





✧ In 2014 we worked hard to prepare for the future of the Company. In 2015, the first truly important steps were taken.

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## I. Risk factors

## I. Risk factors

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

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

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

### 1. Market risks

#### 1.1 Residential care property market

The risk of falling demand for residential care property, oversupply and weakening of the financial situation of the various market parties could lead to diminishing rental income and cash flow. Care Property Invest seeks to limit and/or manage this risk by hedging it contractually for new projects as far as possible, by ensuring that the operating party bears the risk of voids wherever possible, by conducting detailed investigations regarding the location and the other supply of residential care property in the region in which a potential new project is located and by conducting a comprehensive and continuous market survey of residential care property, in order to keep track in this way of developments and/or new trends in this market. For the old projects of the initial investment programme, this risk is absorbed through long-term contracts with, in principle, a stable, more market-independent flow of guaranteed income. For the projects of the initial programme, Care Property Invest also makes the property available to the Public Centre for Social Welfare ('Openbaar centrum voor maatschappelijk welzijn', OCMW)/non-profit organisations to operate, so that, in respect of these projects, there can only be an indirect risk.

#### 1.2 Financial markets

Extreme volatility and uncertainty in the international markets harbours the potential risk of more difficult access to share markets in order to raise new capital/equity and, in addition to the statutory debt limit to which a public RREC is subject, the limitation of possibilities regarding debt financing. Such volatility and uncertainty may also lead to sharp fluctuations in the share price and reduced liquidity available in the debt capital markets for refinancing.

<sup>1</sup> The term 'Company' refers in this annual financial report to Care Property Invest nv



Care Property Invest seeks to reduce and/or manage this risk through extensive and frequent dialogue with the capital markets and the financial partners and transparent communication with clear targets, through rigorous monitoring and management of all risks that could have negative implications for the perceptions of investors and financiers regarding the business and by striving for and maintaining long-term relationships with financial partners and investors.

### **1.3 Deflation**

Deflation involves a reduction in economic activity which leads to a general fall in prices. The potential impact of deflation consists of a decrease in rental income, as a result of downward pressure on the market rent levels and a reduced or negative indexation among other factors. In the agreements concerning the projects of the old investment programme, Care Property Invest seeks to anticipate the impact of deflation by making provision for upward indexation only. With regard to new projects, too, efforts are made to provide only for upward indexation as far as possible.

## **2. Operational risks**

### **2.1 Strategy**

Risks relating to strategy and in particular the risk of making inappropriate policy choices can have potential impacts including the following: failure to realise envisaged returns, pressure on the stability of the income flow and a real estate portfolio that is not adapted to market demand for residential care property. Care Property Invest seeks to reduce and manage these risks through the establishment of a clear real estate strategy by the Board of Directors, with a long-term and consistent monitoring of the capital structure, constant monitoring of changes in economic, real estate-specific and regulatory trends (including with regard to fiscal law, company law, regulations on RRECs and sector-specific regulations) and by maintaining and applying the experience of the management and supervision by the Board of Directors.

### **2.2 Investments**

Investments always have economic, fiscal, technical and legal aspects. The transfer of certain hidden liabilities in acquisitions and/or erroneous assessment of tax consequences of complex transactions, the acquisition of buildings that do not meet the prescribed quality requirements or failure to achieve targeted returns can have a potentially negative impact on the results of the Company. With every proposed acquisition, Care Property Invest's Board of Directors conducts a detailed economic, strategic and real estate analysis.

With the support of external advisers, Care Property Invest also provides for comprehensive due diligence work with regard to the real estate, economic, fiscal, legal, accounting and administrative aspects of every acquisition, performed both by its own staff and by external advisers. Finally, every potential acquisition is the subject of a pre-acquisition valuation by an independent property expert.

## 2.3 Construction risk

The construction work continually involves different risks for the principal. In addition to the 'contractors all risks insurance' (CAR) which the contractor is required to arrange, Care Property Invest has separate CAR insurance for all projects in progress, as well as liability insurance that insures its responsibility as project manager. After delivery of the buildings, a ten-year insurance policy is also contracted.

In accordance with the administrative provisions of the contract, the general contractor provides a deposit equal to 5% of the original contract sum. This deposit can be applied in the event of delays due to late execution or total or partial non-execution of a contract, or even its dissolution or termination. Major repairs and/or modifications to the structural condition of the building are carried out at the expense of the lessee after provision and may be performed only with the approval of Care Property Invest.

## 2.4 Concentration risk

The Company has no legal opportunities to expand its activities to sectors other than residential care property, which means that diversification at the sectoral level is not possible. More specifically, the activity must relate to the financing and realisation of (i) where the Flemish Region is concerned, only projects concerning (a) the creation of service flat buildings as referred to in Article 88, §5, of the Residential Care Decree of 13 March 2009 (as amended from time to time) or (b) real estate for facilities under the Residential Care Decree of 13 March 2009, or (c) real estate for persons with disabilities, (ii) where the European Economic Area (EEA) is concerned, with the exception of the Flemish Region, projects similar to the projects referred to in (i) or (iii) other projects which are approved from time to time under applicable legislation on exemption from inheritance tax, without withdrawal of recognition under that legislation. Care Property Invest limits and/or controls the risk of concentration of tenants or investments in one or more buildings through strict adherence to the statutory diversification rules in that regard, as provided in the RREC regulations. Moreover, on 26 June 2013, Care Property Invest expanded its former corporate objective to include other care-related real estate and the geographic area in which Care Invest Property can operate was expanded (*see definition of objectives, as set out in the section referred to above*). This means that Care Property Invest can be active throughout the EEA, with respect to residential care centres, groups of assisted living residences, centres for rehabilitation stays, centres for short stays, day care centres, local and regional service centres or infrastructure for disabled or similar infrastructure in other countries within the EEA (EU + Norway, Iceland and Liechtenstein) and the other regions in Belgium.

## **2.5 Developments relating to renting**

When Care Property Invest acquires ownership of the land and the building, risks may arise in relation to developments such as solvency of the counter-party and obtaining the necessary permits. The potential impact of this risk can be the inability to obtain a permit, significant delays leading to a loss of revenue, significant overruns of investment budgets, prolonged voids or failure to realise targeted returns on developments. In order to reduce and/or manage this risk, the Company has a specialised internal project development team and if necessary, deploys external advisers to limit the risks as far as possible, rigorously monitors progress on the site(s) with the implementation of penalty clauses and provides for the necessary conditions precedent in the acquisition of ownership.

## **2.6 Voids**

The risk of voids in service flats and/or assisted-living apartments, rooms in residential care centres or other care properties due to unforeseen circumstances entails the potential impact of impairment of the value of the property in question and lower revenues from the projects. Care Property Invest incurs this risk to only a limited extent for the new projects, since this risk is borne by the counter-party in the projects from the initial investment programme and the company thus receives ground rent regardless of whether certain voids occur. For the new projects too, the Company seeks to place this risk entirely or in large part with the counter-party.

## **2.7 Maintenance and repairs**

The risk of maintenance and repair concerns unexpected volatility in the costs of maintenance. Such volatility can diminish performance and cash flows and thus also lead to unexpected fluctuations in results. Care Property Invest seeks to manage or limit this risk by contracting CAR insurance during the construction period and transferring this risk to the counter-party after the construction phase through triple net agreements. For its remaining risks in this field and for the real estate that it owns, the Company conducts appropriate property management, with the aim of maintaining the quality of the property portfolio at the highest level.

## **2.8 Destruction of buildings**

The risk of the destruction of buildings relates to the possible occurrence of fire, natural disasters, accidents, terrorism etc. The potential impact of the destruction of the building is discontinuity in the use of the building combined with loss of rental income. Care Property Invest seeks to limit or manage the impact of this risk by contracting fire insurance for the replacement value. For the projects from the initial investment programme, provision is also made to prohibit claims by the operator for reductions in ground rent or compensation in the event of destruction of the buildings.

## 2.9 Expropriation risk

The expropriation risk is the risk of expropriation as part of public expropriations by competent government authorities. Expropriation may entail a loss in the value of the investment and a forced sale at a loss. In addition, expropriation may also lead to a loss of revenue due to a lack of reinvestment opportunities. Care Property Invest seeks to manage the risk of expropriation by entering into a dialogue with the government to find solutions in the interests of all stakeholders. Before entering into new projects, the Company will also identify the expropriation risk and take this into consideration.

## 3. Financial risks

### 3.1 Financing strategy and hedging of interest risk

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

### 3.2 Liquidity risk

The Company is exposed to a liquidity risk that could arise through a cash shortage in the event of the cancellation of its credit lines. Compliance with the obligations of Care Property Invest following the conclusion of long-term loans is guaranteed for each project concerned by the OCMW or the non-profit organisation in relation to the banks, up to the amount of the loan. The loan contracted with ING Bank for the Nijlen project is subject to a guarantee to Immomanda nv by Care Property Invest and the non-profit organisation that a mortgage mandate will be granted on the building, in the amount of the borrowed sum. Given the guarantees provided and barring any unforeseeable events, there is little or no risk that the Company's financing contracts will be terminated or cancelled or that early repayment will be required. To ensure compliance with the obligations of the lessees to Care Property Invest to pay the final building rights fee, the subsidies received by the OCMW or the non-profit organisation from the Flemish community are paid into an escrow account. In principle, a municipal guarantee is also requested for settlement of the OCMW's liabilities to Care Property Invest arising from the lease contract. In the absence of this guarantee, the Company may in any event also seek settlement from the municipal authority on the basis of Article 145 of the OCMW Decree.

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

### **3.3 Interest rate fluctuations**

The increase or decrease in interest rates has an impact on the financial costs and, therefore, on the net result of the Company. In order to manage this risk, the Company financed its bank debts as at 31 December 2015 at fixed interest rates or hedged fluctuations through the use of interest rate swaps, in which the floating interest rate is converted to a fixed rate. On a consolidated basis the 41 financing contracts concluded have an average fixed rate of 4.42% and an average maturity of 14.54 years. For the 16 financing contracts that were linked to an interest rate swap, despite the fact that these contracts were hedged by a fixed interest rate, fluctuations in the financial instruments should be included in the Company's financial results in accordance with the International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS). If the underlying interest rates for these swap transactions fall, the market value of these instruments will be negatively affected and vice versa if the interest rates rise. This variation has a negative or positive impact on the net result of Care Property Invest (no cash flow hedge accounting, within the meaning of IAS 39).

Compared to 31 December 2014, interest rates were slightly higher, enabling a positive change to be recorded for these financial instruments during the 2015 financial year, amounting to €2.85 million, under 'changes in fair value of financial assets and liabilities'. As at 31 December 2015, the fair value of these instruments was €19.31 million negative, compared to €22.16 million negative as at 31 December 2014. A change in the interest rate curve of 0.25% (more positive or more negative) could have an influence on the fair value of the instruments of around €3.3 million so that the net result on consolidated basis would amount to resp. €8.7 million in case of a fall in interest rate or €15.31 million in case of a rise in interest rate.

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

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

### 3.4 Inflation or deflation risk

Care Property Invest has limited exposure to the risks of inflation and deflation, as the current rental income is linked to movements in the consumer price index. A potential impact is offset by the fact that the current lease contracts provide for upward indexation, as a result of which rental income will at least remain at the level of the preceding year. In the event of inflation, a rise in interest rates would potentially mean an increase in financial expenses. Care Property Invest has taken the necessary steps to protect itself against such risks (See “3.3 Interest rate fluctuations”).

### 3.5 Movements in the debt level

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

If the Company exceeds a debt ratio of 50% of its assets, it is required to prepare a financial plan. The Company's debt level as at 31 December 2015 was calculated in accordance with Article 13 of the RREC Decree at 45.80%.

### 3.6 Exchange rate risk

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

### 3.7 Risk relating to the banking counter-party

The contracting of a financing agreement or a hedging risk creates a counter-party risk in relation to a banking counter-party. In order to limit this risk, Care Property Invest has long-lasting and sound relationships with its banking partners, which have a good financial rating, so that the risk of default by these counter-parties is limited. In order to ensure a diversity of counter-parties for its financing, the Company and its subsidiaries have used various reference banks (KBC, ING, BNP Paribas Fortis and Belfius Bank). The bank loans represent up to 91% of the Company's total liabilities (excluding the fair value of long-term hedging instruments). Should a banking counter-party default, the Company has other financing options (including e.g. the possibility of raising new capital or contracting new loans with other banks).

## 4. Regulatory risks

### 4.1 Status: changes in the legal framework within which Care Property Invest operates

Although the Company monitors compliance with all applicable regulations, it is exposed to the risk of non-compliance with those provisions. Changes in regulations and new obligations for the Company may affect its returns, profitability, financial position, outlook and the cost of its buildings. The Company ensures compliance with its obligations and continually monitors the statutory requirements and compliance with these, with the assistance of external consultants.

The Company also ensures that the maximum legal debt ratio of 65%, as stipulated in the RREC Law and the RREC Decree, is not exceeded when new financing agreements are contracted. To date, the Company has no knowledge of any elements that would indicate that it would be unable to comply with this ratio in the future or that lessees would not meet their obligations (*see "3.5 Evolution of the debt level"*).

Care Property Invest also remains subject to the Companies Code, apart from the Articles that are specifically excluded by the RREC Law. Under the heading "C. Reserves", provision is made for a margin to absorb any additional negative, non-monetary impact resulting from the application of IAS 39, and to enable payment of the dividend on the basis of the cash flow generated (*see Article 617 of the Companies Code*).

### 4.2 Legal status of RREC and taxation

The current tax position of Care Property Invest can be summarised as follows:

#### 4.2.1 CORPORATE TAX

Although Care Property Invest is subject to corporate tax, the basis for this is very limited, so that in practice, it will pay virtually no corporate tax. (Article 185bis of the Belgian Income Tax Code). Generally, the rental income, financial income and proceeds realised on the sale of assets are exempt from tax and corporate tax is charged on non-deductible expenses, abnormal benefits and undisclosed commissions. Pursuant to Article 161(1°) of the Inheritance Tax Code, the Company must pay tax each year, based on the total net amounts outstanding in Belgium as at 31 December of the preceding year.

The subsidiaries of the Company comply with the general corporate tax rules.

#### 4.2.2 WITHHOLDING TAX

Since 1 January 2013, the dividends distributed by Care Property Invest have been subject to 15% withholding tax pursuant to its status as a residential RREC. Residential RRECs within the meaning of Article 269, §1, 3° of the Income Tax Code are deemed to be RRECs that invest at least 80% of their assets in residential property (or real estate deemed to be residential property) located in a Member State of the EEA. This reduced rate was also extended to personal tax, as a result of which the reduced rate of 15% also became the personal tax on dividends from a residential RREC for which no withholding tax had been deducted previously. Although full exemption from withholding tax was abolished, until 31 December 2015, shareholders of a residential RREC still enjoyed a tax-friendly regime in comparison with other dividends, which are taxed at a rate of 25%.

The reduced rate of 15% was repealed by the Act of 26 December 2015 containing measures to promote job creation and purchasing power (BS 30 December 2015) and increased to 27% from 1 January 2016. As residential RREC status no longer exists, the general rate of 27% applies for all RRECs. Care Property Invest is therefore no longer required to comply with the conditions that were imposed for residential RRECs.

In addition, pursuant to Articles 116 and 118, §1(6) of the Royal Decree/1992 Income Tax Code, the Company benefits from the exemption from withholding tax on income granted to Belgian real estate companies.

The Law of 17 December 2015 (Law on fiscal and miscellaneous provisions) abolished Article 266(2)(4°) of the 1992 Income Tax Code, which provided that a public RREC could not enjoy any exemption from withholding tax provided by Royal Decree. As a result of the abolition of this Article, dividends paid by Care Property Invest to foreign pension funds are fully exempt from withholding tax, and dividends paid to Belgian legal entities that have a 10% shareholding (and that comply with the other parent-subsidiary conditions) also enjoy exemption from withholding tax.

#### 4.2.3 INHERITANCE TAX

Subject to compliance with certain conditions, the heirs of shareholders enjoy an exemption from inheritance tax (Inheritance Tax Code, Flemish Region, Article 55 bis - Order of the Flemish Government of 3 May 1995, replaced by Article 11 of the "Decree containing various provisions on finances and budgets" of 09.11.12 (BS 26.11.12.) - Circular No. 2 of 27 March 1997 and now Article 2.7.6.0.1. of the Flemish Codex Taxation (VCF)). The shares must have been in the possession of the holder for at least five years on the date of decease. In addition, the shareholder must have acquired the shares no later than the year 2005, excluding acquisition among spouses and heirs in the first degree, for which no exemption from inheritance tax has yet been granted. To obtain the exemption, the shares must be recorded in the estate declaration and the exemption must be explicitly requested. A valid certificate must be attached to the declaration, issued by the credit institutions that provide financial services for Care Property Invest.



The market value of the shares may be exempted up to a maximum of the issue price of €5.95. The sum of the net dividends paid during the period in which the deceased or his or her spouse was the holder of the shares may also be exempt, in as far as the shares form part of the estate. The conditions for exemption from inheritance tax can also be viewed on the website at [www.carepropertyinvest.be](http://www.carepropertyinvest.be).

Due to non-compliance or changes in the rules required by the tax-transparent regime, Care Property Invest runs the risk of losing the tax status described above or of suffering negative consequences for the results or the net asset value (NAV) in the event of any changes in the regime.

Care Property Invest seeks to limit and/or manage this risk through continual monitoring of the legal requirements and compliance with these. Care Property Invest also wishes to establish a close dialogue with the FSMA in connection with the prudential supervision of RRECs.

#### **4.2.4 EXIT TAX**

The companies that request an RREC licence or that merge with or split off part of their real estate assets through a transfer to an RREC, are subject to a capital gains tax (the 'exit tax') of 17%. The exit tax is the tax rate payable by such companies for leaving the common tax regime.

### **4.3 Changes in international accounting rules**

As an RREC, Care Property Invest is subject to international reporting standards (IFRS). A possible change in these standards has a potential impact on the reporting, capital requirements, use of derivative financial products and organisation of the Company and consequently, an impact on transparency, returns realised and possibly the valuation of its assets. Care Property Invest seeks to limit and/or manage this risk by conducting continuous evaluation of the changes relating to the legal requirements and compliance with these, with support from external specialised advisers, and endeavours to follow such potential changes as closely as possible through training and consultation.

### **4.4 Transactions**

New and more complex transactions conducted after the implementation of the initial programme may have a negative impact on the profitability or financial position of the Company if the risks are underestimated or are incorrectly assessed. Care Property Invest seeks to limit and/or manage this risk by conducting comprehensive due diligence work with regard to real estate, economic, fiscal, legal, accounting and administrative aspects within the framework of each acquisition, and works with specialised external advisers in this area.

#### **4.5 Human capital**

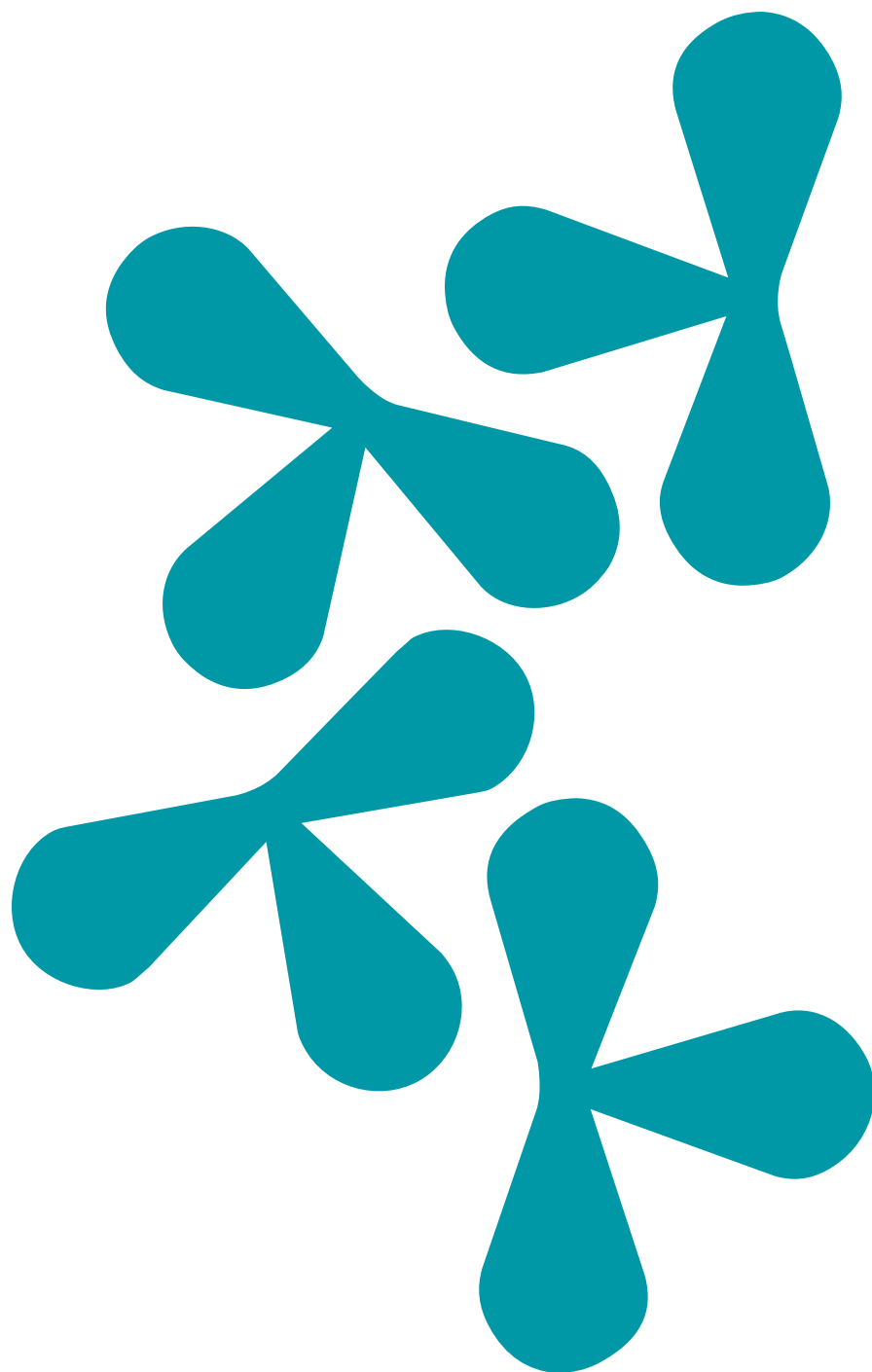
The risk of the loss of key personnel could potentially have a negative impact on existing business relationships, or lead to reputational damage in relation to stakeholders or a loss of vigour and efficiency in the management decision-making process. Care Property Invest seeks to limit and/or manage this risk by offering a remuneration package at commercial rates to employees, implementing clear and consistent procedures to ensure continuity and promoting work in teams, to avoid individuals holding sole responsibility for important and strategic tasks.

