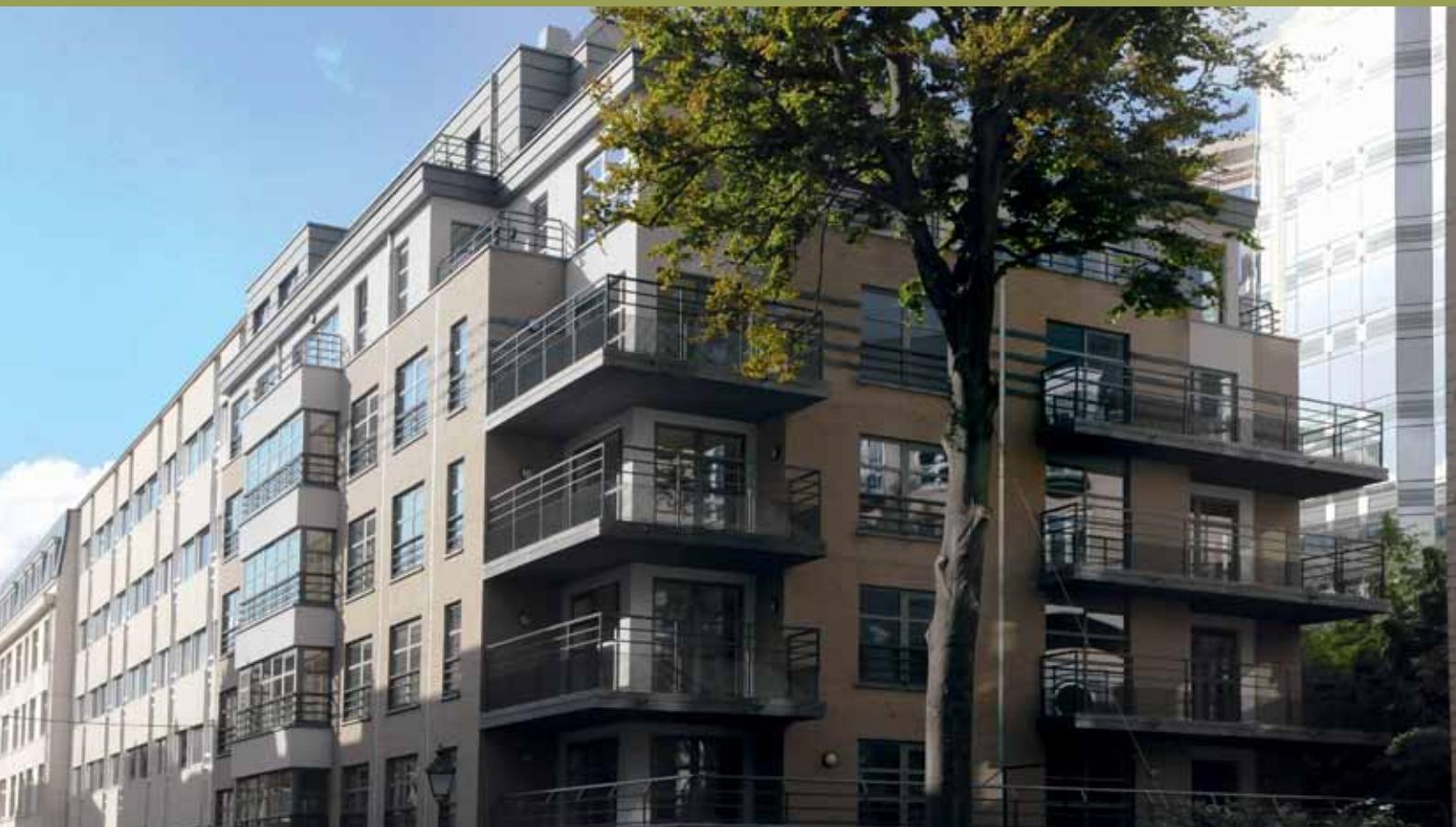


# ANNUAL FINANCIAL REPORT | 2010





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# MISSION



## Home Invest Belgium

*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, **Home Invest Belgium** wishes 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.

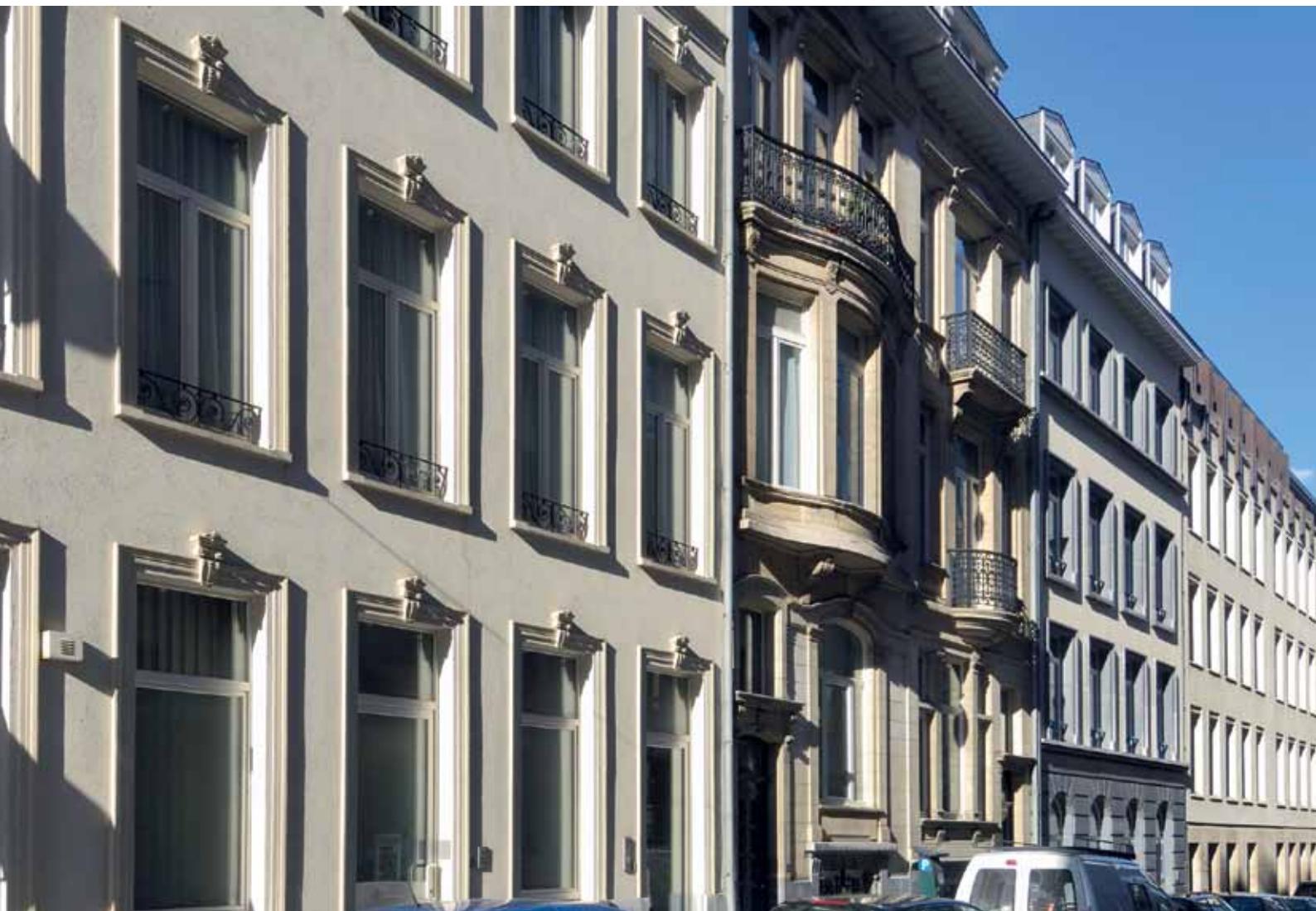
The company benefits from a preferential tax status (see Chapter X point 4), equivalent to the American REIT (Real Estate Investment Trusts) and the French SIIC (Sociétés d'Investissement Immobilier Cotées) and other indirect real estate investments, which comply with the specific legal and fiscal rules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

On 31 December 2010, or at the end of its 11<sup>th</sup> year of existence, the fair value of the property portfolio of **Home Invest Belgium**, including the development projects, amounts to more than **€ 233 million**, 73.4% of which consists of apartments and houses mainly 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 1 100 rental units and concentrating on the Brussels residential market, Belgium's biggest and the one with the greatest growth and capital gain potential, **Home Invest Belgium** aims at offering its investors an **excellent security level**, combined with good middle and long-term prospects.

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

# RISK FACTORS



CLOS DE LA PÉPINIÈRE

## 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 materialise, 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 stable and recurrent rental income, together with capital gains potential, under the form of positive changes in the **fair value** and 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 THE ECONOMIC RISK – THE INHERENT RISKS OF INVESTING IN PROPERTY

Any direct investment in real estate involves a certain degree of risk. The same applies for indirect investments in real estate. 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 real estate 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<sup>1</sup>, of the **occupancy rate** of the property portfolio and of 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 € 2.2 million of the net result (the net result of 2010 would thus have gone from € 13.2 million to € 11 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 € 2.2 million, or € 0.79 per share and the debt ratio would consequently evolve from 33.78% to only 34.10%.

It should also 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);
- investment in a Sicafi is normally considered as a medium or long-term investment, for a minimum 3-year period;
- as a share listed on the Stock Exchange, Home Invest Belgium shares are subject to stock market fluctuations and the development of interest rates.

<sup>1</sup> In accordance with IAS 40 investment properties – including development properties – are valued at fair value. As a derogation 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.



On 31 December 2010, the investment property portfolio of Home Invest Belgium (excluding development projects) consisted of 1 120 rental units representing a total surface of 125 903 m<sup>2</sup>, 73.4% of which were in the Brussels-Capital Region, 12.2% in the Flemish Region and 14.3% in Walloon Region.

Given that the development of supply and demand in property is influenced by the general economic climate, the downturn in the main Belgian macroeconomic indicators at the end of 2008 – beginning of 2009, with an influence on the development of household disposable income, has affected the occupancy rate of Home Invest Belgium, which has thus evolved from 96% on average for 2008 to 94.6% over 2009 to maintain its level in 2010.

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 to add high 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.

Finally, in order to limit to a minimum the risks inherent to merger, demerger or acquisition, each investment file is preceded by a due diligence analysis with regard to legal, property, fiscal and other aspects.

## 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, namely environmental.

On the other hand, Home Invest Belgium's business and its results for shareholders partially depend on the regulatory environment (a.o. tax) in force, 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.

Within this framework, 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 investment funds, only investing in real estate assets (Sicaf immobilières). This announcement aims at Belgian Sicafis investing a minimum of 60% of their assets in residential real estate on Belgian territory. The European commission states that the Belgian legislation would indeed not comply with the Community legislation, as it foresees an exemption of withholding tax of 15% at the source to the distributed dividends for residential Sicafis investing a minimum of 60% of their assets in residential buildings situated in Belgium. We can consequently not exclude that an amendment to the Belgian legislation would induce the entire or partial loss of this exemption regime, and that consequently there would be a withholding of 15% of tax on the distributed dividends.

It is to be noted that at the present date of editing this annual financial report, Home Invest Belgium has no knowledge of the progress of the negotiations of the Belgian government on this subject.

However, a new Royal Decree of 7 December 2010 on sicafis has been published in the Belgian Gazette of 28 December 2010 (see chapter X, 4: Permanent document), in replacement of the Royal Decrees of respectively 1995, 2001 en 2006.

## 3 THE RISK OF INFLATION

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. However, a context of negative inflation or deflation, as has been the case in the entire 2nd semester of the financial year 2009, such as a temporary freezing – entirely or partially – of the rents imposed by the government, could limit the growth of the rental income. The current legislation on residential rental contracts does not allow a minimum rent in case of deflation.

By contrast, a resumption of inflation, even slightly, might entail an increase of interest rates and forms an important risk regarding the increase of the funding cost. A higher inflation also entails an increase of the income, by the indexing of the rents. Should this increase of the rents not concur with or be inferior to the increase of the interest rates, the net result would be negatively impacted.

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

On the contrary, a negative (deflation) could lead to a decrease of the interest rates, with a decrease of the rental income as a consequence. In such case – not very probable indeed –, the financial charges would only slightly decrease, taking into account the concluded hedging instruments (see point 4 below), while the rental income would decrease.

#### 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.

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

- € 1 036 510 in the form of available liquid assets;
- € 19 896 208 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 an independent capacity - in close touch with various local financial institutions. The results of this dynamic, though cautious debt policy are to be seen in the table below showing the lines of credit and hedges available to the Sicafi on 31 December 2010.

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 Sicafis, Home Invest Belgium has not mortgaged any properties nor provided creditors with any other securities.

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.

	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	1 150 000	30/09/2012
	ING	6 540 000	Rollover credit	6 540 000	31/05/2013
	ING	6 000 000	Rollover credit	6 000 000	01/08/2013
	FORTIS	6 250 000	Rollover credit	6 250 000	30/09/2013
	FORTIS	6 250 000	Rollover credit	4 300 000	30/09/2013
	DEXIA	9 400 000	Rollover credit	9 400 000	27/11/2014
	DEXIA	11 350 000	Rollover credit	5 750 000	31/12/2014
	ING	12 000 000	Rollover credit	12 000 000	31/12/2014
	FORTIS	14 530 000	Rollover credit	11 330 000	07/12/2014
	ING	450 000	Straight loan	0	-
	FORTIS	446 208	Straight loan	0	-
Fixed rate credits	DEXIA	828 750	Investment credit	828 750	30/09/2023
Hedges <sup>(1)</sup>	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

(1) For the remaining: see chapter Financial statements, point 7, note 24.



A decrease of the interest rates does however generally lead to a negative change in the fair value of the hedging instruments for interest rates<sup>1</sup>. In total, at the closing of the financial year 2010, this decrease had a negative impact of € 3 727 434 on the **net asset value (NAV)**, or € 1.32 per share. An increase of the interest rates, as was the case at the end of 2010, could end this limit to the revaluation of the **NAV** per share.

The average interest rate for debt over the financial year 2010 amounted to 3,28%. A change of the market interest rates would have had a limited impact on the financial result. Nearly all credits are namely covered by different financial instruments allowing to swap a variable interest rate for a fixed one. Thus, an increase of the interest rates by 1% over the financial year 2010 would have led to an additional interest cost of approximately € 120 000, resulting in an increase of the average interest rate of debt to only 3.43%.

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

## 5 THE RISK OF THE COUNTERPARTY BANK

The conclusion of a financing or hedging instrument 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 certain 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.

## 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 Sicafis with their mission of investing in low-risk property assets and generating a recurrent income – in particular in 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, may be considered less important than two years ago.

It is worth noting that no single credit line has to be reimbursed in the financial year 2011. As shown in the table above, Home Invest Belgium endeavours to obtain long-term confirmed credits and to achieve a good spread of expiry dates.

On 31 December 2010 Home Invest Belgium's debt ratio amounted to 34%<sup>2</sup>. 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 CBFA, 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, 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, municipalities, merchants, companies, embassies and foreign delegations, operators of nursing homes). Late or non-payment of rents and a decrease of the **occupancy rate** of the buildings are liable to have a negative impact on results.

<sup>1</sup> The decrease of the fair value of financial instruments is accounted for in the equity of 31 December 2010 for the effective part and in the results for the non-effective part (IIRS callable of € 15 million).

<sup>2</sup> The debt ratio is calculated according to the provisions of article 27 § 2 of the RD of 7 December 2010 on Sicafis.

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. Non-recoverable rent for the sole financial year 2010 amounts to 0.56% of total rental income, compared to 1.24% in the 2009 financial year and 1.22% in 2008. Despite the still less favourable economic climate, the level of non-recoverable rent has clearly decreased compared to 2009.

## 7.2 VACANCY RISK

Within the context of an economic crisis, the vacancy risk is surely more present than it was in the past. It has entailed a slight decrease of the average **occupancy rate** in 2009 (94.60% in 2009, compared to 96% in 2008), which however stabilized in the course of the 2010 financial year (94.61%).

Taking into account the very large number of tenants, the fact that housing is by nature a basic need for people, as well as the demographic outlook in Belgium, the risk of vacancy significantly increasing can be considered as limited.

## 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 and potential purchasers 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 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 facilitating the re-letting or sale of certain selected properties.

When acquiring a building needing substantial renovation, such as is the case for the complex City Gardens in Leuven, its cost reflects the state of the building prior to its renovation when incorporated in the property portfolio. However, the renovation cost 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" as from the financial year 2010. It is the Sicafi's opinion that the limits imposed by its Board of directors<sup>1</sup> 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 been reflected in the swift commercialization of the 23 newly developed apartments rue Jourdan 85 and of the phases 1 and 2 of the City Gardens complex, and in the unrealized capital gains already generated by these two projects (see chapter IV. 2).

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 total sum of € 167.3 million on 31 December 2010. Co-owned properties are themselves insured at reconstruction value by the various co-ownerships.

<sup>1</sup> See management report, point 1.1.





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

The normal duration of the leases is generally established based on the type of asset:

- 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 situation 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 2.3% of total rents. No main lease expires in 2011. This risk can therefore be considered to be relatively low.

## 9 THE POLITICAL RISK

The political risk comprises different topics.

As mentioned under point 3 above, a temporary freezing, entirely or partially, of the rents cannot be 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. A possible global transfer of the housing authority at a communal and/or regional level could at the very most make managing the consolidated real estate portfolio more complex, as is already partially the case with regard to the different current regimes on technical standards and premiums or grants.



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LAMBERMONT

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 medium to modest accommodation.



# LETTER TO SHAREHOLDERS



CITY GARDENS (PHASES 1 AND 2)

Dear shareholders,

We are pleased to be able to present you excellent consolidated results for 2010 for the Sicafi Home Invest Belgium. Overall, the *net current result* is 5 % and the *distributable result* 10 % higher than the outlook defined within the framework of the publication of the previous annual financial report.

Globally speaking, the operating and financial results of the company have gradually improved, and their growth was accelerated in the course of the four past quarters, while the average *occupancy rate* of the year has maintained a steady level at 94.6 %, quasi identical to last year's.

These evolutions give only a divergent impression. A substantial result could be achieved at the level of the property costs, which decreased by over 3% over the entire financial year, and more specifically with regard to the technical costs, that fell by 13% and the property management costs, reduced by 5%. Furthermore, the swift rental marketing of our two first development projects, Jourdan 85 in Saint-Gilles and City Gardens in Leuven resulted each time in a temporary crumbling of the *occupancy rate* of the Sicafi; however, they contribute each for their respective part in de consolidated portfolio, to the preservation of a sound average rental yield of respectively 6.34% and 5.72% in comparison with the *fair value* and the investment value of total investment properties.

Finally, the *net current result* grew by 5.6% tot € 6.9 million, with a net current margin evolving from 50.67% to 52.46%.

The *portfolio result* has quadrupled: from € 1.56 million in 2009 to € 6.32 million, a record level, under the influence of a positive change in *fair value* of the portfolio of € 3.88 million and capital gains on the sales per separate units of € 2.44 million. The distributable amount of these capital gains exceeds one million euro: € 1 085 000 in 2010 compared to € 704 590 the previous year, or a rise by 54%, currently representing 12.75% of the global distributable result, compared to 9.15% in 2009.

The *consolidated net result*, comprising the portfolio result, records at its turn a considerable rise of 63% (already + 53% in 2009) thanks to the realization of substantial capital gains on the sales per separate units of different buildings in the course of the financial year.

Finally, the *distributable result* of the financial year improves by 10.6% to € 8.5 million, or € 3.02 per share compared to € 2.78 in 2009<sup>1</sup>, taking into consideration the average number of shares with full dividend rights itself increased by nearly 1.9%.

At the occasion of its 10<sup>th</sup> year of existence, the Sicafi, now nearly two years ago, started focusing on a fundamental portfolio rotation programme to respond in a timely manner to the important challenges awaiting investors with regard to durability and energy performance of their property. For that matter, a study has been ordered with renowned technical experts in order to define guidelines for planning the sale of assets of which technical characteristics cannot be adequately improved in the long term. The Board is confident that this policy, foreseeing the sale of approximately 4% of the less recent buildings per year, will further allow to generating appreciable profits for the shareholders in the course of the following years.

From this point of view we are very pleased to having concluded a favourable transaction before the end of the financial year 2010 with the contribution in kind in the Sicafi, via demerger, of a large part of the property assets of the SA Masada. The extraordinary general meetings of Home Invest Belgium and Masada have both unanimously approved this transaction on last 31 January.

The split-up property comprises a property portfolio consisting of excellently located buildings, mainly in the municipalities Ixelles, the Brussels city centre, Uccle and Forest, representing a negotiated value of € 8.5 million<sup>2</sup> and bank debts of € 2.1 million, of which the difference of € 6.4 million has been added to the equity of the Sicafi. This transaction has been entered into in view of realizing capital

<sup>1</sup> Expressed per share, the increase amounts to 8.6%

<sup>2</sup> This value does not exceed the valuation by the surveyor.



gains, as a number of buildings are rather small and can be sold per separate unit in the short to medium term.

This operation enables the Sicafi to exceed the symbolic threshold of € 250 million of investment value of the investment properties.

It is within this context of expansion and double rejuvenation of its portfolio, i.e. by a cautious policy with regard to development projects for own account as well as a *selective arbitrage of the buildings in portfolio*, that the Board has decided to propose to the annual general meeting of shareholders the payment of a significantly higher *dividend*, as well in comparison with the dividend as the outlook of the previous year, of € 2.75 per share with full dividend rights, compared to € 2.43 in 2009, which represents a substantial increase of 13%.

The *payout ratio* of 91%<sup>1</sup> is slightly higher than in the previous financial year (87.3%) and allows the Sicafi furthermore to again carry forward an amount of € 0.27 per share.

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 eleven year period, and taking into account the growth of the *net asset value* per share over 2010 (from € 52.94 to € 54.68), would amount to nearly 14%<sup>2</sup> per year.

In order to implement this ambitious strategy, the Board has decided to reinforce the Executive management of the Sicafi by the appointment of a Chief Operation Officer, and has invited the Executive management to reinforce its teams for technical management, analysis of opportunities with regard to acquisitions and developments, active arbitrage and legal and administrative follow-up of those files.

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

The Board wishes to thank both Mrs. Ghislaine Darquennes, who resigned from her director's mandate last summer, and Mr. Michel Pleeck, who, after having co-founded the Sicafi in 1999, and having been its Chairman of the board of directors ever since, has expressed the wish to end his director's mandate at the end of the next ordinary general meeting of shareholders of 3 May 2011, as his mandate will have reached the limit of 12 years as an independent director.

Among its members, the Board has appointed Mr. Guy Van Wymersch-Moons as the new Chairman of the Board of directors<sup>3</sup>, whose mandate starts immediately after the aforementioned meeting. Moreover, the Board will propose to that same general meeting the nomination of Mr. Koen Dejonckheere as an independent director, of Mr. Johan Van Overstraeten as the second representative of shareholder VOP Group, and of Mr. Eric Spiessens as representative of shareholder ARCO<sup>3</sup> Group.

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

Brussels, 23 March 2011.

<sup>1</sup> The payout ratio on a statutory basis amounts to 89.1% in 2010 compared to 85.3% in 2009.

<sup>2</sup> The return for the shareholders is detailed in Chapter 5 under punt 5.

<sup>3</sup> This appointment and nominations have been done/proposed subject to the approval by the CBFA.



*From left to right:*

**Guy Van Wymersch - Moons** Director

**Luc Delfosse** Director

**Michel Pleeck** Chairman of the Board of directors

**Gaëtan Hannecart** Director

**Xavier Mertens** Managing director

**Guillaume Botermans** Director

**Johan Van Overstraeten** Director

**Liévin Van Overstraeten** Director



# KEY FIGURES



LES ERABLES

## THE PORTFOLIO RESULT QUADRUPLED

PROPERTY PORTFOLIO						
Overall figures	31-12-10	31-12-09	31-12-08	31-12-07	31-12-06	31-05-00
Total surface area	125 903 m <sup>2</sup>	118 845 m <sup>2</sup>	111 091 m <sup>2</sup>	92 848 m <sup>2</sup>	82 867 m <sup>2</sup>	34 626 m <sup>2</sup>
Number of properties	86	89	92	79	75	22
Number of sites	46	47	51	41	37	12
Number of leases	1 120	1 019	992	800	659	318
Occupancy rate	94.61 %	94.60 %	96.00 %	96.99 %	96.77 %	99.08 %

RESULTS			
In € thousands	31-12-10	31-12-09	31-12-08
	Consolidated	Consolidated	Consolidated
	IFRS	IFRS	IFRS
Net rental result	14 115.94	13 675.62	11 690.47
Property result	13 134.69	12 874.18	11 025.81
Property operating result before the result on portfolio <sup>(1)</sup>	9 174.63	8 923.97	7 818.40
Result on portfolio	6 316.06	1 559.01	-489.47
Operating result	15 490.70	10 482.98	7 328.92
Result before tax	13 119.07	8 088.32	5 309.63
Net result	13 206.11	8 082.29	5 273.37
Net current result	6 890.05	6 523.29	5 762.84
Distributable result	8 509.34 <sup>(2)</sup>	7 695.51	6 751.73
Dividend for the financial year <sup>(3)</sup>	7 742.98	6 716.71	5 842.71

<sup>(1)</sup> Earnings Before Interest and Taxes.

<sup>(2)</sup> Consolidated distributable result. On 31 December 2010, the statutory distributable result in accordance with the provisions of the RD of 7 December 2010 amounts to € 8 733 629.

<sup>(3)</sup> The statutory dividend for the 2010 financial year amounts to € 7 778 490,50 and the 2009 statutory dividend to € 6 748 087,12. These dividends include the dividend to be paid to the subsidiary, Home Invest Management, concerning the 12 912 shares held under auto-control.



<b>BALANCE SHEETS</b>				
In € thousands		<b>31-12-10</b>	31-12-09	31-12-08
		Consolidated IFRS	Consolidated IFRS	Consolidated IFRS
Investment properties <i>(fair value)</i> <sup>(1)</sup>		222 773.97	207 189.92	198 099.32
Investment value of the portfolio <sup>(2)</sup>		246 558.32	229 001.89	218 821.40
Equity		153 968.04	149 050.81	147 090.63
Total liabilities <sup>(3)</sup>		81 405.47	81 582.09	65 001.86
Debt ratio <sup>(3)</sup>		33.98 %	34.82 %	30.31 %

<sup>(1)</sup> Excluding properties for sale and development projects.

<sup>(2)</sup> 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].

<sup>(3)</sup> Total liabilities and debt ratio calculated according to the provisions of the RD of 7 December 2010, with the 2010 dividend remaining part of equity until the annual general meeting of 3 May 2011.

<b>RATIOS</b>				
In %		<b>31-12-10</b>	31-12-09	31-12-08
		Consolidated IFRS	Consolidated IFRS	Consolidated IFRS
Gross yield on rents received or guaranteed		6.15 %	6.29 %	6.07 %
<b>Operating margin</b>		69.85 %	69.32 %	70.91 %
Operational margin before tax		51.79 %	50.72 %	52.60 %
Net current margin		52.46 %	50.67 %	52.27 %
Distribution rate		90.99 %	87.28 %	86.54 %

DATA PER SHARE <sup>(1)</sup>				
In €		<b>31-12-10</b>	31-12-09	31-12-08
		Consolidated IFRS	Consolidated IFRS	Consolidated IFRS
<b>Net asset value</b> (before distribution)		54.68	52.94	52.71
Property result		4.66	4.66	4.45
Operating result before result on portfolio		3.26	3.23	3.16
Result on portfolio		2.24	0.56	-0.20
Net result		4.69	2.92	2.13
<b>Net current result</b>		2.45	2.36	2.33
Growth in value <sup>(2)</sup>		1.42	0.16	-2.17
Dividend (gross = net) <sup>(3)</sup>		2.75	2.43	2.36
<b>Return on shareholder investment</b> (after distribution)		4.17	2.59	0.19
<b>Return in %</b> <sup>(4)</sup>		13.70 %	5.14 %	0.36 %

<sup>(1)</sup> 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).

<sup>(2)</sup> The difference between the net asset values at the beginning and the end of the financial year, after distribution (see chapter V).

<sup>(3)</sup> Net for gross dividend, due to the fact that 60% of assets are residential buildings situated in Belgium.

<sup>(4)</sup> Return, divided by the net asset value after distribution at the beginning of the period.

NUMBER OF SHARES	<b>31-12-10</b>					
		31-12-09	31-12-08	31-12-07	31-12-06	31-05-00
Ordinary shares (excluding the shares held in auto-control)	Consolidated IFRS <sup>(1)</sup>	Consolidated IFRS <sup>(1)</sup>	Consolidated IFRS <sup>(2)</sup>	Consolidated IFRS <sup>(3)</sup>	Consolidated IFRS	Statutory (Belgian GAAP)
At the end of the financial year	2 815 630	2 815 630	2 790 465	2 167 833	2 167 833	1 103 362
Average number of shares with full rights	2 815 630	2 764 079	2 475 725	2 167 833	1 703 298	1 103 362

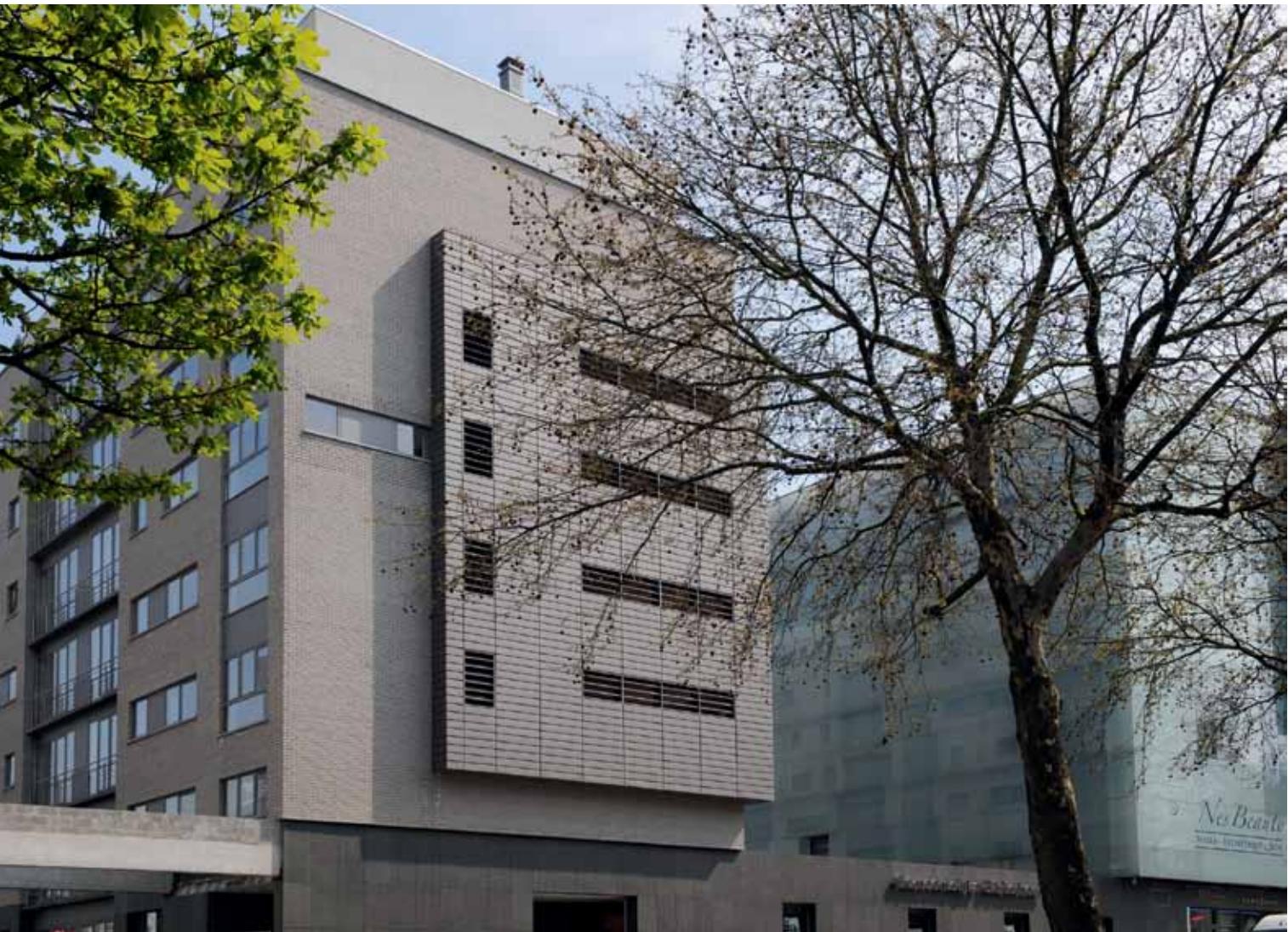
<sup>(1)</sup> 2 828 542 shares on 31/12/2009 and 31/12/2010 of which 12 912 shares held by Home Invest Management are to be excluded in accordance with IAS 33 § 20.

<sup>(2)</sup> 2 803 377 shares on 31/12/2008 of which 12 912 shares held by Home Invest Management are to be excluded in accordance with IAS 33 § 20.

<sup>(3)</sup> 2 178 657 shares on 31/12/2007 of which 10 824 shares held by Home Invest Management are to be excluded in accordance with IAS 33 § 20.



# CONSOLIDATED MANAGEMENT REPORT



LAMBERTMONT

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<sup>1</sup>, along with the statutory management report are available without charge on request from company headquarters.

## 1 STRATEGY

With a view to satisfying the needs of both shareholders and tenants, Home Invest Belgium's main stakeholders, the company has drawn up a strategy revolving both around the search for increased shareholder value, and around investments in high-quality properties which are then carefully managed in the interest of their occupants, and will be sold per separate unit over time to realize capital gains.

With regard to its shareholders, Home Invest Belgium's strategy involves seeking residential or mixed properties on the market capable of achieving as high a **return** as possible. Return is composed of the immediate net return on the investment, measured in terms of the distributed dividend, and the creation of long-term value, reflected in the evolution of the **net asset value**, within the statutory framework applicable to residential Sicafis, i.e. currently and principally:

- a minimum of 60% of the total value of the portfolio 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 to be invested in a single residential complex, except where a special dispensation has been obtained<sup>2</sup>;
- a maximum debt ratio of 65% of total assets, subject to the possible impact of changes in **fair value**;
- 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**<sup>3</sup> 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.

After eleven years of the Sicafi's existence, the Board of directors has decided to define its strategy as follows:

## VISION AND EXPERTISE, OUR ASSETS



<sup>1</sup> The statutory accounts can be found on pages 122-125.

<sup>2</sup> No dispensation has been asked for up to now.

<sup>3</sup> The corrected result is defined in article 27 of the Royal Decree of 7 December 2010 and in chapter 3 of its annex C.



## 1.1 PORTFOLIO GROWTH:

In order to accelerate the growth and the rejuvenation of the portfolio, Home Invest Belgium will continue, as before, with the selective acquisition of residential property portfolios, but will as from now on also develop its own residential projects. More specifically, these projects offer:

- the possibility to more easily detect large and complete assets and getting around the competition by sales per unit to private persons by property developers or investors;
- a high initial yield due to the absence of a margin to be paid to a property developer;
- the possibility to control the product as to its appropriateness for the rental market and as to its technical and commercial qualities;
- the potential to contribute to the rejuvenation of the investment properties portfolio.