#### **4.6 Political risk**

Divergent decisions of regional, national or European political authorities, e.g. with regard to taxation and/or subsidy legislation also entail a risk, in that, depending on the domain in which these decisions are taken, they can have an impact on the financial results of the RREC as well as on the planned investments, strategy and objectives. Care Property Invest seeks to limit and/or manage this risk through continual monitoring of the political and legislative decisions taken at the different regulatory levels, enabling potential impacts to be avoided, reduced or anticipated.

#### **4.7 Potential changes in regulations**

New laws and regulations could enter into force or potential changes in existing laws or regulations or their interpretation or application by the relevant authorities (e.g. tax authorities) or courts could occur. The potential impact of this risk is an adverse effect on the business, results, profitability, financial position and prospects. Care Property Invest seeks to limit and/or manage this risk through continual monitoring of existing and potential or future amendments of, or the introduction of new laws, regulations and requirements and compliance with these, with the support of external specialised advisers.







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## II. Letter to the Shareholders

## II. Letter to the shareholders

Dear Shareholder,

We are pleased to present the annual report for the 2015 financial year. We aim to keep you as well-informed as possible on the operations of the Company and the results.

In 2014, we worked hard to prepare for the future of the Company. In 2015, the first truly important steps were taken.

After completing the investment programme of 2,000 service flats commissioned by the Flemish government, Care Property Invest launched a new project. With the amendment of the articles of association in June, 2013, the social purpose was extended to include the realisation and financing of residential care real estate for care of the elderly in a broad sense, and care of people with disabilities. Specifically, this therefore no longer means only the creation of service flats, as in the past, but also the construction and financing of residential care centres, assisted living apartments, local service centres etc., and by extension, all forms of residential accommodation for people with disabilities. These are all areas in which we have built up a proven track record in the years since 1995.

In order to realise these ambitions the company had to increase its capital in 2015. This operation, amounting to €38 million, was successfully completed in June. At the same time significant efforts were made to realise new projects and purchases to expand the real estate portfolio. Detailed information on these achievements is presented later in this report. Overall, real estate worth an additional €80 million was realised in 2015. For the first time, the balance sheet includes investment properties of +/- €50 million. This item refers to the completed buildings in full ownership that effectively contribute to the results of the company. In addition, projects totalling +/- €30 million are under construction or in development. These projects are expected to be completed in 2016 and 2017. Care Property Invest has thus taken a firm decision in favour of an ambitious growth programme.

About the figures for the 2015 financial year.

In 2015, rental income (currently mainly still from leasing of service flats) showed an increase of 7.4% in comparison with the 2014 financial year. Revenues for the newly acquired buildings already account for about 60% of this growth, even though they were not included in the portfolio until after 30 September 2015. Only from 2016 will these acquisitions deliver their full weight to added value.

The valuation as at 31 December 2015 of the fair value of swap transactions conducted for projects financed with external resources had a positive impact on the net result for the 2015 financial year, which closed with a positive result of €12,013,830.09 on consolidated basis. The 2014 financial year closed with a sharply negative result of -€3,305,632.62, due to significant losses in these areas.

However, the change in the fair value of the swap contracts and the adjustment of economic profit margin for the projects are not included in the distributable profit.

If these non-cash results are disregarded, the Company's profit at the statutory level amounts to €7,721,804.06, representing a 2% increase in comparison with 2014.

On 21 December 2015, an interim dividend of €7,467,608.50 was paid out to shareholders, representing 97% of the distributable statutory result. A gross dividend of €0.63 per share (net dividend of €0.54 per share, after deduction of 15% withholding tax) was paid to the shareholders who were in possession of both coupons 3 and 5. Shareholders who were only in possession of coupon 5 received a gross dividend of €0.3331 per share, or a net dividend after deduction of 15% withholding tax of €0.2832 per share (new shares from the capital increase in June 2015). This dividend was fully in line with expectations in that regard. As a result of this early full payment in December 2015, in principle no further or additional dividend payouts will be made in 2016.

We expect Care Property Invest to realise a significant increase in rental income in 2016, on the basis of the real estate projects realised in 2015 and additional rental income and new projects in 2016. Furthermore, we wish in 2016 and subsequent years to continue to work on the profitable expansion of the Company, in the same way as in 2015.

We thank the shareholders for their trust, our customers for their faith in the added value that Care Property Invest means for their projects, and of course, our employees for their dynamic commitment to realising the Company's goals.

The Managing Directors,  
**Peter VAN HEUKELOM**

**Willy PINTENS**

**Dirk VAN DEN BROECK**







### III. Key figures

## III. Key figures

### 1. Property

Amounts shown in euros.

Financial year as closed on 31 December	2015	2014	2013
<b>Investment properties</b>			
number of projects	4	1	0
number of residential units for the elderly	316	15	0
properties available for sale at fair value	49,960,749	2,250,000	0
<b>Leasing activities (projects made available through long leases)</b>			
number of projects	76	76	74
number of residential units for the elderly	1,988	1,988	1,936
finance lease receivables	157,005,329	157,005,329	149,353,144
economic value of the receivables included in the finance leases	12,254,002	12,534,224	13,291,551
average remaining duration until the end of the term of the right of superficies	18.13 years	19.13 years	20.64 years

The finance leases are shown in accordance with IAS 17 at the nominal value of the investment in the category "finance lease receivables". The difference between the nominal value and the fair value is recognised under the heading "receivables". This fair value is determined on the commencement of the relevant leasehold contract. The Company once again determined a fair value as at 31 December 2015, but this time on the basis of market interest rates on that date. This resulted in a total fair value of €222 million.

The overall occupancy rate of the investment properties and leasing activities currently amounts to 100%.

## 2. Consolidated income statement

Amounts shown in euros.

Financial year as closed on 31 December		2015	2014	2013
I.	Rental income (+)	13,731,516.84	12,786,086.70	12,304,395.29
	rent	620,321.69	0.00	0.00
	rental discounts	-5,520.00	0.00	0.00
	income from finance lease and other similar leases	13,116,715.15	12,786,086.70	12,304,395.29
<b>NET RENTAL RESULT</b>		<b>13,731,516.84</b>	<b>12,786,086.70</b>	<b>12,304,395.29</b>
<b>REAL ESTATE OPERATING RESULT</b>		<b>13,731,516.84</b>	<b>12,786,086.70</b>	<b>12,304,395.29</b>
XIV.	General expenses of the company (-)	-2,403,404.92	-2,135,045.35	-1,705,388.49
XV.	Other operating income and charges (+/-)	80,936.67	-192,231.02	870,661.70
	<i>other operating charges relating to the projects</i>	<i>-82,973.30</i>	<i>-2,933,320.32</i>	<i>-5,470,457.56</i>
	<i>other operating income relating to the projects</i>	<i>164,551.06</i>	<i>2,731,207.95</i>	<i>6,414,593.13</i>
	<i>other operating income and charges</i>	<i>-641.09</i>	<i>9,881.35</i>	<i>-73,473.87</i>
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>		<b>11,409,048.59</b>	<b>10,458,810.33</b>	<b>11,469,668.50</b>
XVIII.	Changes in the fair value of investment properties	1,690,056.08	0.00	0.00
<b>OPERATING RESULT</b>		<b>13,099,104.67</b>	<b>10,458,810.33</b>	<b>11,469,668.50</b>
XX.	Financial income (+)	59,437.52	47,912.45	84,774.32
XXI.	Net interest charges (-)	-3,808,146.20	-3,574,905.17	-3,440,367.08
XXII.	Other financial charges (-)	-2,613.09	-1,505.36	-914.01
XXIII.	Changes in fair value of financial assets/liabilities (+/-)	2,847,152.52	-10,216,114.92	4,415,765.05
<b>FINANCIAL RESULT</b>		<b>-904,169.25</b>	<b>-13,744,613.00</b>	<b>1,059,258.28</b>
<b>RESULT BEFORE TAXES</b>		<b>12,194,935.42</b>	<b>-3,285,802.67</b>	<b>12,528,926.78</b>
XXIV.	Corporate tax (-)	-181,105.33	-19,829.95	-17,461.14
<b>TAXES</b>		<b>-181,105.33</b>	<b>-19,829.95</b>	<b>-17,461.14</b>
<b>NET RESULT</b>		<b>12,013,830.09</b>	<b>-3,305,632.62</b>	<b>12,511,465.64</b>

The Company has no "other comprehensive income" within the meaning of IAS 1, so that the Company's net income is equal to the overall result.

### Net result per share

Amounts shown in euros.

Financial year as closed on 31 December		2015	2014	2013
<b>Net result per share, based on weighted average shares outstanding</b>		<b>1.0135</b>	<b>-0.3213</b>	<b>1,225.41<sup>(*)</sup></b>
gross yield compared to stock market price on closing date		6.67%	-2.01%	9.08%

(\*) amount based on 10,210 outstanding shares as at 31 December 2013 – as at 24 March 2014 the shares were split by dividing by 1,000.

### 3. Components of consolidated net earnings (per share)

Amounts shown in euros.

Financial year as closed on 31 December	2015	2014	2013
<b>NET RESULT</b>	<b>12,013,830.09</b>	<b>-3,305,632.62</b>	<b>12,511,465.64</b>
<b>NON-CASH ELEMENTS INCLUDED IN THE NET RESULT</b>			
- depreciation, impairments and reversals of impairments	84,564.60	-92,096.28	114,271.33
- changes in fair value of investment properties	-1,690,056.08	0.00	0.00
- changes in fair value of authorised hedging instruments	-2,847,152.52	10,216,114.92	-4,415,765.05
- projects' profit or loss margin attributed to the period	13,696.59	349,326.45	-709,425.73
- decrease in trade receivables			
(profit or loss margin attributed to previous periods)	266,525.45	408,000.10	417,898.49
<b>NET RESULT EXCLUDING NON-CASH ELEMENTS INCLUDED IN THE RESULT</b>	<b>7,841,408.13</b>	<b>7,575,712.57</b>	<b>7,918,444.68</b>
<b>net result per share, excluding non-cash elements included in the result, attributable to all shares of the Company based on the weighted average number of shares</b>	<b>0.6615</b>	<b>0.7363</b>	<b>775.56<sup>(*)</sup></b>
<i>gross yield compared to stock market price on closing date</i>	4.35%	4.60%	5.75%

(\*) amount based on 10,210 outstanding shares as at 31 December 2013 – as at 24 March 2014 the shares were split by dividing by 1,000.

## 4. Consolidated balance sheet

Amounts shown in euros.

Financial year as closed on 31 December	Notes	2015	2014	2013
<b>ASSETS</b>				
<b>I. Non-current assets</b>		<b>221,298,315.40</b>	<b>173,610,042.63</b>	<b>167,633,138.96</b>
C. Investment properties	D.a.	49,960,748.55	2,250,000.00	0.00
D. Other tangible fixed assets	D.b.	2,071,965.41	1,814,186.76	4,982,491.76
E. Financial fixed assets	D.c.	6,270.00	6,302.40	5,952.40
F. Finance lease receivables	D.d.	157,005,329.44	157,005,329.43	149,353,144.21
G. Trade receivables and other non-current assets concerning projects in progress	D.e.	12,254,002.00	12,534,224.04	13,291,550.59
concerning delivered projects		0.00	0.00	412,823.35
		12,254,002.00	12,534,224.04	12,878,727.24
<b>II. Current assets</b>		<b>8,979,912.44</b>	<b>9,599,482.04</b>	<b>6,102,029.92</b>
D. Trade receivables	E.a.	49,510.40	111,222.27	137,002.27
E. Tax receivables and other current assets corporate tax	E.b.	361,757.78	162,594.04	247,635.65
other		267,119.66	14,078.12	157,720.85
		94,638.12	148,515.92	89,914.80
F. Cash and cash equivalents	E.c.	8,547,845.86	9,316,647.11	5,688,534.04
G. Deferrals and accruals	E.d.	20,798.40	9,018.62	28,857.96
<b>TOTAL ASSETS</b>		<b>230,278,227.84</b>	<b>183,209,524.67</b>	<b>173,735,168.88</b>

Financial year as closed on 31 December	Notes	2015	2014	2013
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>		<b>100,299,744.76</b>	<b>66,026,733.76</b>	<b>73,957,553.60</b>
A. Capital	F.a.	78,442,491.65	61,633,399.04	60,744,395.00
B. Share premium	F.b.	20,592,745.89	1,191,440.24	0.00
C. Reserves	F.c.	-3,281,714.37	6,507,527.10	701,692.96
D. Net result for the financial year	F.d.	4,546,221.59	-3,305,632.62	12,511,465.64
<b>LIABILITIES</b>		<b>129,978,483.08</b>	<b>117,182,790.91</b>	<b>99,777,615.28</b>
<b>I. Non-current liabilities</b>		<b>124,103,757.25</b>	<b>110,016,205.31</b>	<b>95,211,193.31</b>
B. Non-current financial liabilities	G.a.	100,263,959.66	87,860,038.31	83,270,038.31
C. Other non-current financial liabilities authorised hedging instruments	G.b.	19,309,535.00	22,156,167.00	11,941,155.00
		19,309,535.00	22,156,167.00	11,941,155.00
F. Deferred taxes	G.c.	4,530,262.59	0.00	0.00
<b>II. Current liabilities</b>		<b>5,874,725.83</b>	<b>7,166,585.60</b>	<b>4,566,421.97</b>
B. Current financial liabilities	G.d.	718,507.47	0.00	0.00
D. Trade payables and other current liabilities	G.e.	4,389,028.40	6,834,445.15	4,246,581.89
Trade payables		0.00	2,137,500.00	0.00
Other suppliers		4,389,028.40	4,696,945.15	4,246,581.89
tenants		3,995,195.63	4,390,493.94	4,026,795.55
taxes, remuneration and social insurance charges		1,700.00	0.00	0.00
		392,132.77	306,451.21	219,786.34
E. Other current liabilities	G.f.	345,630.52	78,816.53	70,051.55
F. Deferrals and accruals prepayments of property revenue	G.g.	421,559.44	253,323.92	249,788.53
accrued and not due interest		72,609.52	0.00	3,081.12
accrued costs		167,315.60	159,478.67	142,014.43
		181,634.32	93,845.25	104,692.98
<b>TOTAL EQUITY + LIABILITIES</b>		<b>230,278,227.84</b>	<b>183,209,524.67</b>	<b>173,735,168.88</b>

## 5. Net assets and net value per share on consolidated basis

Amounts shown in euros.

Financial year as closed on 31 December	2015	2014	2013 <sup>(*)</sup>
<b>NET ASSETS</b>	<b>100,299,744.76</b>	<b>66,026,733.76</b>	<b>73,957,553.60</b>
net value per share	7.62	6.38	7,243.64
<b>NET ASSETS (not including changes in the fair value of authorised hedging instruments)</b>	<b>119,609,279.76</b>	<b>88,182,900.76</b>	<b>85,898,708.60</b>
net value per share, without taking into account the changes in fair value of the authorised hedging instruments	9.08	8.53	8,413.19
<b>NET ASSETS (not including changes in the fair value of authorised hedging instruments but including the fair value of trade receivables)</b>	<b>172,239,425.85</b>	<b>135,832,271.15</b>	<b>87,101,809.30</b>
net value per share, without taking into account the changes in fair value of the authorised hedging instruments, but including the fair value of the lease receivables on the cut-off date	13.08	13.13	8,531.03

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

Without taking into account the interim dividend that was paid in December 2015, the net value per share would be €8.18.

(\*) amount based on 10,210 outstanding shares as at 31 December 2013 – as at 24 March 2014 the shares were split by dividing by 1,000.

## 6. Financial debt ratio

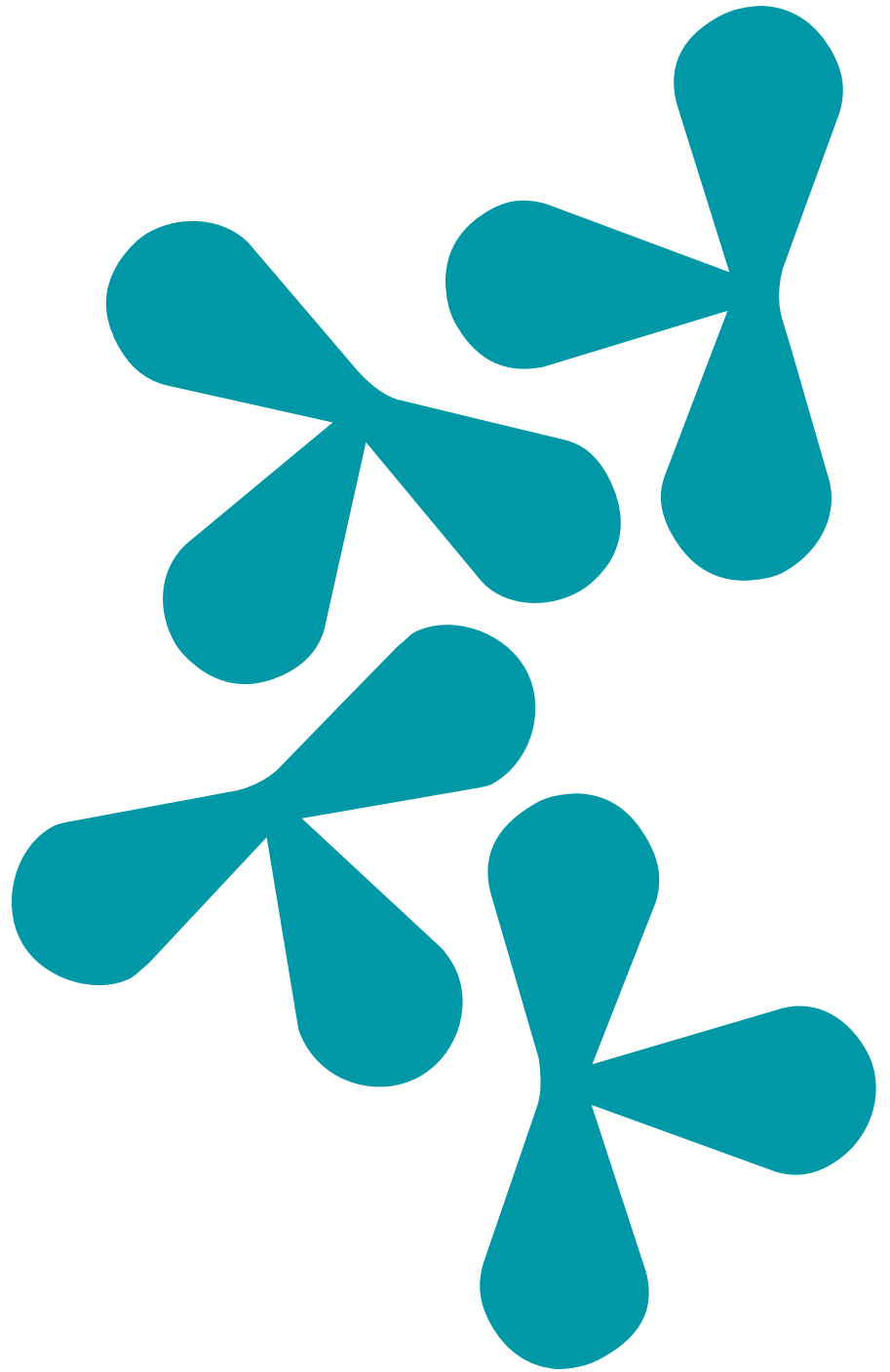
Financial year as closed on 31 December	2015	2014	2013
<b>FINANCIAL DEBT RATIO OF THE COMPANY</b>	<b>45.80%</b>	<b>50.56%</b>	<b>50.41%</b>

The consolidated debt ratio is determined in accordance with the RREC Decree.

## 7. Number of shares

Financial year as closed on 31 December	2015	2014	2013
Total number of shares	13,184,720	10,359,425	10,210
Total number of treasury shares	15,030	17,030	0

As at 24 March 2014, the shares of the company were split by dividing by 1,000.







1841

**Residentie Tilia**  
Wilt u een woonruimte met verzorging  
naar gelang behoeften?

28 bewoonde woningen  
in huur vanaf 1 punt  
Nog enkele beschikbare.

Mevr. Info  
Het Buiten Huis Opzichts Kantoor  
056-42.20.00





## IV. Report of the Board of Directors

## IV. Report of the Board of Directors

### 1. Strategy

#### 1.1 Residential care building in complete confidence

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

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

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

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

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

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

## 2. Important events

### 2.1 During the 2015 financial year

#### 2.1.1 ACQUISITIONS OF NEW PROJECTS

A brief overview of the acquisitions of the various projects is presented below. For more details on the properties acquired in the projects, please see part VI. Real estate report, page 66.

#### Acquisitions of investment properties

All purchases were made at prices reflecting the fair value determined by the real estate expert. The transactions were conducted for a total of approximately €50.6 million.

#### "Tilia" group of assisted-living apartments in Gullegem

On 12 May 2015 all of the conditions precedent established by the sale agreement dated 28 November 2014 had been met and the authentic purchase deed for "Residentie Tilia" in Gullegem was executed. The residence has been in operation since 1 June 2015 and is run by the Wevelgem OCMW, which also operates the nearby residential care centre "Het Gulle Heem".

#### Residential care centre "Drie Eiken" in Lanaken

On 5 March 2015 Care Property Invest signed an agreement in principle, subject to the usual conditions precedent, with a view to acquiring 100% of the shares of the company VSP Lanaken Centrum WZC nv. This company owns a plot of land and following the application of the right of accession upon provisional acceptance, it will also become the owner of a residential care centre with 122 licensed nursing beds located in Lanaken. The residential care centre "Drie Eiken" is currently under construction and the completion of the building work and, therefore, provisional delivery is scheduled for late 2016, after which the acquisition by Care Property Invest will take place.

The residential care centre will be run by Senior Living Group nv in partnership with Maljuna Perlo vzw (100% controlled by Senior Living Group nv)

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

Care Property Invest acquired 100% of the shares of the companies Croonenburg nv and B. Turnhout nv on 18 September 2015, owners of respectively the residential care centre "Aan de Kaai" and "De Nieuwe Kaai" in Turnhout. The residential care centres are operated by Vulpia Care Group, more specifically the non-profit organisation Vulpia Vlaanderen vzw.

#### Residential care centre "Boeyendaalhof" in Herenthout

On 23 December 2015, Care Property Invest has acquired 100% of the shares in the company M.S.T. bvba, which owns 100% of the shares in the company Boeyendaalhof nv, which in turn is the owner of the Boeyendaalhof residential care centre. The home is run by the non-profit organisation Boeyendaalhof vzw, for 100% controlled by Vulpia Care Group.

### Project development

The following projects were awarded to Care Property Invest during the 2015 financial year, after the Company participated in a public tender. Construction work will start in 2016.

#### Group of assisted-living apartments "Herfstvrede" in Moerbeke

Care Property Invest took part in a public tender for a group of assisted-living apartments named Herfstvrede, consisting of 22 assisted-living apartments. The final award of the contract by the OCMW Council was received on 30 April 2015. The facility will be operated by the Moerbeke OCMW. Work has started on 4 April 2016 and delivery is scheduled for 2017.

#### Expansion of a group of assisted-living apartments "Huis Driane" in Herenthout

On 3 November 2015, Care Property Invest was granted by the OCMW Council of Herenthout the final allocation of the public tender contract (DBF) for the expansion of an existing group of assisted-living apartments, known as "Huis Driane", with 20 supplementary assisted-living apartments operated by the Herenthout OCMW. Construction work is scheduled to start in the autumn of 2016, with delivery in the spring of 2018.

### 2.1.2 PROSPECTING FOR NEW BUSINESS

In 2015, Care Property Invest has further focused on the development of its activities within the sectors of residential care and residential accommodation for people with disabilities, in accordance with its extension of its purpose approved at the extraordinary general meeting of 26 June 2013. Consequently, in addition to potential investments in assisted-living complexes, it now also investigates potential investments in residential care centres throughout the European Economic Area, as well as various projects for people with disabilities. These projects are operated by commercial groups active in this sector, as well as by OCMWs and charitable non-profit organisations. The current phase of these projects and the type of investment involved range from acquisitions of completed buildings to sites to be developed, the purchase of shares in companies that own the real estate and the renovation and refinancing of existing buildings.

Care Property Invest also participated again in a public tender, but as yet, no results have been announced for this. In the future Care Property Invest will continue to participate in public tenders if they tie in with its social purpose.

✚ In 2015, Care Property Invest has further focused on the development of its activities within the sectors of residential care and residential accommodation for people with disabilities.

### 2.1.3 CAPITAL INCREASE IN CASH WITH IRREVOCABLE ALLOCATION RIGHT

On 2 June 2015 the Board of Directors passed a resolution to increase the company's capital in cash with irrevocable allocation right within the limits of the authorised capital. This capital increase was carried out on 22 June 2015.

In relation to this capital increase, 2,825,295 new ordinary shares were issued at a total issue price of €13.45, namely €16,809,092.61 capital and €21,191,125.14 share premium, bringing the total share capital of Care Property Invest to €78,442,491.65 from 22 June 2015. Since that date, the capital has been represented by 13,184,720 fully paid-up shares, consisting of 13,034,720 ordinary shares and 150,000 special shares.

### 2.1.4 INTERIM DIVIDEND

On 30 November 2015 the Board of Directors of the company decided to pay out a gross interim dividend for the financial year 2015 of €0.63 (sixty-three euro cent) per share. This represented a net dividend of €0.5355 per share (following deduction of 15% withholding tax). The full dividend was only payable to those still in possession of coupon No. 3 and of shares with coupon No. 5 attached. Prior to the capital increase of 22 June 2015 coupon No. 3 was detached from the shares then in existence. Shareholders who were only in possession of coupon No. 5 received a gross dividend of €0.3331 per share, or net (after deduction of 15% withholding tax) €0.2832 per share.

The interim dividend was made payable on 21 December 2015. Since 17 December 2015 shares have been listed ex-coupon No. 5.

Since the interim dividend was determined taking into account the expected profit for the full financial year, the Board of Directors will propose to the Annual General Meeting of May 2016 that no additional final dividend be approved for the financial year 2015. In this case the interim dividend will be the full dividend for the financial year 2015.

### 2.1.5 ELIMINATION OF BEARER SHARES

On 31 December 2013, 25,000 bearer shares in the company were still outstanding, which, by operation of law, were converted on 1 January 2014 into dematerialised form (Article 9 of the Company's articles of association was amended for this purpose) and the exercise of the rights attached to these securities was suspended. The owner(s) of these securities could make themselves known to claim their securities and the associated rights until 31 December 2014, which did not happen for 20,000 shares. Given that to date the owners are still not known, as of 1 January 2015 the Company had to sell these securities. In accordance with the legal provisions, in the third quarter of 2015 the Company started to sell the 20,000 outstanding bearer shares on the regulated market. The return on the sale of these 20,000 shares, after deduction of the incurred costs amounting to €273,123.20, was deposited at the Belgian Deposit and Consignment Office (Deposito- en Consignatiekas van België/Caisse des Dépôts et Consignations de Belgique). From 1 January 2016 until 31 December 2024, holders of Care Property Invest bearer shares can still obtain compensation from the Deposit and Consignment Office, after deducting legally imposed fines, currently 10% on an annual basis.

## 2.2 After the close of the 2015 financial year

Between the closing date of 31 December 2015 and the drafting of this annual financial report, no audited financial information or interim financial information was disclosed in response to changes in the financial or trading position of the Company.

In accordance with the provisions of the prospectus and the lease contracts concluded in relation to the original portfolio, the Company has passed on the increase in the withholding tax from 15% to 27% payable by shareholders on dividend payments from 1 January 2016 to the OCMWs/non-profit organisations - leaseholders.

### 2.2.1 OUTLOOK

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

## 3. Summary of the consolidated balance sheet and income statement

### 3.1 Consolidated income statement

Amounts shown in euros.

Financial year as closed on 31 December		2015	2014	2013
I.	Rental income (+)	13,731,516.84	12,786,086.70	12,304,395.29
	rent	620,321.69	0.00	0.00
	rental discounts	-5,520.00	0.00	0.00
	income from finance lease and other similar leases	13,116,715.15	12,786,086.70	12,304,395.29
<b>NET RENTAL RESULT</b>		<b>13,731,516.84</b>	<b>12,786,086.70</b>	<b>12,304,395.29</b>
<b>REAL ESTATE OPERATING RESULT</b>		<b>13,731,516.84</b>	<b>12,786,086.70</b>	<b>12,304,395.29</b>
XIV.	General expenses of the company (-)	-2,403,404.92	-2,135,045.35	-1,705,388.49
XV.	Other operating income and charges (+/-)	80,936.67	-192,231.02	870,661.70
	Other operating charges relating to the projects	-82,973.30	-2,933,320.32	-5,470,457.56
	Other operating income relating to the projects	164,551.06	2,731,207.95	6,414,593.13
	Other operating income and charges	-641.09	9,881.35	-73,473.87
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>		<b>11,409,048.59</b>	<b>10,458,810.33</b>	<b>11,469,668.50</b>
XVIII.	Changes in the fair value of investment properties	1,690,056.08	0.00	0.00
<b>OPERATING RESULT</b>		<b>13,099,104.67</b>	<b>10,458,810.33</b>	<b>11,469,668.50</b>
XX.	Financial income (+)	59,437.52	47,912.45	84,774.32
XXI.	Net interest charges (-)	-3,808,146.20	-3,574,905.17	-3,440,367.08
XXII.	Other financial charges (-)	-2,613.09	-1,505.36	-914.01
XXIII.	Changes in fair value of financial assets/liabilities (+/-)	2,847,152.52	-10,216,114.92	4,415,765.05
<b>FINANCIAL RESULT</b>		<b>-904,169.25</b>	<b>-13,744,613.00</b>	<b>1,059,258.28</b>
<b>RESULT BEFORE TAXES</b>		<b>12,194,935.42</b>	<b>-3,285,802.67</b>	<b>12,528,926.78</b>
XXIV.	Corporate tax (-)	-181,105.33	-19,829.95	-17,461.14
<b>TAXES</b>		<b>-181,105.33</b>	<b>-19,829.95</b>	<b>-17,461.14</b>
<b>NET RESULT</b>		<b>12,013,830.09</b>	<b>-3,305,632.62</b>	<b>12,511,465.64</b>

The Company has no "other comprehensive income" within the meaning of IAS 1, so that the Company's net income is equal to the overall result.

### Net result per share

Amounts shown in euros.

Financial year as closed on 31 December	2015	2014	2013 (*)
<b>Net result per share, based on weighted average shares outstanding</b>	<b>1,0135</b>	<b>-0,3213</b>	<b>1.225,41</b>
gross yield compared to stock market price on closing date	6,67%	-2,01%	9,08%

(\*) amount based on 10,210 outstanding shares as at 31 December 2013 – as at 24 March 2014 the shares were split by dividing by 1,000.



## Adjusted net result

Amounts shown in euros.

Financial year as closed on 31 December	2015	2014	2013
<b>NET RESULT</b>	<b>12,013,830.09</b>	<b>-3,305,632.62</b>	<b>12,511,465.64</b>
<b>NON-CASH ELEMENTS INCLUDED IN THE NET RESULT</b>			
- depreciation, impairments and reversals of impairments	84,564.60	-92,096.28	114,271.33
- changes in fair value of investment properties	-1,690,056.08	0.00	0.00
- changes in fair value of authorised hedging instruments	-2,847,152.52	10,216,114.92	-4,415,765.05
- projects' profit or loss margin attributed to the period	13,696.59	349,326.45	-709,425.73
- decrease in trade receivables			
(profit or loss margin attributed to previous periods)	266,525.45	408,000.10	417,898.49
<b>NET RESULT EXCLUDING NON-CASH ELEMENTS INCLUDED IN THE RESULT</b>	<b>7,841,408.13</b>	<b>7,575,712.57</b>	<b>7,918,444.68</b>
<b>net result per share, excluding non-cash elements included in the result, attributable to all shares of the Company based on the weighted average number of shares</b>	<b>0.6615</b>	<b>0.7363</b>	<b>775.56,<sup>(*)</sup></b>
gross yield compared to stock market price on closing date	4.35%	4.60%	5.75%

(\*) amount based on 10,210 outstanding shares as at 31 December 2013 – as at 24 March 2014 the shares were split by dividing by 1,000.

### Net Rental Income

Mainly due to the new acquisitions the Company made in 2015, an increase in the overall rental income of 7.4% compared to the previous financial year was recorded. As of the financial year 2015 the payments received by the Company in respect of the 76 leases from the initial investment programme generate a full year of rental income, given that the leasehold period of the last completed project started in 2014. The payments from finance leases from the initial investment programme increased therefore from €12,786,086.70 in the financial year 2014 to €13,116,715.15 in the financial year 2015. The rent generated from investment properties (mainly B. Turnhout and Croonenburg) amounted to €620,321.69 in the financial year 2015. These are the two main reasons for the increase in rental income.

### Operating result

The real estate expert values the Company's real estate on its balance sheet on a quarterly basis in accordance with IAS 40. Due to the increase in the fair value of its real estate portfolio since it was acquired, on 31 December 2015 a positive result was already recorded as changes in the fair value of investment properties. This gain largely explains the increase in the operating result, together with the increased costs associated with the status of the Company as RREC ("GVV") and the increase in personnel costs.

### Financial result

Influenced by the rise in interest rates, a positive variation of the financial instruments was recorded at the end of the financial year 2015.

### Corporate tax

The Company's subsidiaries are subject to corporate tax. Consequently the estimated taxes of those companies increase the total taxes.



## 3.2 Consolidated balance sheet

Amounts shown in euros.

Financial year as closed on 31 December	Notes	2015	2014	2013
<b>ASSETS</b>				
<b>I. Non-current assets</b>		<b>221,298,315.40</b>	<b>173,610,042.63</b>	<b>167,633,138.96</b>
C. Investment properties	D.a.	49,960,748.55	2,250,000.00	0.00
D. Other tangible fixed assets	D.b.	2,071,965.41	1,814,186.76	4,982,491.76
E. Financial fixed assets	D.c.	6,270.00	6,302.40	5,952.40
F. Finance lease receivables	D.d.	157,005,329.44	157,005,329.43	149,353,144.21
G. Trade receivables and other non-current assets concerning projects in progress	D.e.	12,254,002.00	12,534,224.04	13,291,550.59
concerning delivered projects		0.00	0.00	412,823.35
		12,254,002.00	12,534,224.04	12,878,727.24
<b>II. Current assets</b>		<b>8,979,912.44</b>	<b>9,599,482.04</b>	<b>6,102,029.92</b>
D. Trade receivables	E.a.	49,510.40	111,222.27	137,002.27
E. Tax receivables and other current assets corporate tax	E.b.	361,757.78	162,594.04	247,635.65
other		267,119.66	14,078.12	157,720.85
		94,638.12	148,515.92	89,914.80
F. Cash and cash equivalents	E.c.	8,547,845.86	9,316,647.11	5,688,534.04
G. Deferrals and accruals	E.d.	20,798.40	9,018.62	28,857.96
<b>TOTAL ASSETS</b>		<b>230,278,227.84</b>	<b>183,209,524.67</b>	<b>173,735,168.88</b>

Financial year as closed on 31 December	Notes	2015	2014	2013
<b>LIABILITIES</b>				
<b>EQUITY</b>		<b>100,299,744.76</b>	<b>66,026,733.76</b>	<b>73,957,553.60</b>
A. Capital	F.a.	78,442,491.65	61,633,399.04	60,744,395.00
B. Share premium	F.b.	20,592,745.89	1,191,440.24	0.00
C. Reserves	F.c.	-3,281,714.37	6,507,527.10	701,692.96
D. Net result for the financial year	F.d.	4,546,221.59	-3,305,632.62	12,511,465.64
<b>LIABILITIES</b>		<b>129,978,483.08</b>	<b>117,182,790.91</b>	<b>99,777,615.28</b>
<b>I. Non-current liabilities</b>		<b>124,103,757.25</b>	<b>110,016,205.31</b>	<b>95,211,193.31</b>
B. Non-current financial liabilities	G.a.	100,263,959.66	87,860,038.31	83,270,038.31
C. Other non-current financial liabilities authorised hedging instruments	G.b.	19,309,535.00	22,156,167.00	11,941,155.00
		19,309,535.00	22,156,167.00	11,941,155.00
F. Deferred taxes	G.c.	4,530,262.59	0.00	0.00
<b>II. Current liabilities</b>		<b>5,874,725.83</b>	<b>7,166,585.60</b>	<b>4,566,421.97</b>
B. Current financial liabilities	G.d.	718,507.47	0.00	0.00
D. Trade payables and other current liabilities	G.e.	4,389,028.40	6,834,445.15	4,246,581.89
Trade payables		0.00	2,137,500.00	0.00
Other suppliers		4,389,028.40	4,696,945.15	4,246,581.89
tenants		3,995,195.63	4,390,493.94	4,026,795.55
taxes, remuneration and social insurance charges		1,700.00	0.00	0.00
		392,132.77	306,451.21	219,786.34
E. Other current liabilities	G.f.	345,630.52	78,816.53	70,051.55
F. Deferrals and accruals prepayments of property revenue	G.g.	421,559.44	253,323.92	249,788.53
accrued and not due interest		72,609.52	0.00	3,081.12
accrued costs		167,315.60	159,478.67	142,014.43
		181,634.32	93,845.25	104,692.98
<b>TOTAL EQUITY + LIABILITIES</b>		<b>230,278,227.84</b>	<b>183,209,524.67</b>	<b>173,735,168.88</b>

### Investment properties

After the project in Gullegem which was the first investment property to be added to the total portfolio of the company in accordance with IAS 40, the portfolio was further expanded in 2015 through the acquisition of 3 additional residential complexes for the elderly. The real estate expert confirms the fair value of this real estate portfolio at a total amount of approximately 50 million euro. The fair value is equal to the investment value (or the "deed in hand" value including all purchase costs) from which the transfer taxes were deducted at the rate of 2.5%. Since these purchases took place in late 2015, these new acquisitions contributed to the rental income from the last quarter of 2015.

### Finance lease receivables

Includes all final superficies charges that must be paid back within the context of the superficies contracts for the 76 projects from the initial investment programme. This amount remains unchanged from the previous financial year as the last project was completed in 2014.

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

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

### Equity

The capital and the equity of the company were strengthened by the capital increase of 22 June 2015 whereby 38 million euro was collected. A drop in interest rates resulting in a decrease in the fair value of the financial instruments has also had an impact on equity, in particular a decrease of the reserves. The increase in the issue premium can be explained within the context of the capital increase whereby an issue premium of €21,191,125.14 was booked on a non-available account, less expenses amounting to €1,789,819.49. The decrease of the reserves is mainly due to changes in the fair value of hedging instruments. The reserve balance of changes in fair value of hedging instruments went from €- 11,941,155.00 in the financial year 2014 to €- 22,156,167.00 in the financial year 2015.

### Debts and liabilities

Financial year as closed on 31 December	2015	2014	2013
average remaining term of financial debts	14.60 years	17.72 years	17.98 years
nominal amount of long term financial debts	100,263,959.66	87,860,038.31	83,270,038.31
weighted average interest rate	4.17%	4.08%	4.14%
nominal amount of the portion of financial liabilities hedged by a financial instrument	35,791,937.59	35,791,937.59	35,791,937.59
fair value of the hedging instruments	19,309,535.00	22,156,167.00	11,941,155.00

The increase in the nominal amount of the financial debts to 100 million euro relates entirely to the loans that were acquired on the acquisition of 2 buildings. The company has no undrawn credit facilities.

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

Amounts shown in euros.

Financial year as closed on 31 December	2015	2014	2013 <sup>(*)</sup>
<b>NET ASSETS</b>	<b>100,299,744.76</b>	<b>66,026,733.76</b>	<b>73,957,553.60</b>
net value per share	7.62	6.38	7,243.64
<b>NET ASSETS (not including changes in the fair value of authorised hedging instruments)</b>	<b>119,609,279.76</b>	<b>88,182,900.76</b>	<b>85,898,708.60</b>
net value per share, without taking into account the changes in the fair value of the authorised hedging instruments	9.08	8.53	8,413.19
<b>NET ASSETS (not including changes in the fair value of authorised hedging instruments but including the fair value of trade receivables)</b>	<b>172,239,425.85</b>	<b>135,832,271.15</b>	<b>87,101,809.30</b>
net value per share, without taking into account the changes in the fair value of the authorised hedging instruments, but including the fair value of the lease receivables on the cut-off date	13.08	13.13	8,531.03

In accordance with the regulated real estate companies act (GVV Act) the shares held by the company in its own capital are not included in the calculation of the net value per share. Without taking into account the interim dividend that was paid in December 2015, the net value per share would be €8.18.

(\*) amount based on 10,210 outstanding shares as at 31 December 2013 – as at 24 March 2014 the shares were split by dividing by 1,000.

## 5. Appropriation of the results

The Board of Directors approved on 30 November 2015 an interim dividend for the 2015 financial year.

The coupons numbered 3 and 5 afford the right to this payment.

Coupon number 3 represents a pro rata entitlement to dividends from 1 January 2015 to 21 June 2015.

Coupon number 5 represents a pro rata entitlement to dividends from 22 June 2015 to 31 December 2015.