This progressive development of projects for own account will take place within the framework of a strict definition 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.

In order to ensure a high-quality growth, the Sicafi will further sharpen its knowledge of the residential property market in Belgium, more specifically by its contacts with specialized real estate agents and local surveyors.

**1.2** Furthermore, **optimizing rental management**, as in the past, remains one of the main points of attention. Home Invest Belgium has actually a very large number of tenants – at present over 1 100 – and quality of service, at the levels of administration, technical and commercial management, and cost-consciousness are essential success factors of the company.

**1.3** Finally, the **selective arbitrage** of the buildings in portfolio - in principle via lot per lot sales – has become a cornerstone of the company's success: this approach contributes to the rejuvenation of the portfolio and to its energy performance, while it also adds

to an increased return on investment – through important capital gains –, to benefit the shareholders. The Board has fixed a target of reaching an annual sales volume of +/- 4% of the property portfolio in operation, in the short term.

Within this context, these sales mainly relate to:

- buildings estimated to be too small taking into account the related management costs;
- assets, part of different portfolios acquired in their entirety by the Sicafi, that do not match its strategy;
- buildings having reached their peak in terms of future valuation, or yielding too low a return.

The **investment criteria** applicable both to the acquisition of property portfolios and to the development of newly built property for own account, are the following:

- an appreciable *immediate net return on investment*, combined with the existence of a *potential for capital gains*;
- the *minimum size* of a transaction: € 3 million for a property and € 5 million for a portfolio;
- *security* from a *technical* point of view (no risk of any major renovation work in the short term) and a *commercial* point of view (no risk of structural non-occupancy);
- *liquidity*, both with regard to the rental market in the area under consideration, and with regard to the possibility of wholesale or resale in parcels;
- the location, strictly limited to Belgium, is confirmed; priority is given to cities with more than 50 000 inhabitants in a healthy economic state, a favourable demographic evolution and showing an appreciable increase in property value;
- the *energy performance* of the properties in question, and
- the *durability* of the concept, the materials and the architecture (e.g.: a timeless style).

The Board has moreover recently reaffirmed the Sicafi's "**pure player**" **strategy**, which consists of predominantly investing in genuine rental residential property (apartments, houses) that is easily saleable in units and brings capital gains, in the form of positive changes in the fair value and, in the long term, in capital gains actually achieved.

- However the Board also chooses multifunctional real estate projects (residential/commercial/offices) that are often linked to major projects for the redevelopment of the hearts of our cities, and well-designed and structured student housing,

located in university cities, and public housing (social, "middle income" or subsidised);

- 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 rest homes, clinics or serviced residences that are let for a very long term and the fair value of which is essentially a function of the return expected by the investors; this return is in turn directly influenced by the evolution of interest rates, which are particularly low at the moment.

contests having to continue paying rent to Belliard 21, intended to compensate for the interim interests on the progressively invested capital. Belliard 21 has thus initiated a legal procedure in order to settle this dispute. In the meanwhile this dispute has no impact on the results of the Sicafi, knowing that as well the interim interests as the rent are both being activated.

**2.1.2.** The construction for own account of the building situated rue Jourdan 85 in Saint-Gilles (Brussels), started at the end of 2009, could be completed at the beginning of the month of October 2010, as scheduled. As a reminder, the building comprises 23 apartments on the floors and 1 small office space and 15 parking spaces on the ground floor as well as 14 existing parking spaces at -1. On 31 December 2010, 21 apartments were already let at a rental level slightly higher than the outlook.

However, it has to be pointed out that the total cost of this new building, including the land, the VAT, remuneration and interim interests, amounts to € 3.8 million, significantly lower than € 4.2 million, forecasted and previously communicated. The expected gross rental yield, after full letting, should logically amount to more than 9%, serious proof for the shareholders of the importance of the new strategy defined by the Board of directors.

**2.1.3.** The renovation in 4 phases of the residential property complex City Gardens in Leuven, acquired at the end of 2009, has started in March 2010 and proceeds according to planning. The first phase could namely be completed in last July and was commercialized in record time, and at a higher rent level than forecasted. The renovation of the second phase has been completed at the end of November 2010 and commercialization is ongoing at a normal pace, taking into account the winter, less favourable for lettings. The renovation of the phases three and four should be completed, respectively by the end of the first and second quarter of 2011. This investment develops favourably and should yield a gross initial rental yield of +/- 6.30%.

**2.1.4** On 30 November 2010 the final agreements were signed between Home Invest Belgium and the shareholders of the SA Masada, in view of the contribution in the Sicafi, through a partial demerger, of a large part of the real estate assets of the aforementioned company. The extraordinary general meetings of Home Invest Belgium and Masada have approved this transaction on 31 January 2011 (see hereafter sub 5.).

## 2 HIGHLIGHTS OF THE FINANCIAL YEAR<sup>1</sup>

### 2.1 NEW INVESTMENTS

**2.1.1.** On 12 February 2010 Home Invest Belgium signed binding agreements with the Nexity Group and the Pierre & Vacances Group involving a development project for a hotel complex of 109 rooms and the renovation of an old city mansion into 6 apartments.

This project is located in Brussels, at the corner of the Rue de l'Industrie and the Rue Belliard, on the edge of the European Quarter. However, the works were interrupted in the middle of the summer following a contamination by lime of the concrete used for the realization of the project. It concerns one of the 93 construction sites registered as contaminated, due to a manipulation error that apparently took place in a stone pit of the SA Carmeuse.

A settlement has been concluded between all parties concerned at the end of the year in order to settle this problem. Since the beginning of the month of January of 2011 the works for the removal of the contaminated concrete have started, and the completion of this project, initially foreseen by the first quarter of 2011, has now been postponed to the second quarter of 2012, for which this postponement should in principle not have any harmful consequences for Belliard 21 (100% subsidiary of Home Invest Belgium), as Nexity IG already pays rent on the progressively invested amounts in this project.

On the other hand it has turned out, in the course of the month of December 2010, that Nexity IG, invoking force majeure,

<sup>1</sup> For more information, we refer to the press releases and to the half-yearly financial report available on the website [www.homeinvestbelgium.be](http://www.homeinvestbelgium.be).



## 2.2 THE SALES

In accordance with the new strategic policy defined by the Board of directors the programme of lot per lot sales of specific assets has been reinforced in the course of 2010:

**2.2.1** The sale of the leasehold rights for a remaining duration of +/- 63 years on the balance of the apartments and garages in the buildings Hottat in Ixelles and Milcamps in Schaerbeek could be successfully completed at the end of the financial year; we remind that the realized capital gains on these two sales are negligible (see annual financial report 2009, page 23),

**2.2.2** Home Invest Belgium has also taken advantage of new opportunities for capital gains by proceeding to two additional sales of commercial spaces located in Nieuwpoort, having realized a distributable capital gain of € 0.75 million;

**2.2.3** The Sicafi has also sold the plot in Maransart that it still held, generating a distributable capital gain of € 0.16 million, as well as the janitor pad adjacent to its property in 's Gravenwezel, with a fully distributable capital gain of € 64 000.

That way, the different sales of the financial year 2010 have produced a total net realized capital gain of € 2.4 million, of which € 1.1 million is part of the distributable result and consequently strongly reinforces the consolidated distributable result to the shareholders for this period. The table below indicates the importance of these capital gains, in comparison with the latest *fair value* as well as with the acquisition value of the buildings sold. For the sixth consequent year, and despite the obvious economic and real estate downturn mid-2007, the effectively realized sales demonstrate the importance of capital gains that can be realized by investing in high-quality residential property, at the right time, combined with a professional and selective arbitrage.

As explained sub 1 this arbitrage should become more important

in the future, which should significantly contribute to the growth of the distributable result to shareholders.

## 2.3 POSITIVE SETTLEMENT OF TWO LAWSUITS AGAINST THE BELGIAN STATE

Home Invest Belgium has also been put in its right by court orders of last 6 October in two lawsuits against the Belgian state. Consequently, the exit tax paid in 2006 following the mergers with SA Belliard 205 and Patroonshuis in 2005, erroneously charged to these two companies, while they were liquidated following their mergers with the Sicafi, will be refunded at the beginning of 2011, for an amount of € 0.7 million, to be augmented by interests of € 0.26 million.

The first of these amounts has been accounted for as a deduction of the acquisition price of the buildings concerned, that way increasing their latent capital gain, while the second one has been accounted for in the financial income, in the accounts of the last quarter of the financial year.

As the tax prescriptive period has been reached, the Sicafi is definitively exempt of paying these exit taxes.

## 2.4 EXPLOSION IN THE RUE LÉOPOLD IN LIÈGE

On 27 January 2010 there was a heavy explosion in Liège at nr. 18 of the rue Léopold, damaging the property complex Home Invest Belgium owns at the numbers 2 to 8 in the same street. The necessary repair works have been carried out in the course of the financial year, accompanied by renovations of a number of installations. The occupancy rate of this complex which had dropped to 27.6% in the course of the first quarter of 2010, progressively increased from 60.1% in the second quarter, to 70.1% in the third, and finally 82% in the last quarter of 2010.

Buildings sold	Transaction object	Sales price - transaction costs	Acquisition price + investments	Net realized capital gain	Net realized capital gain in % compared to acquisition price + investments	Latest <i>fair value</i>	Net realized capital gain in % compared to latest <i>fair value</i>
Nieuwpoort	2 shops	1 304 685.50	593 624.52	711 060.98	119.78 %	586 397.70	122.49 %
Milcamps	6 apartments	587 208.66	187 145.60	400 063.06	213.77 %	536 863.53	9.38 %
Hottat	11 apartments	1 508 603.22	497 192.82	1 011 410.40	203.42 %	1 372 475.18	9.92 %
Maransart	1 plot	363 314.90	102 726.94	260 587.96	253.67 %	266 666.67	36.24 %
Wiezel	1 house	192 481.11	136 000.00	56 481.11	41.53 %	152 727.27	26.03 %
<b>TOTAL</b>		<b>3 956 293.39</b>	<b>1 516 689.88</b>	<b>2 439 603.51</b>	<b>160.85 %</b>	<b>2 915 130.36</b>	<b>35.72 %</b>

## 2.5 OCCUPANCY RATE

Taking into account the difficult economic climate, the average occupancy rate for the entire financial year 2010 amounts to 94.61%, perfectly stable compared to 94.60% in 2009. It should be mentioned that the occupancy rate is higher than the 93.6% stated within the framework of the outlook for the financial year 2010. The occupancy rate has been subject, purely temporarily, to the negative influence of the development projects Jourdan 85 and City Gardens (phases 1 and 2), as well as to the negative influence of the complex situated Rue Léopold in Liège (see above sub 2.4); without these, it would amount to 95.5%.

## 2.6 TAKING INTO CONSIDERATION OF SOCIAL, ENVIRONMENTAL AND ETHICAL CRITERIA (see: Art. 76 of the Law of 20 July 2004)

As in the past, Home Invest Belgium has continued to pay special attention, both at Board of directors and Executive management level, to social, environmental and ethical criteria in its decisions relating to the management of financial resources and to the exercise of the rights related to portfolio shares.

Therefore, with a view to ensuring better energy performance of the building Rue Jourdan 85, the Sicafi has endeavoured to install durable materials that are not subject to fashion. Also, condensation boilers were installed, of which the additional cost is partially subsidised for an amount of € 10 600.

## 3 SUMMARY OF THE ANNUAL CONSOLIDATED ACCOUNTS (see also Chapter VIII. Financial Statements)

The consolidated accounts for the 2010 financial year set forth below have been compiled in line with International Financial Reporting Standards (IFRS) and the provisions of the Royal Decree of 7 December 2010. In accordance with the applicable regulation, the Sicafi has decided not yet to follow the new accounting scheme of annex C of the RD of 7 December 2010.



LAMBERTON



## 3.1 BALANCE SHEETS

## CONSOLIDATED BALANCE SHEET IN IFRS (IN €)

		2010	2009
<b>ASSETS</b>			
I. Non-current assets		<b>234 721 489</b>	<b>227 160 629</b>
B. Intangible assets		8 349	1 815
C. Investment properties		233 344 258	225 625 958
E. Other tangible assets		41 094	53 236
F. Non-current financial assets		46 767	105 846
G. Finance lease receivables		1 281 021	1 373 774
II. Current assets		<b>4 825 437</b>	<b>7 108 327</b>
A. Assets held for sale		0	2 176 005
C. Finance lease receivables		92 752	86 947
D. Trade receivables		684 851	1 207 863
E. Tax receivables and other current assets		2 989 647	1 656 784
F. Cash and cash equivalents		1 036 510	1 964 597
G. Deferred charges and accrued income		21 678	16 131
<b>TOTAL ASSETS</b>		<b>239 546 926</b>	<b>234 268 956</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>		<b>153 968 037</b>	<b>149 050 809</b>
A. Capital		70 946 880	70 946 880
B. Share premium account		19 093 664	19 093 664
C. Treasury shares redeemed (-)		-757 323	-757 323
D. Reserves		76 697 294	70 043 381
E. Profit			
E.1. Profits carried over from previous years		5 416 341	4 321 403
E.2. Profit from the financial year <sup>(2)</sup>		9 329 651	7 811 649
F. Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties		-23 784 358	-19 608 464
G. Changes in fair value of financial liabilities		-2 974 112	-2 800 381
<b>LIABILITIES</b>		<b>85 578 890</b>	<b>85 218 147</b>
I. Current liabilities		<b>82 171 517</b>	<b>80 011 639</b>
B. Non-current financial debts		78 433 750	76 848 750
C. Other non-current financial liabilities		3 737 767	3 162 889
II. Passifs courants		<b>3 407 373</b>	<b>5 206 508</b>
B. Current financial debts		465 055	835 312
D. Trade debts and other current debts		2 029 317	3 205 872
E. Other current liabilities		477 347	692 153
F. Accrued charges and deferred income		435 653	473 171
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>239 546 926</b>	<b>234 268 956</b>
Number of shares at the end of the period <sup>(1)</sup>		2 815 630	2 815 630
<b>Net asset value</b>		<b>153 968 037</b>	<b>149 050 809</b>
<b>Net asset value per share</b>		<b>54.68</b>	<b>52.94</b>
Debt as defined in the Royal Decree of 7 December 2010		81 405 470	81 582 087
<b>Debt ratio</b>		<b>33.98 %</b>	<b>34.82 %</b>

<sup>(1)</sup> The total number of shares in circulation is 2 828 542, from which it necessary to exclude the 12 912 Home Invest Belgium treasury shares held by the company (IAS 33, paragraph 20).<sup>(2)</sup> Item E.2. is calculated on the basis of the net result of the income statement less heading XVIII. "Changes in fair value of investment properties".

## 3.2 COMMENTS ON THE 2010 BALANCE SHEET

### 3.2.1 Assets

The *intangible assets* relating to the investment in the Winlris software made several years ago are now only included for their remaining balance which has not yet been written off. A new version of software is being developed, which explains the increase of this item in the course of the financial year 2010.

In the course of the financial year the fair value of the *investment properties* has gone from € 225.6 million on 31 December 2009 to € 233.3 million on 31 December 2010, including the development projects, or a slight increase by 3.4 %, mainly

#### thanks to:

- the provisional acceptance, in two phases, and the integration into the Sicafi's portfolio, of the City Gardens project in Leuven, for which the fair value of these two phases amounts to € 10.4 million on 31 December 2010;
- the provisional acceptance of the building Jourdan 85 in Saint-Gilles, of which the *fair value* amounts to € 6.4 million on 31 December 2010;
- diverse renovation works carried out in our buildings in order to keep them up-to-date with the current rental market, for an amount of € 0.5 million;
- the balance, coming from slight positive changes in *fair value* of the investment properties in the course of the 2010 financial year;

#### and this, despite:

- the sale of 2 commercial spaces in Nieuwpoort, a building land in Maransart, a janitor pad in 's Gravenwezel and 17 apartments in the Hottat en Milcamps buildings (see above sub 2.2).

The current development projects amount to a total of € 10.6 million compared to € 18.4 million on 31 December 2009.

The *non-current financial assets* amount to € 0.05 million, a decrease of 56% in comparison with the previous year, following a decrease of the fair value of the hedges in application of the IAS 39 standard.

The *finance lease receivables* of € 1.4 million represent the value of the receivables from the property leasing for the building Rue de Belgrade and for the Residence Lemaire: the long-term part of this income is listed under non-current assets, while the short-

term income (less than a year) is listed under current assets.

Following the closure, in the course of the financial year, of the sales of the leasehold rights of the last apartments in the buildings Hottat and Milcamps and of the remaining plot in Maransart, the item *assets held for sale* was reduced to zero.

The *trade receivables* correspond for the largest part (€ 0.5 million) to rent arrears from investment properties, which represent 3.64% of the rents earned in 2010 and, for their balance, to amounts to be received from a provisional sales agreement signed at the end of 2010.

*Tax receivables and other current assets*, risen by 80% in comparison with 2009, consist of tax receivables (withholding tax on liquidation proceeds, advance payment and recovery following the tax dispute mentioned under point 2.3 above) for an amount of € 1.8 million, while the balance consists of advance payments to the different co-ownerships, and of the short term part of finance lease receivables.

*Cash and cash equivalents* amount to € 1 million compared to € 2 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 steady at € 0.02 million.

### 3.2.2 Shareholder equity and liabilities

On 31 December 2010 Home Invest Belgium' *capital* amounted to € 70.9 million and was represented by 2 828 542 shares, of which 12 912 are held under auto-control and are excluded from the calculations per share.

Reserves substantially progress by 9.5%, and amount to € 76.7 million compared to € 70 million the previous year, mainly thanks to a positive change (+ € 8.2 million) of the *fair value* of the investment properties listed under unavailable reserves.

*Profits carried over from previous years* have currently reached € 5.4 million, or € 1.92 per share, in comparison with € 4.3 million the previous year (+ 25.4%).

The *profit of the financial year* amounts to € 9.3 million, an increase by 19.4% compared to 2009. This corresponds to the net result of the financial year minus the net balance of changes in *fair value* of



the investment properties accounted for in the reserves.

We need to remind that the item '*Impact on the fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties*' corresponds to the amendments made to the investment value of investment properties 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 (+ 21.3%), mainly due to the absence of the transfer rights regarding the Lambermont project within the framework of the calculation of its **fair value** (building formerly subject to VAT).

The *change in the fair value of financial assets and liabilities* corresponds to the evolution of the fair value of the effective hedges in the sense of IAS 39, entered into by the Sicafi. Taking into account the historically low long-term interest rate, and notwithstanding the conclusion of a new IRS at the end of 2010, this negative items remains quasi unchanged at € 3 million in comparison with € 2.8 million the previous year. This item consequently influences, negatively, though latently, Home Invest Belgium' equity, and consequently the **net asset value** per share, for an amount of exactly € 1.06.

*Non-current financial debts* marginally increase to € 78.4 million, in comparison with € 76.8 million a year before (+ 2.1%), as the development projects could be amply funded by cash generated from the realized sales.

*Current financial debts* amount to € 0.5 million compared to € 0.8 million in 2009 and mainly comprise the rental guarantees received and the provisions for expenses from the tenants. No single credit line expires in 2011.

*Trade debts and other current debts* decrease from € 3.2 million the previous year to € 2 million in 2010. They comprise the debts with suppliers of € 1/1 million, rents received in advance of € 0.3 million, corporate tax debts of € 0.4 million, and finally exit tax debts for an amount of € 0.2 million.

*Other current liabilities* amount to € 0.48 million compared to € 0.69 million the previous year, and comprise the dividends of previous financial years, not claimed by shareholders, of € 0.1 million.

*Deferred charges and accrued income* maintained their level at € 0.44 million and mainly comprise the share of rents relating to the next financial year, and the interest from financial charges.

Finally, the **net asset value** per share<sup>1</sup> amounts to € 54.68 and indicates a substantial increase of 3.3% in comparison with the value on 31 December 2009 (€ 52.94), notwithstanding the negative, though one-off, impact of the elimination of the transfer rights on the Lambermont complex (- € 2.5 million) at the end of the financial year (see above).

<sup>1</sup> Calculated excluding the 12 912 Home Invest Belgium shares held in auto-control (IAS 33, § 20).

## 3.3 RESULTS 2009-2010

	2010	2009
I. Rental income	14 253 402	13 895 469
III. Rental-related expenses	-137 465	-219 846
<b>NET RENTAL RESULT</b>	<b>14 115 937</b>	<b>13 675 622</b>
IV. Recovery of property charges	106 657	87 602
V. Recovery of charges and taxes normally payable by the tenant	370 467	366 730
VII. Charges and taxes normally payable by the tenant	-1 458 373	-1 255 773
<b>PROPERTY RESULT</b>	<b>13 134 688</b>	<b>12 874 181</b>
IX. Technical costs	-1 097 433	-1 261 645
X. Commercial costs	-535 683	-480 575
XI. Charges and taxes on unlet properties	-265 738	-197 475
XII. Property management costs	-1 419 884	-1 492 323
(+/-) <i>Property costs</i>	-3 318 738	-3 432 018
<b>PROPERTY OPERATING RESULT</b>	<b>9 815 950</b>	<b>9 442 163</b>
XIV. General corporate expenses	-641 319	-518 191
<b>OPERATING RESULT BEFORE PORTFOLIO RESULT (A)</b>	<b>9 174 630</b>	<b>8 923 972</b>
XVI. Gains or losses on the sale of investment properties (B)	2 439 604	1 288 364
XVII. Gains or losses on the sale of other non-financial assets (C)	0	0
XVIII. Changes in fair value of investment properties (D)	3 876 459	270 644
<b>OPERATING RESULT (E)</b>	<b>15 490 693</b>	<b>10 482 980</b>
XIX. Financial revenues	412 723	271 082
XX. Interest charges	-2 201 999	-2 241 000
XXI. Other financial charges	-582 350	-424 747
(+/-) <i>Financial result</i>	-2 371 625	-2 394 665
<b>PRE-TAX PROFIT (F)</b>	<b>13 119 068</b>	<b>8 088 315</b>
XXII. Corporation Tax	87 042	-6 022
(+/-) <i>Taxes</i>	87 042	-6 022
<b>NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY (G)</b>	<b>13 206 110</b>	<b>8 082 294</b>
Net profit attributable to the owners of the parent company, per share	4.69	2.92
Net current result =((G) - (B) - (C) - (D))	6 890 047	6 523 285
<b>Net current result per share</b>	<b>2.45</b>	<b>2.36</b>
Net current result excluding IAS39	7 344 977	6 821 677
<b>Net current result excluding IAS39 per share</b>	<b>2.61</b>	<b>2.47</b>
Result on the portfolio =( (B) +(C) +(D) )	6 316 063	1 559 009
<b>Result on the portfolio per share</b>	<b>2.24</b>	<b>0.56</b>
Profit available for distribution and attributable to the owners of the parent company <sup>(1)</sup>	8 509 343	7 695 513
<b>Net profit attributable to the owners of the parent company, per share</b>	<b>3.02</b>	<b>2.78</b>
Average number of shares with full entitlement	2 815 630	2 764 079 <sup>(2)</sup>
Number of shares at end of period <sup>(3)</sup>	2 815 630	2 815 630
<b>Proposed dividend <sup>(4)</sup></b>	<b>2.75</b>	<b>2.43</b>
 Operating margin	69.85 %	69.32 %
Operating margin before tax	51.79 %	50.72 %
Net current margin	52.46 %	50.67 %
Pay-out ratio <sup>(5)</sup>	90.99 %	87.28 %

<sup>(1)</sup> This distributable result is calculated on a consolidated. On 31 December 2010 the statutory distributable result according to the RD of 7 December 2010 amounts to € 8 733 629 or € 3.09 per share (including the shares in auto-control) on 31 December 2010.

On 31 December 2009 this amounted to € 7 915 526 or € 2.85 per share. All other references to the distributable result in this document relate to the consolidated distributable result.

<sup>(2)</sup> The average number of shares with entitlement to dividends takes into account, pro rata, the 109 111 shares with dividend rights as from 1 June 2009 and the 12 177 shares with dividend rights as from 1 July 2009. The 12 912 shares in auto-control have been deducted (IAS33, paragraph 20).

<sup>(3)</sup> The total number of shares in circulation is 2 828 542, from which it necessary to exclude the 12 912 Home Invest Belgium treasury shares held by the company (IAS33, paragraph 20). We therefore obtain 2 815 630 at the end of the period.

<sup>(4)</sup> The dividend is determined on the basis of the statutory result.

<sup>(5)</sup> Dividend / distributable result.



## 3.4 COMMENTS ON THE 2010 RESULTS

### 3.4.1 Net rental result

Rental income amounts to € 14.3 million compared to € 13.9 million in 2009, a slight increase (+ 2.7%), mainly following the integration in the portfolio in the course of the second semester of 2010 of the phases 1 and 2 of the City Gardens complex and the Jourdan 85 building, but also, to a lesser extent, following the erosion of the rents due to the sales realized during the financial year.

Rental-related expenses consequently decrease significantly (- 37.5%) to € 0.14 million, as the reductions in value on trade receivables have seriously diminished, thanks to new management procedures adopted in 2009.

The net rental result consequently amounts to € 14.1 million compared to € 13.7 million a year before (+ 3.22%).

### 3.4.2 The property result

Charges and taxes normally payable by the tenant mainly consist of the property tax paid by the Sicafi and amount to € 1.5 million, an increase by 16.1% in comparison with 2009. 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 € 13.1 million compared to € 12.9 million a year before, or an increase by 2%.

### 3.4.3 Property charges

Technical costs involve maintenance costs for the owner and renovation costs. They amount to a total of € 1.1 million, or a decrease of 13% in comparison with € 1.3 million in 2009 thanks to a favourable impact of the new follow-up system adopted at the beginning of the year.

Commercial costs amount to € 0.5 million, or an increase by 11.5% in comparison with a year before. 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 rental charges and taxes on unlet properties of € 0.27 million,

increased by 34.6%, are the charges that the Sicafi has to bear for each rental vacancy. They are therefore directly in line with the occupancy rate and the vacant spaces. Their strong rise in 2010 is explained by a modified calculation method inducing an additional though one-off cost of € 0.07 million.

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. These amount to € 1.4 million compared to € 1.5 million a year before, or a slight decrease (- 4.85%) despite the portfolio's growth.

Globally, the property charges slightly decrease to € 3.3 million compared to € 3.4 million the previous year (- 3.30%) and this, notwithstanding the portfolio size and the number of contracts managed.

### 3.4.4 The property operating result

Consequently the property operating result amounts to € 9.8 million, up 3.96% compared to the result of € 9.4 million recorded in 2009.

### 3.4.5 The operating figures 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, to the Sicafi's approved property surveyor, to the custodian bank and to the Sicafi's promoters. They amount to € 0.64 million, up 23.8% compared to 2009.

Consequently the operating result before the portfolio result amounts to € 9.2 million, or an improvement by 2.8% in comparison with 2009.

### 3.4.6 The operating result

The result on the portfolio is again largely positive (+ € 6.3 million). It favourably relates to the negative result of € - 0.5 million in 2008 and to the slightly positive result of € 1.6 million in 2009. On the

one hand it is explained by a change in the **fair value** of investment properties of € 3.9 million (€ 0.28 million in 2009), again positive, but also by important realized capital gains that went from € 1.3 million in 2009 to € 2.4 million in 2010, another increase of 89.4% (already + 52.4% in 2009). This remarkable result indicates for the sixth consequent year that Home Invest Belgium succeeds in realizing capital gains to the benefit of its shareholders.

The *operating result* (after taking into account the portfolio result) consequently amounts to € 15.5 million, a significant increase by 47.8% in comparison with € 10.5 million in 2009.

#### 3.4.7 The financial result

Financial revenues of € 0.41 million comprise interest paid, de finance lease receivables and income from hedges. This item increases (+ 52.3%) mainly thanks to the moratory interests due by the Belgian State following the relief in the tax disputes mentioned above sub 2.3.

Interest charges slightly decrease (- 1.74%) following the decrease of the interest rates.

Other financial charges increase by 37.1%, from € 0.4 million to € 0.6 million. They comprise the negative change in fair value of an **IRS callable**, concluded in June 2009, for € -0.45 million, considered as inefficient in the sense of IAS 39.

Globally, the financial result (negative) quasi maintains its level at € - 2.4 million (- 0.96 %).

#### 3.4.8 The net result – The net current result –

##### The distributable result

After taking into account the financial charges and taxes, the net result of Home Invest Belgium grows from € 8.08 million in 2009 to € 13.21 million in 2010, or a progress by 63.4% (already + 53.2% in 2009). The **net current result** also rises from € 6.52 million to € 6.89 million (+ 5.6%), with a **net current margin** evolving from 50.67% the previous year to 52.46% at the end of 2010, while the distributable result increases from € 7.7 million to € 8.5 million (+ 10.6%).



#### 3.4.9 Development of margins

After a drop of the margins in 2009, 2010 is again characterized by a substantial improvement:

- the **operating margin**: 69.85% compared to 69.32%
- the **operating margin before tax**: 51.79% compared to 50.72%
- the **net current margin**: 52.46% compared to 50.67%.

This significant improvement was the result of the professional and dynamic management of the company, as well with regard to its operating income as to its operating expenses.

#### 3.5 Appropriation of the result

The *Consolidated distributable result*<sup>1</sup> amounts to € 8.5 million compared to € 7.7 million the previous year, or an increase by 10.6%.

This relates to an average number of shares with full dividend rights, which has itself increased by 1.87%, from 2 764 079 shares in 2009 to 2 815 630 shares in 2010.

No transfer has been made to the legal reserve.

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

<sup>1</sup> The statutory distributable result calculated in accordance with the RD of 7/12/2010 amounts to € 8 733 629, a growth of nearly 10%.



Accordingly, based on the statutory accounts, the Board of directors proposes the following to the Ordinary general meeting of Home Invest Belgium shareholders:

• to <b>carry over</b> an overall sum of	€ 1 775 446
• to <b>distribute</b> in respect of return on capital	
<b>a dividend</b> of € 2.75 per share, or	€ 7 778 491 <sup>1</sup>

**Total** **€ 9 553 936**

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 € 6 986 903.

In accordance with current legislation, this dividend will be paid gross for net due to the special status of Home Invest Belgium 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 the 15% 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 13 May 2011 by standing order to holders of registered or dematerialised shares, and to the bearer shareholders at branches of BNP Paribas Fortis Bank, in return for coupon no. 14 detached from the current balance of the bearer shares.

### 3.6 RECONCILIATION OF THE RESULT OF THE FINANCIAL YEAR WITH ITEM E2

#### Statutory level:

• Net result:	€ 13 430 396
• Change in the fair value	
of investment properties:	€ - 3 876 459

**Balance:** **€ 9 553 936**

This balance is distributed as follows:

• Dividend:	€ 7 778 491
• Carry over:	€ 1 775 446

#### Consolidated level:

• Net result:	€ 13 206 110
• Change in the fair value of	
investment properties:	€ - 3 876 459

**Balance:** **€ 9 329 651**

This balance is distributed as follows:

• Dividend:	€ 7 742 983
• Carry over:	€ 1 586 668

### 3.7 HOLDINGS

Home Invest Belgium declares that the only holdings it owns are

- 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, equalling 20 shares, owned by its subsidiary Home Invest Management.

### 3.8 TREASURY SHARES

Home Invest Management NV, 100% subsidiary of Home Invest Belgium, holds at closing date of the financial year 2010 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.

### 3.9 TRANSACTIONS WITH RELATED PARTIES

With the exception of the remuneration of the Managing director, there have been no transactions with related parties as defined by IAS 24 and articles 523 and 524 of the Company Code, during the course of the financial year under review (see Corporate Governance statement: remuneration report).

Likewise, no transaction took place during the course of the 2010 financial year that gave rise to a conflict of interest as defined by article 24 of the RD of 10 April 1995.

### 3.10 AUDITOR'S FEES

The Auditor, Karel Nijs, received fees amounting to a total of € 51 205,34 (incl. VAT), broken down as follows:

- Remuneration of the Auditor: € 31 218.00

<sup>1</sup> This dividend is determined on the basis of the statutory accounts.

- Remuneration for special services or particular assignments accomplished within the company by the Auditor:
 

1. Other attestation assignments:	€ 9 075,00
2. Other non-audit assignments:	€ 8 393,66
- Remuneration for special services or particular assignments undertaken within the company by persons linked to the Auditor(s):
 

1. Tax advice:	€ 2 518,68
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### 3.11 RISK FACTORS

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

### 3.12 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 Declaration Chapter).

## 4 MANAGEMENT BODIES

### 4.1 EVOLUTION OF THE COMPOSITION OF THE BOARD OF DIRECTORS

#### 4.1.1 The Ordinary general meeting of 4 May 2010 has proceeded to:

- renewal of the mandate of Mrs. Ghislaine Darquennes as a director, for three years, with her mandate ending after the Ordinary general meeting of 2013;
- renewal of the mandate of Mr. Michel Pleeck as a director, for three years, with his mandate ending after the Ordinary general meeting of 2013, and
- renewal of the mandate of Mr. Guillaume Botermans as an independent director in the sense of article 526 ter of the Company Code, for six years, with his mandate ending after the Ordinary general meeting of 2016.

#### 4.1.2 Discharge – Cooptation – Nomination – Thanking

In accordance with article 9 paragraph 3 of the articles of association of the Sicafi, The Board of directors has noted the resignation of Mrs. Ghislaine Darquennes during its meeting of 18 August 2010 and has proceeded to her replacement by co-opting Mr. Johan Van Overstraeten, who's cooptation is presented for ratification to the Ordinary general meeting of 3 May 2011 (cf. 4.2.3 below).

Furthermore, Mr. Michel Pleeck, Director and Chairman of the Board of directors has announced at the beginning of 2011 the wish to end his director's mandate after the Ordinary general meeting of shareholders of 3 May 2011, as his mandate has reached the 12-year limit as an independent director.

The Board wishes to thank as well Mrs. Ghislaine Darquennes as Mr. Michel Pleeck for their substantial contribution to the stock exchange listing of Home Invest Belgium in June 1999 and their frequent and unremitting contribution to the development of the Sicafi during its twelve years of existence and for their active and constructive contribution in the meetings of the Board and the different committees of the company.

Finally, on 25 February 2011 the Board of directors has appointed among its members Mr. Guy Van Wymeren-Moons as the new Chairman of the Board of directors<sup>1</sup>. His mandate will commence at the end of the Ordinary general meeting of 3 May 2011, i.e. after the expiry of the mandate of Mr. Michel Pleeck, who will carry the title of Honorary Chairman of the Sicafi as from 4 May 2011.

#### 4.1.3 It is also proposed to the Ordinary general meeting of 3 May 2011 to proceed to:

- the ratification of the nomination of Mr. Johan Van Overstraeten as a director representing the VOP group; his mandate commenced by cooptation on 18 August 2010 and will end after the Ordinary general meeting of 2013;
- the nomination of Mr. Eric Spiessens as an independent director in the sense of article 526 ter of the Company Code for a term of four years, with his mandate ending after the Ordinary general meeting of 2015;
- the nomination of Mr. Koen Dejonckheere as an independent director in the sense of article 526 ter of the Company Code, for a term of four years, with his mandate ending after the Ordinary general meeting of 2015;
- and finally, within the framework of aligning the duration of the

<sup>1</sup> These appointments are proposed subject to approval by the CBFA.



director's mandates, the extension of the mandate of Mr. Johan Van Overstraeten till after the Ordinary general meeting of 2015.

#### **4.2 CREATION OF AN APPOINTMENT AND REMUNERATION COMMITTEE**

The Appointment and remuneration committee, function taken on to that date by the entire Board of directors, and formally created at the end of 2009, has been established on 12 February 2010. It is chaired by Michel Pleeck, Director and Chairman of the Board, and consists of Guillaume Botermans and Luc Delfosse, both independent directors. The board has appointed Mr. Guy Van Wymersch-Moens as a new member of this committee.

#### **4.3 ENLARGEMENT OF THE EXECUTIVE MANAGEMENT**

As announced in the annual financial report 2009 the Executive management of the Sicafi, up until now exercised by the Managing director Xavier Mertens, has been extended to Jean-Luc Colson, CFO, as a permanent representative of the sprlu Ylkatt since 21 January 2010.

#### **5 IMPORTANT EVENTS AFTER THE CLOSURE OF THE FINANCIAL YEAR**

##### **PARTIAL DEMERGER OF SA MASADA**

On 31 January the Extraordinary general meetings of Home Invest Belgium and the SA Masada have approved the partial demerger of the latter company consisting of a contribution in Home Invest Belgium of a residential property portfolio of € 8.5 million (see above sub 2.1.4). Following this transaction the Sicafi's equity rises by € 6.1 million, through the issuance of 102 792 new shares with a price of € 59.7146 per share. These new shares have dividend rights as from 1 February 2011. It is the Board of directors' opinion that this transaction will substantially contribute to the results of the three following financial years, namely thanks to the forecasted capital gains on the lot per lot sales programme of some of the contributed properties. It again reinforces equity and contributes thus to the future growth potential.

##### **ENLARGEMENT OF THE EXECUTIVE MANAGEMENT**

At the beginning of the financial year 2011 the Executive management was again extended by Filip Van Wijnendaele,

joining effective management as the COO, as a permanent representative of the sprlu FVW Consult, for which the start date of the contract still has to be defined. Home Invest Belgium consequently disposes of three effective managers and amply meets the dispositions of the Law of 20 July 2004 and more specifically those of article 38 (effective management).

#### **6 IMPORTANT EVENTS THAT HAVE CONTRIBUTED TO THE DEVELOPMENT OF THE ACTIVITIES OF HOME INVEST BELGIUM**

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

- the merger with Mons Real Estate SA in April 2001
- the merger with Les Résidences du Quartier Européen SA in May 2002
- the purchase of the Cours Saint-Michel property in July 2002
- the contribution of three properties held by the AXA Belgium Group, paid for in new Sicafi shares in December 2003
- the turnkey purchase of the Giotto complex, handed over in March 2005
- the merger with 205 Rue Belliard SA and Patroonshuis SA in May 2005
- the turnkey purchase with immediate entry of Résidence Columbus, handed over in October 2007
- the merger with Immobilière du Prince d'Orange SA in May 2006
- the increase in own funds, amounting to € 31.6 million, through the issue of 619 380 new shares, in October 2006
- the merger with Investim SA and Immobilière Van Volxem SA in May 2007
- the partial split with VOP SA and the merger with JBS SA, in May 2008
- the merger with ERIV Mechelen SPRL and Les Erables Invest SA in May 2009
- the merger with Alltherm SA in May 2010 and the redevelopment in four phases of this complex in the course of the 2010 and 2011 financial years
- the development for own account of the building Jourdan 85, completed in October 2010

## 7 RESEARCH AND DEVELOPMENT ACTIVITIES

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

## 8 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 hedging instruments and their use, are described in chapter 1 Principal risks.

## 9 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<sup>1</sup>

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** The authorised capital of Home Invest Belgium is represented by 2 828 542 fully paid up ordinary shares<sup>2</sup> 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



<sup>1</sup>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.

<sup>2</sup>Of which 12 912 shares in auto-control.



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 and the Royal Decree of 10 April 1995 on Real Estate Sicafs, the Royal Decree of 7 December 2010 on Sicafis - as well as 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 € 70 392 471.38. This authorisation is valid for a 5-year period beginning on 12 June 2008. There was no use of this authorised capital during the 2010 financial year. On 31 December 2010 the available authorized capital amounted to € 69 022 824.50.
- 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 31 May 2010, 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 15 June 2010, 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 2010, 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 X "Permanent document" hereafter.

## 10 PROFILE OF HOME INVEST BELGIUM SHAREHOLDERS

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

In this respect, the two categories of investors may be interested to invest in Home Invest Belgium shares, not only by means of acquisitions of securities on the stock exchange, but also by means of transactions transferring real estate assets held directly or via special structures, whether it be a contribution in kind of properties or shares in real estate companies, the merger of a real estate company with the Sicafi or the total or partial demerger of a real estate company followed by a contribution-merger with the Sicafi.

In comparison with the direct ownership of residential property, an investment in Home Invest Belgium shares has a double advantage:

- being free of the constraints related to commercial, administrative, financial and technical management, which is relatively burdensome in the residential sector and;
- benefiting from the advantages offered by this type of investment: a good spread of investment risk, the professionalism of the management, the improved liquidity of stock exchange listed securities, high transparency in corporate governance and favourable legal and tax provisions.

## **11 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 2010.

## **12 DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS**

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

## **13 REMUNERATION REPORT**

The remuneration report is integrally produced in point 6 of chapter VII Corporate Governance statement of this annual financial report.

## **14 AUDITOR'S REPORT ON THE MANAGEMENT REPORT**

The Auditor has gone over the 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.



# HOME INVEST BELGIUM ON THE STOCK EXCHANGE<sup>1</sup>



# A SOLID PERFORMANCE OF 10% UP

## 1 LISTING AND COMPARISONS

Home Invest Belgium shares were originally (as from 18 June 1999) listed on the fixing market, before being transferred to Euronext Brussels' continuous trading market with its greater liquidity on 15 January 2007 (Symbol: HOMI - ISIN-Code: BE 0003760742).

At the beginning of 2010 the first closing price amounted to € 54.98. The price of the Home Invest Belgium has further remained stable till the end of the first semester, except for a brief decrease at the end of May after the detachment of coupon nr.13; further, an ongoing uptrend was recorded in the course of the second semester of the financial year (an increase of +/- 10%), whereas the maximum price of € 61.5 was reached on 24 and 29 December; the share price at the closing of the financial year was € 60.5 on 30 December 2010.

This new progress by 10% over the entire year 2010, after an increase of 21% in 2009, is in spectacular contrast to the return of the BEL 20 index (+ 0.6%), but we need to remind that this index has already sharply risen in 2009 (+ 27%) after having decreased by over 40% in 2008 while the Home Invest Belgium share only dropped by 9%.

At a share price of € 60.5 the net yield based on a dividend of € 2.75 proposed to the Ordinary general meeting of 3 May 2011, amounts to 4.55%, or over 125 base points above the current yield of the OLO on 5 years<sup>2</sup>.

Last year, the net return for the shareholder, measured in the same way, reached a quasi identical level of 4.48%.

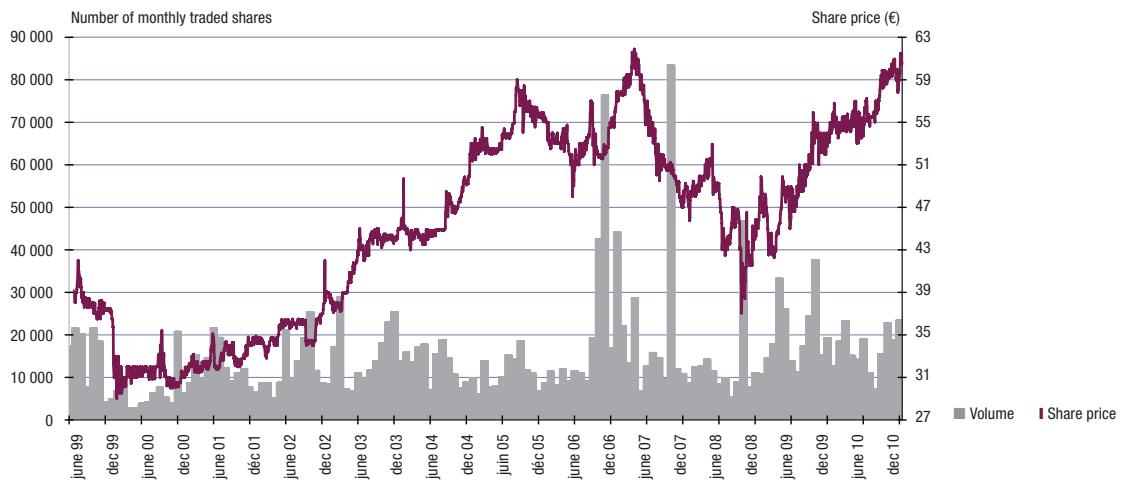
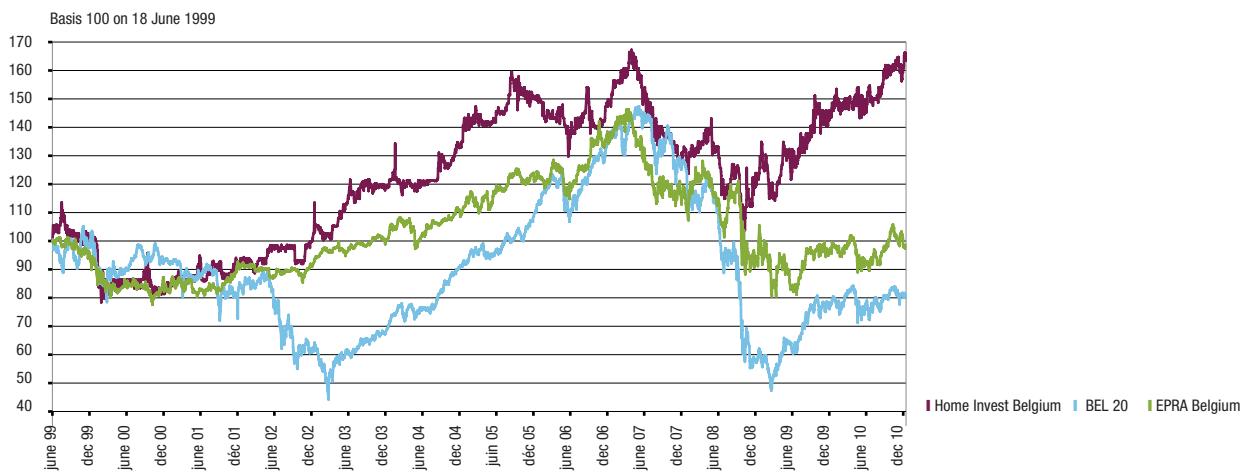


<sup>1</sup> This chapter does not belong to the parts subject to the control of the statutory auditor.

<sup>2</sup> Average yield on 5-year OLO on 4 February 2011: 3.30%.



## EVOLUTION OF THE SHARE PRICE SINCE THE IPO 1999-2010

COMPARISON OF THE STOCK MARKET EVOLUTION: HOME INVEST BELGIUM - BEL20 - EPRA BELGIUM INDEX SINCE THE IPO<sup>1</sup>

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

<sup>1</sup> 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](http://www.epra.com).

## 2 NET ASSET VALUE AND DISCOUNT

### EVOLUTION OF THE SHARE PRICE COMPARED TO THE NET ASSET VALUE



The **net asset value** is calculated and published quarterly by way of a press release and publishing on the website [www.homeinvestbelgium.be](http://www.homeinvestbelgium.be).

### EVOLUTION OF THE NET ASSET VALUE PER SHARE

In the course of the financial year 2010 this value has recorded a limited increase of 3.3% in comparison with its level at the start of the financial year, i.e. from € 52.94 to € 54.68 per 31 December 2010.

This positive trend, more pronounced during the last quarter, can be explained to a large extent, on the one hand by the unrealized capital gains on the valuation of the development projects City Gardens (phases 1 and 2) and Jourdan 85 at their completion, and for the balance, to the growth of the item 'result to be carried forward'.

#### STATUTORY ACCOUNTS IN BELGIAN GAAP

	Before distribution	After distribution
01/06/1999	34.46	-
30/11/1999	35.89	-
31/05/2000	37.72	35.76
30/11/2000	37.57	-
31/05/2001	38.94	36.95
30/11/2001	38.28	-
31/05/2002	39.44	37.39
30/11/2002	38.85	-
31/05/2003	40.67	38.54
30/11/2003	40.88	-
31/05/2004	44.67	42.67
30/11/2004	44.98	-
31/05/2005	48.05	<sup>(1)</sup>
31/12/2005	50.38	46.91

#### CONSOLIDATED IFRS ACCOUNTS

31/12/2005	48.15
30/06/2006	50.51
31/12/2006	51.55
30/06/2007	53.58
31/12/2007	54.82
30/06/2008	54.21
31/12/2008	52.71
31/12/2009	52.94
31/12/2010	54.68

<sup>(1)</sup> Extension of the financial year from the end of May to the end of December.



It is worth noting that the **net asset value** per share remains 59% 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.

Home Invest Belgium has indeed benefited:

- on the one hand, from being established at the right moment of the residential property cycle, namely in June 1999, and having substantially developed its portfolio since, by acquiring qualitative assets;
- on the other hand, from having always given priority to truly residential property – apartments, studios and houses, which offers a substantial capital gains potential in the medium term, as well as an excellent spreading of risks.

Home Invest Belgium shares have been traded at a premium on the published **net asset value** during the entire financial year 2010. On 31 December 2010 the closing price amounted to € 60.5 (€ 54.30 on 31 December 2009), which represents a premium of 10.6% in comparison with the **net asset value** at the end of the financial year. This premium illustrates the renewed confidence of the shareholder in the performance of an investment in Home Invest Belgium shares.



**BIRCH HOUSE**

### 3 KEY FIGURES OF THE SHARE ON 31 DECEMBER 2010

Some 201 493 Home Invest Belgium shares were traded during the 2010 financial year, or on average some 833 shares per trading session, compared with 241 645 in 2009 (986 per trading session), which represents nearly 7% of the number of shares of the Sicafi admitted to trading on the stock market.

This slight decrease in velocity is probably an illustration of the confidence of the shareholder –institutional as well as private - in Home Invest Belgium shares. This confidence can be explained on the one hand by the renewed interest of investors in the Sicafi product in general and in the investment strategy of Home Invest Belgium in particular, and on the other hand by the very low interest rate level yielded by other investment products.

Number of issued shares:	2 828 542
Number of shares admitted to stock market trading:	2 828 542
Market capitalisation based on closing price:	€ 171.1 millions
Closing price:	€ 60.50
Highest price:	€ 61.50 (29 December 2010)
Lowest price:	€ 53.00 (17 May 2010)
Average price:	€ 56.60
Annual turnover::	201 493 (against 241 645 in 2009 and 157 037 in 2008)
Yearly volume:	16 791 (against 20 137 in 2009 and 13 086 in 2008)
Average daily volume:	833 (against 986 in 2009 and 685 in 2008)
Velocity <sup>1</sup> :	13.85 % (against 16.69% in 2009 and 11% in 2008)
Net dividend:	€ 2.75 per share
Gross dividend yield <sup>2</sup> (%) :	4.55 %

<sup>[1]</sup> Number of traded shares / free float.

<sup>[2]</sup> Gross dividend for net / closing price.



#### 4 DIVIDEND POLICY

Home Invest Belgium is committed to offering its shareholders an increasing dividend equal to or above the rate of inflation in the long run. Between 2000 and 2010, the net dividend rose from € 1.96 to € 2.43 per share, i.e. an increase of nearly 24% in the space of nine years or an average annual increase of 2.67%. In the same period, the 'health index' (l'indice santé) amounted to 2.19% annually.

For the 2010 financial year, a dividend of € 2.75, up 13.0% in comparison with the dividend of € 2.43 paid for the 2009 financial year, is being proposed by the Board of directors to the Ordinary general meeting of shareholders. The payout ratio will thus maintain a very acceptable level of 91%<sup>1</sup>.

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, this new policy should as from now on substantially contribute to the growth of the distributable profit.

Finally it is worth noting that in the first eleven financial years quite a sizeable portion of profits was carried forward each year and, after distribution and on a consolidated level amounts now to € 2.49 per share<sup>2</sup>. This should enable the company to maintain an acceptable dividend curve, should conditions in the rental market become more difficult.

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<sup>1</sup> The statutory payout ratio amounts to 89.1%.

<sup>2</sup> Calculations on a consolidated basis and after 2010 profits appropriation.



## 5 RETURN ON INVESTMENT 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 those Home Invest Belgium shareholders *not having reinvested* dividends every year, the average **return**, is equal to 11.10% per year over the 1999/2010 period, notwithstanding the low return recorded in the course of the financial years 2008 and 2009.

For shareholders who took part in the June 1999 IPO (Initial Public Offering) and since *reinvested* all dividends in Home Invest Belgium shares, the investment rate of return<sup>1</sup> (IRR) calculated over this eleven year period would be 13.76%, and this, in spite of the weak performance in the course of the financial years 2008 and 2009.

This return cannot be compared with that of the majority of other Sicafis, due to the fact that their return is calculated before deduction of the 15% withholding tax on dividends, whereas Home Invest Belgium is not subject to such withholding tax according to the current legislation.

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

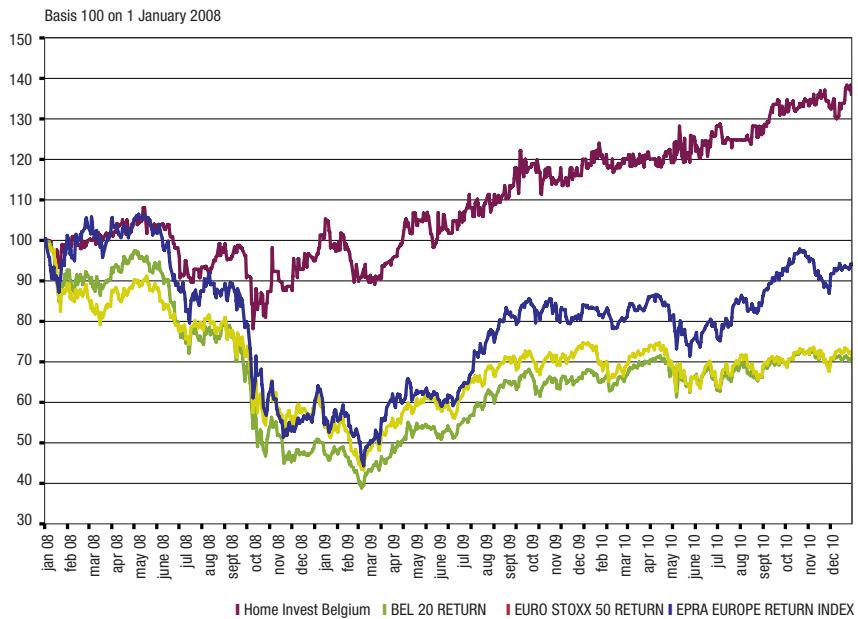
<sup>(1)</sup> Based on consolidated figures as from 2005.

<sup>(2)</sup> Dividend of the financial year plus net asset value growth during the financial year.

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

<sup>(4)</sup> Rebased to twelve months (12/19).

**COMPARISON OF THE EVOLUTION OF THE RETURN OF HOME INVEST BELGIUM  
COMPARED TO REAL ESTATE RETURN INDICES AND STOCK PERFORMANCE INDICES<sup>1</sup>**



The quality of the return on investment of Home Invest Belgium shares is confirmed by the graph above, showing the excellent performance - measured in terms of return - of the Home Invest Belgium share compared to the BEL20, Eurostoxx 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.



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<sup>1</sup> Additional information on these indices can be obtained at Euronext Brussels (BEL20) and on [www.epra.com](http://www.epra.com) (EPRA Europe Return Index) and [www.stoxx.be](http://www.stoxx.be) (Eurostoxx 50 Return).



## 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 31 January 2011):

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.

Shareholders	Number of shares	% of capital
<b>Group VOP *</b> <sup>(1)</sup>	<b>622 632</b>	<b>21.24 %</b>
Stavos Luxembourg SA	622 448	21.23 %
COCKY SA	92	0.00 %
Mr Liévin Van Overstraeten	92	0.00 %
<b>AXA Belgium *</b> <sup>(2)</sup>	<b>429 164</b>	<b>14.64 %</b>
<b>Les Assurances Fédérales *</b>	<b>105 296</b>	<b>3.59 %</b>
<b>Group ARCO *</b> <sup>(3)</sup>	<b>102 575</b>	<b>3.50 %</b>
Arcopar SCRL	77 575	2.65 %
Auxipar SA	25 000	0.85 %
<b>Family Van Overtveldt - Henry de Frahan *</b>	<b>102 792</b>	<b>3.51 %</b>
Mr Serge Van Overtveldt	51 396	1.75 %
Mme Patricia Henry de Frahan	51 396	1.75 %
<b>Other nominative shareholders</b>	<b>113 536</b>	<b>3.87 %</b>
<b>Total known</b>	<b>1 475 995</b>	<b>50.35 %</b>
<b>Free Float</b>	<b>1 455 339</b>	<b>49.65 %</b>
<b>General total</b>	<b>2 931 334</b>	<b>100.00 %</b>

\* Shareholders having issued a transparency statement in accordance with the Transparency Legislation of 2 May 2007 (status on 1 September 2008).

<sup>(1)</sup> Stavos Luxembourg SA is 100% controlled by the 'Stichting Administratiekantoor Stavos' Foundation under Dutch law, with its registered office at 2517JK Gravenhage, President Kennedylaan 19. Stichting Administratiekantoor Stavos, Stavos Luxembourg SA, Liévin Van Overstraeten and Cocky SA have concluded an agreement to act together when exercising their voting rights.

<sup>(2)</sup> AXA Belgium is a subsidiary of AXA Holdings Belgium, itself a subsidiary of AXA SA.

<sup>(3)</sup> 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 CBFA via a transparency statement.

The company's free float represents some 49.65% of total capital, represented by 2 931 334 on 31/01/2011).

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.

## 7 SHAREHOLDERS' CALENDAR

- |  |                  |
|--|------------------|
| • Annual results for the 2010 financial year   | 3 March 2011     |
| • Annual general meeting for the 2010 financial year,<br>Interim statement: quarterly results on 31 March 2011 | 3 May 2011       |
| • Payment of the dividend for the 2010 financial year  | 13 May 2011      |
| • Financial report for the first half year ending 30 June 2011   | 31 August 2011   |
| • Interim statement: quarterly results on 30 September 2011  | 17 November 2011 |
| • Annual results for the 2011 financial year   | 2 March 2012     |
| • Annual general meeting for the 2011 financial year,<br>Interim statement: quarterly results on 31 March 2012 | 2 May 2012       |
| • Payment of the dividend for the 2011 financial year  | 15 May 2012      |



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# PROPERTY REPORT<sup>1</sup>



GALERIE DE L'ANGE

## RESIDENTIAL REAL ESTATE 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 items after them contain supplementary details, mainly based on balance sheet data or taken from various regular assessment reports issued by the certified real estate surveyor.



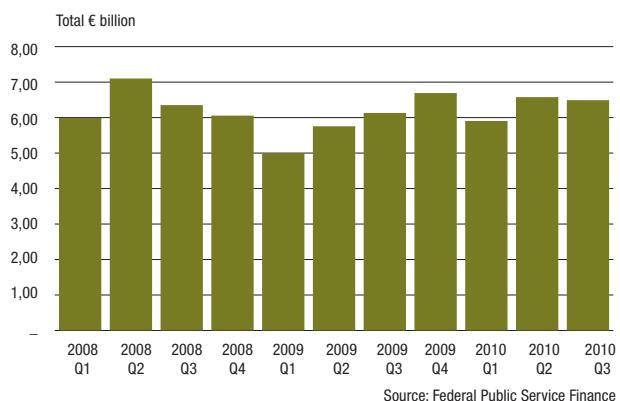
## 1 STATUS OF THE RESIDENTIAL REAL ESTATE MARKET IN BELGIUM

(Surveyor's report of Winssinger & Associés SA on 31 December 2010)

### Investments in the Belgian residential market

The total investment level in residential property in 2010<sup>1</sup> amounted to € 18.97 billion, which represents an increase of 12.4% in comparison with the level recorded in 2009 (over the same period). The Belgian residential property market shows thus an increase of the invested amounts on an annual basis. As is shown in Figure 1 and the detailed quarterly overview, we notice that the Belgian residential property market has reached a stabilization phase.

FIGURE 1: INVESTMENTS IN BELGIAN RESIDENTIAL PROPERTY



This stabilization phase can partly be explained by the overvaluation of Belgian residential property (the most overvalued market in the world according to the OECD), which could have slowed down the traditional relaunch after the holiday period. However, a large number of mortgages (Figure 10) were concluded in 2010 following their bottom level. The NBB indeed fixed the mortgages in the long term (more than 10 years) at 3.82% in December 2010, which corresponds to the minimum level since the NBB provides data (2003) and a decrease by 60 base points since the end of 2009.

Annual change (%)	2009	2010	2011
BBP	-2.7	1.7	2.0
Private consumption	-0.2	1.6	1.8
Inflation	-0.1	2.1	2.0
Long term interest rate	3.91	3.84	3.03

Sources: Oxford Economics



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CLOS DE LA PEPINIERE

<sup>1</sup> The figures of the NIS are one of the main sources for drawing up this report. At present (1 February 2011) these have no further been actualized than including the third quarter of 2010. Consequently, this report will be limited to the NIS record relating to the first three quarters of 2010. For reasons of coherence the comparisons with 2009 will only be based on the first three quarters of 2009.

As shown by the analyses per type of property below, there is an increased activity in three of the four types under review.

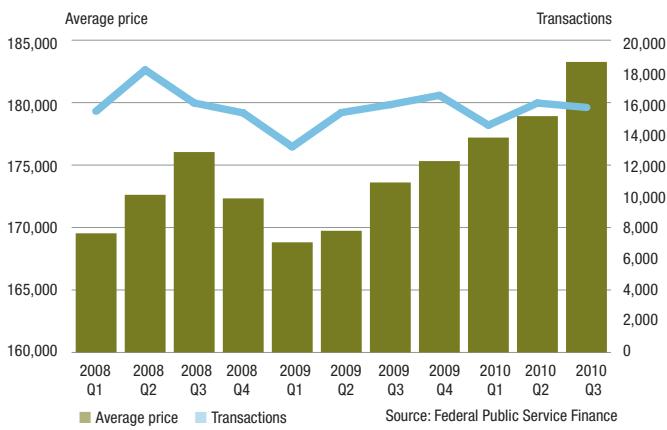
## ORDINARY HOUSES

The average price of ordinary houses has constantly evolved since the first quarter of 2009; the globally recorded evolution is 8.56%, reaching a top of €183 260 in the third quarter of 2010. On an annual basis the evolution amounts to 5.5%. The number of transactions in ordinary houses in 2010 amounts to 46 222.

high prices. Inversely, the most affordable prices are situated in the provinces of Limburg and Western Flanders.

The price of ordinary homes situated in the Walloon Region reached €137 886 on average in 2010, or an increase by 3.87% in comparison with 2009.

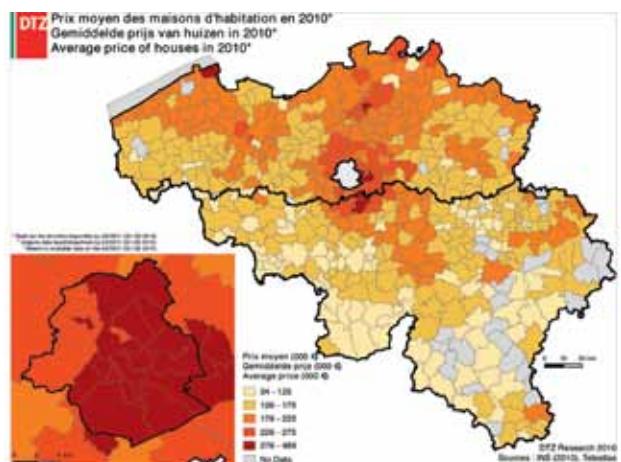
FIGURE 2: AVERAGE PRICE AND TRANSACTIONS IN ORDINARY HOUSES



According to the figures of the Federal Public Service Finance the price of an ordinary home in the Brussels Capital-Region amounts to € 339 920 on average in 2010, or an increase of more than 11.62% in comparison with 2009. As shown by Figure 3, only a couple of municipalities at the West of Brussels record an average price below € 276 000 in 2010.

The average price for ordinary homes in the Flemish Region amounts to €190 984 in 2010, or a progress of 4.42% in comparison with 2009. As shown by the map (Figure 3), the highest prices are mainly situated around the Brussels and Antwerp periphery, and on the connecting axis. Some costal municipalities also record

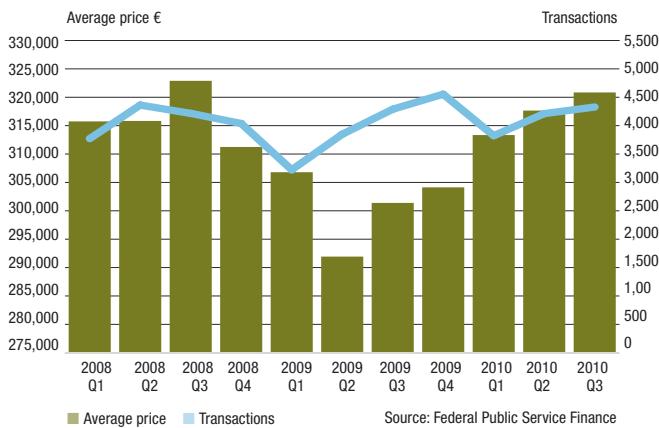
FIGURE 3



## VILLAS, LUXURY HOMES

The price increase of villas and luxury homes came with a slightly delayed effect and started in the 2<sup>nd</sup> quarter of 2009. It is also less strong as it amounts to 4.5% since that period. The average price stands at € 320 849 at the end of the period under review. The number of transactions in villas and luxury homes in 2010 amounts to 12 363.

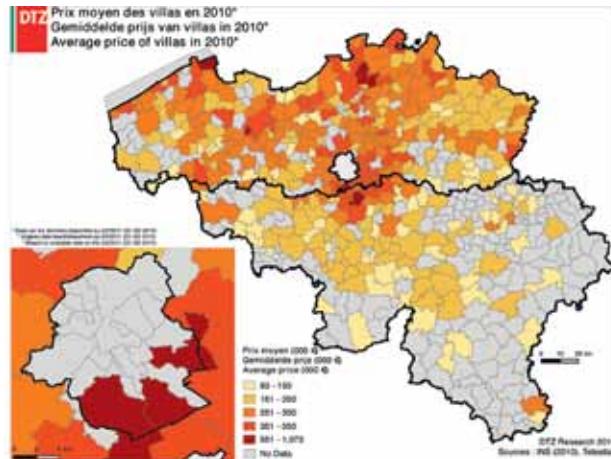
FIGURE 4: AVERAGE PRICE AND TRANSACTIONS IN VILLAS AND LUXURY HOMES



The average price of villas amounted to € 891 713 in the Brussels Capital-Region in 2010, which represents a decrease of 0.49% in comparison with 2009. As shown in Figure 5 however, a limited number of transactions were recorded in this segment in Brussels, and only for a couple of municipalities situated at the South-East, where the offer is the most important.

The average price of luxury homes and villas in the Flemish Region amounted to € 339 179 in 2010, or a progress by 5.70 % compared to 2009. The geographical breakdown of the prices

FIGURE 5



in this segment is less clear than for ordinary houses. It mainly regards less concentrated housing units.

The average price of villas in the Walloon Region amounts to € 255 381, or an increase by 5.41% in comparison with 2009 (Figure 5). One sole Walloon municipality succeeds in joining a higher category (more than € 550.000): Lasne with an average price of € 578 079 in 2010.



## APARTMENTS

The global progress of the prices recorded for apartments is 7.65% since 2009, which means a much more important progress than for the two aforementioned segments. The average price reaches € 188 594 at the end of 2010. The number of transactions in apartments in 2010 was 28 302.

FIGURE 6: AVERAGE PRICE AND TRANSACTIONS IN APARTMENTS



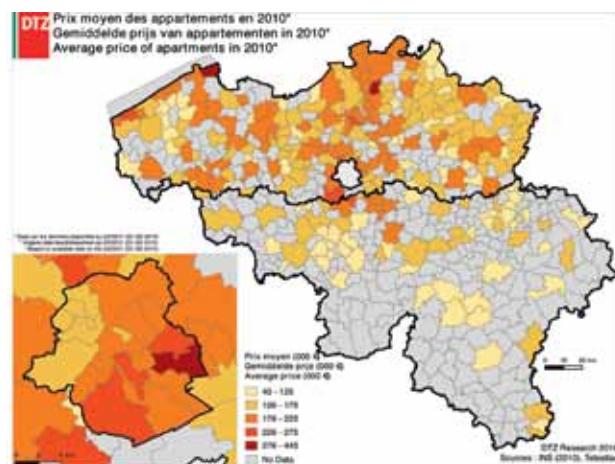
For the Brussels' apartments the average price recorded amounted to €199 053 in 2010, or an increase by 8.17 % in comparison with 2009. The highest average price was recorded in Woluwe St Pierre with a level of € 302 525.

In the Flemish Region the average amounted to € 190 810 in 2010, which indicates an increase of 5.65% in comparison with 2009. Only two municipalities succeed in exceeding the limit of € 275 000, namely Schilder and Knokke-Heist.

The average price of apartments in the Walloon Region has increased in comparison with 2009 (+ 1.76%) to reach €144 032. Wallonia is characterized by a low number of transactions in this segment with only 4 183 sales, or 15% of total. This is shown in Figure 7 where a lot of municipalities are indicated in grey.



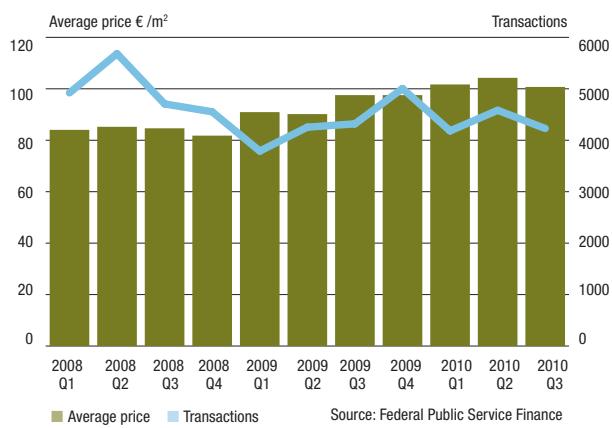
FIGURE 7



## BUILDING LAND

The global price increase for building land amounts to 10.77% since 2009. The average price is € 101/m<sup>2</sup> in the third quarter of 2010. The number of transactions in this segment was 13 123 in 2010.