The shares issued following the capital increase in 2015, share in the profits as of 22 June 2015 and were issued with coupons attached from number 5.

number of existing shares before new share issue	10,359,425
new shares issued in June 2015	2,825,295
<b>total number of shares on the closing date</b>	<b>13,184,720</b>

The following gross coupons were approved by the Board of Directors as an advance on the dividend with respect to the 2015 financial year, and were made payable on 21 December 2015:

for coupon number 3	€0.296877
for coupon number 5	€0.333123
<b>total gross interim dividend coupons numbers 3 and 5</b>	<b>€0.63</b>
gross yield as a percentage of market price	4.14%

corresponding to the following net dividends (after deduction of 15% withholding tax)

for coupon number 3	€0.2523
for coupon number 5	€0.2832
<b>total net interim dividend coupons numbers 3 and 5</b>	<b>€0.5355</b>

net yield as a percentage of market price	3.52%
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Total gross amount for 10,359,425 shares entitled to coupon number 3	€3,075,475.02
Total gross amount for 13,184,720 shares entitled to coupon number 5	€4,392,133.48
<b>Total gross interim dividend</b>	<b>€7,467,608.50</b>

The statutory net result as at 31 December 2015, excluding non-cash elements, amounts to €7,721,804.06 (see page 139). At the company's Annual General Meeting, a proposal will be presented to pay no additional dividend for the 2015 financial year and to carry forward the balance of €254,195.56 to the following financial year. The payout ratio will then be 97%.

The amount calculated in accordance with Article 13 of the RREC Decree is €4,983,789.58 for the 2015 financial year, which is the minimum amount which should be paid out as reimbursement of the capital in the event of a positive net result for the year (see Chapter "VII. Financial Statements", point "E. Dividend payment obligation pursuant to the Royal Decree of 13 July 2014 concerning RRECs " from page 142 onwards).

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

As Care Property Invest no longer exceeds the debt ratio of 50% (45.80% as at 31 December 2015), it is no longer required to draw up a financial plan in accordance with Article 24 of the RREC Royal Decree.

### 6.1 Hypotheses

On the basis of the balance sheet and income statement for the financial year 2015 a prognosis was made of the outlook for the coming financial years. The following hypotheses were taken as the starting point:

- the rental income was increased by, on the one hand, the annual indexation, but above all by the increase that had to be made following the increase of the withholding tax (from 15% to 27% on the dividends that the Company pays out) which, in accordance with the leasing agreements, has to be passed on (see also Chapter "V. Care Property Invest on the stock market", point 2 "Dividend policy" on page 62).
- a slight increase in the operating expenses of the Company;
- further fluctuations in the fair value of the financial instruments were not taken into account, since these are difficult to predict and, moreover, do not affect the result to be paid out;
- new projects will be provisionally financed with the Company's own resources and additional new credit facilities

## 6.2 Conclusion on outlook for the debt ratio

Based on the above assumptions, even with the realisation of the upcoming investments amounting to €50 million, the maximum debt ratio of 65% will not be exceeded on a consolidated basis in 2016. As at 31 December 2015, the debt ratio, calculated in accordance with Article 13 of the RREC Decree, was 45.80%. The Board of Directors evaluates its liquidity requirements in good time and, to avoid reaching the maximum debt ratio, considers a capital increase as well as contributions in kind to belong to the possibilities.

## 6.3 Conclusion on outlook for dividends and distributable results

Care Property Invest will propose to the general meeting of shareholders on 18 May 2016 that no additional dividend be paid out and the advance that was paid in December 2015 be considered the full dividend payment.

Barring unforeseen circumstances, the Board of Directors proposes that an equivalent dividend payment be made for the 2016 financial year. Considering the uncertainty of the current economic situation and the impact this has on the results of Care Property Invest, just as for the financial year 2014, if there is a negative result the Company will not be obliged to pay out a remuneration on the capital. On the basis of the current existing agreements that will generate income for an average of 18 years, the Company expects to be able to pay a stable dividend. Moreover, the new acquisitions will generate additional revenue from the financial year 2016. The solvency of the Company is supported by the stable value of its real estate projects.

## 6.4 Disclaimer

This report contains forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from the results that may be implied by such forward-looking statements in this report.

Important factors that could affect such results include changes in economic, business, and environmental factors. These statements were prepared under the responsibility of the company's Board of Directors, in accordance with the guidelines of Regulation (EC) No. 809/2004.

# 7. Main risks

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

## 8. Transactions with related parties

The transactions with related parties, as defined by IAS standard 24 and the Companies Code, are the subject of the notes to the financial statements presented later in this document (see “VII. Financial Statements” point “6. Notes to the Financial Statements” from page 94 onwards). These transactions include the remuneration of the executive managing and other directors and non-executive directors of the Company.

No transactions were conducted during the 2015 financial year that fell outside the scope of normal commercial relations.

During the 2015 financial year, the following directors bought shares in the Company:

- Mr Willy Pintens: 2,000 shares on 22 June 2015 at €13.45 per share
- Mr Mark Suykens: 2,000 shares on 18 June 2015 at €13.45 per share

The Board of Directors also decided to award 2,000 shares to Mr Peter Van Heukelom as a one-time special bonus. In accordance with the guidelines of the tax administration, a period of conventional non-transferability (unavailability) of two years applies.

## 9. Conflicts of interest

In application of Article 37 of the RREC Law and Article 8 of the RREC Decree, the credit agreements contracted with the promoters of the RREC must be disclosed. No new credit agreements were contracted during the 2015 financial year. The transactions contracted previously have been posted on the Company's website. In application of Article 523 of the Companies Code, a member of the Board of Directors who has a direct or indirect interest of a financial nature that conflicts with a decision or transaction that falls within the competence of the Board of Directors may not participate in the discussions of the Board. The copies of the approved minutes of the meetings were submitted to the statutory auditor. The texts of the minutes showing the decisions are listed below.

**The meeting of the Board of Directors of 11 March 2015** resolved to award a bonus to the staff and a special bonus to Peter Van Heukelom.

**Minutes:** "6. Award of a bonus to the staff: 2014 financial year, on the basis of the evaluations as at 31.12.2014 and of a once-only special bonus to the CEO. (Annex 8, being a summary of the proposed bonuses to employees, was produced). Mr Peter Van Heukelom, CEO, reported with regard to decision-making on the proposal to award the bonus amount for the 2014 financial year to the staff, of which, in his capacity as CEO, he is a member, that he had a direct financial interest of a proprietary nature, as referred to in Article 523 of the Companies Code, and that he had already reported this to the statutory auditor. Mr Peter van Heukelom took no further part in the discussions and voting, and left the meeting during these, together with the Minutes Secretary (Mr Filip Van Zeebroeck). The Board of Directors decided on 14.02.2007 to regulate the award of bonuses to staff in a structured manner and to add a variable form of remuneration to the fixed salary. The total bonus budget for 2014 (including all costs of social insurance, holiday allowances etc.) is set at 1.2% of the company's net profit in 2014, as specified in the decision of the Board of Directors of 11.02.2011 concerning remuneration policy. The award of the bonus to the individual staff members will be made subject to a positive evaluation for the past financial year. The terms for this were developed by the Management Board on 29.08.2007. The evaluation is conducted by the managing directors and presented in an evaluation form countersigned by the staff member in question. The CEO does not participate in his own evaluation. One quarter of this bonus is paid in cash and three quarters via the group insurance. The Board of Directors also resolved to award a one-time special bonus to the CEO, amounting to 2,000 shares of the company, for his exceptional performance in the 2014 financial year. ... The Board of Directors approved the bonus and the bonus allocations and also decided to award the one-time special bonus to the CEO."

**The meeting of the Board of Directors on 18 December 2015** took a decision on the principles for the conclusion of a management agreement with Peter Van Heukelom.

**Minutes:** "5. Management agreement with Peter Van Heukelom (Annex 6). The Board of Directors took note of the memorandum regarding the management agreement with Peter Van Heukelom. The Board of Directors unanimously resolved to adopt the principles in this document, including the assumption of self-employed status by Mr Peter Van Heukelom, and instructed the Management Board to develop these principles in more detail."

Peter Van Heukelom has a direct financial interest of a proprietary nature, as referred to in Article 523 of the Companies Code, in decision-making on this agenda item. This was notified to the statutory auditor in advance.

## 10. Research and development

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

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

On 22 June 2015 the Company's capital was increased by €16,809,092.61 by means of a contribution in cash with irrevocable allocation right (*see also under IV. "Report of the Board of Directors", point 2.1.3 on page 37*). This increase took place within the authorisation of the Board of Directors to increase the paid-up capital by €60.744 million (in accordance with Article 7 of the articles of association). The authorisation was granted for a period of five years from 16 April 2014 (being the publication date of the minutes of the General Meeting of 19 March 2014) and is renewable. Taking into account the capital increase on 22 June 2015, a balance remains of €43.93 million.

## 12. Participating interests

The Company has three subsidiaries:

- M.S.T. bvba: a 100% subsidiary of Care Property Invest. M.S.T. bvba, in turn, holds all the shares of the company Boeyendaalhof nv.
- B. TURNHOUT nv: Care Property Invest holds all but one of the shares in this subsidiary. One share is held by Croonenburg nv, a subsidiary of Care Property Invest
- CROONENBURG nv: Care Property Invest holds all but one of the shares in this subsidiary. One share is held by B. Turnhout nv, a subsidiary of Care Property Invest.

## 13. Treasury shares

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

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

Consequently, the reserve for the shares amounts to €241,231.50.

The capital value of €89,420.99 represents 0.11% of the total share capital in issue as at 31 December 2015. The value of the shares, based on the market price of €15.20 as at 31 December 2015, amounts to €228,456.



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

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

### 14.1 Capital structure

There are two types of shares: special shares and ordinary shares, all without par value: all shares are subscribed and paid up in full. As at 31 December 2015, 150,000 special shares and 13,034,720 ordinary shares were in issue. Information on changes is included under Chapter "IX. Permanent Document", point 3 "History of the share capital" on page 209. The following relevant articles of association were included in full in the coordinated articles of association (*presented in Chapter "IX. Permanent Document" from page 210 and available on the website [www.carepropertyinvest.be](http://www.carepropertyinvest.be)*).

ARTICLE 6 of the coordinated articles of association as at 22 June 2015 - CAPITAL

ARTICLE 7 of the coordinated articles of association as at 22 June 2015 - AUTHORISED CAPITAL

ARTICLE 8 of the coordinated articles of association as at 22 June 2015 - CHANGES IN THE CAPITAL

ARTICLE 9 of the coordinated articles of association as at 22 June 2015 - NATURE OF THE SHARES

Pursuant to Article 37 of the articles of association, each share carries the right to one vote (except for the 15,030 shares held by the Company itself, for which the voting rights are suspended)

The details of the capital structure are included in Chapter "V. Care Property Invest on the stock market" on page 63.

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

On 31 December 2015, Care Property Invest held 15,030 shares (with a book value of €241,231.50 or €16.05 per share) following the exercise of withdrawal rights in connection with the change of its status to an RREC on 25 November 2014), the voting rights of which are suspended in compliance with Article 622 of the Companies Code.

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

The following relevant articles of association were included in full in the coordinated articles of association presented in Chapter "IX. Permanent Document" from page 210, and available on the website [www.carepropertyinvest.be](http://www.carepropertyinvest.be).

ARTICLE 12 of the coordinated articles of association as at 22 June 2015 -  
TRANSFER OF SHARES A, B, C, D, E and F

ARTICLE 13 of the coordinated articles of association as at 22 June 2015 -  
TRANSFER OF ORDINARY SHARES

ARTICLE 15 of the coordinated articles of association as at 22 June 2015 -  
DISCLOSURE OF SIGNIFICANT INTERESTS

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

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

Reference is made in this regard to the above statements under "Capital structure" and Articles 12, 16, 17, 18, 19, 20, 26, 27, 31 and 35 of the coordinated articles of association included in Chapter "IX. Permanent document" presented from page 210, which can also be viewed at [www.carepropertyinvest.be](http://www.carepropertyinvest.be).

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

Not applicable: there are no share schemes.

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

Not applicable.

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

The following relevant articles of association were included in full in the coordinated articles of association presented in Chapter "IX. Permanent Document" from page 210 and which can also be viewed at [www.carepropertyinvest.be](http://www.carepropertyinvest.be).

ARTICLE 16 of the coordinated articles of association as at 22 June 2015 -

COMPOSITION OF THE BOARD OF DIRECTORS

ARTICLE 17 of the coordinated articles of association as at 22 June 2015 - PREMATURE VACANCY

ARTICLE 18 of the coordinated articles of association as at 22 June 2015 - CHAIRMANSHIP

ARTICLE 25 of the coordinated articles of association as at 22 June 2015 - COMMITTEES

ARTICLE 27 of the coordinated articles of association as at 22 June 2015 - DAILY MANAGEMENT

#### **14.8 The rules for amending the articles of association**

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

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

The following relevant article from the coordinated articles of association was included in full in Chapter "IX. Permanent document" presented from page 210, which can also be viewed at [www.carepropertyinvest.be](http://www.carepropertyinvest.be).

ARTICLE 14 of the coordinated articles of association as at 22 June 2015 - ACQUISITION OF OWN SHARES.

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

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

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

Consequently, the reserve for the shares amounts to €241,231.50.

The capital value of €89,420.99 represents 0.11% of the total share capital in issue as at 31 December 2015.

The value of the shares, based on the market price of €15.20 as at 31 December 2015, amounts to €228,456.00. Otherwise the general meeting has granted no approval to acquire shares. The Board of Directors can issue shares within the context of the authorised capital. To date, the remaining authorised capital amounts to €49.93 million.

See also the notes concerning treasury shares under point 13 "Treasury shares" on page 48, concerning the sale of treasury shares.

There are no significant agreements to which the Company is party and which take effect, undergo changes or expire in the event of a change of control over the Company following a public takeover bid.

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

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

The rules on the transfer of the special and the ordinary shares were included in the articles of association. The relevant articles of the coordinated articles of association are included in full under Chapter "IX Permanent document", from page 210 and can be viewed at [www.carepropertyinvest.be](http://www.carepropertyinvest.be).

ARTICLE 12 of the coordinated articles of association as at 22 June 2015 -  
TRANSFER OF SHARES A, B, C, D, E, F

ARTICLE 13 of the coordinated articles of association as at 22 June 2015 -  
TRANSFER OF ORDINARY SHARES

No additional agreements were contracted in that regard.

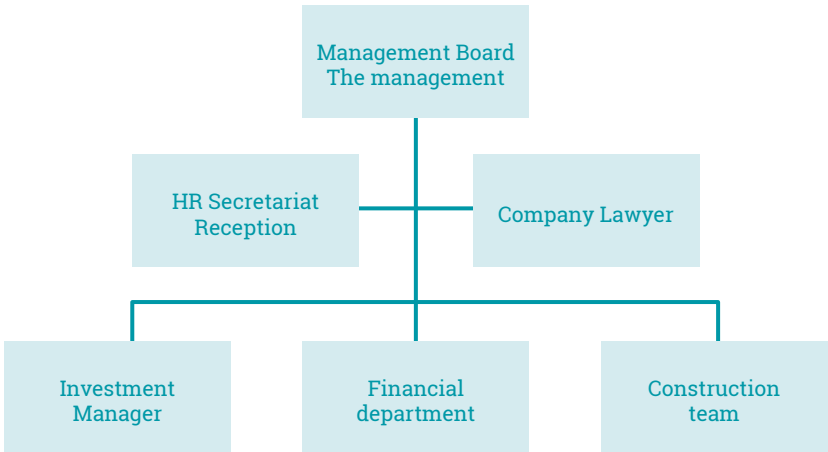
#### **14.11 Significant agreements to which Care Property Invest is party and which take effect, undergo changes or expire in the event of a change of control over Care Property Invest following a public takeover bid.**

Not applicable.

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

### 15.1 General

Corporate governance considerations are explained in the Corporate Governance Charter (Part VIII). The operations of the Company are structured as follows.



With regard to new projects, all projects submitted for decision-making to the Board of Directors are prepared by the multidisciplinary team of Care Property Invest (construction team, financial services, company lawyer and commercial (marketing) team). After thorough analysis, the documentation is completed and processed into a project proposal to the Board of Directors. Summary: presentation of initiators: identification, description of the proposed real estate project, description, approvals, land position, phasing of the project, budget, location: distances to service centres, supply of care provision in the sector, cultural facilities, accessibility, public transport, business plan, corporate plan, financial plan, proposal to the Board of Directors, proposed investment structure, duration, proposed yield, indexation, leasehold and/or building, funding, timing, risk profile of the transaction, environmental factors: risk profile of the initiators, contractors, service providers, etc.

## 15.2 Management Board/Management

The CEO is in charge of the operational functioning of the company and leads, monitors and evaluates the performance of the staff. The CEO is monitored by the two other Managing Directors. A permanent adviser with no decision-making powers is attached to the Management Board.

The CEO is responsible for the operational management of Care Property Invest. The different services (*see below*) report to and are directed by him. Care Property Invest has a relatively limited executive management. Where necessary, therefore, the CEO also undertakes various operational tasks. Some examples include:

- Given his training, experience and banking background, he serves as the CFO. Together with the financial service, he monitors financial risks and prepares regular reports and publications.
- The CEO also serves as the Personnel Director. He prepares all decisions regarding hiring and dismissal of employees and submits these for decision-making to the Management Board and the Board of Directors.
- Prospecting for new projects. The CEO personally follows up all prospects in the pipeline. Given their importance for the future of the Company, this remains part of the CEO's field of activity.
- The CEO is easily accessible to the clients and shareholders of Care Property Invest. Questions or complaints are presented almost directly to the CEO and are dealt with quickly. The CEO is therefore in close touch with and aware of all developments or complications in and relating to the business.
- The CEO is also present on the construction sites. In order to remain fully informed of developments in the projects, he conducts regular site visits.

Apart from the CEO, the management consists of a small team of support staff.

### Company lawyer

The company lawyer is responsible for all contractual, social law and other legal matters and matters relating to the articles of association. He advises and supports Care Property Invest in these areas. Specialised law firms are engaged for specialised legal advice.

### Secretariat

The secretariat consists of two people and is headed by the management secretary, who also manages the HR administration. The HR function is shared between the CEO and the secretariat, in cooperation with the social secretariat (SD Worx).

The secretariat is also at the service of everyone within Care Property Invest. Specifically, this includes preparation of tender documents in cooperation with the project managers, administrative monitoring of contracts, administrative follow-up and settlement of deliveries, handling complaints, responses to and referral of questions from clients, shareholders and directors to the right people, monitoring the house style, preparation and producing publications: annual reports, other regular reports, the website, brochures, preparing and drafting agendas for meetings of the Board of Directors, developing schedules for the general meetings, practical organisation of general meetings, etc.

### 15.3 Investment Manager

In 2014, an employee was hired for the further development and monitoring of contacts with potential promoters and for winning orders for projects. In close cooperation with the CEO and one external commercial consultant, she develops the project proposals for the Board of Directors to decide on. Because of the importance of the commercial operation for the future development of Care Property Invest, the CEO himself is heavily involved and frequently present on the ground through targeted prospecting and networking. The intention is to further develop these prospective activities through the recruitment of the new staff member. In addition to prospecting and further monitoring of investment projects, the investment manager, together with the CEO and the company lawyer, is also responsible for company communications.

### 15.4 Financial department

The financial department is responsible for accounting, credit control, reporting quarterly results to the Board of Directors and the preparation of the financial statements and the report as at 30 June. Care Property Invest has chosen to perform all accounting and financial operations and reporting internally with its own staff. Care Property Invest has not appointed a separate CFO. The head of accounting reports directly to the CEO, who acts as the CFO.