FIGURE 8: AVERAGE PRICES AND TRANSACTIONS IN BUILDING LAND

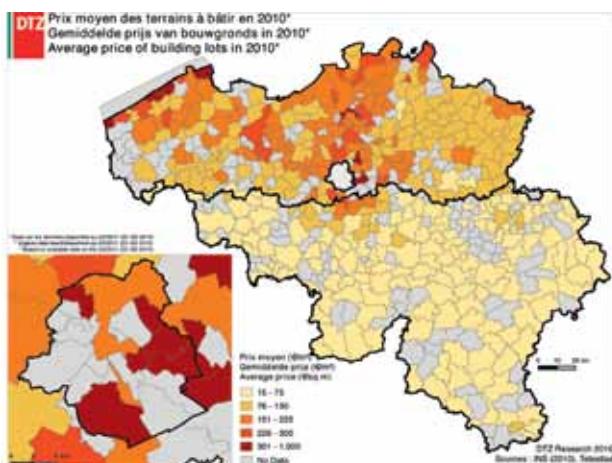


The average price of building land in the Brussels Capital-Region in 2010 amounts to € 445/m<sup>2</sup>, or an increase by 69.85% in comparison with 2009.

Building land in the Flemish Region records in its turn an average of € 154/m<sup>2</sup>, or a progress by 4.17% in comparison with 2009. Antwerp and certain costal municipalities are the most expensive.

To conclude, we can point out that the price of building land in the Walloon Region has progressed by 7.43% in comparison with 2009 and amounts to € 47/m<sup>2</sup> on average, seriously below the levels recorded in the Flemish and Brussels Capital-Region (Figure 9). Only a handful of Walloon municipalities record an average price of more than 75 €/m<sup>2</sup>.

FIGURE 9



## CONCLUSION

In comparison with 2009, 2010 was globally positive with regard to the invested volumes, and with regard to the number of transactions recorded in the residential property market. This is mainly due to a pressure on the interest rates recorded during the entire year (Figure11). According to the Federation of Notaries, 2010 ends with a seriously heightened activity, despite a temporary decrease recorded in the third quarter (main cause being September, not meeting the expectations) (Figure10).

The apartments have generally recorded a significant increase of the average price level and the number of transactions. We notice furthermore that the highest valued municipalities are situated in the Brussels Capital-Region and in Antwerp, such as alongside the Belgian coast.

Finally, building land has followed the same trend in Belgium in 2010 with both an increase of the prices and the number of transactions in comparison with 2009. The highest prices are situated at the coast, in the Brussels Capital-Region (if available at all) and in Antwerp and Ghent.

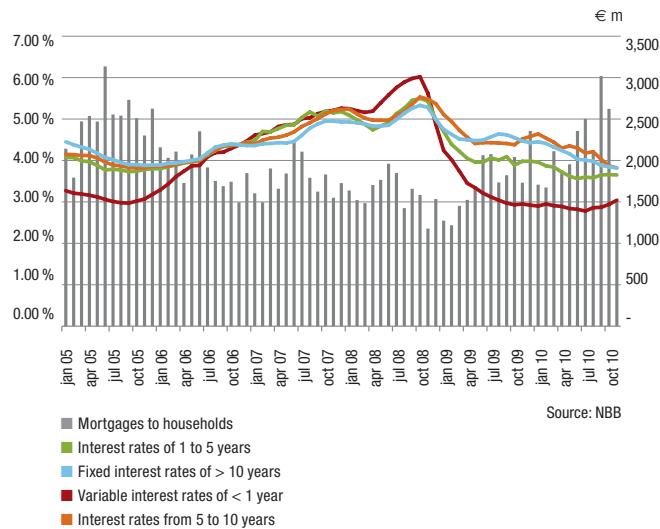
FIGURE 10: REAL ESTATE ACTIVITY INDEX IN BELGIUM



The average price of ordinary homes is the highest in the Brussels Capital-Region. Followed by Walloon Brabant, the Antwerp agglomeration and the Belgian coast. Globally, we record an important increase of the average price of ordinary homes in 2010 as well as an increase of the number of transactions.

The luxury home market has globally recorded an increase of the prices and transactions in Belgium in 2010 in comparison with the previous year.

FIGURE 11: EVOLUTION OF THE INTEREST RATES FOR NEW PROPERTY CONTRACTS AND OF AMOUNTS GRANTED TO HOUSEHOLDS



## 2 SURVEYOR'S REPORT FOR THE 2010 FINANCIAL YEAR

### “Ladies and gentlemen

Re: Valuation on 31 December 2010

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 2010.

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 proceeds with the necessary technical and legal due diligence when 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 90.50% residential buildings, of which 2.62% nursing homes, 7.28% commercial spaces and 2.21% office spaces<sup>1</sup>.
- 2** The occupancy rate of the property portfolio per **31 December 2010** amounts to 94.02%<sup>2</sup>.
- 3** The average level of collected or guaranteed rents is 11.22% higher than the currently estimated value for the property.

<sup>1</sup> 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.

<sup>2</sup> The occupancy rate is calculated as of 31 December 2010 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.

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 2010** amounts to **€ 246 558 323** (two hundred and sixty-four million, five hundred and fifty-eight thousand three hundred and twenty-three euro).

The likely realisable value of Home Invest Belgium's property portfolio on **31 December 2010** corresponding to its **fair value** in the sense of IAS/IFRS is set at **€ 222 773 965<sup>1</sup>** (two hundred and twenty-two million, seven hundred and seventy-three thousand, nine hundred and sixty-five euro).

Yours faithfully,

Brussels, 2 February 2011  
WINSSINGER & Associates SA"

WINSSINGER & ASSOCIES SA"

**Fabian Daubechies Mrics**

Director

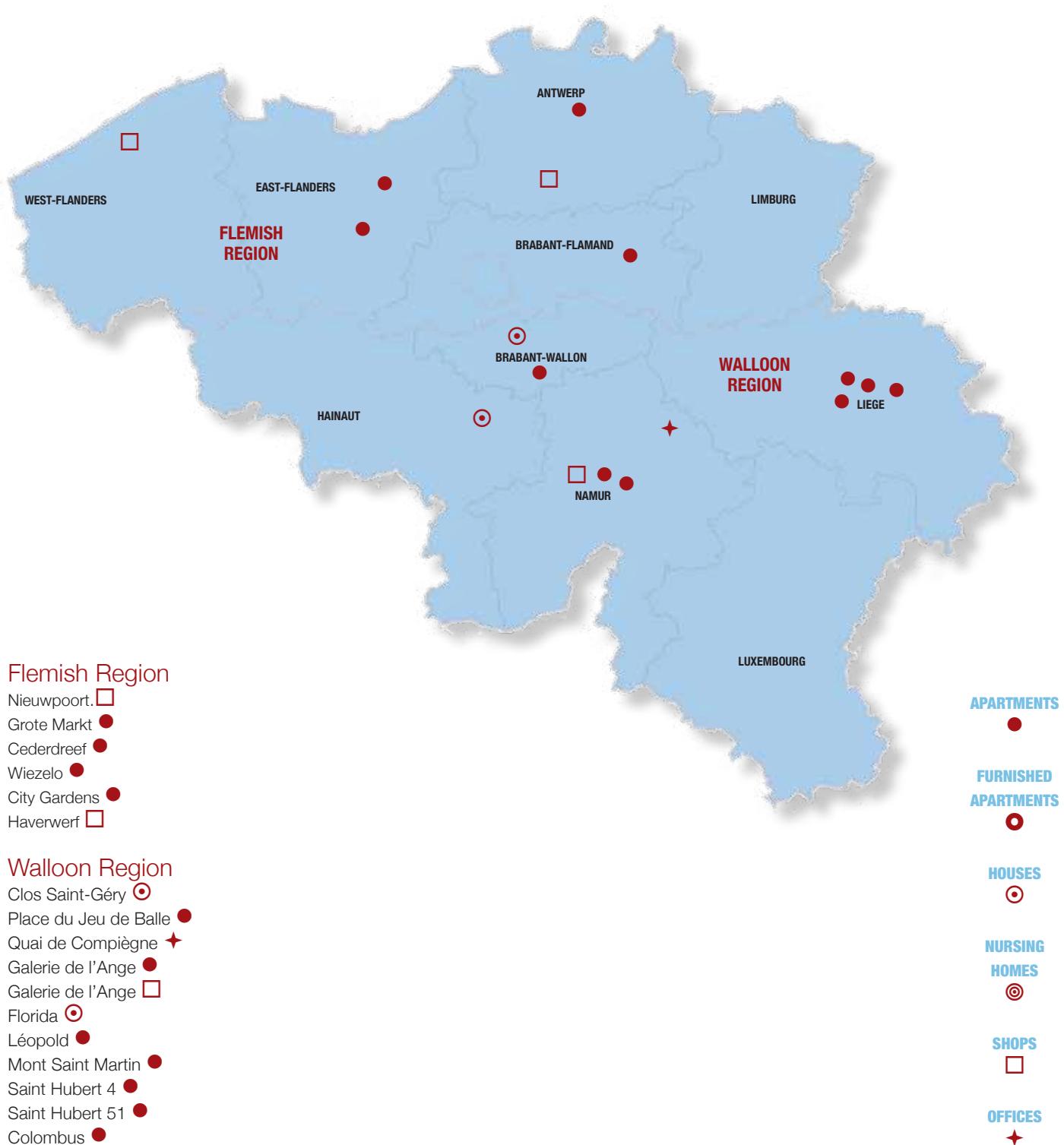
**Benoît Forgeur**

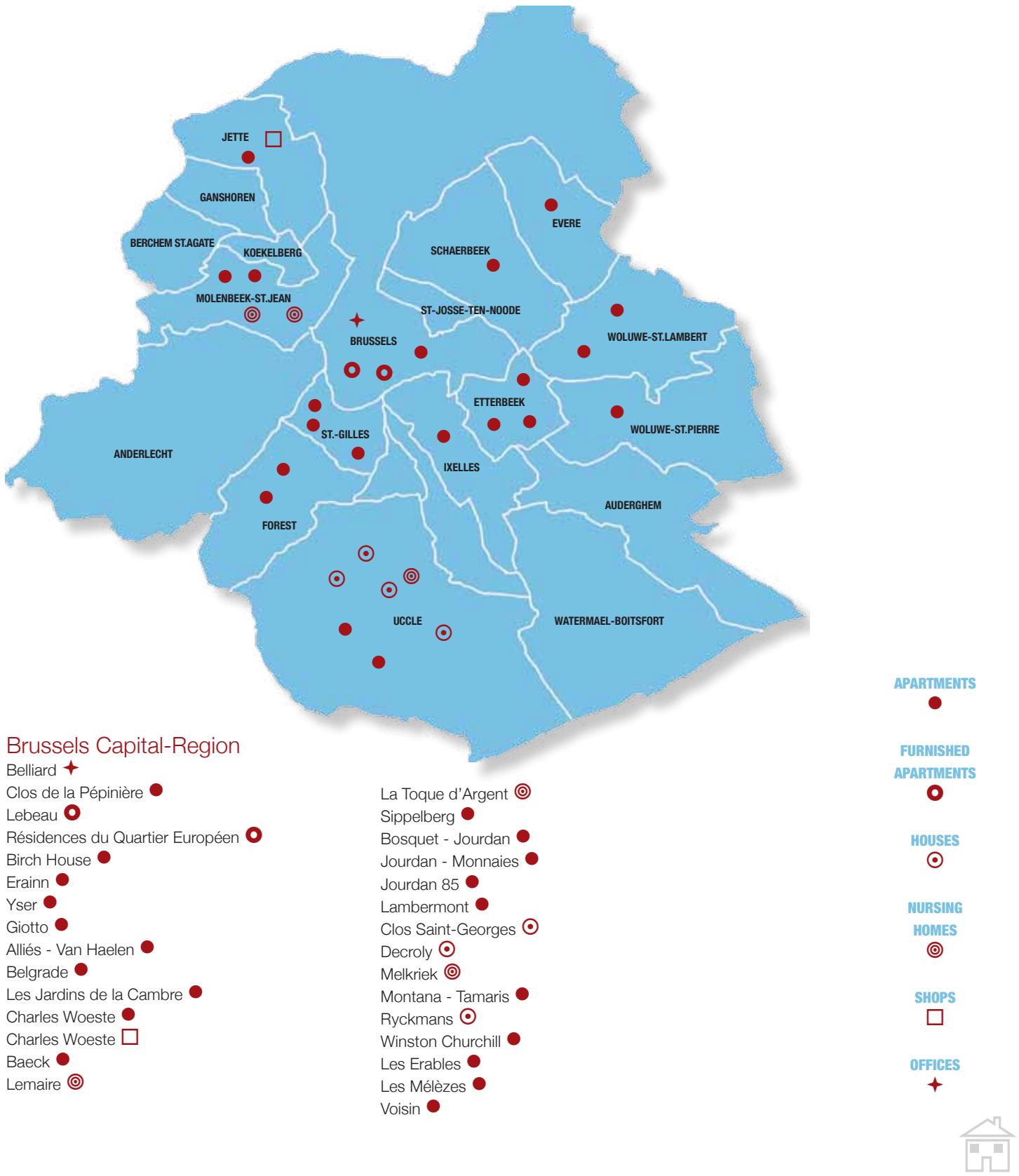
Managing Director

<sup>1</sup> The estimated fair value on 31/12/2010 of € 222 773 965 is entirely accounted for in investment properties. It has to be pointed out that the development projects are not included in the valuation but are recorded in the investment properties from an accounting point of view, at cost, and that there are no buildings held for sale at closure date.



3 THE CONSOLIDATED PROPERTY PORTFOLIO OF HOME INVEST BELGIUM





### 3.1 PORTFOLIO DEVELOPMENT – YIELDS BY SEGMENT

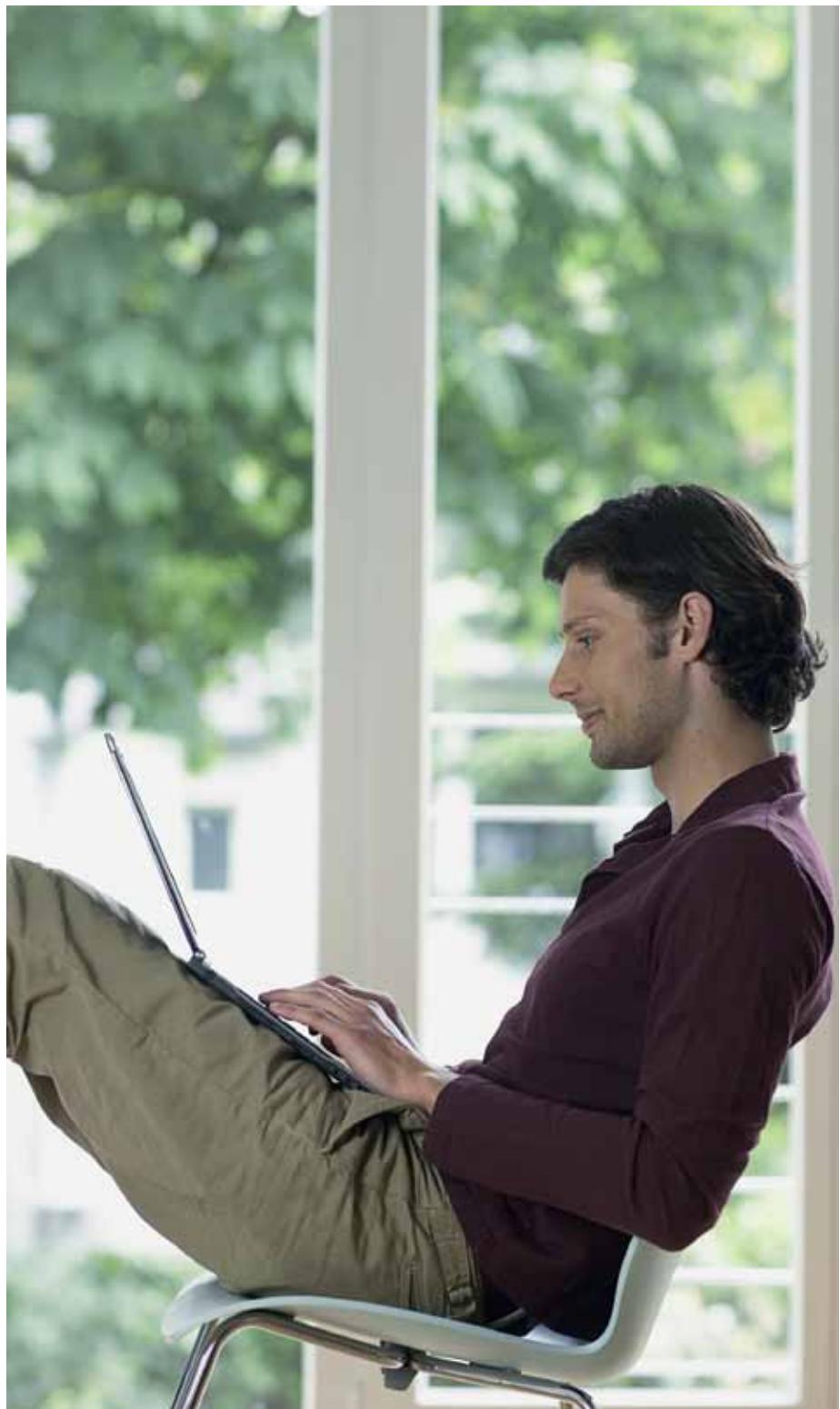
In €	Fair value	Investment value	Current gross rent + rental guarantees on unoccupied premises (annual)	ERV (estimated rental value)	Occupancy rate	Gross yield
31/12/2010	222 773 965	246 558 323	15 173 976	13 643 207	94.61 %	6.15 %
31/12/2009	209 363 518	229 001 892	14 400 972	12 742 494	94.60 %	6.29 %
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 2010, the fair value of the consolidated portfolio (investment properties and assets held for sale) amounted to € 222.8 million, while the investment value reached € 246.6 million compared to € 229 million on 31 December 2009.

The average occupancy rate for the entire year amounted to 94.61%, compared to 94.60% in 2009, 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:

- properties with the potential of being parcelled out and sold as individual units achieved a gross yield of 5.97% (5.92% in 2009 and 5.86% in 2008);
- properties with the potential of being sold 'en bloc' and having an investment value exceeding € 2.5 million, achieved a gross yield of 7.22% (7.23% in 2009 and 7.33% in 2008);
- properties with the potential of being sold 'en bloc' and having an investment value under € 2.5 million, achieved a gross yield of 8.11% (7.12% in 2009 and 6.60% in 2008).



3.2 SITUATION OF THE PORTFOLIO ON 31 DECEMBER 2010 <sup>1 2 3</sup>

Name	District	Year <sup>4</sup>	Units
			Number
<b>BRUSSELS CAPITAL-REGION</b>			
Belliard	Brussels	1937	18
Clos de la Pépinière	Brussels	1993	25
Lebeau	Brussels	1998	12
Résidences du Quartier Européen	Brussels	1997	50
Birch House	Etterbeek	2001	32
Erainn	Etterbeek	2001	12
Yser	Etterbeek	1974	15
Giotto	Evere	2005	85
Alliés - Van Haelen	Forest	1999	35
Belgrade	Forest	1999	1
Les Jardins de la Cambre	Ixelles	1992	28
Charles Woeste (apartments)	Jette	1998	92
Charles Woeste (commercial spaces)	Jette	1996	14
Baeck	Molenbeek St Jean	2001	28
Lemaire	Molenbeek St Jean	1990	1
La Toque d'Argent	Molenbeek St Jean	1990	1
Sippelberg	Molenbeek St Jean	2003	33
Bosquet - Jourdan	Saint-Gilles	1997	27
Jourdan - Monnaies	Saint-Gilles	2002	26
Jourdan 85	Saint-Gilles	2010	24
Lambertmont	Schaerbeek	2008	131
Clos Saint-Georges	Uccle	1988	2
Decroly	Uccle	1995	3
Melkriek	Uccle	1998	1
Montana - Tamaris	Uccle	1996	7
Ryckmans	Uccle	1990	8
Winston Churchill	Uccle	2006	11
Les Erables	Woluwe St Lambert	2001	24
Les Mélèzes	Woluwe St Lambert	1995	37
Voisin	Woluwe St Pierre	1996	9
<b>FLEMISCH REGION</b>			
Nieuport (commercial spaces)	Nieuport	1997	1
Grote Markt	Saint Nicolas	2004	17
Cederdreef	Wetteren	1989	6
Wiezelo	's Gravenwezel	1997	13
City Gardens	Leuven	2010	82
Haverwerf	Malines	2002	4
<b>WALLOON REGION</b>			
Clos Saint-Géry	Ghlin	1993	1
Place du Jeu de Balle	Lasne	1999	7
Quai de Compiègne	Huy	1971	1
Galerie de l'Ange (apartments)	Namur	1995	50
Galerie de l'Ange (commercial spaces)	Namur	2002	12
Florida	Waterloo	1998	6
Léopold	Liège	1988	53
Mont Saint Martin	Liège	1988	6
Saint Hubert 4	Liège	1988	14
Saint Hubert 51	Liège	1988	4
Colombus	Jambes	2007	51
<b>TOTAL</b>			<b>1 120</b>

<sup>1</sup> The terms used in this table and in the files hereafter are defined in the glossary at the end of this annual financial report.<sup>2</sup> Because of confidentiality reasons the Sicafi does not publish the individual values per building, as this could damage the interests of the shareholders.<sup>3</sup> Not included the buildings being sold and the development projects.<sup>4</sup> Year of construction or latest renovation.

Surface	Gross passing rent		ERV	Effective rent		Occupancy rate
	m <sup>2</sup>	€		€	€	
89 147		10 941 890	9 778 973	10 519 744		95.1 %
2 256		343 721	273 660	335 721		96.0 %
3 275		431 176	402 192	416 176		96.0 %
1 153		252 230	171 742	242 436		98.7 %
4 290		506 348	502 012	486 147		82.5 %
3 438		478 105	427 976	472 105		98.1 %
1 252		195 941	176 695	192 941		96.0 %
1 961		299 363	242 167	276 948		96.5 %
8 647		1 180 854	1 048 033	1 151 438		96.4 %
4 189		379 144	356 142	377 344		98.0 %
1 368		-	-	-		100.0 %
3 552		447 796	397 556	426 301		96.2 %
5 091		521 681	443 046	510 495		96.9 %
2 995		368 161	286 834	368 161		100.0 %
2 652		224 352	231 420	224 352		99.5 %
754		-	-	-		100.0 %
1 618		183 840	154 608	183 840		100.0 %
3 290		361 366	349 250	353 866		97.0 %
2 326		282 930	254 425	282 930		96.7 %
2 814		348 861	319 354	321 391		94.8 %
2 430		359 054	347 524	226 680		57.5 %
14 110		1 632 173	1 603 155	1 583 403		97.3 %
380		51 111	47 450	27 361		86.0 %
545		54 629	54 780	54 629		100.0 %
1 971		253 592	210 578	253 592		100.0 %
1 379		198 496	173 015	178 521		90.3 %
2 196		269 852	230 580	269 852		98.3 %
1 733		230 089	207 249	228 889		94.2 %
2 202		326 551	254 823	326 551		95.4 %
4 357		618 902	488 924	607 902		97.2 %
923		141 572	123 783	139 772		95.3 %
<b>14 322</b>		<b>1 702 408</b>	<b>1 668 789</b>	<b>1 454 209</b>		<b>93.5 %</b>
296		29 232	73 600	29 232		100.0 %
2 752		371 548	315 201	367 548		96.0 %
1 342		88 329	95 506	65 704		79.5 %
1 297		165 211	156 735	155 139		89.6 %
5 236		616 421	613 069	431 667		75.7 %
3 399		431 667	414 678	404 919		100.0 %
<b>22 434</b>		<b>2 529 677</b>	<b>2 195 449</b>	<b>2 369 576</b>		<b>91.8 %</b>
4 140		329 819	168 000	329 819		100.0 %
1 198		159 878	139 162	157 478		98.8 %
2 479		185 747	168 572	185 747		100.0 %
1 880		253 690	215 757	245 881		97.1 %
2 552		552 273	511 017	552 273		100.0 %
1 760		154 296	158 400	154 296		100.0 %
3 080		327 453	303 580	283 177		59.7 %
335		37 393	35 635	18 250		81.6 %
910		87 062	89 750	43 127		46.3 %
360		38 020	42 480	15 532		91.2 %
3 740		404 046	363 096	383 996		94.7 %
<b>125 903</b>		<b>15 173 975</b>	<b>13 643 211</b>	<b>14 343 529</b>		<b>94.6 %</b>



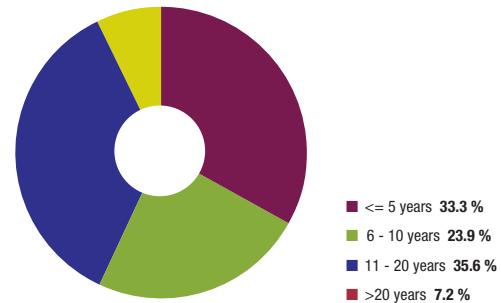
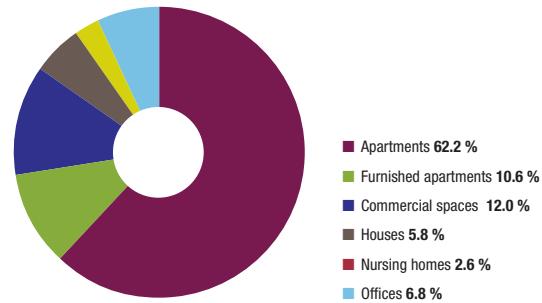
### 3.3 ANALYSIS OF THE DISTRIBUTION OF THE PROPERTY PORTFOLIO<sup>1</sup>

#### **Distribution by property type**

On 31 December 2010, the property portfolio of Home Invest Belgium consisted of 81.2% of residential real estate situated 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 78.6% of apartments and single-family homes, the main investment target group of the Sicafi.

#### **Distribution by age of property**

Home Invest Belgium mainly invests in recent (ten years or less) or recently renovated buildings, which represent a total of 57.2% of the portfolio in comparison with 54% the previous year. This choice allows reducing the maintenance and renovation costs during the detention of the property in portfolio, which favours the capital gain potential in the long term.

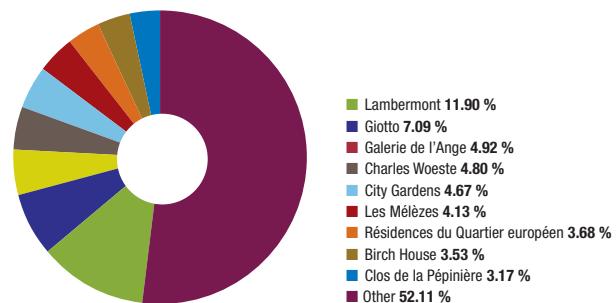
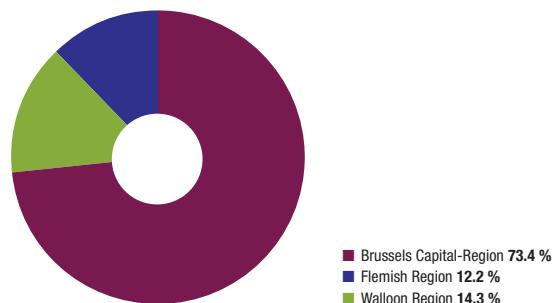


#### **Geographic distribution**

At the same date, the portfolio was located for 73.4% 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 first two phases of the City Gardens in Louvain has allowed to significantly reinforcing the presence of the Sicafi in the Flemish Region to 12.2% whereas the part of the Walloon region in the portfolio slightly drops to 14.3%.

#### **Distribution by property**

No building nor property complex reaches the maximum 20% ceiling as single part of the portfolio. The Lambermont complex (blocks A, B, C and D) is however, since mid 2009, the main part of the property portfolio of Home Invest Belgium, with 12% of the portfolio, followed by the Giotto building in Evere with a stake of over 7%. The nine main sites only represent 47.9% of the total portfolio.



<sup>1</sup> Calculations carried out on the basis of the fair value of investment properties excluding assets held for sale and development projects.

### 3.4 INVESTMENTS OF THE FINANCIAL YEAR



**CITY GARDENS (PHASES 1 & 2)**



**JOURDAN 85**

#### ADDRESS

At the intersection of the Riddersstraat 112-120, Petermannenstraat 2A and 2B, and Fonteinstraat, 98 – 100 at Leuven

Rue Jourdan, 85 in 1060 Brussels (Saint-Gilles)

#### LOCATION

In the immediate surroundings of the city of Leuven

The building is situated close to the Avenue Louise and the Place Stéphanie

#### DESCRIPTION

The building comprises 50 1-bedroom apartments, 30 2-bedroom apartments and 2 commercial spaces

The building consists of 23 apartments and 1 office

#### Legal status

Freehold

#### Date of investment

17 December 2009

#### Year of construction

2010 (renovation phases 1 and 2)

#### Rental area

5 236 m<sup>2</sup>

#### Parking spaces

34

#### Size of plot

34 ares 30 ca (total site)

#### Legal status

Freehold

#### Date of investment

10/2010

#### Rental area

2 408 m<sup>2</sup>

#### Parking spaces

24 underground parking places

#### Size of plot

7 ares 53 ca



### 3.5 THE TOP PROPERTIES IN THE PORTFOLIO

The properties whose details are listed below are those having a fair value equal to or exceeding € 5 million on 31 December 2010, in a decreasing order.



**LAMBERTON**

(BLOCKS A, B, C & D)



**GIOTTO**



**GALERIE DE L'ANGE**



**LES MÉLÈZES**

#### ADDRESS

Boulevard Lambermont, 198-224 and Avenue A. Desenfans 13-15 in 1030 Brussels (Schaerbeek)	Avenue du Frioul, 2-10 in 1140 Brussels (Evere)	Rue de l'Ange 16-20 and rue de la Monnaie 4-14, in 5000 Namur	Avenue de Calabre 34, 36, 38, in 1200 Brussels (Woluwe Saint Lambert)
---	---	---	---

#### LOCATION

The property (4 buildings) is situated on the Boulevard Lambermont next to the Kinetix sport centre	The property is situated 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	The complex is very well situated in a residential and commercial area in the city centre, close to the Place d'Armes	The complex is situated in a small quiet street parallel to the Avenue Marcel Thiry
---	---	---	---

#### DESCRIPTION

The complex consists of 127 apartments, two public libraries (French and Dutch), and a day nursery	The property consists of 85 apartments	It consists of a retail ground floor, subdivided into shops, and at the upper levels apartments and studios and a few offices	The property consists of 40 apartments, 37 of which belong to Home Invest Belgium
--	--	---	---

#### Legal status

Freehold

#### Date of investment

30 June 2008 (Block A),  
30 November 2008 (Block B)  
31 May 2009 (block C)  
and 30 June 2009 (block D)

#### Year of construction

2008/2009

#### Rental surface

14 110 m<sup>2</sup>

#### Parking spaces

109 underground parking spaces

#### Size of plot

88 ares 37 ca

#### Legal status

Freehold

#### Date of investment

2005

#### Year of construction

11 March 2005  
(provisional acceptance)

#### Rental surface

8 647 m<sup>2</sup>

#### Parking spaces

85 underground parking spaces

#### Size of plot

24 ares 81 ca

#### Legal status

Freehold

#### Date of investment

1 June 1999

#### Year of construction

The old wing dates back to 1975.  
The new one was built in 1990.  
Refurbishments were carried out between 1975 and 1995

#### Rental surface

- shops 1 675 m<sup>2</sup>
- apartments 1 880 m<sup>2</sup>
- offices and archives 578 m<sup>2</sup>
- reserves 299 m<sup>2</sup>
- total 4 432 m<sup>2</sup>

#### Parking spaces

None

#### Size of plot

18 ares 23 ca

#### Legal status

Co-ownership, the Home Invest Belgium assets representing 92.5% of the whole

#### Date of investment

1 June 1999

#### Year of construction

1995

#### Rental surface

4 357 m<sup>2</sup>

#### Parking spaces

38 underground parking spaces

#### Size of plot

21 ares 28 ca (co-ownership)



**LES RÉSIDENCES  
DU QUARTIER EUROPÉEN**



**BIRCH HOUSE**



**CLOS DE LA PEPINIERE**



**LES JARDINS  
DE LA CAMBRE**

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

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

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

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

The property complex is situated in the middle of the Leopold District, in the immediate proximity of the European Union's main buildings

The property is situated in the Rue de la Grande Haie, in the so-called Cours Saint-Michel

The complex is situated behind the Royal Palace, between the Rue de Bréderode and the Rue de Namur, close to the Porte de Namur

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)

The complex consists of 3 buildings with a total of 50 rental units, or 47 furnished apartments or flats, 1 unfurnished apartment and 2 small office areas

The 8 floor property has 32 2-bedroom apartments. It is part of a complex consisting of 5 buildings and a shopping arcade

Complex consisting of 18 luxury apartments and 7 office surfaces on the ground floor

It consists of 2 apartment buildings, with a green area between. There are 24 apartments, 9 of which are duplex and 4 of which are units for use as offices

**Legal status**

Freehold

**Date of investment**

31 May 2002

**Year of construction**

1997/1998

**Rental surface**

4 290 m<sup>2</sup>

**Parking spaces**

50 underground parking spaces

**Size of plot**

21 ares 29 ca

**Legal status**

Co-ownership

**Date of investment**

18 July 2002

**Year of construction**

2001

**Rental surface**

3 438 m<sup>2</sup>

**Parking spaces**

32 underground parking spaces

**Size of plot**

1 ha 27 ares 12 ca (entire site)

**Legal status**

Freehold

**Date of investment**

15 December 2003

**Year of construction**

1993

**Rental surface**

3 144 m<sup>2</sup>

**Parking spaces**

31 underground parking spaces

**Size of plot**

9 ares 32 ca

**Legal status**

Freehold

**Date of investment**

1 June 1999

**Year of construction**

1992

**Rental surface**

3 552 m<sup>2</sup>

**Parking spaces**

31 underground parking spaces

**Size of plot**

13 ares 9 ca

ADDRESS

LOCATION

DESCRIPTION





HAVERWERF

CHARLES WOESTE  
(RESIDENTIAL)

ALLIES - VAN HAELEN



COLOMBUS

## ADDRESS

Haverwerf, 1-10  
in 2800 MechelenAvenue Charles Woeste 290-312,  
in 1090 Brussels (Jette)Rue des Alliés, 218-226 and  
Boulevard van Haelen, 22-26  
in 1190 Bruxelles (Forest)Rue de l'Orjo, 52-54-56  
in 5000 Namur (Jambes)

## LOCATION

Commercial complex situated on  
the site of the  
former "Lamot" breweryThe property is situated close to the  
Place Werrie (Werrie Square),  
in a mainly residential area.The complex is situated in a  
high-end residential district,  
nearby the Parc Duden and the  
Gare du MidiThe complex is situated in a small  
quiet street in the  
green periphery of Jambes

## DESCRIPTION

Building consisting of 4 commercial  
units situated on the ground floor of  
a mixed complex  
(residential, commercial, public  
parking)The property is part of a mixed  
residential-shopping complex and  
consists of 92 apartments  
or studiosIt consists of two apartment  
buildings and different adjacent  
residences divided into apartmentsIt consists of 33 one-bedroom  
apartments and  
18 two-bedroom apartments

## Legal status

Co-ownership

## Date of investment

23 December 2008

## Year of construction

2000

## Rental surface

3 399 m<sup>2</sup>

## Parking spaces

None

## Size of plot

52 ares 24 ca

## Legal status

Co-ownership

## Date of investment

1 June 1999

## Year of construction

1983, renovations in 1995

## Rental surface

and 1996

## Parking spaces

5 091 m<sup>2</sup>

## Size of plot

10 parking boxes and 20 parking  
spaces situated in an adjoining  
building belonging to the same  
complex

## Size of plot

2 ha 7 ares 36 ca

## Legal status

Freehold

## Date of investment

2007

## Year of construction

1999

## Rental surface

4 189 m<sup>2</sup>

## Parking spaces

30 boxes and 4 underground  
parking spaces

## Size of plot

19 ares 37 ca

## Legal status

Freehold

## Date of investment

2007

## Year of construction

2007

## Rental surface

3 740 m<sup>2</sup>

## Parking spaces

51 outside parking places

## Size of plot

40 ares 77 ca

### 3.6 THE DEVELOPMENT PROJECTS



## GROTE MARKT



JOURDAN-MONNAIES



## BELLIARD - INDUSTRIE



## CITY GARDENS (PHASES 3 & 4)

ADDRESS	DESCRIPTION	LOCATION	PROPERTY
Grote Markt 31-32, in 9100 Sint-Niklaas	Rue Hôtel des Monnaies 24 to 34 and Rue Jourdan 115 to 121 and 125, in 1060 Brussels (Saint-Gilles)	Rue Belliard 21, for the hotel residence; Rue de l'Industrie, for the six residences	Fonteinstraat, 98 - 100 in Leuven
The property is situated in the 'Grote Markt' of Sint-Niklaas	The property is situated between the Rue Jourdan and the Hôtel des Monnaies, close to the narrow section of the Avenue Louise leading into the	At the angle of the rue Belliard and rue de l'Industrie in 1000 Brussels, in the surroundings of the European district	In the immediate surroundings of the city center of Leuven
The property is situated between the Rue Jourdan and the Hôtel des Monnaies, close to the narrow section of the Avenue Louise leading into the	Avenue de la Toison d'Or		
It consists of a ground floor shopping and office area, 16 upper-floor apartments and 37 parking spaces	Complex consisting of 26 apartments	Hotel residence project of 109 apartments and one staff residence, and renovation of an old manor into six residences;	This complex in renovation consists of 58 one-bedroom apartments
behind the building		the hotel residence will be subject to a right of usufruct, non terminable, for a period	
behind the building		of 15 years, to the SA Orion Exploitation Bruxelles Belliard, specialised subsidiary of the	
behind the building		Pierre & Vacances group	
behind the building			
<b>Legal status</b> Freehold (ground floor on a long-term lease)	<b>Legal status</b> Freehold	<b>Legal status</b> Freehold	<b>Legal status</b> Freehold
<b>Date of investment</b> 22 February 2005	<b>Date of investment</b> 15 December 2003	<b>Date of investment</b> 17 December 2009	<b>Date of investment</b> 17 December 2009
<b>Year of construction</b> 2004	<b>Year of construction</b> 2002	<b>Year of construction</b> 2010	<b>Year of construction</b> 2010
<b>Rental surface</b> ▪ Ground floor for use as shops and offices 1 330 m <sup>2</sup>	<b>Rental surface</b> 2 814 m <sup>2</sup>	<b>Rental surface</b> 3 688 m <sup>2</sup> for the hotel residence and	<b>Rental area</b> 3 163 m <sup>2</sup>
▪ Apartments 1 422 m <sup>2</sup>	15 underground parking spaces	305 m <sup>2</sup> for the 6 studios	<b>Rental area</b> 3 163 m <sup>2</sup>
▪ Total 2 752 m <sup>2</sup>	<b>Size of plot</b> 9 ares 45 ca	<b>Parking spaces</b> 0	<b>Parking spaces</b> 58
<b>Parking spaces</b> 37 parking spaces behind the building		<b>Size of plot</b> 7 ares 3 ca	<b>Size of plot</b> 34 ares 30 ca (entire site)
<b>Size of plot</b> 24 ares 63 ca			



# CORPORATE GOVERNANCE STATEMENT



GIOTTO

# FULLY TRANSPARENT COMMUNICATION

This corporate governance statement is based on the dispositions 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 follows 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 dispositions 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);
- taking into account the narrow contacts of the management of the Sicafi with its shareholders, both during the Ordinary general meeting, and during the year at the occasion of discussions and presentations, it has not been estimated useful till present to amend the articles of association to allow shareholders representing 5 % or less of the capital, to add items to the agenda of the Ordinary general meeting (derogation to point 8.8);
- the Audit committee, composed of four directors, does not consist of a majority of independent directors, but of two of them<sup>1</sup>. This composition derogates from the Belgian Corporate Governance, but is in conformity with the disposition of article 526 bis of the Company Code (derogation to point 5.2.4 of annex B);
- the prescriptions with regard to remuneration of Executive management could derogate from the recommendations of the Belgian Corporate Governance Code (edition 2009) (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 2009 is available on the website of the Belgian Gazette, and on [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be).