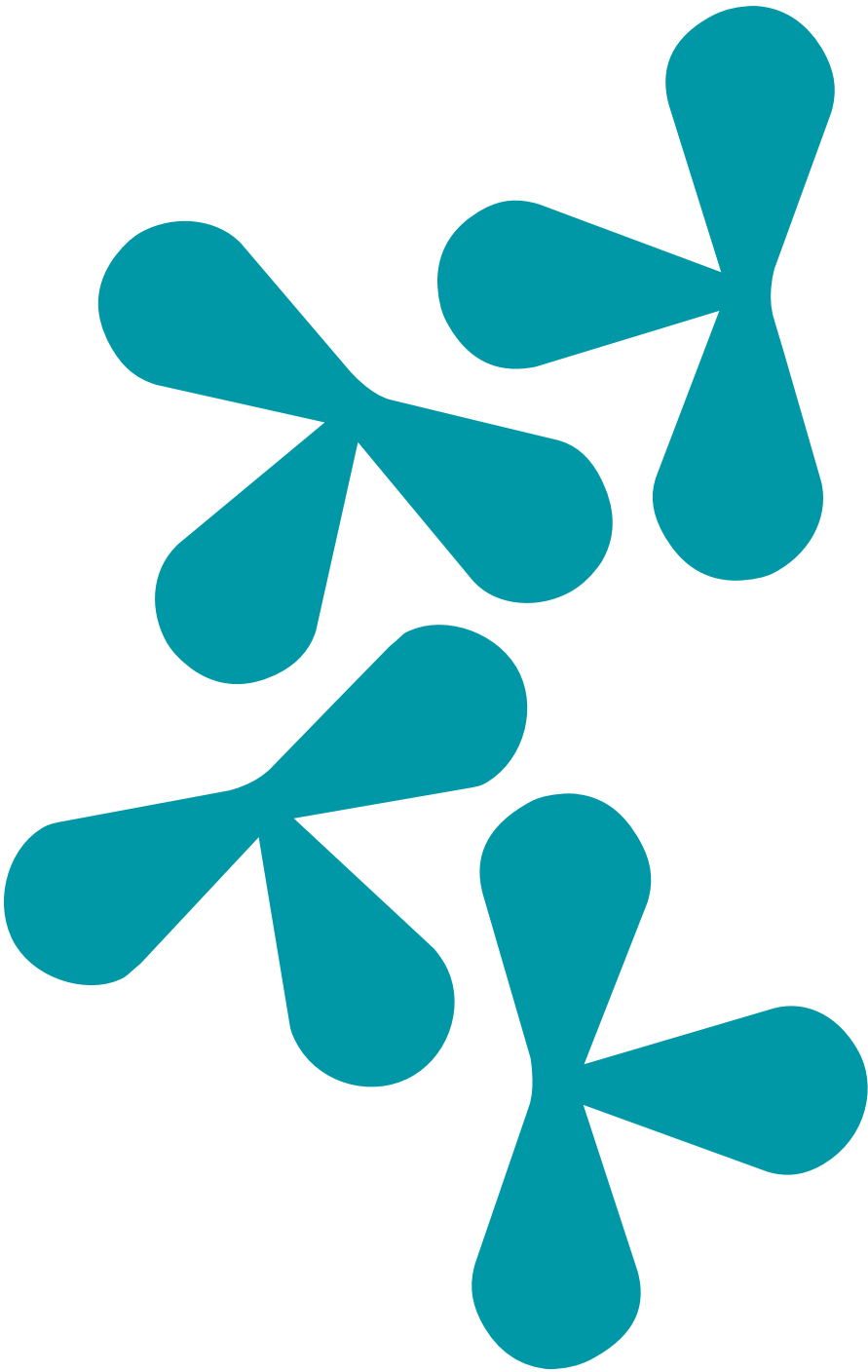
### 15.5 Construction team

Given the intense construction activities of Care Property Invest, the construction team has a special central and important task. All activities are led and followed up by an internal architect-project manager and an engineer-project manager from the first feasibility study to the after-care after provisional and final delivery. Promoters regard this operational guidance as an important service of Care Property Invest. Many projects have been entrusted to us because of this significant added value in the realisation of residential care property.

As in any commercial/operational business, the Company also uses external suppliers. When such external suppliers are used, Care Property Invest bears the responsibility and is in charge of coordination.

Examples of such external suppliers include contractors and architects, representatives of the promoters, EPB reporters, safety coordinators, utility companies and spatial planning officials.









V. Care Property Invest on the stock market

## V. Care Property Invest on the stock market

### 1. Share price and volume

Care Property Invest's shares have been listed on the Euronext Brussels continuous trading market since 7 February 1996. A brief history:

- **16 May 2001:** capital increase of €565.69 through incorporation of a reserve for the conversion of the capital from Belgian francs to euros.
- **24 March 2014:** share split by a factor of 1,000. From this date, the share capital of the company was represented by 10,210,000 shares rather than 10,210 shares.
- **20 June 2014:** capital increase in kind of €889,004.04 in capital and share premium of €1,191,440.24 through the issuance of 149,425 new shares in connection with the optional dividend for the 2013 financial year<sup>1</sup>. From this date, the share capital of the Company was represented by 10,359,425 shares.
- **25 November 2014:** buy-back of 17,030 Care Property Invest ordinary shares by the Company following the exercise of withdrawal rights by certain shareholders pursuant to the change to RREC status, for an amount of €273,331.50, or €16.05 per share.
- **22 June 2015:** capital increase in cash with irrevocable allocation right. The offering of 2,825,295 new shares was fully subscribed at an issue price of €13.45 per share. The gross proceeds of the capital increase amounted to €38,000,217.75. As of 22 June 2015, the share capital was represented by 13,184,720 shares.
- **11 August 2015:** 2,000 of the treasury shares were awarded to the CEO as a one-time special bonus, subject to the statutory condition of inalienability for 2 years.
- **18 November 2015:** the extraordinary general meeting of 18 November 2015 resolved to sell the remaining 15,030 treasury shares within a period of two years on arm's length terms, at a minimum price of the average share price of the last 30 days before the sale.
- **30 November 2015:** the Board of Directors decided to pay an interim dividend for 2015 of €0.63 per share, amounting to €0.5355 net (after deduction of 15% withholding tax) to persons who were in possession of both coupon No. 3 and coupon No. 5. The interim dividend was made payable on 21 December 2015.

<sup>1</sup> [http://carepropertyinvest.be/wp-content/uploads/CP-Invest\\_KD\\_2014\\_Persbericht\\_resultaat\\_keuzedividend\\_20062014.pdf](http://carepropertyinvest.be/wp-content/uploads/CP-Invest_KD_2014_Persbericht_resultaat_keuzedividend_20062014.pdf)

## 1.1 Quantity and types of shares

Amounts shown in euros.

Number of ordinary and special shares on 31 December	2015	2014
<b>Total number of shares</b>	<b>13,184,720</b>	<b>10,359,425</b>
<b>of which:</b>		
- number of ordinary shares	13,034,720	10,209,425
- number of special shares	150,000	150,000

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

number of registered and dematerialised shares on 31 December	2015	2014
<b>Total number of shares:</b>	<b>13,184,720</b>	<b>10,359,425</b>
<b>of which:</b>		
- number of registered ordinary and special shares	237,826	255,748
- number of dematerialised ordinary shares	12,946,894	10,133,677
- number of treasury shares	15,030	17,030
- number of ordinary shares outstanding (after deduction of treasury shares and registered shares)	12,931,864	10,116,647
- number of shares with right to dividends	13,184,720	10,359,425

Value of shares		
Stock price on cut-off date	15.20	15.99
Market capitalisation	200,407,744	165,647,205.75
Net value per share	7.62	6.38
Free float	98.86%	98.55%
Average daily volume	5,282.77	3,428.21
Turnover rate (2)	10.14%	7.88%

Dividend per share		
Gross dividend per share (3)	0.63	0.63
Net dividend per share	0.5355	0.5355
Gross dividend yield per share relative to market price (4)	4.14%	3.94%
Payout ratio (5)	97%	86%

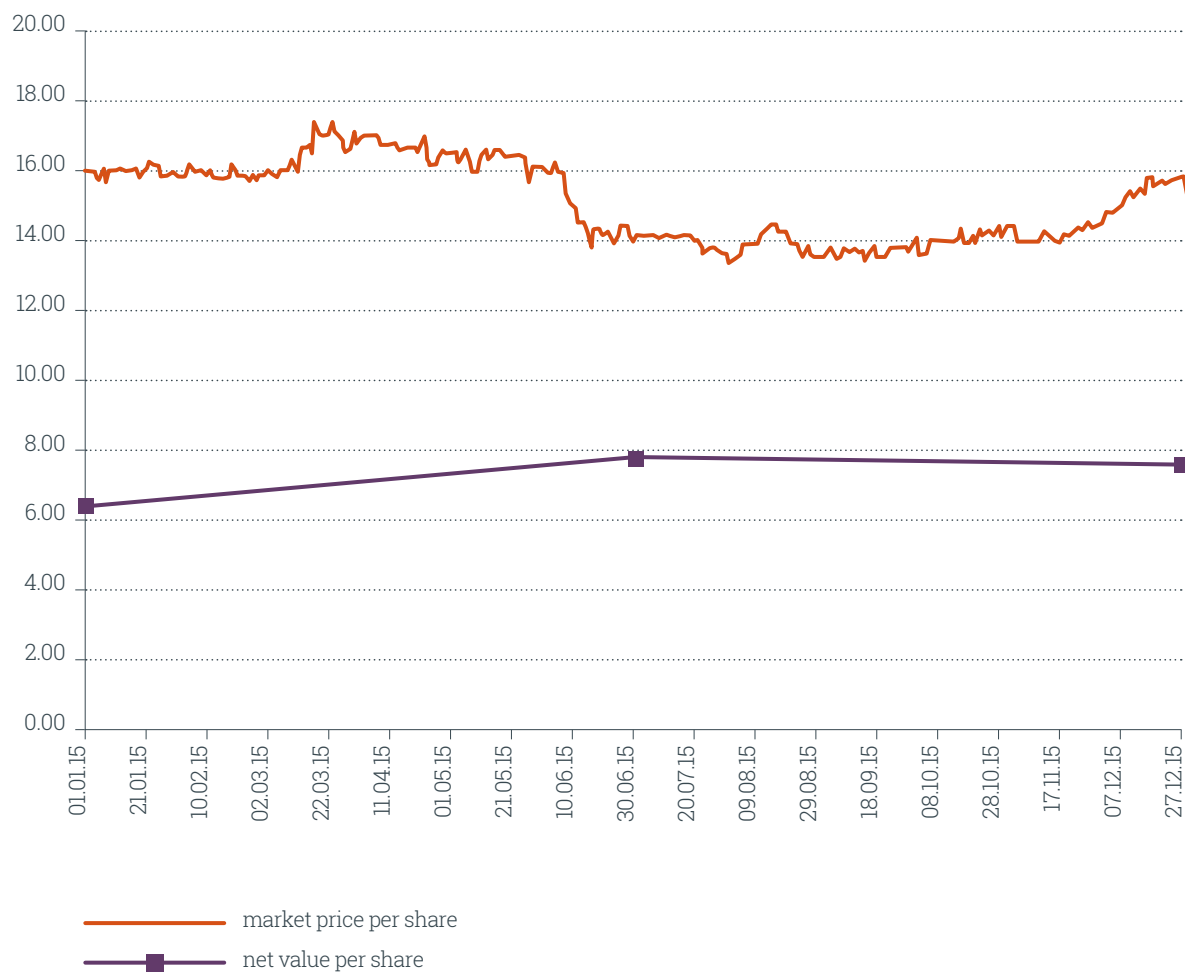
(2) as defined in the Glossary

(3) before 31 December 2015: was paid as an interim dividend on 21 December 2015;  
a proposal will be made to the General Meeting of 18 May 2016 not to pay out any additional final dividend

(4) The gross yield is calculated as follows: gross dividend divided by share price on the closing date.

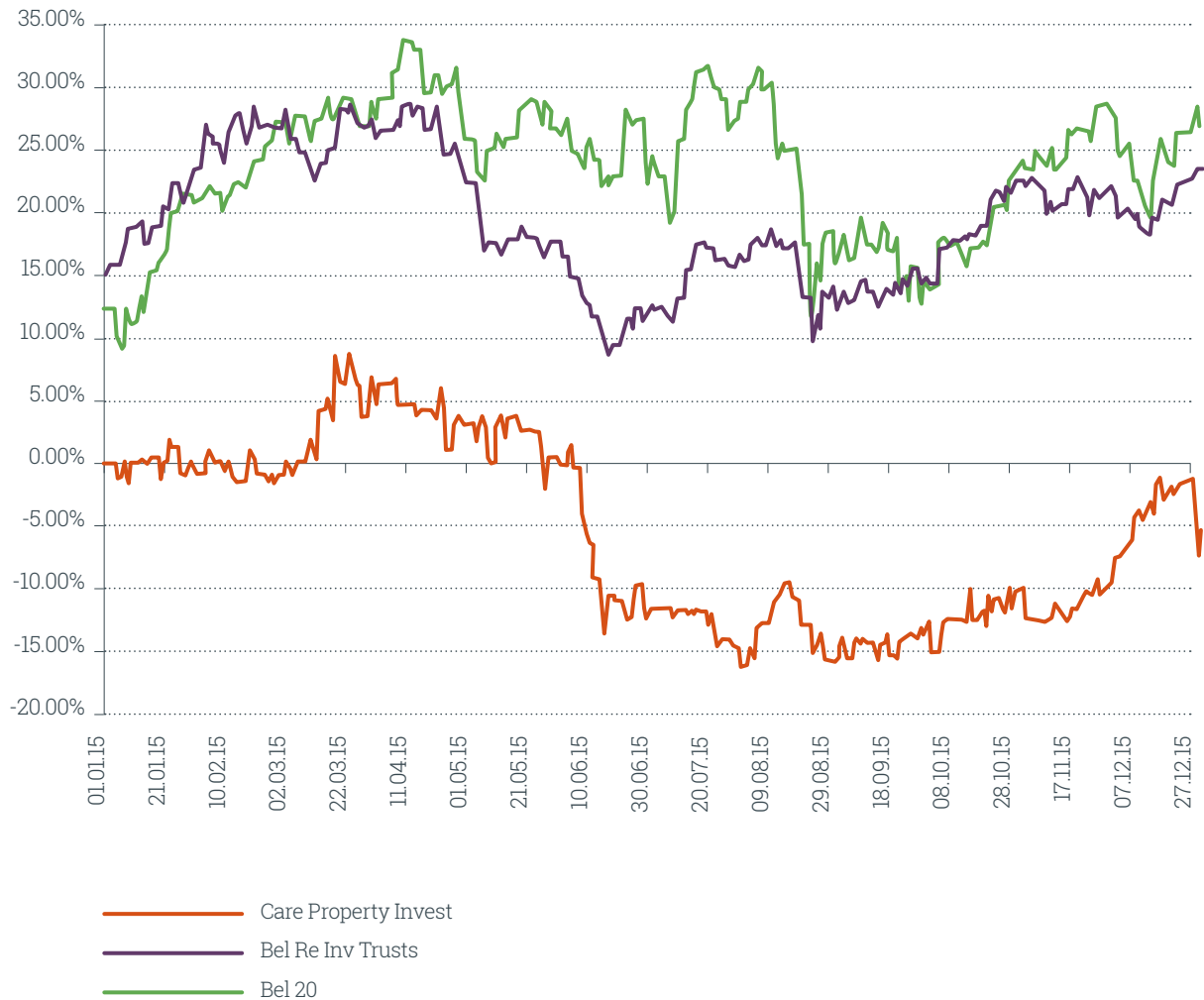
(5) as defined in the Glossary

1.2 Movements in the share price in relation to the net value (or net asset value) of the share





### 1.3 Comparison of market price of shares



## 2. Dividend policy

In accordance with Article 11 §3 of the RREC Law, Article 616 of the Companies Code – which requires a statutory reserve to be kept – does not apply. The minimum pay-out requirement is established in accordance with Article 13 of the RREC Decree. If necessary, and to the extent that there is sufficient profit, a share of the profit is reserved and carried over to the following financial years in order to have more own resources for pre-financing and to be able to provide the shareholders with a stable dividend for the subsequent financial years in accordance with the original prospectus<sup>2</sup>. Since Care Property Invest was a residential regulated real estate company, the withholding tax was 15%. The reduced rate of 15% was however repealed by the Act of 26 December 2015 containing measures to promote job creation and purchasing power (BS 30 December 2015) and increased to 27% from 1 January 2016. In accordance with the provisions of the prospectus and the long lease agreements with OCMWs and NPOs of the original portfolio of 2,000 service flats, this increase was passed on to these leaseholders.

An interim dividend was paid on 21 December 2015 for the financial year 2015 amounting to €0.63 gross (rounded) per share and €0.5355 net per share (which is equivalent to a dividend of €0.63 gross and €0.5355 net for the financial year 2014). As the interim dividend took account of the expected profit for the full financial year, the Board of Directors will propose to the annual general meeting of May 2016 not to approve any additional final dividend for the 2015 financial year. In that case, the interim dividend will therefore constitute the entire dividend for 2015. Article 618 of the Companies Code was complied with.

## 3. Shareholding structure

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

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

<sup>2</sup> Prospectus for public offering of 10,000 shares as issued by Serviceflats Invest nv.

<sup>3</sup> Article 18 of the Law of 2 May 2007 concerning the publication of significant participating interests in issuers whose shares are admitted for trading on a regulated market and containing various provisions.

Share distribution as at 31 December 2015	% of the total capital
<b>Special shareholders</b>	<b>1.14%</b>
BNP PARIBAS FORTIS nv	0.23%
BELFIUS BANK nv	0.61%
KBC BANK NV	0.23%
BANK DEGROOF PETERCAM nv	0.07%
<b>Ordinary shares</b>	<b>98.86%</b>
Registered ordinary shares	0.67%
Dematerialised ordinary shares	98.20%

The above table shows the identity of the four special shareholders and the high percentage of free float, representing the ordinary shares (98.86%). Of these ordinary shares, the vast majority are dematerialised. The special shareholders all hold registered shares.

## 4. Shareholders' calendar

Annual Financial Report 2015	18 April 2016	available on website
Interim statement 1st quarter 2016	12 May 2016	available on website
Ordinary General Meeting	18 May 2016	11.00 a.m., Belfius Grotesteenweg 454 - 2600 Berchem
Half-yearly financial report	22 September 2016	available on website
Interim statement 3rd quarter 2016	17 November 2016	available on website

- ✚ An interim dividend was paid on 21 December 2015 for the financial year 2015 amounting to €0.63 gross (rounded) per share and €0.5355 net per share.







## VI. Real estate report

## VI. Real estate report

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

Care Property Invest distinguishes itself in the market by its specialisation within the market segment of housing for the elderly and people with disabilities. The growing demand for specific infrastructure for these residents with a social added value is one of the factors that shapes the Company's strategy. The demographic changes that the Federal Planning Bureau expects, with population ageing reaching a peak in 2050, is also one of the main themes. At the same time, Care Property Invest meets the expectations of the operators in this market by focusing on long term contracts.

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

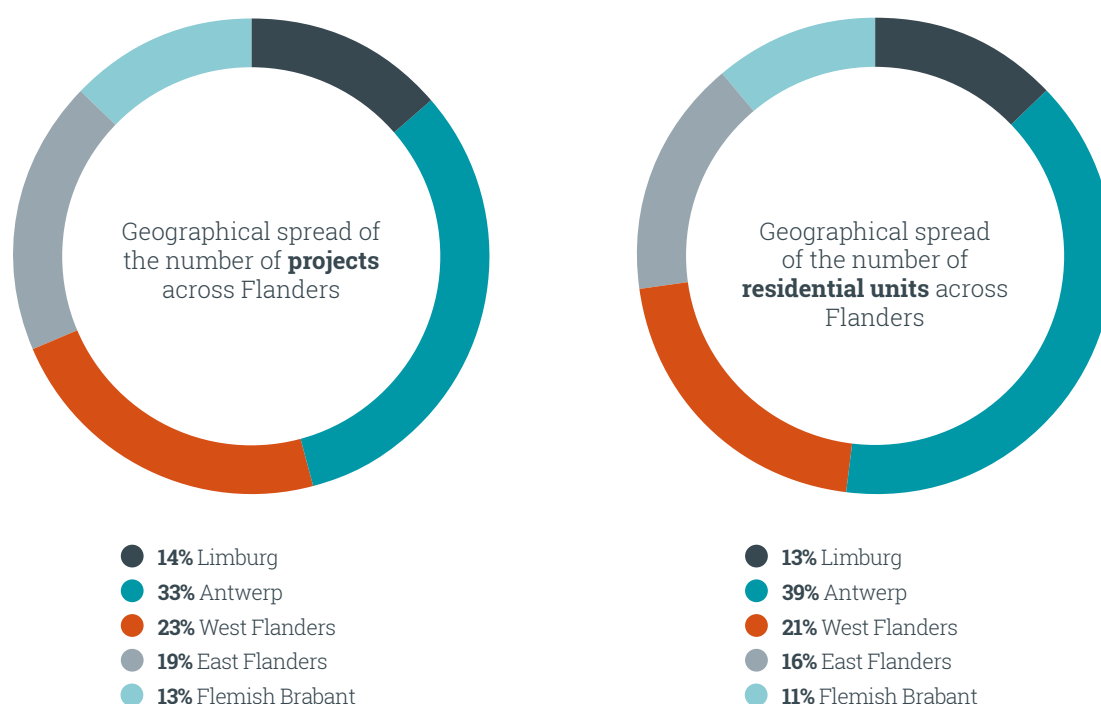
On 29 January 2016, the NBB reported that economic activity increased by 0.3% in the fourth quarter of 2015. The Belgian economy showed signs of recovery in the last quarter of 2015. Despite a decline in the consumer confidence index, the property market in 2015 can be regarded as stable.



## 2. Analysis of the full consolidated property portfolio as at 31 December 2015

### 2.1 Geographical distribution

At present, all projects are located on the territory of the Flemish Region. The 80 completed projects are geographically spread throughout the five Flemish provinces, as follows:



Consequently, no projects have yet been realised in the Brussels-Capital or Walloon Region.

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

	31 December 2015	31 December 2014
OCMW's	89%	93%
Senior Living Group	1%	0%
Vulpia Care Group	4%	0%
Charitable non-profit organisations	6%	7%
<b>Total</b>	<b>100%</b>	<b>100%</b>

The OCMWs account for 91.5% of the Company's total revenue as at 31 December 2015. The remaining revenue (8.5%) results from the eight projects run by non-profit organisations. (the projects Kapellen, Deinze, Nijlen, Assenede (Bassevelde), Zulte, Herenthout (Boeyendaalhof), De Nieuwe Kaai Turnhout and Aan de Kaai Turnhout).

## 2.3 Breakdown of the projects depending on the remaining term of the lease contracts or rental period

	Number of projects	Balance (1)
end between 10 and 15 years	30	€43.76 million
end between 16 and 19 years	16	€33.18 million
end > 20 years	34	€160.48 million
<b>total</b>	<b>80</b>	

(1) The balance comprises the remaining ground rent and rental payments on 1 January 2016, based on the non-indexed ground rent for the full remaining term of the contract (expiry dates not split up) and, in respect to the project where the Company bears the risk of inoccupancy (Gullegem), taking into account an occupancy rate of 100%.

The first building right (of the initial investment programme) will expire in 2026, i.e. within 10.5 years.

The average remaining term of the contracts is 18.4 years. This period includes the remaining term of the building right, which is equal to the remaining leasehold period and the remaining rental period for the contracts in the initial investment programme. For the new projects only the rental or leasehold period has been taken into account.

## 2.4 Breakdown of the projects depending on the age of the buildings

number of projects with first occupation in 2015	1
number of projects with first occupation between 1 and 5 years ago	18
number of projects with first occupation between 5 and 10 years ago	15
number of projects with first occupation more than 10 years ago	46
<b>Total</b>	<b>80</b>

## 2.5 Occupancy rate

Due to the increasing demand for adapted forms of residential accommodation for the elderly, the buildings have few, if any voids. However, the contracts are "triple net" contracts, as a result of which the ground rent is due in full, regardless of occupancy. Any voids of residential units therefore have no impact on the revenues generated by the Company from the initial investment programme, except for the project in Gullegem where the Company incurs the risk of inoccupancy. At the time of drawing up this report, the occupancy rate of this project was 100%.

## 2.6 Insured value of the real estate

During the construction phase, the Company contracts a “construction all risks” insurance as well as a “liability insurance” for the buildings it constructs itself. A 10-year liability insurance is contracted from the date that the projects are made available. The premiums paid by Care Property Invest are all included in the investment amount to be repaid by the lessee and are therefore included in the amount shown for “finance lease receivables”.

The lease contracts include an obligation for the lease holders and for parties to whom the real estate is made available to contract the necessary fire insurance for the new construction value. Also for the real estate booked as investment properties, the lease holder – operator is required to arrange insurance, in accordance with the requirements included in the lease agreement. Care Property Invest thus pays no insurance premiums for these buildings.

## 2.7 Breakdown by building

Real estate projects representing more than 5% of the Company's total assets are the projects Boeyendaalhof in Herenthout (6%), Aan de Kaai (6%) and De Nieuwe Kaai (7%) in Turnhout. More information concerning these projects is mentioned under “New projects”. In accordance with Article 30 of the RREC Law these projects are considered as a single property with respect to the investment risk relating to the tenant or the user of the buildings since the relevant non-profit organisations are part of the Vulpia Care Group.

✚ In 2015, Care Property Invest already had 4 new investments in its consolidated property portfolio. These could all be financed with the Company's equity following the capital increase successfully completed in June 2015. Furthermore, Care Property Invest has already obtained in 2015 three allocations and/or closed final agreements with respect to projects in development/to be developed.

### 3. New projects

Care Property Invest further deploys the expertise and know-how that it gained in the realisation of 1,988 service flats in the initial investment programme to create affordable, high quality and attractive care infrastructure and forms of residential accommodation for the elderly and people with disabilities. This includes residential care centres, service centres and groups of assisted-living apartments. Care Property Invest can develop, realise and finance these facilities itself, or can refinance existing buildings, with or without a renovation or expansion. A project is included in the property portfolio only after a thorough risk analysis and assessment by the Company's Board of Directors. The affordability of these "recognised" projects and their operation by professional and specialised care providers contributes to this. The continuation of the strategy also involves permanent compliance with the requirements of the RREC Law and the RREC Decree.

In 2015, Care Property Invest already had 4 new investments in its consolidated property portfolio, for a total amount of some €50.6 million: a group of assisted-living apartments in Gullegem, acquisition of a company with a residential care centre "Aan de Kaai" in Turnhout, acquisition of a company with a residential care centre and group of assisted-living apartments "De Nieuwe Kaai" in Turnhout and acquisition of a company with a residential care centre and group of assisted-living apartments in Herenthout. Furthermore, Care Property Invest has already obtained in 2015 3 allocations and/or closed final agreements with respect to projects in development/to be developed for a total value of around €25.7 million: a residential care centre in Lanaken, a public tender by OCMW Moerbeke for the construction of a group of assisted-living apartments and a public tender by OCMW Herenthout for the construction of a group of assisted-living apartments. The projects acquired in 2015 could all be financed with the Company's equity following the capital increase completed in June 2015.

The composition of the portfolio per subsidiary is therefore as follows:

<b>Subsidiary</b>	<b>investment property</b>
B. TURNHOUT NV	De Nieuwe Kaai (Turnhout)
CROONENBURG NV	Aan de Kaai (Turnhout)
BOEYENDAALHOF NV	Boeyendaalhof (Herenthout)

The Company holds 100% of the shares of B. TURNHOUT NV and CROONENBURG NV. The Company holds 100% of the shares of M.S.T. BVBA. This company, in turn holds 100% of the shares of the company BOEYENDAALHOF NV.

## Table summarising the new projects

PROPERTY IN THE PORTFOLIO										
Project	Year of construction/ (most recent) renovation	In operation since	Occupancy rate	Total lettable residential floor area (m <sup>2</sup> )	Number of residential units	Contractual rents	Contractual rents + estimated rental value (ERV) on voids	Estimated rental value (ERV)	Fair value in millions of euros	Contractual value in millions of euros
Tilia (8560 Gullegem)	2015	2015	100%	1,454	15	128,115	125,752	129,345	2.66	2.25
Aan de Kaai (2300 Turnhout)	2012	2012	100%	7,950	84	825,000	825,000	921,812	16.05	16.50
De Nieuwe Kaai (2300 Turnhout)	2005	2005	100%	7,806	99	862,840	862,840	939,744	16.21	17.26
Boeyendaalhof (2270 Herenthout)	2011	1992	100%	7,139	118	750,000	750,000	799,160	15.05	14.60
<b>Total</b>			<b>100%</b>	<b>24,349</b>	<b>316</b>	<b>2,565,955</b>	<b>2,563,592</b>	<b>2,790,061</b>	<b>49.96</b>	<b>50.61</b>

The occupancy rate of the investment properties stands at 100%.

The necessary insurance policies must be contracted by the operator of the property.

The Company therefore pays no insurance premium for the investment properties, but ensures that the insurance policies are being contracted by the operators, mainly with respect to the payment of the premiums and the extent of the coverage, so that this corresponds at least with the coverage agreed upon in the leasing contract.

For the hypotheses and principles taken into account for the estimation of the rental value reference is made to 6. Report of the real estate expert. For the investment property "Aan de Kaai" the real estate expert based its calculation of the rental value on the assumption that the day care centre will/can be transformed into 10 extra rooms.

PROJECTS IN PROGRESS			
Project	Estimated amounts still to be invested, in millions of euros	Planned delivery	Description
Drie Eiken (3620 Lanaken)	19	end of 2016	residential care centre with 122 licensed nursing beds to be acquired through an asset deal
Herfstvrede (9180 Moerbeke)	3.6	mid-2017	realisation of 22 assisted-living apartments for OCMW Moerbeke
Huis Driane (2270 Herenthout)	3.1	spring 2018	realisation of 20 assisted-living apartments for OCMW Herenthout
<b>Total</b>	<b>25.70</b>		

The "Drie Eiken" project concerns the acquisition of a company. The "Huis Driane" and "Herfstvrede" projects were awarded in 2015 after the company participated in the public tenders.

### 3.1 Overzicht van de nieuwe projecten:



#### 1 - Gullegem Tilia

- **address:** Dorpsplein 21, 8560 Gullegem
- **capacity:** 15 assisted-living apartments
- **location:** Tilia is located on the village square opposite the church, surrounded by local shops and close to the residential care centre (wzc) "Het Gulle Heem", which also has a service centre
- **year of construction:** opened on 1 June 2015
- **operator:** OCMW Wevelgem



#### 2 - Lanaken Drie Eiken

- **address:** residential care centre (wzc) "Drie Eiken", Drie Eikenstraat 14, 3620 Lanaken
- **capacity:** 122 licensed nursing beds
- **location:** An excellent residential location in the immediate vicinity of the centre of Lanaken in the province of Limburg, located within walking distance of shops, banks, a pharmacy, etc. The site is also readily accessible by public transport.
- **year of construction:** in progress – delivery expected late 2016
- **operator:** Senior Living Group NV in partnership with Maljuna Perlo vzw



#### 3 - Moerbeke Herfstvrede

- **address:** Herfstvrede, 9180 Moerbeke
- **capacity:** 22 assisted-living apartments
- **location:** centrally located, within walking distance of shops, banks, pharmacy, etc.
- **year of construction:** work started on 4 April 2016; delivery summer 2017
- **operator:** OCMW Moerbeke



#### 4 - Turnhout Aan de Kaai

- **address:** Antoine Coppenslaan 33, 2300 Turnhout
- **capacity:** 74 rooms (82 residential places) + 2 underground parking spaces and 14 above ground parking spaces + day care centre which can/will be transformed into 10 extra rooms
- **location:** Aan de Kaai is located in green and peaceful surroundings in the immediate vicinity of the centre and the marina of Turnhout, within walking distance of shops, banks, a pharmacy, etc. The site is also readily accessible by public transport.
- **year of construction:** opened in 2012
- **operator:** Vulpia Care Group





## 5 - Turnhout **De Nieuwe Kaai**

- **address:** Nieuwe Kaai 5-7, 2300 Turnhout
- **capacity:** 86 rooms (94 residential places) and 13 assisted-living apartments + 33 underground parking spaces
- **location:** De Nieuwe Kaai has an excellent location in the immediate vicinity of the centre and the marina of Turnhout, within walking distance of shops, banks, a pharmacy, etc. The site is also readily accessible by public transport.
- **year of construction:** opened in 2005
- **operator:** Vulpia Care Group



## 6 - Herenthout **Huis Driane**

- **address:** Molenstraat 56, 2270 Herenthout
- **capacity:** 20 assisted-living apartments
- **location:** located in the inner area of service flats and service centre "Huis Driane". Near the centre of Herenthout, within walking distance of shops, banks, pharmacy, etc.
- **year of construction:** work expected to start in the autumn of 2016; delivery spring 2018
- **operator:** OCMW Herenthout



## 7 - Herenthout **Boeyendaalhof**

- **address:** Itegemsesteenweg 3, 2270 Herenthout
- **capacity:** 105 beds (residential care centre) + 17 assisted-living apartments
- **location:** Boeyendaalhof is located close to the village centre of Herenthout. Public transport and Herenthout's market with shops, cafés, banks, pharmacy, etc. are within walking distance.
- **year of construction:** opened in 1992, various renovations throughout the years
- **operator:** Vulpia Care Groep

### 3.2 Description of new projects:

#### **Tilia Residence in Gullegem (borough of Wevelgem)**

On 28 November 2014 Care Property Invest signed a private sale agreement with Christiaens Promotie bvba and Bouwonderneming Christiaens nv for the purchase of a group of assisted-living apartments with 15 residential units for an amount of 2.25 million euros (excl. acquisition costs). This purchase took place under the usual conditions precedent for approved housing for the elderly, such as the provisional acceptance of the Tilia Residence in full compliance with the prevailing legislation on groups of assisted-living apartments. On 12 May 2015 all of the conditions precedent established by the sale agreement dated 28 November 2014 had been met and the authentic purchase deed for "Residentie Tilia" in Gullegem was executed. The purchase was made with the Company's own resources and the building was opened on 1 June 2015. The site of this new group of assisted-living apartments has an excellent location on the village square opposite the church, surrounded by local shops and other facilities.

This group of assisted-living apartments is run by the Wevelgem OCMW, which is the only player on the housing for the elderly market in Gullegem with the necessary experience, under a long term lease agreement (minimum 15 years) under which Wevelgem OCMW is responsible for the care and services and the rental. The fee the Company receives from Wevelgem OCMW depends on the residence's occupancy rate. Currently, all 15 assisted-living residences are occupied and the Company therefore receives full payment for this group of assisted-living apartments.

#### **Drie Eiken Residence in Lanaken**

On 5 March 2015 Care Property Invest signed an agreement in principle subject to the usual conditions precedent with a view to acquiring 100% of the shares of the company VSP Lanaken Centrum WZC nv. This company owns a plot of land and following the application of the right of accession upon provisional acceptance, it will also become the owner of a residential care centre with 122 licensed nursing beds located in Lanaken. The building permit has already been obtained and the construction work has started. Provisional acceptance of the works is scheduled for late 2016.

The project's value is approximately €19 million. This price is primarily based on and is in line with the valuation by the real estate expert for the residential care centre. The amount due for the company will partly be paid with Care Property Invest's own resources and partly with borrowed funds. This acquisition will be realised by Care Property Invest after the provisional acceptance of the Drie Eiken residential care centre.

The residential care centre will be run by Senior Living Group (SLG) in partnership with Maljuna Perlo VZW (100% controlled by Senior Living Group (SLG)), through a long-term triple net lease agreement, allowing the payment of a fixed indexed ground rent to VSP Lanaken Centrum NV, which will thus generate a fixed income.

#### **Herfstvrede Residence in Moerbeke**

On 30 April 2015 Care Property Invest was awarded by the OCMW Council the final allocation of the public tender for works relating to the design, construction and financing (through a Design, Build and Finance Contract) of a home for the elderly consisting of 22 assisted-living apartments, as launched by the OCMW (public social welfare centre) of Moerbeke. Care Property Invest participated in the tender together with Evolta Architecten and Ibens and is responsible for financing, with an estimated investment of +/- 3.6 million euro. The Company will also act as contracting authority and in that capacity it will obtain a right

of superficies on the land, at the latest on the date of commencement of the works, for a duration of 32 years following provisional acceptance. Work has started on 4 April 2016, and provisional acceptance will probably occur in mid 2017. The establishment will be run by the Moerbeke OCMW, which will obtain a right of lease for a duration of 27 years. The projects therefore fits in with the activities developed by the Company under its initial investment programme.

### **Huis Driane Residence in Herenthout**

On 3 November 2015 Care Property Invest obtained the final allocation of the public tender for works relating to the design, construction and financing (through a Design, Build and Finance Contract) of a home for the elderly consisting of 20 service flats as launched by the OCMW (public social welfare centre) of Herenthout. Care Property Invest participated in the tender together with Evolta Engineers nv (designing architects), Dirk Vanlerberghe (controlling architect) and Ibens NV (contractor), and is responsible for financing, with an estimated investment of 3,125,415 euro. The Company will also act as contracting authority and in that capacity it will obtain a right of superficies on the land, at the latest on the date of commencement of the works, for a duration that will expire at the earliest 30 years following the provisional acceptance. Work is due to start in the autumn of 2016, and the work will probably be completed in the spring of 2018. The establishment will be run by the Herenthout OCMW, which will obtain a right of lease for a duration of 27 years. The project in Herenthout ties in with the activities developed by the Company under its initial investment programme.

### **Aan de Kaai and De Nieuwe Kaai residential care centres in Turnhout**

On 18 September 2015 Care Property Invest acquired 100% of the shares in the companies Croonenburg NV and B. Turnhout nv. These companies are each owner of a residential care centre in Turnhout, specifically, WZC Aan de Kaai and WZC De Nieuwe Kaai. Both recognised residential care centres are at an excellent location in the immediate vicinity of the centre and the marina of Turnhout in the province of Antwerp, and they are located within walking distance of shops, banks, a pharmacy and other facilities. The centres are also readily accessible by public transport. The De Nieuwe Kaai residential care centre has been in operation since 2005 and has a current capacity of 86 rooms (94 nursing home beds) and 13 service flats/ assisted-living units, together with 33 underground parking spaces. The residential care centre "Aan De Kaai" opened in 2012 and has a current capacity of 74 rooms (82 nursing beds) together with 2 underground car parking spaces, 14 parking spaces above ground and a day care centre which can/will be transformed into 10 extra rooms.

The value of these two projects combined amounts to approximately €34 million and a discount was granted to Care Property Invest, because of the high interest charges on the loans to the companies. Both residential care centres will be run by the non-profit organisation vzw De Nieuwe Kaai, under control of the Vulpia Care Group, through a long term lease agreement of the triple net type, including payment of an indexed fixed ground rate, thus generating permanent income.

This acquisition further diversifies the Care Property Invest portfolio in operational terms, since this transaction constituted a first cooperation with the Vulpia Care Group, a high-quality company operating residential care centres and groups of assisted-living apartments, and it ties in perfectly with the Company's strategy.

### **Boeyendaalhof Residence in Herenthout**

On 23 December 2015, Care Property Invest acquired 100% of the shares in M.S.T. bvba. This company owns 100% of the shares in the company Boeyendaalhof NV, which in turn owns the residential care centre with assisted living complex called 'Boeyendaalhof' in Herenthout.

Boeyendaalhof is located close to the village centre of Herenthout. Public transport and Herenthout's market with shops, cafés, banks, pharmacy, etc. are within walking distance. Boeyendaalhof opened in 1992 and has a capacity of 105 approved residential places in the residential care centre and 17 approved service flats/assisted-living apartments. The building, having undergone various renovations and expansions, is in an excellent state of repair.

The value of Boeyendaalhof (buildings and land) is approximately €14.6 million. This value is primarily based on and is in line with the valuation by the real estate expert for the project. Boeyendaalhof NV will enter into a long term ground lease agreement of the triple net type to generate an indexed fixed annual ground rent. This successful operation has been managed from the start by the non-profit organisation Boeyendaalhof vzw, which has recently been taken over by the Vulpia Care Group.

## **4. Initial investment programme of 2,000 service flats**

To date, the Company has 1,988 completed service flats in its portfolio, all of which were realised within the initial investment programme of 2,000 service flats planned on the incorporation of the Company. For these projects, the cooperation between the Company and the OCMWs or non-profit organisations was always laid down in a real estate leasing contract. In this structure, leasing is based on a "triple net" leasehold on the building which takes effect after the provisional delivery of the project on the land made available to the Company by the OCMW or non-profit organisation via building rights. After the 30-year building rights period, the OCMW or the non-profit organisation owe Care Property Invest a final building rights fee equal to the nominal amount of the initial investment costs, in order for the OCMW or the non-profit organisation to become the owner of the service flats. The amount of the final building rights fee is not reviewed or index-linked. Once a building is ready for use, i.e. from the provisional delivery of the service flat building, on average 14 months after the commencement of the building right, a leasehold period of 27 years commences, during which the OCMW or the non-profit organisation enjoys full use of the building and is fully responsible for its operation as a service flat building, for payment of monthly ground rent instalments for each service flat. The ground rent represents the interest paid on the capital invested by Care Property Invest and is indexed annually. This ground rent is independent of the occupancy of the building.

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

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

The company records the investment costs of these projects in its accounts in accordance with the IAS/IFRS standards as long-term receivables (more specifically, as "finance lease receivables"). The profit or loss margin allocated in accordance with the IAS/IFRS on the conclusion of these contracts is recorded in "trade receivables" and is activated via the income statement.

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

*Amounts shown in euros.*

	31 December 2015	31 December 2014
Finance lease receivables	157,005,329.44	157,005,329.44
Trade receivables	12,254,002.00	12,534,224.04
Total activated amount of the lease contracts	169,259,331.44	169,539,553.47

Projects from the initial investment programme	projecten	flats
Number of delivered projects (completed)	76	1,988
Number of projects still to be allocated	1	12
<b>Total</b>	<b>77</b>	<b>2,000</b>

## 4.1 Overview of completed projects from the initial investment programme

Amounts shown in euros.

PROVINCE/MUNICIPALITY	Number of flats	Commencement of leasehold	Ground rent received (1)	Insured value (2)	Acquisition value (a)
<b>ANTWERP</b>					
ZWIJNDRECHT – Dorp	26	October 1997	193,480.56	1,429,613.34	1,651,929.65
ZOERSEL – Sint-Antonius	24	June 1998	153,941.76	1,283,194.93	1,491,391.73
HOOGSTREATEN – Loenhoutseweg	23	January 1999	172,337.16	1,323,036.05	1,591,192.89
ARENDONK – Horeman	20	December 1998	147,436.80	1,050,613.98	1,258,806.57
DEURNE – Boterlaar	24	February 2000	192,329.28	1,318,387.38	1,642,136.89
KAPELLEN – Hoogboom	22	February 2000	162,381.12	1,288,259.07	1,386,416.23
KONTICH – Altena	25	December 2003	243,939.00	895,224.58	2,128,076.52
ESSEN – Maststraat	20	January 2001	168,580.80	1,165,628.20	1,439,363.34
ESSEN – Maststraat (expansion phase 1)	10	April 2010	82,375.20	428,752.46	1,114,374.84
RETIE – Kloosterhof	24	November 2001	196,096.32	621,127.08	1,674,319.74
MERKSEM – De Brem	42	January 2002	317,056.32	871,697.37	2,707,138.69
VOSSELAAR – Woestenborghslaan	17	June 2002	142,314.48	430,284.58	1,215,136.97
ANTWERP – Grisarstraat	28	January 2003	287,368.80	718,280.65	2,453,562.72
HEMIKSEM – Sint-Bernardusabdij	24	May 2004	193,190.40	2,191,183.00	1,685,377.26
RAVELS – Mgr. Paapsstraat	25	August 2004	210,492.00	561,881.56	1,836,289.37
BRECHT – Gasthuisstraat	25	April 2005	183,753.00	1,216,910.79	1,903,193.13
EKEREN – Geestenspoor	19	July 2006	140,156.16	527,990.35	1,735,239.29
NIJLEN – Ten Velden	21	January 2011	96,531.12	892,763.63	2,419,420.86
BRECHT – Sint-Job	36	December 2011	126,260.64	1,400,089.88	4,215,610.62
SCHILDE – Molenstraat	22	December 2012	115,827.36	690,359.98	2,471,297.09
VORSELAAR – Nieuwstraat	22	October 2012	136,852.32	1,146,274.12	2,613,329.68
BEERSE – Boudewijnstraat	37	April 2012	224,730.60	2,458,167.86	4,151,001.06
MOL – Jakob Smitslaan	50	January 2013	138,984.00	4,165,828.54	5,622,718.60
			<b>4,026,415.20</b>	<b>28,075,549.38</b>	<b>50,407,323.74</b>



Amounts shown in euros.