The Corporate Governance Charter is drawn up 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 of Home Invest Belgium ([www.homeinvestbelgium.be](http://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. Home Invest Belgium's Executive management on the other hand 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 framework of its respective role, of the conformity of each decision and/or action with company strategy. This strategy consists of 'creating shareholder value' by investing in high-quality residential property, that is accurately managed in the interest of the tenants and that will be sold lot per lot in the

<sup>1</sup> Situation after the Ordinary general meeting of 3 May 2011.



longer term in view of realizing capital gains;

- risk culture: Home Invest Belgium has a due diligence attitude in order to strive for recurrent income;
- the strict application of integrity and ethical standards (see also point 9 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. For more details on the risks, see Chapter I. 'Principal risks' 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 (direct acquisition or contribution in kind, merger, demerger or partial demerger), and is part of, prior to the conclusion of the agreement, of a control as to its conformity with the articles of association of the Sicafi and the legal and regulatory dispositions 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 Sicafis), the company is represented by two directors acting jointly.
- 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: Principal risks).

### 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 is currently comprised of eight directors, including seven non-executive and one executive (the managing director). Of the seven non-executive directors, four are independent according to the meaning of Article 526 ter of the Company Code, after the Ordinary general meeting of 3 May 2011.

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 firm, in particular, a real estate Sicaf. 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 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.

## COMPOSITION OF THE BOARD OF DIRECTORS OF HOME INVEST BELGIUM<sup>1</sup> :



**Michel Pleeck**

**Chairman and Director** (till after the Annual general meeting of 3 May 2011), **Chairman of the Appointment and remuneration committee, member of the investment committee and the Audit committee** (idem).

Starting date of mandate: 13 April 1999

Business address: Home Invest Belgium SA, Boulevard de la Woluwe 60, 1200 Brussels

Other functions: Director of companies

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

Remuneration and benefits in the financial year: attendance fees of € 5 500 for his participation to the meetings of the Board of directors and € 3 000 for his participation to the meetings of the Investment committee, the Audit committee and the Appointment and remuneration committee

Number of Home Invest Belgium shares held: 400

Expiry of the mandate: Ordinary general meeting of 2011

As Mr. M. Pleeck has expressed the wish to end his director's mandate and consequently that of Chairman as from the end of the General meeting of 3 May 2011, the meeting will be asked to decide on the appointment of Mr. Koen Dejonckheere as an independent director in the sense of article 526 ter of the Company Code<sup>1</sup>, and the position of Chairman will be taken on by Guy Van Wymersch-Moons.

Mr. Michel Pleeck will carry the title of Honorary Chairman as from 4 May 2011.

Education/experience: Solvay sales engineer (1972). Has held several management positions at the ING group (most recent position: Country Manager Belgium, ING Real Estate Capital Advisors).



**Xavier Mertens**

**Managing director, Chief Executive Officer, Chairman of the Investment Committee**

Starting date of mandate: 17 December 2002

Business address: Home Invest Belgium SA, Boulevard de la Woluwe 60, 1200 Brussels

Other functions: member of UPSI's Board of Directors, member of the Executive Board of ULI Belgium

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

Remuneration and benefits in the financial year: see below sub 6.

Contractual provisions: see below sub 5.

Number of Home Invest Belgium shares held: 920

Expiry date of the mandate: at the Ordinary general meeting to be held in 2015

Education/experience: Degree in law (KUL), Master in Business Administration (Lancaster). Has held a variety of management positions, in particular, at Banque Anhyp and at Fortis Real Estate.



**Guillaume Botermans**

**Independent director, Chairman of the Audit committee, member of the Investment and Appointment and remuneration committees**

Starting date of his mandate: 2 May 2007

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

Other functions: Managing partner of Arm-Stones Partnership SPRL, Director of Pro Materia ASBL

Attendance rate at Board meetings during the financial year: 91%

Remuneration and benefits in the financial year: attendance fees of € 5 000 for his participation to the meetings of the Board of directors and € 2 700 for his participation to the meetings of the Investment, Audit and Appointment and remuneration committees

Number of shares of Home Invest Belgium shares held: none

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

Education/experience: Degree, with teaching qualification, in commercial, consular and financial sciences (Jury ICHEC and Saint-Louis Examination Board), degree in European Economics (JLB), having held various management positions within the Paribas group, in particular, in managing real estate certificates.

<sup>1</sup> The mandates executed by the directors in other companies in the course of the 5 previous years are listed in point 5.6 of the Permanent document hereafter.

<sup>2</sup> Subject to the approval by the CBFA.





**Luc Delfosse**

**Independent director<sup>1</sup>, member of the Appointment and remuneration committee**

Starting date of his mandate: 19 September 2007

Business address: Delficom, Kapucijnendreef 62, 3090 Overijse

Other functions: Member of the Board of directors of Wilma Project Development

Attendance rate at Board meetings during the financial year: 64%

Remuneration and benefits in the financial year: attendance fees of € 3 500 for his participation to the meetings of the Board of directors and € 900 for his participation to the meetings of the Appointment and remuneration committee

Number of Home Invest Belgium shares held: none

Expiry date of the mandate: Ordinary general meeting to be held in 2014

Education/experience: Degree in Economics and Finance (ICHEC), having held a variety of management positions, at the Codic, CDP, IVG and Wilma groups.



**Gaëtan Hannecart**

**Independent director<sup>2</sup>**

Starting date of his mandate: 1 June 1999

Business address: Matexi Group NV, Franklin Rooseveltlaan 180, 8790 Waregem

Other functions: Managing director of Matexi Group NV

Attendance rate at Board meetings during the financial year: 36%

Remuneration and benefits in the financial year: attendance fees of € 2 000 for his participation to the meetings of the Board of directors

Number of Home Invest Belgium shares held: none

Expiry date of the mandate: Ordinary general meeting to be held in 2012

Education/experience: Degree in electronic engineering (KUL), Master in Business Administration (Harvard), having held a variety of management positions in the Matexi group.



**Johan Van Overstraeten**

**Co-opted director, member of the Investment committee**

Starting date of his mandate: 18 August 2010

Business address: VOP SA, Avenue du Sippelberg 3, 1080 Brussels

Other functions: Director of VOP SA group

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

Remuneration and benefits in the financial year: attendance fees of € 2 500 for his participation to the meetings of the Board of directors and € 600 for his participation to the meetings of the Investment committee

Number of Home Invest Belgium shares held: 92

Expiry date of the mandate: Ordinary general meeting of 2011

The appointment of Mr. Johan van Overstraeten as a director representing VOP group is proposed to the Ordinary general meeting of 3 May 2011<sup>3</sup> for the remaining duration of the mandate of Mrs. G. Darquennes (i.e. till after the Ordinary general meeting of 2013), as well as the extension of his mandate till after the Ordinary general meeting of 2015, within the framework of aligning the duration of mandates.

Education/experience: Jan Van Ruisbroeck college Laeken (1973) with a.o. a broad experience in managing companies, more specifically in property development.

<sup>1</sup> It will be asked to the General meeting of 3 May 2011 to define that Mr. Luc Delfosse meets the independent criteria of article 526 ter of the Company Code.

<sup>2</sup> Mr. Hannecart reached a seniority of 12 years as a director of Home Invest Belgium and will loose his independent quality in the sense of article 526 ter of the Company Code. After the General meeting of 3 May 2011 he will stay as a director till the expiry of his mandate.

<sup>3</sup> Subject to the approval by the CBFA.



**Liévin Van Overstraeten**

**Director, member of the Audit committee**

Starting date of his mandate: 23 May 2008

Business address: VOP SA, Avenue du Sippelberg 3, 1080 Brussels

Other functions: Managing director of VOP SA

Attendance rate at Board meetings during the financial year: 91%

Remunerations and benefits in the financial year: attendance fees of € 5 000 for his participation to the meetings of the Board of directors

Number of Home Invest Belgium shares held in a personal capacity: 92

Expiry date of the mandate: Ordinary general meeting to be held in 2014

Education/experience: Degree in law (KUL 1982) and a "PUB" degree in management (Vlerick 1983). He also has 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.



**Guy Van Wymersch-Moens**

**Chairman<sup>1</sup> (after the Annual general meeting of 3 May 2011) and Director, member of the Audit committee, Chairman of the Appointment and remuneration committee (idem).**

Starting date of his mandate: 6 May 2009

Business address: AXA Belgium SA, Boulevard du Souverain 25, 1170 Brussels

Other functions: General Manager of Real Estate, AXA Belgium SA

Attendance rate at Board meetings during the financial year: 82%

Remuneration and benefits in the financial year: attendance fees of € 4 500 for his participation to the meetings of the Board of directors and € 900 for his participation to the meetings of the Audit committee

Number of Home Invest Belgium shares held: none

Expiry date of the mandate: Ordinary general meeting to be held in 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.



**Eric Spiessens**

**Independent director<sup>1</sup>, member of the Audit committee**

Starting date of his first mandate: 3 May 2011 (subject to approval by the Ordinary general meeting of 3 May 2011)

Business address: ARCO Group, Avenue Urbain Britsiers 5, 1030 Brussels

Other functions: Member of the Executive committee of ARCO Group

Attendance rate at Board meetings during the financial year: n/a

Remuneration and benefits in the financial year: none

Number of Home Invest Belgium shares held: none

Expiry date of the mandate: The appointment of Mr. Eric Spiessens as director representing ARCO group is proposed to the Ordinary general meeting of 3 May 2011. In case of approval, his mandate ends after the Ordinary general meeting of 2015.

Education/experience: 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

<sup>1</sup> Subject to the approval by the CBFA.



**Koen Dejonckheere****Independent director<sup>1</sup>**

Starting date of his first mandate: 3 May 2011 (subject to approval by the Ordinary general meeting of 3 May 2011)

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

Other functions: CEO of GIMV NV

Attendance rate at Board meetings during the financial year: n/a

Remuneration and benefits in the financial year: none

Number of Home Invest Belgium shares held: none

Expiry date of the mandate: The appointment of Koen Dejonckheere as independent director in the sense of article 526 ter of the Company Code is presented to the Ordinary general meeting of 3 May 2011. In case of approval, his mandate ends after the Ordinary general meeting of 2015.

Education/experience: Civil engineer (Ghent) and MBA (IEFSI, France)

**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 the 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, in the form of prospectuses, annual and half-year reports, interim and occasional press releases, and updates to the website [www.homeinvestbelgium.be](http://www.homeinvestbelgium.be).

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 on eleven occasions during the 2010 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 year under examination, 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 projects 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 19 June 2010, 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 Sicafi's Internet site ([www.homeinvestbelgium.be](http://www.homeinvestbelgium.be)).

### 3.2.2 Investment committee

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

- **Xavier Mertens**, Managing director
- **Guillaume Botermans**, Independent director
- **Michel Pleeck**, Chairman of the Board (till after the Ordinary general meeting of 3 May 2011)
- **Sophie Lambrihs**, representative of AXA Belgium group
- **Johan Van Overstraeten**, co-opted 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 six 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<sup>1</sup> 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:

- **Guillaume Botermans**, Independent director
- **Michel Pleeck**, Director and Chairman of the Board (till after the Ordinary general meeting of 2011)
- **Guy Van Wymersch-Moons**, Director
- **Liévin Van Overstraeten**, Director
- **Eric Spiessens**, Independent director (as from 4 May 2011)

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 benefit 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.

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](http://www.homeinvestbelgium.be).

#### Activity report of the Audit committee in 2010:

In the course of the financial year 2010 the committee met four times.

The Auditor of the Sicafi has been consulted three times by the Audit committee in the course of the financial year. Within the framework of his mission to ensure the accuracy and the sincerity 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 Michel Pleeck (till after the Ordinary general meeting of 2011), Director and Chairman of the Board, and is composed of:

- **Michel Pleeck**, Director
- **Guillaume Botermans**, Independent director
- **Luc Delfosse**, Independent director
- **Guy Van Wymersch-Moons** (as from 3 May 2011)

Home Invest Belgium wanted to combine the remuneration and appointment functions in a single committee, thus benefiting from the latitude offered to it by the rules of conduct contained in the Belgian Corporate Governance Code (2009 edition).

<sup>1</sup> 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.



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 modifications 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 outside opinions.

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](http://www.homeinvestbelgium.be).

**Activity report of the Appointment and remuneration committee:**

In the course of the financial year 2010 the committee met three times, 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 Xavier Mertens and definition of his 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 AFTER THE ORDINARY GENERAL MEETING OF 3 MAY 2011**

	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 (art. 526 ter)	Member	Chairman	Member
LUC DELFOSSE	Independent director (art. 526 ter)	-	-	Member
GAËTAN HANNECART	Director	-	-	-
JOHAN VAN OVERSTRAETEN	Director	Member	-	-
LIÉVIN VAN OVERSTRAETEN	Director	-	Member	-
ERIC SPIESSENS	Independent director (art. 526 ter)	-	Member	-
KOEN DEJONCKHEERE	Independent director (art. 526 ter)	-	-	-
SOPHIE LAMBRIGHS	-	Member	-	-
MICHEL PLEECK	Honorary Chairman			

## 4 EXECUTIVE MANAGEMENT<sup>1</sup>

The Board of directors has not opted for the creation of an Executive committee in the sense of the Company Code. On 31 December 2010 the Executive management consists of Mr. Xavier Mertens, CEO and Mr. Jean-Luc Colson, CFO (as permanent representative of the sprlu Ylkatt). Beginning 2011 the Board of directors has decided to extend Executive management by 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.



**Xavier Mertens**

### **Managing director – Chief Executive Officer**

Information: see above sub point 3.1.1 (Board of directors)



**Jean-Luc Colson**

### **Chief Finance Officer** (Permanent representative of sprlu Ylkatt)

Starting date of the mandate: 21 January 2010

Business address: Home Invest Belgium SA, Boulevard de la Woluwe 60, 1200 Brussels

Education/experience: 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

Other functions: Director of Home Invest Management SA and Belliard 21 SA

Remuneration and benefits: see below sub 6

Number of Home Invest Belgium shares held: none



**Filip Van Wijnendaele**

### **Chief Operating Officer** (Permanent representative of sprlu FVW Consult)

Starting date of the mandate: to be defined

Business address: Home Invest Belgium SA, Boulevard de la Woluwe 60, 1200 Brussels

Education/experience: Degree in commercial and consular sciences; held different functions with responsibility, a.o. at Hugo Ceusters and the “Venootschap van commerciële centra van België (SCCB)”

Other functions: none

Remuneration and benefits: see below sub 6

Number of Home Invest Belgium shares held: none

<sup>1</sup> The mandates of Executive management in other companies in the course of the 5 previous years are listed sub point 5.6 of the Permanent document hereafter.



The Board of Directors assigns, among others, the following responsibilities and duties to the Executive management:

*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 and the development of its own projects, including:
  - i. the planning, awarding and carrying out of the work;
  - ii. the monitoring and management of the Sicafi's own projects (applying for permits, public inquests and planning permissions)
- 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 computerisation.

*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 hedging instruments.

*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 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 formally assessed 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](http://www.homeinvestbelgium.be).

## 5 MANAGEMENT TEAM

Executive management is assisted by a team of seven employees and three 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.

## 6 REMUNERATION REPORT

The remuneration report below has been approved by the Board of directors of 25 February 2011.

It comprises the dispositions of the Belgian Corporate Governance Code (edition 2009).

### 6.1 Internal procedure adopted in the course of the financial year 2010:

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. At the end of 2010 and at the beginning of 2011 the committee had an important role in selecting a COO candidate to join Effective management.

### 6.2 Remuneration policy of executive managers in the course of the financial year:

- 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).
- 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 2010, only the Chairman of the Board made use of this right, for a total amount of € 10 974.89.

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 2010:

The remuneration of the Managing director on the financial year 2010 amounted to € 272 499.60 (fixed remuneration of € 249 999.60, variable remuneration of € 22 500 granted in 2010 for the financial year 2009)

- Financial year 2011:

The second amendment to the agreement foresees an indexed annual basis remuneration, monthly payable, of € 270 000 for 2011, and a variable remuneration which can go from 5% to 28% of the annual basis remuneration of the financial year concerned.

The managing director is also eligible for a GSM and for reimbursement of his GSM 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 during the year in question:

- 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.

He is not eligible for a pension plan, or for supplementary insurance or other benefits.

As indicated above in point 6.2, there are no performance bonuses in the form of shares, options or other rights to acquire shares.

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<sup>1</sup> 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 on the one hand, and the acquired experience on the other.

**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, and payable for the first time during the first two weeks of April 2011.

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

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

He is not eligible for a pension plan or for supplementary insurance or other benefits.

As indicated above in point 6.2, there are no performance premiums in shares, options or other rights to acquire shares.

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 service, but cannot exceed a total of nine months. This compensation shall be calculated based on both the fixed remuneration and the variable remuneration.

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

These contractual provisions can potentially diverge<sup>1</sup> 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 level of remuneration of sprlu YLKATT on the one hand and the acquired experience on the other.

#### **6.6 Remuneration of the 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 year in question, and payable for the first time during the first two weeks of April 2012.

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

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 operational margin;
- | control of technical costs;
- | the management of uncollected rents;
- | realization of the sales policy;
- | visiting the buildings of the portfolio;
- | management of his team and implementing the Board of director's strategy.

He is not eligible for a pension plan or for supplementary insurance or other benefits.

As indicated above in point 6.2, there are no performance premiums in shares, options or other rights to acquire shares.

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 (edition 2009).

#### **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 2010 amounted to a total of € 51 205.34, including VAT, broken down as follows:

- Statutory auditor's fees: € 31 218.00
- Fees for exceptional work or specific assignments performed at the company by the Statutory auditor:
  - 1. Other auditory mandates: € 9 075.00
  - 2. Other non-audit work: € 8 393.66
- Fees for exceptional work or specific assignments carried out at the company by persons with whom the Statutory auditor is linked:
  - 1. Tax advice: € 2 518.68

His mandate expires after the Ordinary general meeting of 2013.

#### **8 REAL ESTATE SURVEYORS**

SA Winssinger & Associates<sup>2</sup> (registered at the Brussels RPM: 0422.118.165), having its registered office at Chaussée de La Hulpe 166, 1170 Brussels, Belgium (tel.: +32 (0)2 629 02 90), represented by Mr Philippe Winssinger, was appointed the Sicafi's original independent real estate surveyor since the creation of the Sicafi. It has many years of experience in the area of real estate surveys, in particular, residential.

Winssinger & Associates conducts property valuation when property is acquired, contributed or sold, or when property companies merge with/ demerge with the Sicafi or when properties are integrated into the Sicafi's consolidation scope by other means. A valuation is carried out at the end of each quarter and year. Its annual remuneration, which is capped, was set in May 2005 at 0.06 % (excluding VAT) of the portfolio's investment value. As the limit has been reached for a long time, the remuneration is not influenced by the value of the estimated property.

<sup>1</sup> 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.

<sup>2</sup> Country of origin: Belgium – Laws governing its activities: Belgian legislation.



## 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 articles 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.

Furthermore, all of Home Invest Belgium's negotiations with its various bankers, in particular, in the framework of requests for credit and interest rate hedging transactions, are entirely entrusted to the Executive management within the framework of day-to-day management.

During the financial year 2010, no transactions were concluded that gave rise to a situation of conflict of interest, according to the meaning of article 523 of the Company Code or of the Belgian Corporate Governance Code.

Two directors of Home Invest Belgium, Gaëtan Hannecart and Guy Van Wymersch-Moons, are also directors of other Sicafis, Cofinimmo and Leasinvest Real Estate, respectively. However, given the fact that these two Sicafis 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<sup>1</sup>.

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 year, and for monitoring adherence, by the Sicafi's directors and staff as part of their obligations under the Code of Conduct;
- 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 Michel Pleeck, Chairman of the Board of directors. Taking into account the notice of Mr. Michel Pleeck, effective as from 3 May 2011, the Board will appoint another compliance officer among its members. For possible transactions the compliance officer would envisage, Mr Xavier Mertens has the role of 'Compliance Officer'.

<sup>1</sup> This Code of Conduct appears in annex 1 of the Corporate governance charter available on the website [www.homeinvestbelgium.be](http://www.homeinvestbelgium.be) of the Sicafi.

## 11 FINANCIAL SERVICE

BNP Paribas Fortis (Register of legal persons Brussels: 0403.199.702)<sup>1</sup>, 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 dematerialised 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.

## 12 CUSTODIAN BANK<sup>2</sup>

BNP Paribas Fortis Bank was also appointed as custodian bank of Home Invest Belgium, according to the meaning of article 12 et seq. of the Royal Decree of 10 April 1995 governing real estate Sicafs. In its capacity as custodian bank, BNP Paribas Fortis is required to perform the obligations arising from the Law of 20 July 2004 concerning certain types of collective management of investment portfolios and the Royal Decree of 10 April 1995. The custodian is in possession of all deeds and official documents relating to any modifications to the Sicafi's assets and is responsible for updating inventory after each change to the real estate portfolio. The remuneration is fixed at an all-inclusive amount of € 15 000, indexed annually. For the financial year 2010, this remuneration came in at € 15 752.28.

Home Invest Belgium and BNP Paribas Fortis also signed a proxy custodian bank agreement with ING Belgium (0403.200.393), the registered office of which is located at Avenue Marnix 24, B –1000 Brussels, for the custody of the portion of the assets in the form of cash.

## 13 LIQUIDITY PROVIDER

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

<sup>1</sup> Country of origin: Belgium – Laws governing its activities: Belgian legislation.  
<sup>2</sup> The obligation of having a custodian bank has been cancelled by the RD of 7 December 2010.



# FINANCIAL STATEMENTS<sup>1</sup>



JOURDAN 85

The 2010 consolidated annual accounts of Home Invest Belgium include those of its subsidiaries, Home Invest Management SA (100%) and Belliard 21 SA (100%).

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.<sup>2</sup>

<sup>1</sup> Some figures recorded in the tables and text of the present chapter could present a round off difference.

<sup>2</sup> 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 (CONSOLIDATED)

	Note	2010	2009
<b>ASSETS</b>			
I. Non-current assets		<b>234 721 489</b>	<b>227 160 629</b>
B. Non-current assets	15	8 349	1 815
C. Intangible assets	16	233 344 258	225 625 958
E. Investment properties	18	41 094	53 236
F. Other tangible assets	24	46 767	105 846
G. Finance lease receivables	19	1 281 021	1 373 774
II. Current assets		<b>4 825 437</b>	<b>7 108 327</b>
A. Assets held for sale	20		2 176 005
C. Finance lease receivables	19	92 752	86 947
D. Trade receivables	21	684 851	1 207 863
E. Tax receivables and other current assets	21	2 989 647	1 656 784
F. Cash and cash equivalents	22	1 036 510	1 964 597
G. Deferred charges and accrued income	23	21 678	16 131
<b>TOTAL ASSETS</b>		<b>239 546 926</b>	<b>234 268 956</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>	26	<b>153 968 037</b>	<b>149 050 809</b>
A. Capital		70 946 880	70 946 880
B. Share premium account		19 093 664	19 093 664
C. Treasury shares (-)		-757 323	-757 323
D. Reserves		76 697 294	70 043 381
E. Profit/(loss)			
E.1. Profit/(loss) carried forward from previous periods		5 416 341	4 321 403
E.2. Profit/(loss) from the current financial year <sup>(2)</sup>		9 329 651	7 811 649
F. Impact on fair value of estimated transfer rights resulting from hypothetical disposal of investment properties		-23 784 358	-19 608 464
G. Changes in fair value of financial assets and liabilities		-2 974 112	-2 800 381
<b>LIABILITIES</b>		<b>85 578 890</b>	<b>85 218 147</b>
I. Non-current liabilities		<b>82 171 517</b>	<b>80 011 639</b>
B. Non-current financial debts		78 433 750	76 848 750
C. Other non-current financial liabilities	24	3 737 767	3 162 889
II. Current liabilities		<b>3 407 373</b>	<b>5 206 508</b>
B. Current liabilities	24	465 055	835 312
D. Current financial debts	25	2 029 317	3 205 872
E. Trade debts and other current debts	25	477 347	692 153
F. Accrued charges and deferred income	23	435 653	473 171
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>239 546 926</b>	<b>234 268 956</b>
Number of shares at end of period <sup>(1)</sup>		2 815 630	2 815 630
Net asset value		153 968 037	149 050 809
<b>Net asset value per share</b>		<b>54.68</b>	<b>52.94</b>
Indebtedness according to RD of 7 December 2010		81 405 470	81 582 087
<b>Debt ratio</b>		<b>33.98 %</b>	<b>34.82 %</b>

<sup>(1)</sup> The total number of issued shares is 2 828 542, from which have to be excluded the 12 912 shares held in auto-control by Home Invest Belgium (IAS33, paragraph 20).

<sup>(2)</sup> The item E.2 is calculated based on the net result of the results account minus the item XVIII Changes in the fair value of investment properties.

## 2 INCOME STATEMENT (CONSOLIDATED)

	Note	2010	2009
I. Rental income	4	14 253 402	13 895 469
III. Rental-related expenses	4	-137 465	-219 846
<b>NET RENTAL RESULT</b>		<b>14 115 937</b>	<b>13 675 622</b>
IV. Recovery of property charges	5	106 657	87 602
V. Recovery of charges and taxes normally payable by the tenant	5	370 467	366 730
VII. Charges and taxes normally payable by the tenant	5	-1 458 373	-1 255 773
<b>PROPERTY RESULT</b>		<b>13 134 688</b>	<b>12 874 181</b>
IX. Technical costs	6	-1 097 433	-1 261 645
X. Commercial costs	7	-535 683	-480 575
XI. Taxes and charges on un-let properties	8	-265 738	-197 475
XII. Property management costs	8	-1 419 884	-1 492 323
(+/-) <i>Property costs</i>		-3 318 738	-3 432 018
<b>PROPERTY OPERATING RESULT</b>		<b>9 815 950</b>	<b>9 442 163</b>
XIV. General corporate expenses	9	-641 319	-518 191
<b>OPERATING RESULT BEFORE PORTFOLIO RESULT (A)</b>		<b>9 174 630</b>	<b>8 923 972</b>
XVI. Gains or losses on the sale of investment properties (B)	10	2 439 604	1 288 364
XVII. Gains or losses on the sale of other non-financial assets (C)		0	0
XVIII. Changes in <i>fair value</i> of investment properties (D)	10	3 876 459	270 644
<b>OPERATING RESULT (E)</b>		<b>15 490 693</b>	<b>10 482 980</b>
XIX. Financial revenues	11	412 723	271 082
XX. Interest charges	12	-2 201 999	-2 241 000
XXI. Other financial charges	13	-582 350	-424 747
(+/-) <i>Financial result</i>		-2 371 625	-2 394 665
<b>PRE-TAX RESULT (F)</b>		<b>13 119 068</b>	<b>8 088 315</b>
XXII. Corporation tax	14	87 042	-6 022
(+/-) <i>Taxes</i>		87 042	-6 022
<b>NET RESULT ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY (G)</b>		<b>13 206 110</b>	<b>8 082 294</b>
Net result attributable to the owners of the parent company, per share		4.69	2.92
Net current result = ((G) - (B) - (C) - (D))		6 890 047	6 523 285
<b>Net current result per share</b>		<b>2.45</b>	<b>2.36</b>
Net current result excluding IAS39		7 344 977	6 821 677
<b>Net current result excluding IAS39, per share</b>		<b>2.61</b>	<b>2.47</b>
Result on the portfolio = ((B) + (C) + (D))		6 316 063	1 559 009
<b>Result on the portfolio per share</b>		<b>2.24</b>	<b>0.56</b>
Result distributable to the owners of the parent company <sup>(1)</sup>		8 509 343	7 695 513
<b>Result distributable to the owners of the parent company, per share</b>		<b>3.02</b>	<b>2.78</b>
Average number of shares with full dividend rights		2 815 630	2 764 079 <sup>(2)</sup>
Number of shares at end of period <sup>(3)</sup>		2 815 630	2 815 630
<b>Proposed dividend</b> <sup>(4)</sup>		<b>2.75</b>	<b>2.43</b>
<i>Operating margin</i>		69.85 %	69.32 %
<i>Operating margin before tax</i>		51.79 %	50.72 %
<i>Net current margin</i>		52.46 %	50.67 %
<i>Payout ratio</i> <sup>(5)</sup>		90.99 %	87.28 %

<sup>(1)</sup> This distributable result is calculated on a consolidated basis. The statutory distributable result according to the RD of 7 December 2010 amounts to € 8 733 629 or € 3.09 per share (including shares in auto-control). On 31 December 2009, it amounted to € 7 915 526, or € 2.85 per share. All other references to the distributable result in the present report relate to the distributable result on a consolidated basis.

<sup>(2)</sup> The average number of shares with entitlement is corrected to take account of the 109 111 shares with entitlement as from 1 June 2009 on a pro rata basis and the 12 177 shares with entitlement as from 1 July 2009 on a pro rata basis. The 12 912 shares held in auto-control are excluded (IAS33, paragraph 20).

<sup>(3)</sup> The total number of shares in circulation is 2 828 542, from which should be excluded the 12 912 Home Invest Belgium shares held in auto-control (IAS33, paragraph 20). Consequently we obtain 2 815 630 shares at the end of the period.

<sup>(4)</sup> The dividend is determined on the basis of the statutory result.

<sup>(5)</sup> Dividend / distributable result.