PROVINCE/MUNICIPALITY	Number of flats	Commencement of leasehold	Ground rent received (1)	Insured value (2)	Acquisition value (a)
<b>WEST-FLANDERS</b>					
HOOGLEDE – Hogestraat	22	February 1999	168,342.24	1,492,469.64	1,437,339.01
LICHTERVELDE – Statiestraat	19	February 1999	144,086.88	1,132,407.67	1,230,240.98
TORHOUT – K. de Goedelaan	21	February 1998	153,054.72	1,185,172.32	1,306,796.30
LO-RENINGE – Reninge	10	March 1999	77,319.60	551,543.46	698,604.38
ROESELARE – Centre	30	October 2000	222,696.00	1,551,196.33	1,901,389.12
ZEDELGEM – Loppem	14	September 2009	112,200.48	375,604.58	995,172.10
WAREGEM – Zuiderlaan	63	April 2002	568,527.12	3,795,305.31	4,854,264.93
WERVIK – Gasstraat	17	March 2002	135,919.08	671,264.07	1,215,889.38
BRUGES – Sint-Andries	36	December 2002	287,413.92	944,635.21	2,718,417.54
BRUGES – De Vliedberg	35	January 2011	160,045.20	n.v.t.	4,536,254.77
BRUGES – 7-torentjes	33	November 2012	103,383.72	1,144,970.90	4,267,463.75
BRUGES – Ten Boomgaarde	38	July 2012	171,647.52	2,232,706.76	6,427,227.13
MENEN – Lauwe	19	March 2003	162,306.36	555,425.10	1,385,782.73
MOORSLEDE – Marktstraat	17	January 2006	105,272.16	477,856.61	1,411,631.96
HOOGLEDE, Gits – Singellaan	20	October 2011	144,532.80	1,066,588.22	2,631,140.86
BREDENE – Duinenzichterf	48	December 2011	289,693.44	1,517,187.59	5,152,687.38
KORTEMARK – Hospitaalstraat	33	December 2011	224,674.56	1,166,696.74	3,850,618.15
			<b>3,231,115.80</b>	<b>19,861,030.51</b>	<b>46,020,920.47</b>

<b>EAST FLANDERS</b>					
NINOVE – Denderwindeke	20	November 1997	142,027.20	1,044,505.81	1,212,658.83
ASSENEDE – Bassevelde	15	June 1998	104,065.20	811,548.10	888,510.01
AALST – Moorsel	47	Sept. + Nov. 1998	342,481.68	2,284,370.71	2,924,145.95
NINOVE – Burchtstraat	17	January 2000	134,625.72	912,921.50	1,149,451.51
ASSENEDE – Oosteeklo	16	June 2000	122,559.36	1,169,194.69	1,046,421.43
DE PINTE – Bommelstraat	20	August 2000	158,788.80	1,097,897.81	1,355,767.48
HAMME – Roodkruisstraat	20	January 2001	159,504.00	1,238,490.80	1,361,852.97
DEINZE – Ten Bosse	19	March 2002	141,077.28	906,005.00	1,204,571.93
HAMME – Moerzeke	11	May 2004	112,646.16	300,819.65	996,160.25
ZULTE – Pontstraat	26	June 2005	121,655.04	595,814.12	1,920,143.59
WAASMUNSTER – Molenstraat	24	December 2005	152,953.92	697,046.93	2,064,529.27
DESTELBERGEN – Steenvoordestraat	20	November 2006	152,275.20	600,629.30	1,998,805.04
DESTELBERGEN – Heusden	20	January 2015	162,554.40	1,473,551.85	3,076,327.30
SINT-NIKLAAS – Zwijgershoek	36	February 2009	144,093.60	1,631,812.54	3,382,787.41
SINT-NIKLAAS – Priesteragie	60	January 2013	182,707.20	2,967,983.15	9,663,258.24
			<b>2,334,014.76</b>	<b>17,732,591.96</b>	<b>34,245,391.21</b>

Amounts shown in euros.

PROVINCE/MUNICIPALITY	Number of flats	Commencement of leasehold	Ground rent received (1)	Insured value (2)	Acquisition value (a)
<b>FLEMISH BRABANT</b>					
OPWIJK – Kloosterstraat	13	March 1998	95,556.24	696,568.88	815,873.14
OPWIJK – Kloosterstraat (phase 2)	32	February 2014	297,784.32	1,544,717.58	4,592,315.29
KORTENBERG – Leuvensestnwg	24	June 2007	169,735.68	742,522.02	2,398,855.72
ZAVENTEM – Sterrebeek	15	September 2008	135,693.00	549,923.76	1,827,654.52
ZAVENTEM – Sint-Stevens-Woluwe	18	December 2010	221,860.08	1,154,168.59	2,965,085.01
TIENEN – Houtemstraat	31	April 2008	266,980.68	1,010,999.74	3,382,906.85
TIENEN – Houtemstraat (phase 2)	31	April 2010	223,464.12	1,249,237.58	3,455,560.46
LENNIK – Stationsstraat	16	September 2011	127,025.28	944,697.97	1,843,166.78
LIEDEKERKE – Fabriekstraat	36	March 2012	121,309.92	1,718,342.13	4,522,250.48
MEISE – Godshuisstraat	43	September 2012	167,576.16	2,258,463.25	6,170,316.20
			<b>1,826,985.48</b>	<b>11,869,641.50</b>	<b>31,973,984.45</b>
<b>LIMBURG</b>					
HAMONT – De Kempkens	16	November 2000	126,339.84	972,542.97	1,078,707.46
LEOPOLDSBURG – Heppen	19	November 2003	164,574.96	470,860.10	1,435,709.20
ZONHOVEN – Rozenkransweg	31	October 2001	252,368.52	754,824.79	2,154,751.95
LEOPOLDSBURG – Centre	31	September 2004	260,600.88	833,141.60	2,304,535.76
AS – Dorpstraat	18	October 2005	162,000.00	400,884.21	1,457,524.43
HAMONT-ACHEL – Achel	25	November 2000	131,076.00	1,104,605.75	3,144,985.21
DILSEN-STOKKEM – Langs de Graaf	28	May 2008	276,349.92	1,100,841.53	3,330,436.58
ZONHOVEN – Dijkbeemdenweg	40	August 2009	156,556.80	2,360,844.65	5,633,460.79
BERINGEN – Klitsbergwijk	24	October 2009	152,752.32	1,071,539.26	2,979,192.56
HEUSDEN-ZOLDER – Hesdinstraat	28	March 2012	157,328.64	981,277.63	3,004,334.33
HAM – Speelstraat	37	May 2013	124,764.00	1,297,972.72	4,097,754.14
			<b>1,964,711.88</b>	<b>11,349,335.21</b>	<b>30,621,392.41</b>
<b>76 projects</b>	<b>1,988</b>		<b>13,383,243.12</b>	<b>88,888,148.56</b>	<b>193,269,012.28</b>

(a) activated costs relating to the creation of the service flats, inclusive of VAT (contractual pre-payments of €36,263,682.83 have not yet been deducted from this and will be deducted from the termination of building rights fees still due)

(1) ground rent owed from 1 January 2015 to 31 December 2015 - this ground rent is independent of the occupancy of the building

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

### Details of the fair value per project from the initial investment project

The fair value is composed of the amount recorded under the heading “finance lease receivables” and the amount recorded under the heading “trade receivables”.

FILE NUMBER	PROJECT	FAIR VALUE AT THE START OF THE LEASEHOLD	ALREADY REVERSED ON 31.12.2015	AMOUNT ON 31.12.2015
1102.O.02	Antwerp - Deurne	2,122,440.24	162,067.73	1,960,372.51
1102.O.03	Antwerp - Aka	2,822,290.63	82,419.06	2,739,871.57
1102.O.04	Antwerp - Merksem	3,065,650.90	83,987.99	2,981,662.91
1107.O.01	Brecht	2,206,168.04	104,442.37	2,101,725.67
1109.O.01	Essen	1,537,585.62	13,346.87	1,524,238.75
1110.O.01	Hemiksem	2,226,248.60	120,476.14	2,105,772.46
1113.V.01	Kapellen	1,608,869.91	61,623.25	1,547,246.66
1114.O.01	Kontich	2,756,973.66	145,145.91	2,611,827.75
1129.O.01	Zoersel	1,315,824.14	-3,646.94	1,319,471.08
1130.O.01	Zwijndrecht	1,550,515.05	-40,879.20	1,591,394.25
1301.O.01	Arendonk	1,345,573.34	25,999.08	1,319,574.26
1311.O.01	Hoogstraten	1,647,027.17	62,097.32	1,584,929.85
1321.O.01	Ravels	2,379,908.18	114,362.18	2,265,546.00
1322.O.01	Vosselaar	1,850,849.74	32,435.03	1,818,414.71
1326.O.01	Vorselaar	1,349,765.51	20,416.09	1,329,349.42
2123.O.01	Opwijk	805,565.54	-12,952.29	818,517.83
3103.O.01	Bruges	2,847,013.32	86,672.45	2,760,340.87
3108.O.01	Torhout	1,305,198.76	-5,713.26	1,310,912.02
3109.O.01	Zedelgem	1,025,255.80	3,448.74	1,021,807.06
3410.O.01	Waregem	5,541,923.99	179,705.06	5,362,218.93
3205.O.01	Lo-Reninge	714,930.45	10,210.39	704,720.06
3307.O.01	Wervik	1,284,354.67	17,824.42	1,266,530.25
3408.O.01	Menen	1,528,754.59	20,594.70	1,508,159.89
3601.O.01	Hooglede	1,496,330.21	17,126.79	1,479,203.42
3605.O.01	Lichtervelde	1,292,788.17	16,733.58	1,276,054.59
3607.O.01	Roeselare	2,376,411.50	152,101.18	2,224,310.32
4101.O.01	Aalst (A)	1,393,785.91	-4,274.20	1,398,060.11
4101.O.01	Aalst (B)	1,538,075.83	-1,957.74	1,540,033.57
4108.O.01	Ninove - Denderwindeke	1,143,893.90	-32,011.87	1,175,905.77
4108.O.02	Ninove - Burchtstraat	1,344,184.23	55,140.07	1,289,044.16
4204.O.01	Hamme	1,621,767.21	71,532.69	1,550,234.52
4204.O.02	Hamme - Moerzeke	1,356,796.54	74,516.82	1,282,279.72
4301.V.01	Bassevelde	829,692.24	-30,079.53	859,771.77
4301.O.02	Oosteeklo	1,312,118.29	80,802.36	1,231,315.93
4402.V.01	Deinze	1,247,301.86	-4,492.83	1,251,794.69
4403.O.01	De Pinte	1,611,638.93	70,691.77	1,540,947.16
4421.V.01	Zulte	1,357,159.52	38,216.33	1,318,943.19
5101.O.01	As	1,944,269.43	88,013.45	1,856,255.98
5111.O.01	Leopoldsborg Centre	3,112,295.56	173,435.41	2,938,860.15
5111.O.02	Leopoldsborg Heppen	1,908,750.49	105,012.80	1,803,737.69
5117.O.01	Zonhoven	2,401,258.09	55,156.90	2,346,101.19
5204.O.01	Hamont - Achel	1,274,113.14	50,070.83	1,224,042.31
3606.O.01	Hooglede	1,348,988.10	20,088.71	1,328,899.39
4207.O.01	Waasmunster	2,314,188.13	44,055.82	2,270,132.31
1102.O.01	Ekeren	1,999,993.49	40,792.59	1,959,200.90
4404.O.01	Destelbergen	2,375,850.34	65,378.87	2,310,471.47
2218.O.01	Liedekerke	2,688,147.78	41,850.23	2,646,297.55
2228.O.01	Tienen	3,953,653.98	80,162.91	3,873,491.07
5204.O.02	Achel	1,843,035.80	27,374.85	1,815,660.95
1109.O.02	Essen 2	1,265,630.31	7,051.10	1,258,579.21
5203.O.01	Dilsen - Stokkem	3,866,990.10	71,317.32	3,795,672.78
2134.O.01	Zaventem.	2,114,962.03	35,235.55	2,079,726.48
4605.O.01	Sint-Niklaas	1,930,849.17	14,315.30	1,916,533.87
5117.O.02	Zonhoven-2	2,230,711.03	5,859.93	2,224,851.10
5102.O.01	Beringen	2,217,637.66	5,779.75	2,211,857.91
2228.O.02	Tienen 2	3,722,010.64	21,823.92	3,700,186.72
3103.O.04	Bruges.Vliedberg	2,491,176.01	9,200.75	2,481,975.26
1208.V.01	Nijlen	1,365,792.36	501.90	1,365,290.46
2134.O.02	Zaventem 2	3,264,314.13	18,524.52	3,245,789.61
1107.O.02	Sint-Job	2,207,804.93	-2,330.69	2,210,135.62
1304.O.01	Beerse	4,167,802.09	-5,117.76	4,172,919.85
2116.O.01	Lennik	1,893,289.44	-3,978.41	1,897,267.85
3601.O.02	Hooglede Gits	2,630,234.60	-7,054.78	2,637,289.38
3501.O.01	Bredene	5,296,510.86	4,866.83	5,291,644.03
2117.O.01	Liedekerke	2,246,088.75	-11,118.35	2,257,207.10
3204.O.01	Kortemark	3,973,652.12	2,771.57	3,970,880.55
1325.O.01	Vorselaar	2,704,651.13	965.77	2,703,685.36
2121.O.01	Meise	3,193,887.29	-2,414.84	3,196,302.13
3103.O.03	Bruges Ten Boomgaarde	3,590,178.73	18,993.93	3,571,184.80
4605.O.02	Sint-Niklaas 2	3,997,830.19	13,782.86	3,984,047.33
3103.O.02	Bruges 7 Torentjes	1,828,593.70	-25,043.38	1,853,637.08
1318.O.01	Mol	2,592,454.27	-20,299.96	2,612,754.23
5110.O.01	Heusden-Zolder	2,963,256.23	-9,575.85	2,972,832.08
1122.O.01	Schilde	2,306,947.75	-15,666.40	2,322,614.15
5107.O.01	Ham	2,092,653.93	-4,970.21	2,097,624.14
2123.O.02	Opwijk 2	5,092,995.42	13,234.05	5,079,761.37
4404.O.02	Destelbergen 2	2,794,820.68	-6,605.67	2,801,426.35
		<b>171,968,902.07</b>	<b>2,709,570.63</b>	<b>169,259,331.44</b>

Further information on all completed projects can also always be viewed on the Company's website at [www.carepropertyinvest.be](http://www.carepropertyinvest.be).

## 5. Real estate for own use

At the end of 2013, the Company purchased a building (located at Horstebaan 3, 2900 Schoten) with the intention of establishing its offices there, after extensive renovation. The building was occupied on 12 January 2015, and the registered office was thus relocated to Horstebaan 3, 2900 Schoten. The investment cost of the building is included in the financial statements in accordance with IAS 16, tangible fixed assets for own use. The final value amounted to €1,719,971.34, excluding VAT and registration fees.

## 6. Report of the real estate expert

Dear Sir or Madam,

According to the statutory provisions, we have the honour of expressing our view on the value of the real estate portfolio of the public regulated real estate company (public RREC) Care Property Invest as at 31 December 2015.

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

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

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

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

On 31 December 2015, the fair value amounted to €49,960,600 and the market value "deed in hand" (or the investment value, before deduction of transfer tax) to €51,209,600.

Antwerp, 31.12.2015

Katrien Van Grieken, MRE  
Consultant Surveyor  
STADIM cvba

Philippe Janssens, FRICS  
Managing Director  
STADIM cvba







## VII. Financial statements

## VII. Financial statements

The consolidated and statutory financial statements and the management report were prepared by the Board of Directors meeting of 13 April 2016 and will be submitted to the General Meeting of 18 May 2016. The balance sheet, income statement, cash flow statement and notes together form the financial statements of the Company. These were prepared in accordance with IFRS, as implemented by the RREC Law and the RREC Decree and regulatory requirements applicable in Belgium. All figures relating to the financial statements are shown in euros unless stated otherwise.

### 1. Consolidated income statement

Amounts shown in euros.

Financial year as closed on 31 December		Notes	2015	2014	2013
I.	Rental income (+) <i>rent</i> <i>rental discounts</i> <i>income from finance leases and similar leases</i>	C.a.	13,731,516.84 620,321.69 -5,520.00 13,116,715.15	12,786,086.70 0.00 0.00 12,786,086.70	12,304,395.29 0.00 0.00 12,304,395.29
<b>NET RENTAL RESULT</b>			<b>13,731,516.84</b>	<b>12,786,086.70</b>	<b>12,304,395.29</b>
<b>REAL ESTATE OPERATING RESULT</b>			<b>13,731,516.84</b>	<b>12,786,086.70</b>	<b>12,304,395.29</b>
XIV.	General expenses of the company (-)	C.b.	-2,403,404.92	-2,135,045.35	-1,705,388.49
XV.	Other operating income and charges (+/-) <i>Other operating charges relating to the projects</i> <i>Other operating income relating to the projects</i> <i>Other operating income and charges</i>	C.c.	80,936.67 -82,973.30 164,551.06 -641.09	-192,231.02 -2,933,320.32 2,731,207.95 9,881.35	870,661.70 -5,470,457.56 6,414,593.13 -73,473.87
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>			<b>11,409,048.59</b>	<b>10,458,810.33</b>	<b>11,469,668.50</b>
XVIII.	Changes in the fair value of investment properties	C.d.	1,690,056.08	0.00	0.00
<b>OPERATING RESULT</b>			<b>13,099,104.67</b>	<b>10,458,810.33</b>	<b>11,469,668.50</b>
XX.	Financial income (+)	C.e.	59,437.52	47,912.45	84,774.32
XXI.	Net interest charges (-)	C.f.	-3,808,146.20	-3,574,905.17	-3,440,367.08
XXII.	Other financial charges (-)	C.g.	-2,613.09	-1,505.36	-914.01
XXIII.	Changes in fair value of financial assets/liabilities (+/-)	C.h.	2,847,152.52	-10,216,114.92	4,415,765.05
<b>FINANCIAL RESULT</b>			<b>-904,169.25</b>	<b>-13,744,613.00</b>	<b>1,059,258.28</b>
<b>RESULT BEFORE TAXES</b>			<b>12,194,935.42</b>	<b>-3,285,802.67</b>	<b>12,528,926.78</b>
XXIV.	Corporate tax (-)	C.i.	-181,105.33	-19,829.95	-17,461.14
<b>TAXES</b>			<b>-181,105.33</b>	<b>-19,829.95</b>	<b>-17,461.14</b>
<b>NET RESULT</b>			<b>12,013,830.09</b>	<b>-3,305,632.62</b>	<b>12,511,465.64</b>

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

## 2. Components of the consolidated net result

Amounts shown in euros.

Financial year as closed on 31 December	2015	2014	2013 (*)
issue price per share on incorporation (1996)	5.9494	5.9494	5,949.44
issue price per share on the capital increase in June 2016	13.45		
price of Care Property Invest shares on the closing date	15.20	15.99	13,499.00
total number of shares	13,184,720	10,359,425	10,210
weighted average shares outstanding during the financial year	11,853,348	10,289,420	10,210

(\*) The Care Property Invest shares were split on 24 March 2014 by division by 1,000.