### 3 STATEMENT OF COMPREHENSIVE INCOME (CONSOLIDATED)

	2010	2009
<b>I. Net result</b>	<b>13 206 110</b>	<b>8 082 294</b>
<b>II. Other items of comprehensive income:</b>		
B. Changes in the efficient part of the fair value of hedging instruments authorized as cash flow as defined in IFRS	-173 731	-750 732
<b>COMPREHENSIVE INCOME (I + II)</b>	<b>13 032 379</b>	<b>7 331 561</b>
<b>COMPREHENSIVE INCOME (I + II) per share</b>	<b>4.63</b>	<b>2.65</b>

### 4 APPROPRIATION AND WITHDRAWALS (CONSOLIDATED)

	Consolidated		Statutory	
	2010	2009	2010	2009
<b>A. Net result</b>	<b>13 206 110</b>	<b>8 082 294</b>	<b>13 430 396</b>	<b>7 589 434</b>
<b>B. Transfer to/from reserves (-/+)</b>	<b>-5 463 128</b>	<b>-1 365 583</b>	<b>-5 651 905</b>	<b>-841 347</b>
1. Transfer to/from reserves of the balance (positive or negative) of changes in fair value of investment property (-/+)				
- financial year	-8 163 418	-363 817	-8 163 418	-363 817
2. Transfer to/from reserves of estimated transfer rights and costs resulting from hypothetical disposal of investment properties (-/+)	4 286 958	93 173	4 286 958	806 046
11. Transfer to/from result from previous financial years carried forward (-/+)	-1 586 668	-1 094 938	-1 775 446	-1 283 575
<b>C. Remuneration of capital according to article 27, § 1, al. 1</b>	<b>-6 807 475</b>	<b>-6 156 411</b>	<b>-6 986 903</b>	<b>-6 332 421</b>
<b>D. Remuneration of capital – other than C</b>	<b>-935 508</b>	<b>-560 300</b>	<b>-791 587</b>	<b>-415 666</b>

	Consolidated		Statutory	
	2010	2009	2010	2009
<b>Art 27, § 1, paragraph 1 / Annex C chapter 3</b>				
Corrected result (A)				
Net result	13 206 110	8 082 294	13 430 396	7 589 434
+ Depreciations	148 389	198 474	148 389	198 474
- Write-back of depreciations	-69 477	-29 227	-69 477	-29 227
+/- Other non monetary items	454 930	298 392	454 930	298 392
+/- Result on sale of property	-2 439 604	-1 288 364	-2 439 604	-1 261 412
+/- Changes in fair value of property	-3 876 459	-270 644	-3 876 459	442 228
<b>= Corrected result (A)</b>	<b>7 423 889</b>	<b>6 990 924</b>	<b>7 648 175</b>	<b>7 237 889</b>
Net capital gains on the sale of property not exempt from distribution (B)				
+/- Capital gains and losses on property realized during the financial year (capital gains and losses compared to acquisition price augmented by activated investment expenses	1 085 454	704 590	1 085 454	677 637
<b>= Net capital gains on the sale of property not exempt from distribution (B)</b>	<b>1 085 454</b>	<b>704 590</b>	<b>1 085 454</b>	<b>677 637</b>
<b>Total (A) + (B)</b>	<b>8 509 343</b>	<b>7 695 513</b>	<b>8 733 629</b>	<b>7 915 526</b>
<b>80 % according to article 27, §1, paragraph 1</b>	<b>6 807 475</b>	<b>6 156 411</b>	<b>6 986 903</b>	<b>6 332 421</b>

Article 617 of the Company Code foresees that no distribution can take place if at the closing date of the financial year the net asset value as defined in the income statement is, or would become, following that distribution, lower than the amount of the fully paid up capital, or if that amount is higher, the called-up capital augmented by all the reserves that can not be distributed according to the law or the articles of association.

<b>Art. 27 – 1 – paragraph 6 / Annex D chapter 4</b>	<b>Consolidated</b>		<b>Statutory</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Fully paid up capital, or if higher, the called-up capital (+)	70 946 880	70 946 880	70 946 880	70 946 880
Share premium account unavailable as to the articles of association (+)	19 093 664	19 093 664	19 093 664	19 093 664
Reserve from the positive balance of changes in fair value of property (+)	75 461 347	68 807 434	75 324 167	68 670 255
Reserve from transfer costs and rights resulting from hypothetical disposal of investment properties (-)	-23 784 358	-19 608 464	-23 784 358	-19 608 464
Reserve from the balance of changes in fair value of authorized hedging instruments to which hedge accounting according to IFRS is applied (+/-)	-2 974 112	-2 800 381	-2 974 112	-2 800 381
Other reserves declared unavailable by the general meeting (+)	-757 323	-757 323		
Legal reserve (+)	97 827	97 827	97 827	97 827
<b>Total :</b>	<b>138 083 925</b>	<b>135 779 637</b>	<b>138 704 068</b>	<b>136 399 780</b>

The net asset value after distribution will amount to € 146 225 054 and is thus higher than the capital augmented by all non-distributable reserves (€ 138 083 925).

## 5 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONSOLIDATED)

	<b>A. Capital</b>	<b>B. Share premium</b>	<b>C. Treasury shares</b>	<b>D. Reserves</b>	<b>E.1 Results carried forward</b>	<b>E.2 Results for the period</b>	<b>F. Rights to fair value</b>	<b>G. Financial asset and liabilities</b>	<b>SHARE-HOLDERS' EQUITY</b>
<b>Balance on 31/12/2008</b>	<b>69 730 907</b>	<b>19 093 664</b>	<b>-757 323</b>	<b>70 535 113</b>	<b>3 556 025</b>	<b>6 608 088</b>	<b>-19 626 194</b>	<b>-2 049 649</b>	<b>147 090 631</b>
Transfer					765 378	-765 378			0
Les Eables Invest merger	1 246 938								1 246 938
Changes resulting from the sale of a building				-855 549			110 903		-744 646
Dividend distribution						-5 842 710			-5 842 710
Result for the period (A)						7 811 649			7 811 649
Changes in fair value of the buildings (B)				363 817			-93 173		270 644
Changes in fair value of the hedging instruments (C)							-750 732		-750 732
<b>Total result for the period (A+B+C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>363 817</b>	<b>0</b>	<b>7 811 649</b>	<b>-93 173</b>	<b>-750 732</b>	<b>7 331 561</b>
Other increase (decrease)	-30 965								-30 965
<b>Balance on 31/12/2009</b>	<b>70 946 880</b>	<b>19 093 664</b>	<b>-757 323</b>	<b>70 043 381</b>	<b>4 321 403</b>	<b>7 811 649</b>	<b>-19 608 464</b>	<b>-2 800 381</b>	<b>149 050 809</b>
Transfer					1 094 938	-1 094 938			0
Changes resulting from the sale of a building				-1 509 505			111 065		-1 398 441
Dividend distribution						-6 716 711			-6 716 711
Result for the period (A)						9 329 651			9 329 651
Changes in fair value of the buildings (B)				8 163 418			-4 286 958		3 876 459
Changes in fair value of the hedging instruments (C)							-173 731		-173 731
<b>Total result for the period (A+B+C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8 163 418</b>	<b>0</b>	<b>9 329 651</b>	<b>-4 286 958</b>	<b>-173 731</b>	<b>13 032 379</b>
<b>Balance on 31/12/2010</b>	<b>70 946 880</b>	<b>19 093 664</b>	<b>-757 323</b>	<b>76 697 294</b>	<b>5 416 341</b>	<b>9 329 651</b>	<b>-23 784 358</b>	<b>-2 974 112</b>	<b>153 968 037</b>

Column F. "Rights to fair value" corresponds to the calculation of the rights to the investment value communicated by the real estate expert. The balance corresponds to the fair value of the investment properties. The changes in fair value compared with the acquisition value plus capitalized expenses constitute the unavailable reserves given under item D. "Reserves".

## 6 CASH FLOW STATEMENT (CONSOLIDATED)

	2010	2009
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>1 964 597</b>	<b>1 543 240</b>
<b>1. Cash flow from operating activities</b>	<b>5 409 141</b>	<b>8 096 736</b>
Result for the year before interest and taxes	15 490 693	10 482 980
Interest received	412 723	271 082
Interest paid	-2 329 419	-2 367 355
Taxes	87 042	-6 022
<b>Adjustment of profit for non-current transactions</b>	<b>-6 290 199</b>	<b>-1 524 401</b>
Depreciation and write-downs	25 864	34 607
-Depreciation and write-downs on non-current assets	25 864	34 607
<b>Other non-monetary elements</b>	<b>-3 876 459</b>	<b>-270 644</b>
-Changes in fair value of investment properties (+/-)	-3 876 459	-270 644
<b>Gain on realisation of assets</b>	<b>-2 439 604</b>	<b>-1 288 364</b>
-Capital gains realised on the sale of non-current assets	-2 439 604	-1 288 364
<b>Change in working capital needs:</b>	<b>-1 961 700</b>	<b>1 240 452</b>
<b>Movements in asset items:</b>	<b>-254 892</b>	<b>422 757</b>
-Current financial assets	-5 806	81 273
-Trade receivables	523 012	-433 417
-Tax receivables and other short-term assets	-766 551	708 136
-Deferred charges and accrued income	-5 547	66 764
<b>Movements of liabilities items:</b>	<b>-1 706 808</b>	<b>817 696</b>
-Trade and other current debts	-1 386 490	-176 166
-Other current liabilities	-282 800	770 181
-Accrued charges and deferred income	-37 518	223 680
<b>2. Cash flow from investment activities</b>	<b>-1 112 286</b>	<b>-12 676 486</b>
Investment properties - capitalised investments	-550 992	-809 435
Divestments	3 956 293	2 257 286
Development projects	-4 502 627	-4 744 722
Other tangible assets	-20 256	-4 727
Non-current financial assets	5 296	-14 752
Acquisitions of subsidiaries	0	-9 360 136
<b>3. Cash flow from financing activities</b>	<b>-5 224 942</b>	<b>5 001 106</b>
Changes in financial liabilities and debts		
Increase (+) / Decrease (-) in financial debts	1 497 543	14 439 285
Increase (+) / Decrease (-) in other financial liabilities		-3 622 349
Changes in capital (+/-)		-30 965
Dividend of the previous financial year	-6 722 485	-5 784 865
<b>Total cash flow</b>	<b>1 036 510</b>	<b>1 964 597</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1 036 510</b>	<b>1 964 597</b>

	2009
<b>Note A Acquisition of subsidiaries</b>	<b>Alltherm</b>
Cash and cash equivalents	99 800
Investment properties	11 500 000
Tax receivables and other current assets	334 968
Deferred charges and accrued income	8 160
Credit institutions	-1 053 372
Other current financial debts	-3 622 349
Trade debts	-31 965
Tax debts	-1 735 170
Accrued charges and deferred income	-29 945
<b>Total acquisitions</b>	<b>Belliard 21</b>
Cash flow of subsidiaries	-99 800
<b>Cash flow on acquisition of subsidiaries</b>	<b>368 305</b>
	-844
	367 461



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# 7 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1: GENERAL INFORMATION ON THE COMPANY

Home Invest Belgium SA is a Sicafi (Société d'Investissement à Capital Fixe en Immobilier - Fixed Capital Real Estate Investment Trust). It is constituted in the form of a Belgian société anonyme (public limited liability company). Its registered office is at 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 concerning the bookkeeping, annual accounts and consolidated accounts of real estate Sicafis (fixed capital investment trusts), amending the Royal Decrees of 10 April 1995 and seq. concerning real estate Sicafs, 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. In accordance with article 74, §1 of the Royal Decree of 7 December 2010 on Sicafis, the company has decided not yet to apply the bookkeeping plan of annex C of the aforementioned Royal Decree for the preparation of its consolidated and statutory annual accounts per 31 December 2010.

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.

Any gain or loss deriving from a change in **fair value** is recorded in the income statement before being allocated to the unavailable reserves.

The above-mentioned restatements are binding on Home Invest Belgium for producing its annual accounts, the properties being so always valued in the balance sheet at their **fair value**, at their sale value in individual units.

## 6.2. Accounting treatment of change of transfer rights on investment properties in operation

These restatements are made in the income statement under heading D. "Changes in the **fair value** of investment properties", before being passed to shareholders' equity in a heading entitled F. "Impact on the **fair value** of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties". This heading contains in this way at any time - as a net figure - the total amount of transfer rights and costs on the investment properties deriving from the restatements mentioned in 6.1 above. As a result, transfer rights and costs are passed through the income statement before being appropriated to shareholders' equity at the account closing date. Any evolution in the fair value of a property involves a proportional adaptation of this item D.

## 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 construction period.

#### 6.4 Development projects

From the 2009 financial year, property that is being constructed or developed is listed under investment properties. In accordance with IAS 40.53, the company has decided to define the value of these development projects at cost, until the provisional reception of the construction or development or until its completion. At that time, the asset is transferred to investment properties in operation and listed at **fair value** based on the valuation by the real estate surveyor. 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
- Furniture and office equipment: 10 years
- Office improvements: depending on the length of the lease, with a maximum of six 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 12 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 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, the 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, after reversing into the income statement the changes in **fair value** of the investment properties which have been recognized previously and of the "impact on fair value..." recognized in shareholders' equity in relation to the said property. This gain or loss is realized at the time of transfer of the risks and benefits.

#### 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 2010, namely:

- IFRS 1 - First-time Adoption of International Financial Reporting Standards: changes of May 2010 resulting from annual improvements to the standard, in force as from the financial year starting at 1 July 2011 and 1 January 2011
- IFRS 3 – Business combinations: changes of May 2010 resulting from annual improvements to the standard, into force as from the financial year starting at 1 July 2010
- IFRS 7 – Financial instruments: changes of May 2010 resulting from

annual improvements to the standard, into force as from the financial year starting on 1 January 2011

- IFRS 7 - Financial instruments: amendments: improvement of information on transfers of financial assets, into force as from the financial year starting at 1 July 2011
- IFRS 9 - Financial instruments: classification and measurement which will enter into force as from the financial year starting on 1 January 2013
- IAS 1 - Presentation of financial statements: changes of May 2010 resulting from annual improvements to the standard, into force as from the financial year starting on 1 January 2011
- IAS 12 – Income taxes: limited amendment with regard to the recovery of concerned assets, into force as from the financial year starting at 1 January 2012
- Amendments to the IAS 24 standard – Related party disclosures, into force as from the financial year starting on 1 January 2011
- IAS 27 – Consolidated and statutory financial statements: changes of May 2010 resulting from annual improvements to the standard, and into force as from the financial year starting on 1 July 2010
- Amendments to the IAS 32 standard – Financial instruments: puttable financial instruments and obligations arising on liquidation project, into force as from the financial year starting on 1 February 2010
- The IFRIC 19 interpretation on extinguishing financial liabilities with equity instruments project, into force as from the financial year starting at 1 July 2010
- Amendments to IFRIC 14 - The limit on a defined benefit asset, minimum funding requirements and their interact project, into force as from the financial year starting on 1 January 2011

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

### 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 12.2% of the portfolio and the Walloon Region 14.3% (calculations based on fair value).

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



CITY GARDENS

## 1 INCOME STATEMENT BY TYPE OF ASSETS

		Consolidated total	
		2010	2009
I	Rental income	14 253 402	13 895 469
III	Rental-related expenses	-137 465	-219 846
<b>NET RENTAL INCOME</b>		<b>14 115 937</b>	<b>13 675 622</b>
IV	Recovery of property charges	106 657	87 602
V	Recovery of rental charges	370 467	366 730
VII	Recovery of charges and taxes normally payable by the tenant	-1 458 373	-1 255 773
<b>PROPERTY RESULT</b>		<b>13 134 688</b>	<b>12 874 181</b>
IX	Technical costs	-1 097 433	-1 261 645
X	Commercial costs	-535 683	-480 575
XI	Taxes and charges on un-let properties	-265 738	-197 475
XII	Property management costs	-1 419 884	-1 492 323
<b>PROPERTY COSTS</b>		<b>-3 318 738</b>	<b>-3 432 018</b>
<b>PROPERTY OPERATING RESULT</b>		<b>9 815 950</b>	<b>9 442 163</b>
XIV	General corporate expenses	-641 319	-518 191
<b>OPERATING RESULT BEFORE PORTFOLIO RESULT</b>		<b>9 174 630</b>	<b>8 923 972</b>
XVI	Gains or losses on disposals of investment properties	2 439 604	1 288 364
XVIII	Changes in fair value of investment properties	3 876 459	270 644
<b>OPERATING RESULT</b>		<b>15 490 693</b>	<b>10 482 980</b>
XIX	Financial income	412 723	271 082
XX	Interest charges	-2 201 999	-2 241 000
XXI	Other financial charges	-582 350	-424 747
<b>FINANCIAL RESULT</b>		<b>-2 371 625</b>	<b>-2 394 665</b>
<b>PRE-TAX RESULT</b>		<b>13 119 068</b>	<b>8 088 315</b>
XXII	Corporation tax	87 042	-6 022
<b>TAXES</b>		<b>87 042</b>	<b>-6 022</b>
<b>NET RESULT</b>		<b>13 206 110</b>	<b>8 082 294</b>

	Properties valued by individual units		Properties valued "en bloc" > € 2 500 000		Properties valued "en bloc" < € 2 500 000		Unattributed	
	2010	2009	2010	2009	2010	2009	2010	2009
	11 731 005	11 152 281	2 133 246	2 317 006	389 152	426 181		
	-73 865	-135 469	-1 568	-16 916	-3 479	-16 861	-58 553	-50 600
	<b>11 657 140</b>	<b>11 016 812</b>	<b>2 131 677</b>	<b>2 300 090</b>	<b>385 673</b>	<b>409 320</b>	<b>-58 553</b>	<b>-50 600</b>
	106 657	86 680		922				
	135 904	127 463	214 672	219 540	19 891	19 726		
	-1 170 451	-927 870	-230 116	-268 536	-57 717	-59 366	-89	
	<b>10 729 250</b>	<b>10 303 085</b>	<b>2 116 234</b>	<b>2 252 016</b>	<b>347 847</b>	<b>369 679</b>	<b>-58 642</b>	<b>-50 600</b>
	-1 084 074	-1 165 732	-26 295	-57 669	12 936	-33 144		-5 099
	-352 152	-320 906	-6 409	-15 695	-4 809	-1 048	-172 313	-142 926
	-261 566	-163 875	-2 063	-5 979	-2 109	-27 621		
	-71 374	-1 007 345	-58 017	-137 915		-30 086	-1 290 493	-316 977
	<b>-1 769 166</b>	<b>-2 657 860</b>	<b>-92 783</b>	<b>-217 258</b>	<b>6 018</b>	<b>-91 899</b>	<b>-1 462 807</b>	<b>-465 002</b>
	<b>8 960 083</b>	<b>7 645 225</b>	<b>2 023 451</b>	<b>2 034 758</b>	<b>353 865</b>	<b>277 780</b>	<b>-1 521 449</b>	<b>-515 601</b>
							-641 319	-518 191
	<b>8 960 083</b>	<b>7 645 225</b>	<b>2 023 451</b>	<b>2 034 758</b>	<b>353 865</b>	<b>277 780</b>	<b>-2 162 768</b>	<b>-1 033 792</b>
	1 467 955	789 797			971 649	471 615		26 952
	3 356 631	-1 279 764	676 897	1 223 748	-157 068	-228 895		555 556
	<b>13 784 669</b>	<b>7 155 259</b>	<b>2 700 348</b>	<b>3 258 506</b>	<b>1 168 445</b>	<b>520 500</b>	<b>-2 162 768</b>	<b>-451 285</b>
					98 820	101 118	313 904	169 964
							-2 201 999	-2 241 000
							-582 350	-424 747
					98 820	101 118	-2 470 445	-2 495 783
	<b>13 784 669</b>	<b>7 155 259</b>	<b>2 700 348</b>	<b>3 258 506</b>	<b>1 267 265</b>	<b>621 618</b>	<b>-4 633 213</b>	<b>-2 947 068</b>
							87 042	-6 022
							<b>87 042</b>	<b>-6 022</b>
	<b>13 784 669</b>	<b>7 155 259</b>	<b>2 700 348</b>	<b>3 258 506</b>	<b>1 267 265</b>	<b>621 618</b>	<b>-4 546 171</b>	<b>-2 953 089</b>

## 2 INCOME STATEMENT BY REGION

		Consolidated total	
		2010	2009
I	Rental income	14 253 402	13 895 469
III	Rental-related expenses	-137 465	-219 846
<b>NET RENTAL INCOME</b>		<b>14 115 937</b>	<b>13 675 622</b>
IV	Recovery of property charges	106 657	87 602
V	Recovery of rental charges	370 467	366 730
VII	Recovery of charges and taxes normally payable by the tenant	-1 458 373	-1 255 773
<b>PROPERTY RESULT</b>		<b>13 134 688</b>	<b>12 874 181</b>
IX	Technical costs	-1 097 433	-1 261 645
X	Commercial costs	-535 683	-480 575
XI	Taxes and charges on un-let properties	-265 738	-197 475
XII	Property management costs	-1 419 884	-1 492 323
<b>PROPERTY COSTS</b>		<b>-3 318 738</b>	<b>-3 432 018</b>
<b>PROPERTY OPERATING RESULT</b>		<b>9 815 950</b>	<b>9 442 163</b>
XIV	General corporate expenses	-641 319	-518 191
<b>OPERATING RESULT BEFORE PORTFOLIO RESULT</b>		<b>9 174 630</b>	<b>8 923 972</b>
XVI	Gains or losses on disposals of investment properties	2 439 604	1 288 364
XVIII	Changes in fair value of investment properties	3 876 459	270 644
<b>OPERATING RESULT</b>		<b>15 490 693</b>	<b>10 482 980</b>
XIX	Financial income	412 723	271 082
XX	Interest charges	-2 201 999	-2 241 000
XXI	Other financial charges	-582 350	-424 747
<b>FINANCIAL RESULT</b>		<b>-2 371 625</b>	<b>-2 394 665</b>
<b>PRE-TAX RESULT</b>		<b>13 119 068</b>	<b>8 088 315</b>
XXII	Corporation tax	87 042	-6 022
<b>TAXES</b>		<b>87 042</b>	<b>-6 022</b>
<b>NET RESULT</b>		<b>13 206 110</b>	<b>8 082 294</b>

	Brussels Region		Flemish Region		Walloon Region		Unattributed	
	2010	2009	2010	2009	2010	2009	2010	2009
	10 662 233	10 326 238	1 239 246	1 140 068	2 351 923	2 429 164		
	-47 618	-72 085	-8 605	-17 853	-22 689	-79 309	-58 553	-50 600
	<b>10 614 615</b>	<b>10 254 153</b>	<b>1 230 641</b>	<b>1 122 215</b>	<b>2 329 234</b>	<b>2 349 855</b>	<b>-58 553</b>	<b>-50 600</b>
	65 664	62 668	33 116	14 139	7 878	10 795		
	219 676	216 495	51 481	52 359	99 310	97 876		
	-1 030 358	-901 982	-159 456	-85 358	-268 471	-268 434	-89	
	<b>9 869 598</b>	<b>9 631 335</b>	<b>1 155 781</b>	<b>1 103 355</b>	<b>2 167 951</b>	<b>2 190 092</b>	<b>-58 642</b>	<b>-50 600</b>
	-953 188	-1 079 638	-27 820	-58 255	-116 425	-118 652		-5 099
	-272 206	-282 781	-50 844	-22 910	-40 320	-31 959	-172 313	-142 926
	-210 237	-87 248	-48 009	-26 424	-7 492	-83 804		
	-129 391	-836 245		-84 571		-167 267	-1 290 493	-404 240
	<b>-1 565 021</b>	<b>-2 285 912</b>	<b>-126 673</b>	<b>-192 160</b>	<b>-164 237</b>	<b>-401 681</b>	<b>-1 462 807</b>	<b>-552 265</b>
	<b>8 304 577</b>	<b>7 345 423</b>	<b>1 029 108</b>	<b>911 194</b>	<b>2 003 714</b>	<b>1 788 410</b>	<b>-1 521 449</b>	<b>-602 865</b>
							-641 319	-518 191
	<b>8 304 577</b>	<b>7 345 423</b>	<b>1 029 108</b>	<b>911 194</b>	<b>2 003 714</b>	<b>1 788 410</b>	<b>-2 162 768</b>	<b>-1 121 056</b>
	1 411 646	484 972	767 370	519 146	260 588	257 295		26 952
	2 629 563	1 358 663	1 478 528	-172 839	-231 632	-915 180		
	<b>12 345 786</b>	<b>9 189 058</b>	<b>3 275 005</b>	<b>1 257 501</b>	<b>2 032 670</b>	<b>1 130 525</b>	<b>-2 162 768</b>	<b>-1 094 103</b>
	98 820	101 118					313 904	169 964
							-2 201 999	-2 241 000
							-582 350	-424 747
	<b>98 820</b>	<b>101 118</b>					<b>-2 470 445</b>	<b>-2 495 783</b>
	<b>12 444 606</b>	<b>9 290 176</b>	<b>3 275 005</b>	<b>1 257 501</b>	<b>2 032 670</b>	<b>1 130 525</b>	<b>-4 633 213</b>	<b>-3 589 886</b>
							87 042	-6 022
							<b>87 042</b>	<b>-6 022</b>
	<b>12 444 606</b>	<b>9 290 176</b>	<b>3 275 005</b>	<b>1 257 501</b>	<b>2 032 670</b>	<b>1 130 525</b>	<b>-4 546 171</b>	<b>-3 595 908</b>

## 3 BALANCE SHEET BY ASSET TYPE

	Consolidated total	
	2010	2009
Investment properties in operation	222 773 965	207 188 169
Investment properties - Development projects	10 570 292	18 437 789
Assets held for sale		2 176 005
Lease financing receivables	1 373 774	1 460 721
Other assets	4 828 895	5 006 272
<b>Total assets</b>	<b>239 546 926</b>	<b>234 268 956</b>
Percentage by sector	100.00%	100.00%
Shareholders' equity	153 968 037	149 050 809
Liabilities	85 578 890	85 218 147
<b>Total shareholders' equity and liabilities</b>	<b>239 546 926</b>	<b>234 268 956</b>

## 4 OTHER INFORMATION BY ASSET TYPE

	Consolidated total	
	2010	2009
<b>Investment properties</b>		
Investments	523 734	809 435
<b>Other tangible assets</b>		
Investments	190 683	177 687
Depreciation	-149 589	-124 451
<b>Intangible assets</b>		
Investments	30 250	22 990
Amortization	-21 901	-21 175

## 5 BALANCE SHEET BY REGION

	Consolidated total	
	2010	2009
Investment properties in operation	222 773 965	207 188 169
Investment properties - Development projects	10 570 292	18 437 789
Assets held for sale		2 176 005
Lease financing receivables	1 373 774	1 460 721
Other assets	4 828 895	5 006 272
<b>Total assets</b>	<b>239 546 926</b>	<b>234 268 956</b>
Percentage by sector	100.00%	100.00%
Shareholders' equity	153 968 037	149 050 809
Liabilities	85 578 890	85 218 147
<b>Total shareholders' equity and liabilities</b>	<b>239 546 926</b>	<b>234 268 956</b>

Properties valued by individual units		Properties valued "en bloc" > € 2 500 000		Properties valued "en bloc" < € 2 500 000		Unattributed	
2010	2009	2010	2009	2010	2009	2010	2009
189 451 709	173 369 871	28 828 293	28 635 122	4 493 964	5 183 177		
4 630 000	12 599 789	5 940 292	5 838 000				
	1 909 339				266 667		
				1 373 774	1 460 721		
						4 828 895	5 006 272
<b>194 081 709</b>	<b>187 878 998</b>	<b>34 768 585</b>	<b>34 473 122</b>	<b>5 867 738</b>	<b>6 910 564</b>	<b>4 828 895</b>	<b>5 006 272</b>
81.02%	80.20%	14.51%	14.72%	2.45%	2.95%	2.02%	2.14%
						153 968 037	149 050 809
						85 578 890	85 218 147
						<b>239 546 926</b>	<b>234 268 956</b>

Properties valued by individual units		Properties valued "en bloc" > € 2 500 000		Properties valued "en bloc" < € 2 500 000		Corporate	
2010	2009	2010	2009	2010	2009	2010	2009
523 734	809 435						
						190 683	177 687
						-149 589	-124 451
						30 250	22 990
						-21 901	-21 175

Brussels Region		Flemish Region		Walloon Region		Unattributed	
2010	2009	2010	2009	2010	2009	2010	2009
163 524 669	157 460 649	27 282 749	17 712 084	31 966 547	32 015 436		
5 940 292	6 937 789	4 600 000	11 500 000	30 000			
	1 909 339				266 667		
1 373 774	1 460 721					4 828 895	5 006 272
<b>170 838 735</b>	<b>167 768 497</b>	<b>31 882 749</b>	<b>29 212 084</b>	<b>31 996 547</b>	<b>32 282 103</b>	<b>4 828 895</b>	<b>5 006 272</b>
71.32%	71.61%	13.31%	12.47%	13.36%	13.78%	2.02%	2.14%
						153 968 037	149 050 809
						85 578 890	85 218 147
						<b>239 546 926</b>	<b>234 268 956</b>

**NOTE 4: RENTAL INCOME AND CHARGES**

	2010	2009
<b>I. Rental income</b>		
A. Rent	14 093 546	13 652 301
B. Guaranteed revenues	60 819	154 899
C. Rent-free periods	-36 606	-39 142
E. Early lease termination indemnities	135 643	127 411
<b>III. Rental-related expenses</b>		
A. Rent payable on leased premises	-58 553	-50 600
B. Value reductions on trade receivables	-148 389	-198 474
C. Reversal of value reductions on trade receivables	69 477	29 227
<b>NET RENTAL RESULT</b>	<b>14 115 937</b>	<b>13 675 622</b>

The increase of the rental income (+3.2%) is due to the growth of the property portfolio in the course of the financial year 2010. Complete details on these transactions are presented in chapter IV Management report.

**NOTE 5: PROPERTY RESULT**

	2010	2009
<b>IV. Recovery of property charges</b>		
A. Indemnities for tenant damage	106 657	87 602
<b>V. Recovery of charges and taxes normally paid by the tenant</b>		
A. Re-invoicing of rental-related charges paid by the owner	49 177	53 544
B. Re-invoicing of property and other taxes on rented properties	321 291	313 186
<b>VII. Rental-related charges and taxes normally paid by the tenant</b>		
A. Rental-related expenses paid by the owner		-8 298
B. Property and other taxes on leased buildings	-1 458 373	-1 247 474
<b>PROPERTY RESULT</b>	<b>13 134 688</b>	<b>12 874 181</b>

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**

	2010	2009
<b>IX. Technical costs</b>		
A. Recurrent technical costs		
A.1. Repairs	-821 110	-1 300 654
A.3. Insurance premiums	-82 890	-102 414
B. Non-recurrent technical costs		
B.1. Major repairs	-204 180	22 164
B.3. Indemnification of accidents by insurers	10 746	119 259

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

		2010	2009
<b>X. Commercial costs</b>			
A. Agency and experts' fees		-363 369	-327 258
B. Lawyers' fees, legal costs		-172 313	-153 317

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

		2010	2009
<b>XI. Taxes and charges on un-let properties</b>		<b>-265 738</b>	<b>-197 475</b>
<b>XII. Property management costs</b>			
A. Managers' fees		-71 374	-64 690
B. (Internal) property management costs		-1 348 510	-1 427 633
<b>PROPERTY CHARGES</b>		<b>-3 318 738</b>	<b>-3 432 018</b>
<b>PROPERTY OPERATING RESULT</b>		<b>9 815 950</b>	<b>9 442 163</b>

Since 01/10/2010, the personnel of the management subsidiary, Home Invest Management (100% held by Home Invest Belgium) has been transferred to Home Invest Belgium. It employed 7 people on 31/12/2010. These costs are accounted for in the internal property management costs.

## NOTE 9: GENERAL CORPORATE EXPENSES

		2010	2009
<b>XIV. General corporate expenses</b>		<b>-641 319</b>	<b>-518 191</b>

General expenses increased by some 24%, partly due to the listing of 395 632 new shares (previously category B shares), following the cancellation of the two share categories A and B at the Extraordinary general meeting of 31 May 2010. Also included under this heading are expenses relating to the study and the realization of new files which vary depending on the number, the complexity and the success of the projects considered.

## NOTE 10: GAINS OR LOSSES ON THE SALE OF INVESTMENT PROPERTIES - CHANGES IN THE FAIR VALUE OF INVESTMENT PROPERTIES IN OPERATION

		2010	2009
<b>XVI. Gains or losses on the sale of investment properties</b>			
A. Net sales of properties		3 956 293	2 257 286
B. Carrying values of the properties sold		-2 915 130	-1 713 567
C. Reversal of latent capital gains on sales		1 398 441	744 646
<b>C. Changes in the fair value of investment properties</b>			
A. Positive changes in the fair value of investment properties		9 139 134	3 921 935
B. Negative changes in the fair value of investment properties		-975 716	-3 558 118
C. Positive changes in the rights on investment properties		146 755	373 240
D. Negative changes in the rights on investment properties		-4 433 714	-466 413

The result on sale of investment properties result from the sale of, in the course of the financial year, a house in 's Gravenwezel, a plot in Maransart, two commercial spaces in Nieuwpoort, six apartments in the building Milcamps (sale of the leasehold rights of +/- 63 years) and eleven apartments in the building Hottat (sale of the leasehold rights of +/- 63 years). Complete details on the realized capital gains are presented in chapter IV Management report.

As required by IAS 40, line 69, the gain or loss on the sale of investment properties is accounted for as the difference between the net sale price (heading XVI.A.) and the most recent **fair value** recorded for the asset in question (heading XVI.B.). Heading XVI.A. consists of the gross sale price less expenses related to the conclusion of these sales (estate agents' fees etc.).

Heading XVI.B. contains the cancellation of the most recent **fair value** established by the expert.

In accordance with the scheme of annex C to which article 7 of the Royal Decree of 7 December 2010 refers, the net (positive) result is then:

- on the one hand, increased by the latent capital gains (or reduced by the capital losses) previously recognised on this asset, and
- on the other hand, reduced by the amounts recognised in respect of the same asset under "impact of **fair value** of transfer rights...".

Heading XVI.C. contains the amount of the reversal of the latent capital gains (€ 1 398 441).

The total capital gain amounts to € 2 439 604 and is the difference between the net sale price (XVI.A.) and the initial acquisition value (XVI.B. + XVI.C.). In the case in point, this realized capital gain is included in the distributable result for only € 1 085 454, with the balance of € 1 354 150 being non-distributable. In fact, at the time of an acquisition by merger or demerger, the integration of the properties into the assets of Home Invest Belgium's balance sheet is done at their net accounting value (that is the historical acquisition price less depreciation) and not at the conventional acquisition value. Since Home Invest Belgium has, economically, paid the conventional acquisition value, there is reason to only distribute the capital gain actually realized in relation to this value, without taking account of the net accounting value integrated into the asset. This accounting method is furthermore consistent with annex C of the RD of 7 December 2010. At the time of a simple acquisition, the whole of the capital gain realized is distributable, with the net accounting value and the conventional acquisition value being identical.

## NOTE 11: FINANCIAL INCOME

	2010	2009
<b>XIX. Financial income</b>		
A. Interest and dividends received	313 904	147 118
C. Lease-financing and similar payments	98 820	101 118
D. Income from financial hedging instruments		22 846

Interest and dividends received come exclusively from the short-term deposit of cash surpluses.

Income from hedging instruments relates to the income generated by these hedging products negotiated at interest rates lower than the market rates in effect in the course of the year.

## NOTE 12: INTEREST CHARGES

	2010	2009
<b>XX. Interest charges</b>		
A. Nominal interest on borrowings	-693 822	-987 417
C. Charges resulting from financial hedging instruments	-1 465 074	-1 253 583
D. 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 the Risk factors chapter, point 4.

### NOTE 13: OTHER FINANCIAL CHARGES

	2010	2009
<b>XXI. Other financial charges</b>		
A. Bank charges and other fees	-127 420	-126 355
C. Changes in fair value of financial assets	-454 930	-298 392

These charges consist mainly of fees paid to banks for the payment of dividends. The changes in fair value of financial assets relate to a callable IRS acquired during 2009. Following the application of IAS 39, this ineffective financial instrument is recorded in the income statement. This purely latent charge is excluded in the calculation of the distributable result to the extent that (i) the contract is renewed at the same conditions or (ii) the interest rates increase.

### NOTE 14: INCOME TAXES

	2010	2009
<b>XXII. Income taxes</b>	87 042	-6 022

Sicafis 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.

The income taxes to recover in 2010 of € 87 042 correspond on the one hand, for € - 27 898 to the statutory tax expense related to the un-allowed expenses, and on the other hand, for € + 114 940 to the taxes recovered from the acquisition followed by the merger of the SA Alltherm (exit tax inferior to the forecast).

### NOTE 15: INTANGIBLE ASSETS

	2010	2009
<b>Intangible assets, beginning of the financial year</b>	1 815	3 896
1. Gross value	22 990	22 990
2. Accumulated amortization	-21 175	-19 094
Investments	7 260	
Amortization	-726	-2 081
<b>Intangible assets, end of the financial year</b>	<b>8 349</b>	<b>1 815</b>
1. Gross value	30 250	22 990
2. Accumulated amortization	-21 901	-21 175

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

### NOTE 16: INVESTMENT PROPERTIES

	2010	2009
<b>Investment properties, balance at the beginning of the financial year</b>	<b>225 625 958</b>	<b>207 687 474</b>
<b>Development projects</b>		
Investments – development projects	4 502 627	562 662
Completion of development projects	-12 370 124	-11 191 716
Acquisitions by means of business combinations		17 338 000
<b>Investment properties</b>		
Completion of building under construction	12 370 124	11 191 716
Acquisition of buildings		2 404 060
Capitalized subsequent expenses	550 992	809 435
Gains (losses) from fair value adjustments	3 876 459	270 644
Other increase (decrease)	-472 654	-234 828
Disposals ( - )	-739 125	-167 102
Transfer to assets held for sale ( - )		-3 044 386
<b>Investment properties, closing balance at the end of the financial year</b>	<b>233 344 258</b>	<b>225 625 959</b>

The properties sold are those mentioned in note 10 above.

The investment value of the investment properties for sale was assessed at 31/12/2010 by Winssinger & Associates (approved real estate surveyor) based on the rental income capitalisation and unit value methods. The fair value of these properties is obtained via the restatements set out above in point 6 of note 2 of the "Notes to the consolidated financial statements". At said closing date, the total cost (= initial investment and capitalised works) of the investment properties in operation amounted to € 166 813 526 (cost of legal deeds included).

There are no restrictions on the sales of the investment properties.

### NOTE 17: DEVELOPMENT PROJECTS

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.

At closing date, they are accounted for, for an amount of € 10 570 292, representing 4.53% of total investment properties. The budget necessary to finalize the project Belliard/Industrie is evaluated at € 7.7 million while the budget for the phases 3 and 4 of the City Gardens project is estimated at € 1.2 million.

### NOTE 18: OTHER TANGIBLE ASSETS

	2010	2009
<b>Other tangible assets, balance beginning of period</b>	<b>53 236</b>	<b>81 035</b>
1. Gross value	177 687	172 960
2. Accumulated depreciation	-124 451	-91 925
Investments	12 996	4 727
Depreciation	-25 138	-32 525
<b>Other tangible assets, closing balance end of period</b>	<b>41 094</b>	<b>53 236</b>
1. Gross value	190 683	177 687
2. Accumulated depreciation	-149 589	-124 451

The other tangible assets relate exclusively to the operating assets.

### NOTE 19: FINANCE LEASE RECEIVABLES

	2010	2009
Receivables after 5 years	717 882	845 029
Receivables after one year and within 5 years	563 140	528 745
Receivables within one year	92 752	86 947
<b>TOTAL</b>	<b>1 373 774</b>	<b>1 460 721</b>

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);

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

Valuation on 31/12/2010:

- short and long-term receivables: € 814 028.14
- purchase option: € 223 240 (fair value)

**Résidence Lemaire:** real estate leasing contract

(Dec. 2003-Nov. 2018);

Valuation on 31/12/2010:

- short and long-term receivables: € 559 745.75
- purchase option: € 114 824.89 (fair value)

## NOTE 20: ASSETS HELD FOR SALE

	2010		2009	
	Sold portion	Portion still to sell	Sold portion	Portion still to sell
Initial acquisition value	1 516 690		968 921	787 065
Net sales price (ex fees)	3 956 293		2 257 286	
Realized capital gain	2 439 604		1 288 364	
Distributable realized capital gain	1 085 454		704 590	
Non-distributable realized capital gain	1 354 150		583 775	
Fair value at end of financial year				2 176 005

At the closing date of 2010, total assets held for sale were sold.

## NOTE 21: AMOUNTS RECEIVABLE

	2010	2009
Tenants	524 149	546 815
Realized sales	160 702	661 048
<b>TOTAL</b>	<b>684 851</b>	<b>1 207 863</b>

Trade receivables consist of rental payments still receivable from tenants. These rents are payable in advance. Furthermore, following the signing of a sale agreement at the end of 2010, Home Invest Belgium has on 31/12/2010 receivables of € 160 702 that will be paid in February 2011, upon enactment of the notarized deed of sale.

	2010	2009
Recoverable property and other taxes	1 066 452	12 410
Prepayments		110 000
Withholding tax on liquidation bonus	742 763	195 129
Working capital payments	1 180 432	1 004 502
Other		334 743
<b>TOTAL</b>	<b>2 989 647</b>	<b>1 656 784</b>

The recoverable taxes relate to the tax deduction and moratory interests obtained within the framework of the tax disputes following the mergers with SA Belliard 205 and Patroonshuis.

Home Invest Belgium has also been put in its right by court orders of last 6 October in two lawsuits against the Belgian government. Consequently, the exit tax paid in 2006 following the mergers with SA Belliard 205 and Patroonshuis in 2005, erroneously taxed on these two companies, while they were liquidated following their merger with the Sicafi, will be refunded at the beginning of 2011, for an amount of € 0.7 million, to be augmented by interests of € 0.26 million. The first of these amounts will be accounted for as a deduction of the acquisition price of the buildings concerned, that way increasing their latent capital gain, while the second one will be accounted for in the financial income, in the accounts of the last quarter of the financial year.

Withholding taxes on liquidation bonus relate to those paid in the context of the mergers by absorption of JBS and ERIV Mechelen. 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

	2010	2009
Cash in hand	9 611	10 668
Bank balances	1 026 899	1 953 928
<b>TOTAL</b>	<b>1 036 510</b>	<b>1 964 597</b>

**NOTE 23: DEFERRALS AND ACCRUALS**

	2010	2009
Accrued property income	12 255	14 485
Prepaid property charges	9 423	1 646
<b>TOTAL</b>	<b>21 678</b>	<b>16 131</b>
Property income received in advance	272 014	261 070
Interest and other accrued charges	163 359	210 178
Other	281	1 923
<b>TOTAL</b>	<b>435 653</b>	<b>473 171</b>

**NOTE 24: FINANCIAL ASSETS AND LIABILITIES**

	2010	2009
Hedging instruments	10 333	64 116
Other financial assets	36 434	41 730
<b>TOTAL</b>	<b>46 767</b>	<b>105 846</b>

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

Financial debts	2010	2009
Current up to one year	102 543	190 000
Non-current from 1 to 5 years	77 930 000	76 280 000
Non-current over 5 years	503 750	568 750
<b>TOTAL</b>	<b>78 536 293</b>	<b>77 038 750</b>

**TABLE OF CREDIT LINES AND MATURITIES:**

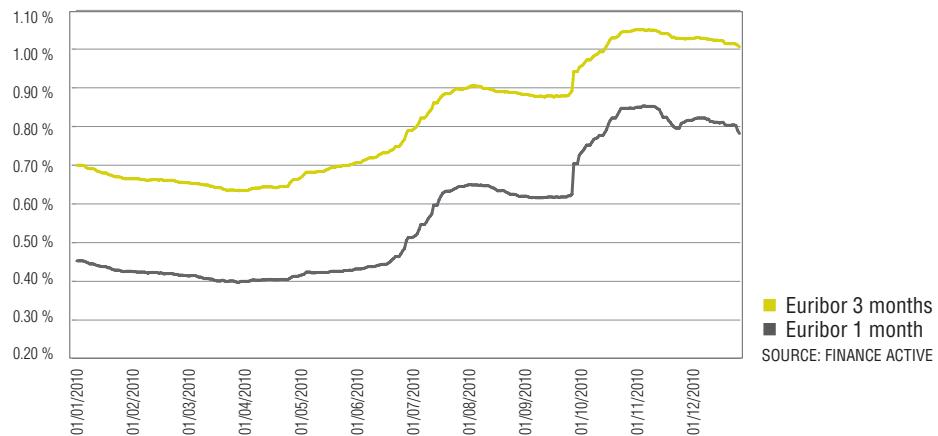
	Bank	Credit line (€)	Type	Amount drawn (€)	Maturities
Variable rate credits	ING	14 950 000	Roll-over credit	14 950 000	31/05/2012
	ING	9 400 000	Roll-over credit	1 150 000	30/09/2012
	ING	6 540 000	Roll-over credit	6 540 000	31/05/2013
	ING	6 000 000	Roll-over credit	6 000 000	1/08/2013
	FORTIS	6 250 000	Roll-over credit	6 250 000	30/09/2013
	FORTIS	6 250 000	Roll-over credit	4 300 000	30/09/2013
	DEXIA	9 400 000	Roll-over credit	9 400 000	27/11/2014
	DEXIA	11 350 000	Roll-over credit	5 750 000	31/12/2014
	ING	12 000 000	Roll-over credit	12 000 000	31/12/2014
	FORTIS	14 530 000	Roll-over credit	11 330 000	7/12/2014
	ING	450 000	Straight Loan	0	-
	FORTIS	446 208	Straight Loan	0	-
Fixed-rate credits	DEXIA	828 750	Investment credit	828 750	30/09/2023
<b>TOTAL</b>		<b>98 394 958</b>		<b>78 498 750</b>	

**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	-927 635
DEXIA	10 000 000	Cap	4.85 %	10/07/2013	10 333
DEXIA	10 000 000	Cap	5.50 % Pay out 0.65 %	10/07/2013	-2 164
ING	20 000 000	IRS	4.4195 %	20/12/2013	-1 624 283
DEXIA	11 750 000	IRS	2.635 %	30/10/2014	-330 551
DEXIA	15 000 000	IRS Callable	2.82 %	17/06/2019	-753 322
ING	20 000 000	IRS	2.37 %	16/12/2015	-99 812
<b>Total</b>	<b>76 750 000</b>				<b>-3 727 434</b>

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 2010, 98.8% of the capital amounts drawn down were covered by interest rate hedging instruments or covered by a fixed-rate investment credit.



The interest rates applicable to all floating rate borrowings are based on Euribor (drawings of less than 12 months). During the 2010 financial year, 3 and 1-month Euribor rates, were marked by a slight decrease during the first quarter. As from the second quarter, the rates have progressively increased (with two breaks in August-September and November-December). The average over the 2010 financial year was respectively 0.81% for the Euribor 3 months and 0.57% for the Euribor 1 months, a substantial decrease compared to the 2009 rates (Euribor 3 months: 1.225%) and 2008 rates (Euribor 3 months: 4.651%). Home Invest Belgium's prudent hedging policy enable it to obtain an average interest rate of 3.28% including margin, over the financial year, compared to 3.39% over the previous financial year.

The interest rate hedging instruments used are mainly **IRS (Interest Rate Swaps)** which serve to exchange floating rates for fixed rates. The total amount of this type of hedging amounts to € 66 750 000 at 31 December 2010.

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 (only 33.98%), Home Invest Belgium has 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, i.e. € 2 974 112 under heading G "Changes in the fair value of financial assets and liabilities".

The change in the fair value of the callable IRS of € 15 million (it is an ineffective hedging instrument) is recorded at € - 454 930 in the income statement under heading XXI. "Other financial charges". The callable IRS is concluded for a period of 10 years, from 12/06/2009 to 17/06/2019. After an initial period of 5 years, it can be terminated each year by the bank.

On 31 December 2010, the positive value of financial instruments is recorded under asset heading I.F. "Non-current financial assets" in a total amount of € 10 333, while the negative fair value is accounted for under liabilities heading I.C. "Other non-current financial liabilities" in a total amount of € 3 737 767.

The credit lines are accounted for under "Non-current financial debts". A single credit (Dexia) of € 828 750 is subject to annual repayments, all other credits being bullet loans repayable in full at maturity and their interests at the end of each withdrawal, till expiry date.

**NOTE 25: TRADE DEBTS AND OTHER CURRENT DEBTS**

	2010	2009
<b>TRADE DEBTS AND OTHER CURRENT DEBTS</b>		
Suppliers	1 122 984	781 769
Tenants	331 531	445 537
Tax, salary, social security	424 491	647 650
Exit Tax	150 312	1 330 915
<b>TOTAL</b>	<b>2 029 317</b>	<b>3 205 872</b>
<b>OTHER CURRENT LIABILITIES</b>		
Dividends	95 433	100 303
Other	381 915	591 850
<b>TOTAL</b>	<b>477 347</b>	<b>692 153</b>

Exit tax debts consist of the provisions set up in the context of the mergers by absorption of Alltherm SA in 2010, and Belliard 21 SA, still to take place.

Dividends relate solely to earlier dividends not yet claimed by shareholders.

The other current liabilities relate to, for 2010, the provisions for charges paid by tenants, while for 2009, they relate to the balance payable to the former shareholders of ALLTHERM SA.

## NOTE 26: CAPITAL, SHARE PREMIUM ACCOUNT AND RESERVES

### EVOLUTION OF ISSUED CAPITAL:

Date	Evolution of company capital	Nature of the operation	Issue price	Number of shares issued / existing
4/07/1980	1 250 000 BEF	Constitution of SA Philadelphia	BEF 1 000	1 250
1983	6 000 000 BEF	Capital increase	BEF 1 000	6 000
13/04/1999	-	New representation of capital (by division)	-	26 115
1/06/1999	1 373 650 000 BEF	Contribution of properties and ...	-	-
1/06/1999	10 931 BEF	.. Increase of capital in cash (rounded)	BEF 1 411.89	972 919
1/06/1999	1 500 000 BEF	Merger of SA Socinvest	-	97 078
1/06/1999	-71 632 706 BEF	Capital reduction to discharge debts	-	-
<b>Total at 01/06/1999</b>	<b>€ 32 493 343.44</b>			<b>1 103 362</b>
09/04/2001	€ 62 000.00	Merger SA Mons Real Estate	€ 32.00	35 304
<b>Total at 31/05/2001</b>	<b>€ 32 555 343.44</b>			<b>1 138 666</b>
31/05/2002	€ 151 743.90	Merger of SA Les Résidences du Quartier Européen	€ 34.78	4 471
<b>Total at 31/05/2002 at 31/05/2003</b>	<b>€ 32 707 087.34</b>			<b>1 143 137</b>
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	-	-
<b>Total at 31/05/2004</b>	<b>€ 41 950 000.00</b>			<b>1 465 909</b>
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
<b>Total at 31/12/2005</b>	<b>€ 41 958 209.66</b>			<b>1 472 453</b>
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	1 <sup>st</sup> capital increase	€ 51.00	360 378
13/10/2006	€ 7 171 221.48	2 <sup>nd</sup> capital increase	€ 51.00	259 002
<b>Total at 31/12/2006</b>	<b>€ 60 022 755.64</b>			<b>2 167 833</b>
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
<b>Total at 31/12/2007</b>	<b>€ 60 300 984.89</b>			<b>2 178 657</b>
23/05/2008	€ 10 062 486.49	Partial split of SA VOP	€ 50.00	622 632
23/05/2008	€ 29 000.00	Merger with SA JBS	€ 50.00	2 088
<b>Total at 31/12/2008</b>	<b>€ 70 392 471.38</b>			<b>2 803 377</b>
29/05/2009	€ 1 246 937.97	Merger with SA Les Erables Invest	€ 49.55	25 165
<b>Total at 31/12/2009</b>	<b>€ 71 639 409.35</b>			<b>2 828 542</b>
<b>Total at 31/12/2010</b>	<b>€ 71 639 409.35</b>			<b>2 828 542</b>
<b>Changes after the closing of the financial year</b>				
31/01/2011	€ 122 708.91	Merger by demerger of SA Masada	€ 59.72	102 792
<b>Total at 31/01/2011</b>	<b>€ 71 762 118.26</b>			<b>2 931 334</b>

On 31/12/2010, 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.

**EVOLUTION OF SHAREHOLDERS' EQUITY:**

	2010	2009
<b>Shareholders' equity</b>		
Capital		
A.1. Issued capital	71 639 409	71 639 409
A.2. Cost of capital increases (-)	-692 530	-692 530
B. Share premium account	19 093 664	19 093 664
C. Treasury shares repurchased (-)	-757 323	-757 323
Reserves		
D.1. Legal	97 827	97 827
D.2. Unavailable	75 461 347	68 807 434
D.4. Available	1 138 120	1 138 120
E. Profit/(loss)		
E.1. Profit/(loss) carried forward from previous periods	5 416 341	4 321 403
E.2. Profit/(loss) from the current period		
E.2.1. Profit/(loss) to be carried forward	1 586 668	1 094 938
E.2.2. Proposed dividend	7 742 983	6 716 711
F. Impact on fair value of estimated transaction costs resulting from the hypothetical disposal of investment properties	-23 784 358	-19 608 464
G. Changes in the fair value of financial assets and liabilities		
G.2. On hedging instruments	-2 974 112	-2 800 381
<b>Total shareholders' equity</b>	<b>153 968 037</b>	<b>149 050 809</b>

**NOTE 27: CONSOLIDATION SCOPE**

Name	Enterprise no.	Country of origin	Direct or indirect shareholding	Annual accounts dd.
<b>In 2010</b>				
Home Invest Belgium SA	0420.767.885	Belgium	100 %	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
<b>In 2009</b>				
Home Invest Belgium SA	0420.767.885	Belgium	100 %	31/12/2009
Home Invest Management SA	0466.151.118	Belgium	100 %	31/12/2009
Belliard 21 SA	0807.568.451	Belgium	100 %	31/12/2009
Alltherm SA	0439.371.495	Belgium	100 %	30/06/2010

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.

## NOTE 28: REMUNERATION OF THE AUDITOR

In the course of 2010, the Auditor, Karel Nijs, received fees amounting to a total of € 51 205.34 (incl. VAT), broken down as follows:

- Remuneration of the Auditor: € 31 218.00
- Remuneration for special services particular assignments accomplished within the company by the Auditor:
  1. Other attestation assignments: € 9 075.00
  2. Other non-audit assignments: € 8 393.66
- Remuneration for special services or particular assignments undertaken within the company by persons linked to the Auditor:
  1. Tax advice: € 2 518.68

For the balance, we refer to the chapter Corporate Governance statement, point 7.

## NOTE 29: RELATED PARTY TRANSACTIONS

The non-executive directors received the following remuneration during the financial year under review:

- Michel Pleeck: € 8 500
- Ghislaine Darquennes: € 4 800
- Guillaume Botermans: € 7 700
- Luc Delfosse: € 4 400
- Gaëtan Hannecart: € 2 000
- Johan Van Overstraeten: € 3 100
- Lieven Van Overstraeten: € 5 000
- Guy Van Wymersch-Moons: € 5 400

For more details, we refer to the chapter Corporate Governance statement, point 3.

The Executive management received the following remuneration during the financial year under review:

- Xavier Mertens: € 272 499.60
- Jean-Luc Colson (représentant permanent de la Sprlu Ylkatt): € 118 279.61

For more details, we refer to the chapter Corporate Governance statement, point 6.

## 8 REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED

### REPORT OF THE STATUTORY AUDITOR TO THE ANNUAL GENERAL MEETING OF HOME INVEST BELGIUM SHAREHOLDERS ON THE CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2010

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.

#### Unqualified audit opinion on the consolidated accounts

We have audited the consolidated financial accounts for the financial year ending on 31 December 2010, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union. The consolidated balance sheet shows total assets of € 239 546 926 and the income statement shows a profit for the financial year of € 13 206 110.

The preparation of consolidated financial statements is the responsibility of the management body. This responsibility includes: 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 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 2010 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

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 which does not change the scope of our audit opinion on the consolidated accounts:

- The consolidated management report includes the information required by law and is 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.

Antwerp, 23 March 2011

Karel Nijs

Statutory Auditor and Auditor certified by the CBFA for UCI's

## ACCOUNTS



CITY GARDENS

## 9 STATUTORY ACCOUNTS (IFRS)

### 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 (IFRS)

Assets	2010	2009
<b>I. Non-current assets</b>		
B. Intangible assets	8 349	1 815
C. Investment properties	227 403 965	208 287 958
E. Other tangible assets		
E.1. Operating fixed assets	41 094	53 236
F. Non-current financial assets		
F.1. Assets held till maturity		
F.1.2. Hedging instruments	10 333	64 116
F.1.4. Shareholdings in affiliated enterprises or enterprises linked by participating interests	356 425	9 444 571
F.5. Other	34 294	39 730
G. Lease financing receivables	1 281 021	1 373 774
H. Trade receivables and other non current assets	5 600 000	
<b>Total non-current assets</b>	<b>234 735 482</b>	<b>219 265 200</b>
<b>II. Current assets</b>		
A. Assets held for sale		
A.1. Investment properties		2 176 005
C. Lease financing receivables	92 752	86 947
D. Trade receivables	1 005 464	1 220 354
E. Tax receivables and other current assets		
E.1. Taxes	1 803 617	305 183
E.3. Other	1 979 396	8 537 060
F. Cash and cash equivalents	963 222	1 370 277
G. Deferred charges and accrued income		
G.1. Accrued property income	12 255	14 340
G.3. Prepaid property charges	9 423	1 642
<b>Total current assets</b>	<b>5 866 130</b>	<b>13 711 809</b>
<b>Total assets</b>	<b>240 601 612</b>	<b>232 977 009</b>
<b>Shareholders' equity</b>		
A. Capital		
A.1. Issued capital	71 639 409	71 639 409
A.2. Cost of capital increases (-)	-692 530	-692 530
B. Share premium account	19 093 664	19 093 664
D. Reserves		
D.1. Legal	97 827	97 827
D.2. Unavailable	75 324 167	68 670 255
D.4. Available	1 659 908	1 659 908

E. Profit/(loss)		
E.1. Profit/(loss) carried forward from previous periods	5 195 069	3 911 494
E.2. Profit/(loss) from the current period		
E.2.1. Profit/(loss) to be carried forward	1 775 446	1 283 575
E.2.2. Proposed dividend	7 778 491	6 748 087
F. Impact on fair value of transfer costs and duties resulting from the hypothetical disposal of investment properties	-23 784 358	-19 608 464
G. Changes in fair value of financial assets and liabilities		
G.2. On hedging instruments	-2 974 112	-2 800 381
<b>Total shareholders' equity</b>	<b>155 112 982</b>	<b>150 002 844</b>
<b>Liabilities</b>		
<b>I. Non-current liabilities</b>		
B. Non-current financial debts		
B.1. Credit institutions	78 433 750	76 848 750
C. Other non-current financial liabilities		
C.1. Hedging instruments	3 737 767	3 162 889
<b>Total non-current liabilities</b>		<b>80 011 639</b>
<b>II. Current liabilities</b>		
B. Financial current liabilities		
B.1. Credit institutions	102 543	190 000
B.3. Other		
B.3.2. Lease guarantees received	362 508	303 904
D. Trade debts and other current debts		
D.1. Suppliers	1 098 151	751 169
D.2. Tenants	331 531	445 537
D.3. Tax, salary and social security	424 491	38 091
D.4. Exit Tax	84 889	90 874
E. Other current liabilities		
E.1. Dividends	95 433	100 303
E.2. Other	381 915	591 850
F. Accrued charges and deferred income		
F.1. Property income received in advance	272 014	261 070
F.2. Accrued interest and other charges	163 359	189 448
F.3. Other	281	281
<b>Total current liabilities</b>		<b>3 317 113</b>
<b>Total liabilities</b>	<b>85 488 630</b>	<b>82 974 164</b>
<b>Total shareholders' equity and liabilities</b>	<b>240 601 612</b>	<b>232 977 009</b>
Number of shares at end of financial year	2 828 542	2 828 542
Average number of shares	2 828 542	2 776 991
Net asset value	155 112 982	150 002 844
<b>Net asset value per share</b>	<b>54.84</b>	<b>53.03</b>
Indebtedness	81 315 210	79 360 477
<b>Debt ratio</b>	<b>33.80 %</b>	<b>34.06 %</b>

## 9.2 STATUTORY INCOME STATEMENT (IFRS)

		2010	2009
<b>I.</b>	<b>Rental income</b>		
A.	Rent	14 093 546	13 687 742
B.	Guaranteed revenues	60 819	154 899
C.	Rent-free periods	-36 606	-39 142
E.	Early lease termination indemnities	135 643	127 411
<b>III.</b>	<b>Rental-related expenses</b>		
A.	Rent payable on leased premises	-58 553	-50 600
B.	Valuation allowances on trade receivables	-148 389	-198 474
C.	Reversal of valuation allowances on trade receivables	69 477	29 227
<b>NET RENTAL RESULT</b>		<b>14 115 937</b>	<b>13 711 063</b>
<b>IV.</b>	<b>Recovery of property charges</b>		
A.	Indemnities for tenant damage	106 657	87 602
<b>V.</b>	<b>Recovery of charges and taxes normally paid by the tenant</b>		
A.	Re-invoicing of rental-related charges paid by the owner	49 177	53 729
B.	Re-invoicing of property and other taxes on rented properties	321 291	313 661
<b>VII.</b>	<b>Rental-related charges and taxes normally payable by the tenant</b>		
A.	Rental-related charges paid by the owner		-8 298
B.	Property and other taxes on leased buildings	-1 451 360	-1 234 776
<b>PROPERTY RESULT</b>		<b>13 141 702</b>	<b>12 922 982</b>
<b>IX.</b>	<b>Technical costs</b>		
A.	Recurrent technical costs		
A.1.	Repairs	-820 860	-1 297 082
A.3.	Insurance premiums	-82 890	-99 312
B.	Non-recurrent technical costs		
B.1.	Major repairs	-204 180	22 164
B.3.	Indemnification of accidents by insurers	10 746	119 259
<b>X.</b>	<b>Commercial costs</b>		
A.	Agency and experts' fees	-363 369	-327 258
B.	Lawyers' fees, legal costs	-172 313	-142 926
<b>XI.</b>	<b>Taxes and charges on un-let properties</b>		
		-265 738	-197 475
<b>XII.</b>	<b>Property management costs</b>		
A.	Managers' fees	-71 374	-64 690
B.	(Internal) property management costs	-1 363 532	-1 332 021
<b>PROPERTY CHARGES</b>		<b>-3 333 511</b>	<b>-3 319 341</b>
<b>PROPERTY OPERATING RESULT</b>		<b>9 808 191</b>	<b>9 603 640</b>

<b>XIV. General corporate expenses</b>	-640 485	-508 296
<b>OPERATING RESULT BEFORE PORTFOLIO RESULT</b>	<b>9 167 706</b>	<b>9 095 344</b>
<b>XVI. Gains or losses on the sale of investment properties</b>		
A. Net property sales (sales price - transaction costs)	3 956 293	2 230 333
B. Carrying values of the properties sold	-2 915 130	-1 713 567
C. Reversal of latent capital gains or losses	1 398 441	744 646
<b>XVIII. Changes in the fair value of investment properties</b>		
A. Positive changes in the fair value of investment properties	9 139 134	3 921 935
B. Negative changes in the fair value of investment properties	-975 716	-3 558 118
C. Positive changes in the rights on investment properties	146 755	373 240
D. Negative variations in the rights on investment properties	-4 433 714	-1 179 285
<b>OPERATING RESULT</b>	<b>15 483 768</b>	<b>9 914 528</b>
<b>XIX. Financial income</b>		
A. Interest and dividends received	696 415	149 339
B. Lease-financing and similar payments	98 820	101 118
C. Income from financial hedging instruments		26 193
<b>XX. Interest charges</b>		
A. Nominal interest on borrowings	-804 134	-990 836
C. Charges resulting from financial hedging instruments	-1 600 515	-1 258 305
D. Other interest charges	-43 059	-100
<b>XXI. XXI. Other financial charges</b>		
A. Bank charges and other fees	-33 017	-32 127
B. Negative time fair value change of financial instruments	-454 930	-298 392
<b>FINANCIAL RESULT</b>	<b>-2 140 422</b>	<b>-2 303 109</b>
<b>PRE-TAX RESULT</b>	<b>13 343 346</b>	<b>7 611 419</b>
<b>XXII. Corporation tax</b>	87 050	-21 985
<b>TAXES</b>	87 050	-21 985
<b>NET RESULT</b>	<b>13 430 396</b>	<b>7 589 434</b>
Distributable result according to RD of 7 December 2010	8 733 629	7 915 526
<b>Distributable result per share according to IAS 33 § 64 (average no. of shares)</b>	<b>3.09</b>	<b>2.85</b>
<b>Dividend</b>	<b>2.75</b>	<b>2.43</b>

# 10 REPORT OF THE STATUTORY AUDITOR ON THE STATUTORY

## REPORT OF THE STATUTORY AUDITOR TO THE ANNUAL GENERAL MEETING OF HOME INVEST BELGIUM SHAREHOLDERS ON THE ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2010

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. This report includes our opinion on the annual accounts together with the required additional comment.

### Unqualified audit opinion on the annual accounts

We have audited the annual accounts for the financial year ending on 31 December 2010, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union. The balance sheet shows total assets of € 240 601 612 and the income statement shows a profit for the financial year of € 13 430 396.

The preparation of annual accounts is the responsibility of the management body. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from significant anomalies, whether due to fraud or error, selecting and applying appropriate accounting methods, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these 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 Réviseurs d'Entreprises". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement, whether due to fraud or error.

In accordance with the above-mentioned standards, we have assessed the organisation of the company 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 annual accounts. We have looked into the accounting methods 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 annual accounts closed on 31 December 2010 give a true image of the financial situation, the financial performance and the cash flow, in accordance with the International Financial Reporting Standards as adopted in the European Union.

### Additional comment

The preparation and the content of the management report, and the company's compliance with the Company Code and the articles of association are the responsibility of the management body.

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

- The management report includes the information required by law and is in agreement with the annual accounts. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the company, 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.
- Disregarding certain formal aspects of minor importance, the accounting is conducted in accordance with the legal and regulatory provisions applicable in Belgium.
- It is not our responsibility to point out to you any transactions concluded or decision taken in breach of the company's articles of association or the Company Code. The appropriation of the results proposed to the Annual General Meeting complies with legal and statutory requirements.

Antwerp, 23 March 2011

Karel Nijs

Statutory Auditor and Auditor certified by the CBFA for UCI's

## ACCOUNTS



# OUTLOOK

## 1 2011-2013<sup>1</sup> FORECASTS

### 1.1 Working hypotheses

The forecasts provided in the following tables were prepared on a consolidated basis, and incorporate the forecasted results of Home Invest Belgium and its subsidiaries. The totality of the expenses and products was calculated conservatively. With respect to expenses, in theory these cover all the risks and expenses likely to be taken into account in the management of the Sicafi.

These forecasts, were drawn up in a constant perimeter fashion, while nonetheless taking into account:

- the renovation of phases fases 3 and 4 of the complex City Gardens in the course of the first semester of 2011, followed by a progressive increase of the related rental income; consequently they will generate rental income for an entire year as from the financial year 2012;
- the provisional acceptance of the project Belliard/Industrie, postponed to the first semester of 2012 (see sub point 2.3.1 of chapter IV);
- the integration in the portfolio of the buildings from the partial demerger with the SA Masada (see point 2.3.4 of chapter IV);
- the integration in the property portfolio of new buildings realized as development for own account or acquisitions for an amount of € 15 million a year as of 2012;
- the gradual sale lot per lot, in the course of the financial years 2011, 2012 and 2013, of different properties (see below sub 1.2), clearly selected as no longer responding to the investment strategy of the Sicafi in the medium term, but with a potential to realize important capital gains, and this, subject to later changes;

For the remainder of the portfolio, the 2011, 2012 and 2013 forecasts were prepared building by building, based on experience acquired in the past, in-depth knowledge of the property by the management team and in particular its **occupancy rate**, the rent level, and the operating expenses for maintenance and renovation.

Taking the economic context, a *cautious stance has been taken with regard to rent increases (including inflation rates)*, with it being estimated at 0.5% for the 2011 financial year, 1% for the 2012 financial year and 2% for the 2013 financial year.

Taking into account the economic context and the forecasted impact of the development projects, the *global occupancy rate* has been estimated at 95% for each of the financial years 2011, 2012 en 2013.

With regard to funding<sup>2</sup> costs, the forecast takes into account the latest predictions on the development of interest rates on the monetary and capital markets, together with the current situation of banking margins. The supposition is that 3-month interest rates (ex margin) will be respectively 1.15% in 2011, 1.50% in 2012, to rise to 1.85% in 2013, while the 5-year interest rates (IRS 5 years ex-margin) will be at 2.25% in 2011, rising to 2.50% in 2012 and 2.85% in 2013.

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 costs (margin). On the other hand, inflation speculations are completely outside their control.

Given the uncertainty due to the current economic situation, especially with regard to the development of the property values and those of hedging instruments, the forecasts published below will be limited to the expected results for the period 2011-2013, without making any forecasts regarding changes in the **fair value** of investment properties or hedging instruments or forecasted balance sheets.

<sup>1</sup> The forecasts are essentially prepared based on past financial information and a basis comparable to that information.

<sup>2</sup> The funding cost corresponds to the financial charges incurred on lines of credit from banks.

1.2 THE OPERATIONAL FORECAST	2011	2012	2013
I. Rental income	15 724 066	16 893 443	17 746 736
III. Rental-related service charges	-165 710	-163 129	-162 509
<b>NET RENTAL FIGURES</b>	<b>15 558 356</b>	<b>16 730 314</b>	<b>17 584 227</b>
IV. Recovery of property related service charges	105 875	123 519	143 293
V. Recovery of service charges and taxes normally payable by the tenant	340 204	342 866	348 562
VII. Service charges and taxes normally payable by the tenant	-1 516 140	-1 587 767	-1 665 773
<b>REAL ESTATE FIGURES</b>	<b>14 488 296</b>	<b>15 608 932</b>	<b>16 410 309</b>
IX. Technical costs	-889 728	-959 990	-1 082 898
X. Commercial costs	-535 045	-595 961	-645 149
XI. Taxes and maintenance charges on un-let properties	-178 700	-220 850	-247 397
XII. Property management costs	-1 991 669	-1 998 012	-2 057 582
<b>PROPERTY MAINTENANCE CHARGES</b>	<b>-3 595 143</b>	<b>-3 774 812</b>	<b>-4 033 026</b>
<b>PROPERTY OPERATING RESULT</b>	<b>10 893 153</b>	<b>11 834 120</b>	<b>12 377 283</b>
XIV. General corporate expenses	-518 505	-532 225	-541 986
<b>PROPERTY OPERATING RESULT BEFORE PORTFOLIO RESULT</b>	<b>10 374 648</b>	<b>11 301 895</b>	<b>11 835 298</b>
XVI. Gains or losses on the sale of investment properties	2 939 788	3 435 265	4 574 898
XVIII. Changes in fair value of investment properties	1 003 405	2 212 023	4 617 305
<b>OPERATING INCOME</b>	<b>14 317 840</b>	<b>16 949 184</b>	<b>21 027 501</b>
XIX. Financial revenues	117 463	113 639	110 437
XX. Interest charges	-3 336 822	-3 865 555	-4 342 774
XXI. Other financial charges	-25 000	-25 376	-25 884
<b>FINANCIAL INCOME</b>	<b>-3 244 359</b>	<b>-3 777 292</b>	<b>-4 258 221</b>
<b>PRE-TAX INCOME</b>	<b>11 073 481</b>	<b>13 171 892</b>	<b>16 769 280</b>
XXII. Corporation tax	-10 000	-10 151	-10 354
<b>TAXES</b>	<b>-10 000</b>	<b>-10 151</b>	<b>-10 354</b>
<b>NET INCOME</b>	<b>11 063 481</b>	<b>13 161 741</b>	<b>16 758 927</b>
Distributable result	10 060 076	10 949 718	12 141 622
Distributable result per share	3.46	3.75	4.16

#### Rental income – Sales forecast

The forecast with regard to the evolution of the rental income is based on hypotheses produced sub 1.1 and takes into account the sales lot per lot, with capital gains, of the following properties (subject to later changes): the demerged portfolio of the SA Masada, the buildings Montana-Tamaris, Clos Saint-Georges, Decroly, Florida, Cederdreef, Alliés/Van Haelen, Clos Saint-Géry, Place du Jeu de Balle and Baeck.

#### Property charges

Generally speaking, property charges increase in line with the growth of the property portfolio:

- the *rental charges and taxes* normally borne by the tenant involve principally property tax that, in the residential market segment, cannot be recuperated from tenants. The assessment of this item is based on actual charges.
- the *technical costs* mainly involve renovation and maintenance work to be done on properties belonging to the portfolio; they have been estimated on the basis of assumptions made for the rental turnover and on the planning - as precise as possible - of foreseeable renovation work.

- the *commercial costs* involve the commissions to be paid to estate agents for rental contracts concluded with their help. These are assessed as a function of estimated gross rents, and on the basis of an in-depth analysis of the rental turnover. The commission rates used are those prevailing in the market;
- the *rental charges and taxes on un-let properties* comprise the charges the Sicafi has to carry when properties are unoccupied (property tax, shared charges); the amounts are based on the forecasted in-occupancy rates assessed on a property-by-property basis;
- The *property management expenses* principally represent the staff and operating costs of the Executive management; the latter take into account the hiring of Filip van Wijnendaele as COO (via the sprlu FVW Consult) as a new member of Executive management.

#### General expenses

These include all charges not directly associated with property management, mainly:

- expenses related to the stock market quotation (Euronext Brussels, CBFA, Euroclear, subscription tax); these expenses vary in line with the evolution of the global *net asset value* of Home Invest Belgium;
- the remuneration due to the statutory Auditor, to consultants and to the Sicafi's certified real estate surveyor; the assessment of this item is based on the figures coming from the current contracts, with a surcharge to take the growth of the Sicafi's property portfolio into account.

#### Results on portfolio

The *result on the sale of investment properties* comprises the expected capital gains within the framework of the lot per lot sales programme of the aforementioned buildings, without any pressure, in function of genuine market opportunities and subject to later changes. The cautious hypotheses of expected capital gains on these sales have been recorded in the outlook. The *changes in fair value of investment properties* presents the forecast of the future evolution of the *fair value* of investment properties, cautiously assessed based on the hypotheses sub 1.1.

#### Financial results

Higher *financial charges* are estimated due to the growth of debt in connection with the growth of the portfolio.

Moreover the evolution of interest rates and margins (see item 1.1 above) has been taken into account, as well as the interest rate hedges concluded by Home Invest Belgium, and a coverage rate of 85% of credit lines with banks for the years 2012 and 2013.

The *financial revenues* comprise mainly the dues derived from the long-term lease of the Rue de Belgrade property in Forest and the leasing revenue from the Résidence Lemaire in Molenbeek Saint-Jean, together with the results from the hedging investments.

#### The distributable result

The forecast of the distributable result has been calculated based on the figures estimated for each of the items of the operational forecast and taking into account the dispositions of annex C of the RD of 7 December 2010.

#### 1.3 Future dividends - Distribution rates

Between 1999 and 2009 the Board held on to the distribution of a dividend that increases by minimum the inflation rate, till € 2.43 per share for the financial year 2009. Thanks to the implementation of the new strategy (see point 1. of chapter IV), the 2010 results allow the distribution of a dividend of € 2.75 per share, a strong progress compared to the dividend of the financial year 2009.

Based on this outlook, it is the Board of directors' opinion that, subject to unforeseen circumstances – particularly with regard to the evolution of interest rates of the residential property market – substantial progress is still possible in comparison with the dividend of € 2.75 proposed for the financial year 2010, with a payout ratio still at a very reasonable level.

It is worth reminding that the profit carried forward, amounting to € 7 million at the end of 2010 after distribution, or € 2.49 per share, would allow, should this seem necessary, to maintain an acceptable dividend curve, as the Board wishes to maintain a reasonable payout ratio.

## REPORT OF THE STATUTORY AUDITOR

### REPORT OF THE STATUTORY AUDITOR ON THE ACCOUNTS FORECAST FOR 2011, 2012 AND 2013 SET FORTH IN CHAPTER IX (OUTLOOK)

#### 1. Our Mission

We have audited the forecasts of HOME INVEST BELGIUM SA as set forth in Chapter IX of the 2010 Annual Report.

These forecasts, including the underlying assumptions set forth under item 1.1 of Chapter IX of the annual financial report, have been prepared under the responsibility of the company's board of directors. Our mission is to compile an audit report on these forecasts.

It should be remembered that the assumptions cannot be the subject of any certification by the Auditor who can in no way guarantee the validity of the assumptions or whether they will actually happen.

Our opinion can only relate to the procedures used to draw up the forecasts. We can only assure you that these comply with the accounting methods used to prepare the previous annual accounts.

#### 2. Our work

In accordance with the auditing standards issued by the "Institut des Reviseurs d'Entreprises" on auditing financial information forecasts, our work basically consisted of gathering information from the management team, conducting a mathematical analysis of the tables and confirming that the assumptions had been correctly applied.

The forecasts were prepared on a property-by-property basis. With regard to the level of rents, a 0.5% inflation rent was assumed for 2011, 1% for 2012 and 2% for 2013. The occupancy rate was estimated at 95% for each of the years 2011, 2012 and 2013.

The funding costs take account of the latest forecasts for interest rates in the money and capital markets, as well as a gradual increase up to 1.85% for short-term rates and 2.85% for long-term rates.

In spite of all caution, it cannot be ruled out that the actual results will differ, even significantly, from the forecast results. When interpreting the forecasts, the risk factors and the way HOME INVEST BELGIUM SA manages such risks, as set forth in Chapter I of this Annual Financial Report, should be borne in mind.

#### 3. Our opinion

Based on our audit of the data upon which the assumptions are based, we found no factor speaking against the assumptions used constituting a reasonable base for the forecasts. Based on our audit of the data upon which the assumptions are based, we found no factor speaking against the assumptions used constituting a reasonable base for the forecasts. Furthermore, it is our opinion that the forecasts have been prepared in a proper manner on the basis of these assumptions and that the accounting basis used for these forecasts is in accordance with the assessment rules applied by the SICAFI in the preparation of the annual accounts.

Antwerp, 23 March 2011

Karel Nijs

Statutory Auditor and Auditor certified by the CBFA for UCI's

# PERMANENT DOCUMENT

## 1 GENERAL INFORMATION

### 1.1 Company name

Home Invest Belgium SA, a Belgian "Société d'Investissement à Capital Fixe en Immobilier" (close-ended 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 – PO Box 4. Tel: +32 2 740 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 legal instrument executed before notary Daniel Pauporté in Brussels, published in the annex of the Moniteur Belge 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 31 January 2011. This amendment was filed for publication in the annex to the Belgian Gazette.

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 Belgian Banking, Finance and Insurance Commission.

### 1.5 Duration

The company was incorporated for an unlimited period of time.

### 1.6 Register of Legal entities ("RPM")

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 Coordinated articles of association.

It essentially consists of any collective investment of the public's financial resources in real estate, as defined in article 122 §1.1 firstly, 5° of the Law of 4 December 1990 concerning financial transactions and financial markets<sup>1</sup>.

### 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 29, which defines the majority and attendance quorum conditions, and provided that said changes are consistent with the laws and regulations applicable to real estate Sicafis.

### 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 the management bodies of Home Invest Belgium are published in the annex of the Belgian Gazette.

Financial press releases concerning Home Invest Belgium are published in financial journals and on the company's Internet site. Other publications can be obtained at the registered office of Home Invest Belgium or

by consultation of the company's Internet site ([www.homeinvestbelgium.be](http://www.homeinvestbelgium.be)).

## 2 COMPANY CAPITAL

### 2.1 Issued share capital

The issued and subscribed share capital of Home Invest Belgium on 31 January 2011 stands at € 71 762 118.26.

It is represented by 2 931 334 shares without designation of nominal value. This capital is fully paid-up.

At an accounting level IFRS standards foresee that expenses related to a capital increase are deducted from the company capital. Consequently, the capital according to the financial statement drawn up according to IFRS amount to € 70 946 879.67 on 31 January 2011.

### 2.2 Authorised capital

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

This authorisation for a maximum amount of € 70 392 471.38 is granted for a term of five years that began on 12 June 2008, the date of the publication in the annexes to the Belgian Gazette of the minutes of the Extraordinary general meeting of 23 May 2008.

On 31 January 2011, the balance of the authorised capital was still € 69 022 824.50

## 3. COORDINATED ARTICLES OF ASSOCIATION (AS OF 31 JANUARY 2011)

### HISTORICAL BACKGROUND

#### DEED OF CONSTITUTION:

The company was constituted under the name

<sup>1</sup> Replaced by the Act of 20 July 2004. Real estate is defined in article 7, 5° of this Law, and more specifically in article 3, 20° of the Royal Decree of 7 December 2010 published in the Belgian Gazette on 28 December 2010.

"Philadelphia" by deed received by Daniel Pauporté, Notary Public in Brussels, on 4 July 1980 and published in the annexes to the Belgian Official Gazette (Moniteur Belge) of 12 July 1980, under number 1435-3.

#### AMENDMENTS TO THE ARTICLES OF ASSOCIATION:

The articles of association have been amended:

- by legal record (procès-verbal) drawn up by Bernard Dubois, Notary Public at Temse, on 30 June 1983, and published in the Annexes to the Belgian Official Gazette of 16 July 1983, under no. 1855-21;
- by legal record (procès-verbal) drawn up by Bernard Dubois, Notary Public at Temse, on 28 June 1985, and published in the Annexes to the Belgian Official Gazette of 24 July 1985, under no. 850724-17;
- by legal record drawn up by Eric Spruyt, Notary Public in Brussels, on 13 April 1999, and published in the Annexes to the Belgian Official Gazette on 30 April following under no. 990430-142 (change of name to "Home Invest");
- by legal record drawn up by Eric Spruyt, Notary Public in Brussels, on 4 May 1999, and published in the Annexes to the Belgian Official Gazette on 2 June following under no. 990602-099 (change of name to "Home Invest Belgium");
- by legal record drawn up by Eric Spruyt, Notary Public in Brussels, on 16 June 1999, published in the Annexes to the Belgian Official Gazette on 20 July following, under no. 990720-719, confirming the effective implementation of the conditions precedent contained in the legal record drawn up by Eric Spruyt, Notary Public in Brussels, on 1 June 1999 and published in the Annexes to the Belgian Official Gazette of 23 June following, under no. 990623-459, leading to its approval as a Real Estate Investment Company (Sicaf Immobilière)

under Belgian law;

- by legal record drawn up by Eric Spruyt, public notary in partnership, and Gérald Snyers d'Attenhoven, notary public in Brussels, on 19 April 2001, and published in the Annexes to the Belgian Official Gazette of 3 May following, under no. 20010503-096;
- by legal record drawn up by Eric Spruyt, public notary in partnership, and Gilberte Raucq, public notary in partnership in Brussels, on 31 May 2002, and published in the Annexes to the Belgian Official Gazette under no. 20020627-217.
- by legal record drawn up by Louis-Philippe Marcelis, notary public in partnership, resident in Brussels, notary public Edwin Van Laethem, in Ixelles, notary public Michel Gernaij, in Saint-Josse-ten-Noode, and with the intervention of notary public Jean-François Poelman in Schaerbeek, on 15 December 2003, and published in the Annexes to the Belgian Official Gazette of 9 January 2004, under no. 04002548.
- the registered office of which was transferred to the present address by resolution of the board of directors dated 30 March 2004, published in the annexes to the Belgian Official Gazette of 1 June 2004, under no. 04079547.
- by legal record drawn up by Louis-Philippe Marcelis, notary public in partnership, in Brussels, on 12 May 2005 and published in the Annexes to the Belgian Official Gazette on 9 June following under nos. 05081039 and 05081040.
- by legal record drawn up by notary public Louis Philippe Marcelis, above-named, on 22 May 2006, and published in the Annexes to the Belgian Official Gazette of 27 June following under nos. 20060627/0103102 and 20060627/0103103.
- by legal record drawn up by notary public Louis Philippe Marcelis, above-named, on 5 October 2006, and published in the Annexes
- to the Belgian Official Gazette of 26 October following under no. 06163944 ;
- by legal record drawn up by Louis-Philippe Marcelis, notary in partnership, in Brussels, on 16 October 2006, and published in the annexes to the Belgian Official Gazette on 10 November following under nos. 05081039 and 05081040.
- by legal record drawn up by notary public Louis Philippe Marcelis, above-named, on 24 May 2007, and published in the Annexes to the Belgian Official Gazette of 2 August following under no. 0115690;
- by minutes of the meeting of the Board of Directors drawn up by notary Louis-Philippe Marcelis on 12 December 2007, and published in the annexes to the Belgian Official Gazette of 29 January 2008, under no. 08016202.
- by minutes of the Board of directors drawn up by notary Louis-Philippe Marcelis on 23 May 2008, and published in the Annexes to the Belgian Official Gazette on 12 June 2008, under no 08086165.
- by legal record drawn up by Louis-Philippe Marcelis, 29 May 2009, published in the Annexes to the Belgian Official Gazette on 12 June 2009, under nrs. 09082647 and 09082648.
- by legal record drawn up by Louis-Philippe Marcelis, 31 May 2010, published in the Annexes to the Belgian Official Gazette on 2 July 2010, under nrs. 0096652 and 0096651.
- and of which the articles of association have been modified for the last time, by legal record drawn up by Louis-Philippe Marcelis, on 31 January 2011, currently filed for publication in the Annexes to the Belgian Official Gazette.

**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 122. § 1.5 of the Law of 4 December 1990 on Financial Operations and Financial Markets.

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 à Capital Fixe de droit belge" (Fixed Capital Real Estate Investment Company under Belgian Law) or "Sicaf Immobilière de droit belge" (Real Estate Sicaf under Belgian Law).

The company makes calls for public savings within the meaning of Article 438 of the Companies Code.

**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.

**PURPOSE**

**Article 3: Company purpose**

The main purpose of the company is the collective investment of financial resources obtained from the public in real estate (biens immobiliers) as defined in article 7 § 1, 5° of the Law of 20 July 2004 on certain forms of collective management of investment portfolios.

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 such immovable assets;

- ii. voting shares issued by affiliated real estate companies;
- iii. option rights on such real estate;
- iv. shares in other real estate investment undertakings included in the list referred to in article 120 §1.2 or in article 137 of the Law of 4 December 1990 on Financial Operations and Financial Markets ;
- v. the real estate certificates referred to in article 106 of the Law of 4 December 1990 on Financial Operations and Financial Markets and in article 44 of the Royal Decree of 10 April 1995 on Real Estate Sicafs;
- vi. the rights deriving from contracts granting one or more assets to the company in the form of financial leasing;
- vii. along with all other assets, shares or rights as included in the definition given to immovable assets (immeubles) by the Royal Decrees executing the Law of 4 December 1990 on Financial Operations and Financial Markets and applicable to undertakings for collective investment investing in immovable assets.

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 Real Estate Sicafs, the company may:

- 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 other securities in accordance with article 51 of the Royal Decree of 10 April 1995 on Real Estate Sicafs;
- 3. lease in immovable assets, with or without purchase options, in accordance with article 46 of the Royal Decree of 10 April 1995 on Real Estate Sicafs;
- 4. in accessory fashion, lease out immovable assets, with or without purchase options, in accordance with article 47 of the Royal

Decree of 10 April 1995 on Real Estate Sicafs.

The company may also, in accordance with the legislation applicable to Real Estate Sicafs:

- 1. in accessory fashion or on a temporary basis, invest in securities other than real estate and maintain liquid assets in accordance with article 41 of the Royal Decree of 10 April 1995 on Real Estate Sicafs. Such investments and the holding of liquid assets must be the subject of a special decision of the board of directors, justifying their accessory or temporary nature. The ownership of securities 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 listed on a stock exchange of a European Union Member State or sold on a regulated European Union market, operating on a regular basis, recognized and accessible to the general public. 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. agree to grant mortgages or other sureties or guarantees within the framework of the financing of real estate in accordance with article 53 of the Royal Decree of 10 April 1995 on Real Estate Sicafs;
- 3. agree to grant credit facilities and to issue guarantees in favour of a company subsidiary, which is also an investment undertaking as referred to in article 49 of the Royal Decree of 10 April 1995 on Real Estate Sicafs.

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

Real Estate Sicaf, 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: Investment Policy**

The company's assets will be placed in real estate as defined in article 3 of the articles of association and with due respect for article 51 of the Royal Decree of 10 April 1995 on Real Estate Sicafs.

The residential properties will be geographically distributed across Belgium and, where applicable, in the Member States of the European Union.

Investments in movable assets which do not meet the definition of real estate as mentioned above, will be assessed and undertaken in accordance with article 56 and 57 of the Royal Decree of 4 March 1991 on certain Undertakings for Collective Investment in Securities or in Securities and Liquid Assets."

## 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 € 71 762 118.26 and is represented by

2 931 334 no-par shares, numbered from 1 to 2 931 334, 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 € 70 392 471.38 at dates and according to arrangements to be set by itself, pursuant to article 603 of the Companies Code.

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 May 2008.

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 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, 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 31 May 2010, 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 31 May 2010, 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 31 May 2010, 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*

The capital of the company may be increased by decision of the general meeting deliberating in accordance with articles 558 and, where applicable, 560, of the Companies Code, or by decision of the board of directors within the framework of the authorized capital. The company may not, however, subscribe directly or indirectly to its own capital.

The general meeting may decide to issue no-par shares at under the fractional value of the former shares. The notice convening the general meeting should expressly mention this.

Where the capital increase involves the creation of an issue premium, the amount of this premium must be fully paid in at the time of subscription.

#### *Article 6.5. Preferential rights*

In accordance with article 11, § 1 of the Royal Decree of 10 May 1995 on Real Estate Sicafs, no derogation of shareholders' rights of pre-emption is possible when capital is increased by the issue of shares for cash.

#### *Article 6.6. Capital increase by contribution in kind*

Where shares are issued in exchange for a contribution in kind, the following conditions must be respected:

1. the contributor's identity must be mentioned in the report referred to in article 602 of the Companies Code, and in the notice convening the general meeting called for the increase of capital;
2. the issue price may not be lower than the average share price during the 30 days preceding the contribution;
3. the report mentioned in 1. above should also mention the impact of the proposed

contribution on the situation of the former shareholders, and in particular as concerns their participation in the profit and in capital.

### **TYPE OF SHARES – SALE OF SHARES**

#### ***Article 7***

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.

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.

#### ***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 consisting of at least 3 and no more than 9 directors, who may or may not be shareholders, and who are appointed for no more than 6 years by the general shareholders' meeting, and may be dismissed at any time by said meeting.

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 Companies Code, without prejudice to the application of article 24 § 3 of the Law of 17 December 2008 establishing an Audit committee in listed companies and financial companies.

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 Companies Code 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 Companies Code 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.

The board of directors sets the modus operandi of the executive committee, 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 or more directors, executive managers or mandated agents.

The day-to-day management is be organized in such a way that, within the board of directors, its 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 4 December 1990 on Financial Operations and Financial Markets on its executory resolutions.

## 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, the draft annual report and prospectuses referred to in article 129 of the Law of 4 December 1995 on Financial Operations and Financial Markets.

The board of directors appoints the expert in accordance with article 7 of the Royal Decree of 10 April 1995 on Real Estate Sicafis and will propose, where necessary, any change to the list of experts contained in the dossier included with the application for approval as a Real Estate Sicaf.

The board of directors will also select a custodian bank and present this choice to the Banking, Finance and Insurance Commission. The board of directors will present any change in custodian bank to the Banking, Finance and Insurance Commission pursuant to article 12, § 2 of the Royal Decree of 10 April 1995 on Real Estate Sicafis.

The board of directors will inform the custodian bank of any real estate operation undertaken by the company as required by article 13, § 2 of the Royal Decree of 10 April 1995 on Real Estate Sicafis.

## 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 18 of the Royal Decree of 10 April 1995 on Real Estate Sicafs.

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

The company may be represented outside the country 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-to-day 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 Companies Code, 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 compensation will not be directly or indirectly linked to the operations undertaken by the company, and will not be granted as a charge on the company, except with the prior agreement of the Banking, Finance and Insurance Commission, and subject to its publication in the annual report pursuant to article 20, § 2 of the Royal Decree of 10 April 1995 on Real Estate Sicafs.

## PREVENTING CONFLICTS OF INTEREST

Directors, persons charged with day-to-day management and the mandated agents of the company 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 Banking, Finance and Insurance Commission.

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 25 of the Royal Decree of 10 April 1995 on Real Estate Sicafs.

Articles 523 and 524 of the Companies Code remain fully applicable.

## STATUTORY AUDITOR

### Article 20

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 Banking, Finance and Insurance Commission. 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 Banking, Finance and Insurance Commission, it/they will confirm in the same way the accuracy of the data that the company has transmitted to the Banking, Finance and Insurance Committee, 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 21

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.

Where the company is unable, after a period of 2 years from the registration on the list referred to in article 120, § 1.2. of the Law of 4 December 1990 on Financial Operations and Financial Markets, to diversify its investments pursuant to its articles of association and the applicable regulatory provisions, the general meeting is required to meet to deliberate and decide on the possible dissolving of the company and any other measures announced on the agenda, except where the Banking, Finance and Insurance Commission has granted a derogation pursuant to article 42, § 3.2 of the Royal Decree of 10 April 1995 on Real Estate Sicafs.

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 22

General meetings and extraordinary general meetings are convened by means of an announcement published a single time in the Belgian Official Gazette at least 24 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 24 days prior to the meeting in a nationally distributed newspaper. 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 eight days prior to the meeting.

A shareholder taking part in or represented at the meeting is deemed to have 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, bearer shareholders must deposit their shares no later than three working days before the date of the planned meeting, at the company's registered office, or at a financial institution mentioned in the convening notice.

Within the same deadline, registered shareholders or their representatives should inform the company of their intention to take part in the meeting by simple letter to the company head office. The fulfilment of these formalities may not be demanded if not mentioned in the notice convening the meeting.

### Article 23

Any shareholder may have himself represented at a general meeting by a mandated agent, shareholder or not. Mandates may be given in writing, by telegram, telex or fax and should be lodged with the office of the meeting.

Co-owners, usufructuaries and bare owners, pledgors and pledgees must be represented respectively by one and the same person.

### Article 24

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 25

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 26**

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 27**

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

#### **Article 28**

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 29**

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 Companies Code, 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 Real Estate Sicafis, any projected amendment of the articles of association must also be presented to the Banking, Finance and Insurance Commission.

### **SECTION V – FINANCIAL YEAR – ANNUAL**

#### **ACCOUNTS - DIVIDENDS**

#### **Article 30**

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 31**

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 twenty July two thousand and four van.

2. Pursuant article 7 of the Royal Decree of twenty-one June two thousand and six on the accounting, annual accounts and consolidated annual accounts of public sicafis, in modification of the Royal Decree of 10 April 1995 regarding sicafis, the company will, as a remuneration of the capital, distribute an amount that corresponds to 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 the appendix to the Royal Decree mentioned above; and

- the net decrease, in the course of the financial year, of the debt of the company as intended in article 6 of the aforementioned Royal Decree.

3. The balance will be appropriated as decided by the general meeting, on the proposal of the board of directors.

#### **Article 32**

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 33**

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

**Article 34**

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 35**

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. 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.

The shareholders' meeting determines the form of liquidation.

If the company is dissolved and liquidated within the two years following its registration in the list referred to in article 120, § 1.2 of the Law of 4 December 1995 on Financial Operations and Financial Markets, the promoters will repay the compensation, provisions and expenses paid by the shareholders on acquiring shares in the company, plus the compensation paid by the company for services rendered by a company to which the company or a promoter of the company is affiliated or with which the company or a promoter of the company has a participatory relationship.

**Article 36**

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 37**

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.

Those clauses that are contrary to the mandatory provisions of Law of 4 December 1990 on Financial Operations and Financial Markets or to its implementing provisions and more specifically the Royal Decree of 10 April 1995 on Real Estate Sicafs are deemed not to have been written.

Pursuant to article 119, §4 of the Law of 4 December 1990 on Financial Operations and Financial Markets, articles 439, 441, 448, 440, 456, 4°, 477, 462, 141, 165, 166, 167, 559 and 616 of the Companies Code (previously articles 29, §1, 2 and 5; 29 ter ; 46, paras 1 and 2; 64, §2; 70bis; 77, 6th para of the Companies Act) do not apply to the company.

**4 REAL ESTATE SICAF: LEGISLATIVE FRAMEWORK AND TAX REGIME****4.1 Legislative framework**

The regime of the real estate Sicaf (Société d'Investissement à Capital Fixe en Immobilier – Sicafi) was established by the Act 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 authorises the creation in Belgium of real estate investment entities, as these exist in many 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 (SICs)" in France.

Lawmakers wanted the Sicafi to ensure that real estate investments would be characterised

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 Banking, Financial and Insurance Commission (CBFA), the Sicafi is governed by a specific regulation, the main characteristics 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;
- The company must be listed on the stock market, and at least 30% of its shares must be traded on the market; this does not apply to institutional sicafis
- Activity is limited to real estate investments;
- Debt is limited to 65% of the total assets at the time the loan is taken out;
- The portfolio's accounts are prepared at fair value, without any write-offs;
- The portfolio must be highly diversified. No building can represent more than 20% of the total value of the portfolio, unless CBFA grants a derogation for a maximum of two years. It is important to point out that this derogation is no longer possible 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 real estate, 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 Banking, Financial and Insurance Commission for their accreditation as a real estate Sicafi or that merge with a real estate 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.

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. See in this connection the chapter «Risk factors», under point 1.

##### **Belgian natural persons**

For Belgian natural persons who act in a private capacity and are subject to personal income tax, received dividends are not taxes.

For Belgian natural persons who act in a professional capacity, received dividends are taxable at the normal tax rate on natural persons.

##### **Belgian legal entities**

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

##### **Belgian and foreign resident companies**

Belgian and foreign resident companies 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 on 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 natural persons**

In Belgium, the capital gains made by a natural 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 natural 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 natural 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 companies and foreign companies having a permanent establishment in Belgium**

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 gains (expressed or realised) are not tax-deductible.

##### **Non-resident individuals and companies**

Capital gains made by natural person non-residents 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) are 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, in general, 0.17% of the transaction price. The amount of the TOB is limited to € 500 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 § 1er, 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 securities can no longer be physically delivered.

### **5 STATEMENTS**

#### **5.1 Forward looking statements – third-party information – those responsible**

This annual financial report contains forward looking statements.

Such declarations 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, moreover, is one of the company's two 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 is likely to alter the scope of this annual financial report or 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 expert reports), the interim declarations, 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 2009 and 2008, are included by reference in this annual financial report.

These documents can also be consulted and downloaded on the Internet site [www.homeinvestbelgium.be](http://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 the chapter «Risk factors», in particular, point 2 and 9.

#### **5.4 Judicial proceedings and arbitration proceedings in progress**

Currently there is an ongoing procedure regarding the hotel residence project developed by Nexity and situated rue Belliard. This dispute, detailed as for its nature and consequences in chapter IV Management report of this annual financial report, should not have a significant influence on the financial situation or the profitability of Home Invest Belgium.

#### **5.5 Declarations concerning 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, permanently represented by Jean-Luc Colson and with the sprly FVW Consult, permanently represented by Filip Van Wijnendaele, contain provisions governing notice and termination compensation (see chapter "Corporate Governance Declaration", 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, except for the Messrs. Johan and Liévin Van Overstraeten, brothers.

#### **5.6 Other directorships held during past 5 years by the effective administrators and directors<sup>1</sup>**

##### **Michel Pleeck**

Le Patrimoine Immobilier NV, Le Certificat Foncier NV, IREC Westland NV, L'Investissement Foncier Woluwé Shopping Center NV, L'Investissement Foncier Woluwé Extension NV, L'Investissement Foncier Kortrijk Ring Shopping Center NV, Home Invest Management NV, Sedilec CV, Seditel CV\*, VZW Soeurs du Christ, La Hulpe Sportive VZW.

##### **Xavier Mertens**

Home Invest Management NV, Belliard 21 NV, UPSI-BVS, ULI Belgium, Emix BVBA.

##### **Guillaume Botermans**

Paribacert I\*, Paribacert II\*, Paribacert III\*, Immorente\*, Artesimmo\*, Arm-Stones Partnership BVBA, Pro Materia VZW, M2 NV.

##### **Luc Delfosse**

IVG Real Estate Belgium NV, Property Security

Belgium NV, Batipromo NV, Asticus Europe GIE, Opus II BVBA Lxbg, Stodiek Beteiligung I Lxbg, Stodiek Beteiligung II Lxbg, Wertkonzept Holland IV Berlin, Wertkonzept Holland V Berlin, Organisation Immobilière NV, VZW Jazz Station, VZW FCM Brussels Strombeek, Gemeentelijke autonome Regie van Sint-Joost-ten-Noode, Centre Mommens NV, BECI, Promenades Vertes NV, NV Simazone, NV Crommelynck.

##### **Gaëtan Hannecart**

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 NV, Hooglatem NV, Matexi Luxembourg NV, Nieuw Bilzen NV, Wiprover NV, BI Invest NV, Het Schepenhof NV, Kempense Bouwwerken NV, La Cointe NV, Renoplan NV, SDM NV, QuaeroQ CVBA, UPSI-BVS VZW, NFTE Belgium VZW, Cofinimmo NV, Schoonbeek NV\*, Itinera Institute, Real Dolmen NV, Matexi Projects NV, Duro Home Holding NV.

##### **Liévin Van Overstraeten**

VOP NV, Immovo NV, Sippelberg NV, Rolem Belgium NV, Cocky NV, Stichting Administratiekantoor Stavos, Stavos Luxembourg NV, Robelproduct SRL\* (Roemenië), Robeldoors SRL\* (Roemenië), Belconstruct SRL\* (Roemenië), Immorobel SRL\* (Roemenië), C&C SRL\* (Roemenië).

##### **Johan Van Overstraeten**

VOP NV, Immovo NV, Sippelberg NV, Rolem Belgium NV, Cocky NV, Stavos Luxembourg SA (G.H.Luxemburg), Stichting Administratiekantoor Stavos NV (Nederland).

##### **Guy Van Wymersch-Moens**

Blauwe Toren NV, Brustar One NV, Cabesa NV, Cornaline House NV, Evers Freehold NV, Immo Instruction NV, Immo Jean Jacobs NV, Immobilière du Parc Hôtel NV, Immo Zellik NV,

Instruction NV, La Tourmaline NV, Leasinvest Real Estate Comm.VA, Leg II Meer 15 NV, Leg II Meer 22-23 NV, Leg II Meer 42-48 NV, Lex 65 NV, Marina Building NV, Mesanncy Réalisation NV, MUCC NV, Parc Louise NV, QB19 NV, Immo RAC Hasselt NV, Royaner NV, Royawyn NV, Sodimco NV, The Bridge Logistics NV, Transga NV, Trèves Freehold NV, Trèves Leasehold NV, Vepar NV, WaterLeau NV, Zaventem Properties NV, Zaventem Properties II NV, Upar NV, Beran NV, Immo Jean Jacobs NV, WOM, UPSI NV, Leasinvest Immo Lux, Froissart Léopold NV, Parc Léopold NV, Maison de l'Assurance SCRL, Wetinvest III NV.

**Jean-Luc Colson** (as the permanent representative of sprlu Ylkatt)  
Sprlu Ylkatt has no director's mandates. Its permanent representative, Jean-Luc Colson, is director (manager) of the following companies: Home Invest Management NV, Belliard 21 NV, Ylkatt EBVBA.

**Filip Van Wijnendaele** (as the permanent representative of sprlu FVW Consult)

Sprlu FVW Consult has no director's mandates. Its permanent representative, Filip Van Wijnendaele has the function of the Executive committee of the SA Immobiliën Hugo Ceusters.

#### **5.7 Pro-forma financial information**

During the year under examination 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.

<sup>1</sup> Expired mandates are indicated with an asterisk

## **5.8 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 at the Belgian Central Bank. 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 above-mentioned Internet site.

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 Official Belgian Gazette.

Whoever wishes to do so can register free of charge on the [www.homeinvestbelgium.be](http://www.homeinvestbelgium.be) website, in order to receive e-mail press releases and compulsory financial information by email.

## **5.9 Significant changes since the end of the year**

No significant changes of the financial or commercial position of Home Invest Belgium have taken place since the end of the year 2010.

## **5.10 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 (see above: 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 (see Art. 19).
- The significant contracts concluded during the past two years of the Sicafi are identified in the management report of this annual financial report, or in that of the year 2009, which can be consulted on the company's website (see 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 (see 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 declarations 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 years preceding the publication of this registration document.

- Third party information, presented in this annual financial report has been produced subject to their approval.

# LEXICON

## EFFECTIVE RENT

Is the rent applying on 31 December 2010, 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 2010, 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 last 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.

## 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.

## SHAREHOLDER'S CALENDAR

- Annual results for the 2010 financial year 3 March 2011
- Annual general meeting for the 2010 financial year,  
Interim statement: quarterly results on 31 March 2011 3 May 2011
- Payment of the dividend for the 2010 financial year 13 May 2011
- Financial report for the first half year ending 30 June 2011 31 August 2011
- Interim statement: quarterly results on 30 September 2011 17 November 2011
- 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

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 Banking, Finance and Insurance Commission, in accordance with Article 23 of the above-mentioned law on 22 March 2011.

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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