<b>NET RESULT</b>	<b>12,013,830.09</b>	<b>-3,305,632.62</b>	<b>12,511,465.64</b>
<b>net result per share, attributable to all shares and on the basis of the weighted average number of shares</b>	<b>1.01354</b>	<b>-0.3213</b>	<b>1,225.41</b>
gross yield compared to stock market price on closing date	6.67%	-2.01%	9.08%

<b>NET RESULT</b>	<b>12,013,830.09</b>	<b>-3,305,632.62</b>	<b>12,511,465.64</b>
<b>NON-CASH ELEMENTS INCLUDED IN THE NET RESULT</b>			
- depreciation and amortisation	84,564.60	14,903.72	7,271.33
- impairments			107,000.00
- reversals of impairments	0.00	-107,000.00	0.00
- changes in fair value of investment properties	-1,690,056.08	0.00	0.00
- changes in fair value of authorised hedging instruments	-2,847,152.52	10,216,114.92	-4,415,765.05
- other non-monetary items:			
<i>projects' profit or loss margin attributed to the period</i>	<i>13,696.59</i>	<i>349,326.45</i>	<i>-709,425.73</i>
<i>decrease in trade receivables (profit or loss margin attributed to previous periods)</i>	<i>266,525.45</i>	<i>408,000.10</i>	<i>417,898.49</i>
<b>NET RESULT EXCLUDING NON-CASH ELEMENTS INCLUDED IN THE NET RESULT</b>	<b>7,841,408.13</b>	<b>7,575,712.57</b>	<b>7,918,444.68</b>
<b>net result per share, excluding non-cash elements included in the result, attributable to all shares of the Company based on the weighted average number of shares</b>	<b>0.6615</b>	<b>0.7363</b>	<b>775.56,(*)</b>
gross yield compared to stock market price on closing date	4.35%	4.60%	5.75%

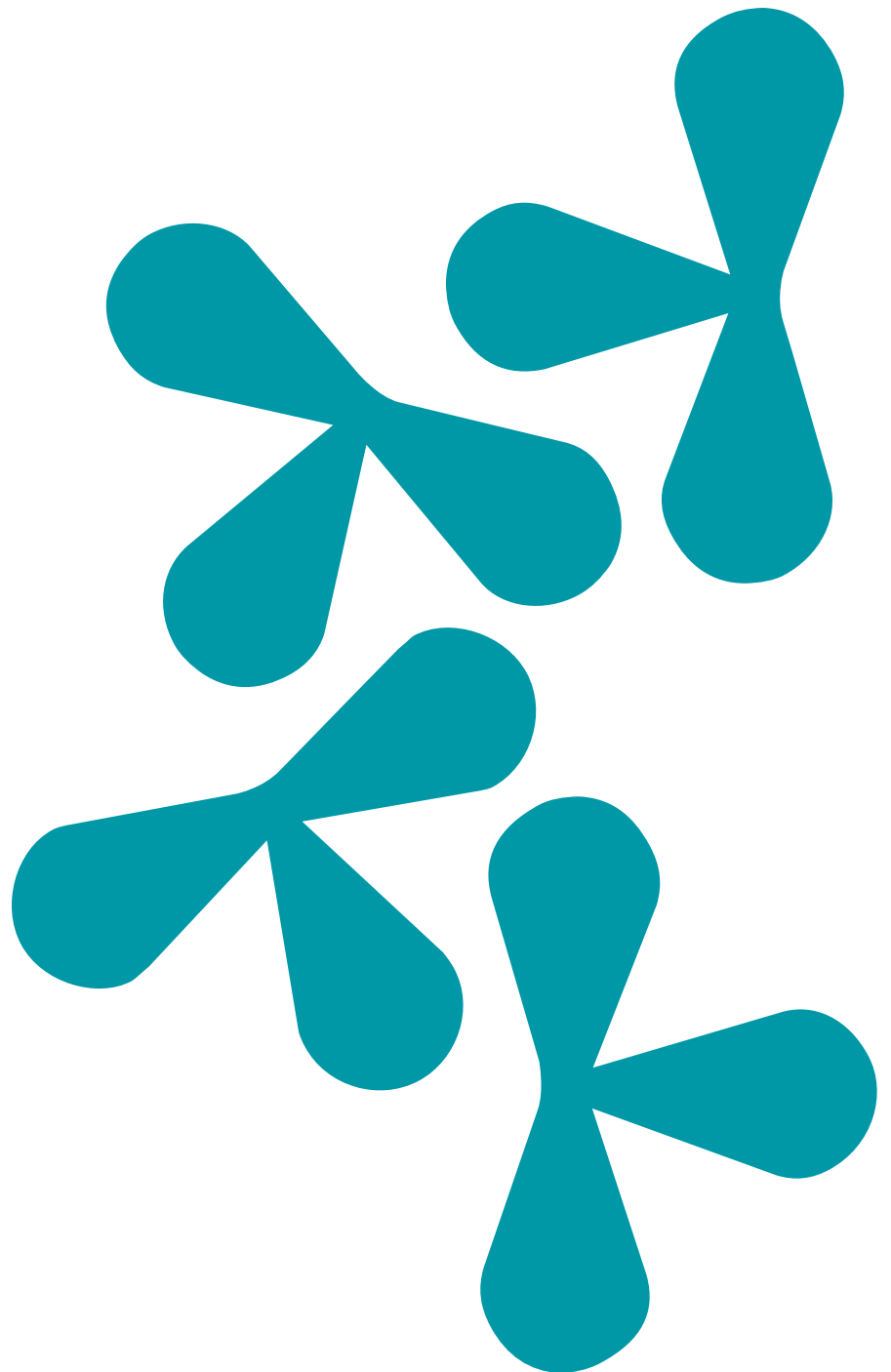
(\*) amount based on 10,210 outstanding shares as at 31 December 2013 – as at 24 March 2014 the shares were split by dividing by 1,000.

### 3. Consolidated balance sheet

Amounts shown in euros.

Financial year as closed on 31 December	Notes	2015	2014	2013
<b>ASSETS</b>				
<b>I. Non-current assets</b>		<b>221,298,315.40</b>	<b>173,610,042.63</b>	<b>167,633,138.96</b>
C. Investment properties	D.a.	49,960,748.55	2,250,000.00	0.00
D. Other tangible fixed assets	D.b.	2,071,965.41	1,814,186.76	4,982,491.76
E. Financial fixed assets	D.c.	6,270.00	6,302.40	5,952.40
F. Finance lease receivables	D.d.	157,005,329.44	157,005,329.43	149,353,144.21
G. Trade receivables and other non-current assets concerning projects in progress	D.e.	12,254,002.00	12,534,224.04	13,291,550.59
concerning delivered projects		0.00	0.00	412,823.35
		12,254,002.00	12,534,224.04	12,878,727.24
<b>II. Current assets</b>		<b>8,979,912.44</b>	<b>9,599,482.04</b>	<b>6,102,029.92</b>
D. Trade receivables	E.a.	49,510.40	111,222.27	137,002.27
E. Tax receivables and other current assets corporate tax	E.b.	361,757.78	162,594.04	247,635.65
other		267,119.66	14,078.12	157,720.85
		94,638.12	148,515.92	89,914.80
F. Cash and cash equivalents	E.c.	8,547,845.86	9,316,647.11	5,688,534.04
G. Deferrals and accruals	E.d.	20,798.40	9,018.62	28,857.96
<b>TOTAL ASSETS</b>		<b>230,278,227.84</b>	<b>183,209,524.67</b>	<b>173,735,168.88</b>

Financial year as closed on 31 December	Notes	2015	2014	2013
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>		<b>100,299,744.76</b>	<b>66,026,733.76</b>	<b>73,957,553.60</b>
A. Capital	F.a.	78,442,491.65	61,633,399.04	60,744,395.00
B. Share premium	F.b.	20,592,745.89	1,191,440.24	0.00
C. Reserves	F.c.	-3,281,714.37	6,507,527.10	701,692.96
D. Net result for the financial year	F.d.	4,546,221.59	-3,305,632.62	12,511,465.64
<b>LIABILITIES</b>		<b>129,978,483.08</b>	<b>117,182,790.91</b>	<b>99,777,615.28</b>
<b>I. Non-current liabilities</b>		<b>124,103,757.25</b>	<b>110,016,205.31</b>	<b>95,211,193.31</b>
B. Non-current financial liabilities	G.a.	100,263,959.66	87,860,038.31	83,270,038.31
C. Other non-current financial liabilities authorised hedging instruments	G.b.	19,309,535.00	22,156,167.00	11,941,155.00
		19,309,535.00	22,156,167.00	11,941,155.00
F. Uitgestelde belastingen	G.c.	4,530,262.59	0.00	0.00
<b>II. Current liabilities</b>		<b>5,874,725.83</b>	<b>7,166,585.60</b>	<b>4,566,421.97</b>
B. Current financial liabilities	G.d.	718,507.47	0.00	0.00
D. Trade payables and other current liabilities	G.e.	4,389,028.40	6,834,445.15	4,246,581.89
Trade payables		0.00	2,137,500.00	0.00
Other suppliers		4,389,028.40	4,696,945.15	4,246,581.89
tenants		3,995,195.63	4,390,493.94	4,026,795.55
taxes, remuneration and social insurance charges		1,700.00	0.00	0.00
		392,132.77	306,451.21	219,786.34
E. Other current liabilities	G.f.	345,630.52	78,816.53	70,051.55
F. Deferrals and accruals	G.g.	421,559.44	253,323.92	249,788.53
prepayments of property revenue		72,609.52	0.00	3,081.12
accrued interest		167,315.60	159,478.67	142,014.43
accrued costs		181,634.32	93,845.25	104,692.98
<b>TOTAL EQUITY + LIABILITIES</b>		<b>230,278,227.84</b>	<b>183,209,524.67</b>	<b>173,735,168.88</b>



## 4. Cash flow table

Amounts rounded off to full euros

Financial year as closed on 31 December	2015	2014	2013
<b>CASH AND CASH EQUIVALENTS AT START OF THE FINANCIAL YEAR</b>	<b>9,316,647</b>	<b>5,688,534</b>	<b>1,246,204</b>
<b>1. CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>9,410,580</b>	<b>10,499,902</b>	<b>11,993,926</b>
<b>Result before tax</b>	<b>12,194,935</b>	<b>-3,285,803</b>	<b>12,528,927</b>
Tax payments	-181,105	-19,830	-17,461
<b>Net result for the financial year</b>	<b>12,013,830</b>	<b>-3,305,633</b>	<b>12,511,466</b>
+ interest paid and received (included in financing activities)	3,808,146	3,574,905	3,440,367
<b>Net result for the year (excluding interest)</b>	<b>15,821,976</b>	<b>269,273</b>	<b>15,951,833</b>
<b>Non-cash elements added to/deducted from the result</b>	<b>-4,172,422</b>	<b>10,881,345</b>	<b>-4,593,021</b>
changes in fair value of swaps	-2,847,153	10,216,115	-4,415,765
changes in fair value of investment properties	-1,690,056	0	0
depreciation, impairments and impairment reversals of tangible fixed assets	84,565	-92,096	114,271
real estate lease - profit or loss margin on projects attributed to the period	13,697	349,326	-709,426
real estate lease - decrease in trade receivable (profit or loss margins attributed to earlier periods)	266,525	408,000	417,898
<b>Change in working capital requirement</b>			
<b>Movement of assets</b>	<b>-214,121</b>	<b>-3,241,011</b>	<b>1,672,822</b>
project developments (projects in progress/in preparation)	-64,890	4,280,513	3,297,853
finance lease receivables	0	-7,652,185	-1,752,016
trade receivables	61,712	25,780	123,133
recoverable taxes	-253,042	143,143	-140,591
other current assets	53,878	-58,101	120,610
deferred charges and accrued income	-11,780	19,839	23,833
<b>Movements in liabilities</b>	<b>-2,024,853</b>	<b>2,590,296</b>	<b>-1,037,707</b>
trade payables	-2,279,290	2,514,766	-766,957
taxes, social insurance charges and liabilities relating to remuneration	85,682	73,097	-292,031
deferrals and accruals	168,756	2,432	21,281



Amounts rounded off to full euros

Financial year as closed on 31 December	2015	2014	2013
<b>2. CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>-41,767,851</b>	<b>-3,270,462</b>	<b>-801,228</b>
investments in investment properties	-41,490,430	-2,250,000	
investments in tangible fixed assets	-277,453	-1,020,112	-801,228
investments in financial fixed assets	32	-350	0
<b>3. CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>31,588,470</b>	<b>-3,601,327</b>	<b>-6,750,368</b>
paid interest charges	-3,898,242	-3,736,685	-3,590,622
received interest (swap)	90,096	161,780	150,255
increase (+) of financial debts	13,121,679	4,590,000	2,300,000
buy-back/sale of treasury shares	32,100	-273,332	
dividend payments on founder shares	-160,650	-80,325	-82,500
dividend payments on registered shares	-84,546	-12,356	-43,450
dividend payments on other ordinary shares	-11,624,868	-3,285,565	-5,484,051
payment of withholding tax on dividends	-2,097,498	-964,845	0
increase in capital	36,210,398	0	0
<b>TOTAL CASH FLOWS (1) + (2) + (3)</b>	<b>-768,801</b>	<b>3,628,113</b>	<b>4,442,330</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	<b>8,547,846</b>	<b>9,316,647</b>	<b>5,688,534</b>

## 5. Statement of changes in consolidated equity

Amounts rounded off to full euros

	CAPITAL	SHARE PREMIUM	reserves for impact of swaps (*)	other reserves	reserve for treasury shares	results carried forward from previous financial years
<b>1 January 2013</b>	<b>60,744,395</b>	<b>0</b>	<b>-12,902,149</b>	<b>11,283,515</b>	<b>0</b>	<b>5,645,643</b>
appropriation of net result	-	-	-	-	-	-
financial year 2012	-	-	-3,451,064	-	-	5,741,248
dividends	-	-	-	-	-	-5,615,500
result for the period	-	-	-	-	-	-
<b>31 December 2013</b>	<b>60,744,395</b>	<b>0</b>	<b>-16,353,213</b>	<b>11,283,515</b>	<b>0</b>	<b>5,771,391</b>
<b>1 January 2014</b>	<b>60,744,395</b>	<b>0</b>	<b>-16,353,213</b>	<b>11,283,515</b>	<b>0</b>	<b>5,771,391</b>
appropriation of net result	-	-	-	-	-	-
financial year 2013	-	-	4,412,058	-	-	8,099,408
dividends	-	-	-	-	-	-6,432,300
treasury shares	-	-	-	-	-273,332	-
result for the period	-	-	-	-	-	-
capital increase	-	-	-	-	-	-
(optional dividend)	889,004	1,191,440	-	-	-	-
<b>31 December 2014</b>	<b>61,633,399</b>	<b>1,191,440</b>	<b>-11,941,155</b>	<b>11,283,515</b>	<b>-273,332</b>	<b>7,438,498</b>
<b>1 January 2015</b>	<b>61,633,399</b>	<b>1,191,440</b>	<b>-11,941,155</b>	<b>11,283,515</b>	<b>-273,332</b>	<b>7,438,498</b>
appropriation of net result	-	-	-	-	-	-
financial year 2014	-	-	-10,215,012	-	-	6,909,379
dividends	-	-	-	-	-	-6,515,709
treasury shares	-	-	-	-	32,100	-
result for the period	-	-	-	-	-	-
interim dividend	-	-	-	-	-	-
capital increase	16,809,093	19,401,306	-	-	-	-
<b>31 December 2015</b>	<b>78,442,492</b>	<b>20,592,746</b>	<b>-22,156,167</b>	<b>11,283,515</b>	<b>-241,232</b>	<b>7,832,169</b>

	RESERVES	RESULT FOR THE FINANCIAL YEAR	TOTAL EQUITY
<b>1 January 2013</b>	<b>4,027,009</b>	<b>2,290,184</b>	<b>67,061,588</b>
appropriation of net result financial year 2012	2,290,184	-2,290,184	0
dividends	-5,615,500		-5,615,500
result for the period	0	12,511,466	12,511,466
<b>31 December 2013</b>	<b>701,693</b>	<b>12,511,466</b>	<b>73,957,554</b>
<b>1 January 2014</b>	<b>701,693</b>	<b>12,511,466</b>	<b>73,957,554</b>
appropriation of net result financial year 2013	12,511,466	-12,511,466	0
dividends	-6,432,300	-	-6,432,300
treasury shares	-273,332	-	-273,332
result for the period	0	-3,305,633	-3,305,633
capital increase (optional dividend)	0	-	2,080,444
<b>31 December 2014</b>	<b>6,507,527</b>	<b>-3,305,633</b>	<b>66,026,734</b>
<b>1 January 2015</b>	<b>6,507,527</b>	<b>-3,305,633</b>	<b>66,026,734</b>
appropriation of net result financial year 2014	-3,305,633	3,305,633	0
dividends	-6,515,709	-	-6,515,709
treasury shares	32,100	-	32,100
result for the period	0	12,013,830	12,013,830
interim dividend	,	-7,467,609	-7,467,609
capital increase	0	0	36,210,398
<b>31 December 2015</b>	<b>-3,281,714</b>	<b>4,546,222</b>	<b>100,299,745</b>

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

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

## 6. Notes

### A. Accounting policies

#### GENERAL

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

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

The consolidated financial statements of the Company as at 31 December 2015 comprise the Company and its subsidiaries. The financial statements are presented in euros, unless otherwise stated, and cover the 12 month period ended on 31 December 2015.

The main shareholders are listed in the notes to these financial statements. Care Property Invest is listed on Euronext Brussels.

The registered offices of the Company were relocated on 12 January 2015 to Horstebaan 3, 2900 Schoten (telephone: +32 3 222 94 94).

The financial statements were approved for publication by the Board of Directors on 13 April 2016. The financial statements will be submitted to the Annual General Meeting of Shareholders to be held on 18 May 2016.

#### DECLARATION OF CONFORMITY

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the Standing Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) of the "IASB", as in force at the close of the financial year, and as approved by the European Commission. In all material respects, the financial statements are in conformity with the European Directives concerning statutory financial statements. The mandatory scheme for the balance sheet and income statement imposed by the RREC Decree is used. New standards, amendments to standards and interpretations that became applicable from 1 January 2015 have no impact on these financial statements.

The Company has not opted for early adoption of new standards, amendments or interpretations of existing standards that were issued before the publication of the financial statements but that became effective only after the end of the financial year on 31 December 2015.

The preparation of financial statements in accordance with the IFRS requires estimates and assumptions to be made that affect the amounts presented in the financial statements. For example, investment properties are recognised in accordance with the fair value determined by the real estate expert, no provision has been included for potential additional premium payments relating to the defined benefit pension plans, and the financial instruments are shown at market value.

These estimates are made on a 'going concern' basis and in light of the information available at that time. The estimates may be revised if the circumstances on which they were based alter or if new information becomes available. The actual results may differ from the estimates.

### CONSOLIDATION PRINCIPLES

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

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

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

## INFORMATION ON SUBSIDIARIES

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

<b>Name of company</b>	<b>Date of acquisition</b>	<b>Participating interest as at 31 December 2015</b>
MST bvba	23 December 2015	100%
Boeyendaalhof nv	23 December 2015	included with MST bvba
Croonenburg nv	18 September 2015	99.99%
B Turnhout nv	18 September 2015	99.96%

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

These acquisitions took place in the context of an "asset deal" to which IFRS 3 - Business Combinations does not apply.

## INVESTMENT PROPERTIES

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

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



In the event of differences in value between the purchase price and the initial valuation at fair value, the negative difference attributable to the estimated transaction rights is taken directly to the income statement under heading "XVIII. Changes in fair value of investment properties".

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

On the sale of the property, the difference between the net sale value and the book value last recorded is shown under heading "XVI. Result of sales of investment property" in the income statement.

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

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

#### LEASING ACTIVITIES

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

### Initial investment programme

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

The receivables relating to the lease contracts are accounted for in the non-current assets under three headings, namely "development projects", "trade receivables" and "finance lease receivables".

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

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

#### OTHER TANGIBLE FIXED ASSETS (OTHER THAN THAT CONCERNING THE DEVELOPMENT PROJECTS INCLUDED IN THE LEASING ACTIVITIES)

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

The estimated useful lives of the main categories of tangible fixed assets lies within the following order of magnitude:

Building (for the Company's own use)	30 years
Equipment of building	3 years
Furniture	10 years
Computers	3 years
Office machinery	4 years
Motor vehicles	5 years
Equipment of offices	3 years

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

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

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

### IMPAIRMENTS

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

### FINANCIAL FIXED ASSETS

With the exception of the financial instruments, the financial assets are shown at historical cost.

### TREASURY SHARES

The treasury shares in the Company's possession are deducted from equity at the initial acquisition cost.

### DIVIDENDS

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

### FINANCIAL PAYABLES

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

#### DERIVATIVE FINANCIAL INSTRUMENTS

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

The fair value of financial instruments is based on the market value calculations of the counter-party and the respective fair values are regarded as "level 2", as defined under IAS/IFRS (*see also notes under "C.g. Changes in fair value of financial assets and liabilities"*).

#### PROVISIONS

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

#### TAX RECEIVABLES AND LIABILITIES

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

#### INCOME AND EXPENSES

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

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

## GROUP INSURANCE

The contracts that Care Property Invest has concluded in relation to group insurance are of the “defined contribution” type (see the notes on salaries in “C.b. General operational expenses”). This defined contribution pension plan has been entrusted to Belfius Bank. These pension plans are regarded as “defined contribution” plans with fixed costs for the employer, and are shown under “group insurance contributions”. Employees make no personal contribution. Premiums are recognised in the financial year in which they were paid or scheduled. However, under the so-called “Vandenbroucke law” these group insurance policies would be regarded as ‘defined benefit’ plans within the meaning of IAS 19, and the Company would be required to guarantee an average minimum rate of return of 3.25% (currently) on the employer's contributions. In principle, the Company would have additional obligations if the statutory minimum return could not be achieved. Belfius Bank confirmed that the minimum return, including profit sharing, has been achieved up to and including 2015. Moreover, the impact on the Company's results would be limited, since it has only nine employees.

## TAXES

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

### Corporate tax

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

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

### Withholding tax

Since 1 January 2013, the dividends paid out by Care Property Invest have been subject to 15% withholding tax pursuant to the Programme Law (Title 7 - Finance) of 27 December 2012 and the Royal Decree of 27 December 2012 applying the Royal Decree/1992 Income Tax Code on the waiver of the collection of withholding tax on dividends paid by RRECs with fixed capital.

The full exemption from withholding tax has since then been abolished.

The reduced rate of 15% was repealed by the Act of 26 December 2015 containing measures to promote job creation and purchasing power (BS 30 December 2015) and increased to 27% from 1 January 2016. As residential RREC status no longer exists, the general rate of 27% applies for all RRECs. Care Property Invest is therefore no longer required to comply with the conditions that were imposed for residential RRECs. In addition, pursuant to Articles 116 and 118, §1(6) of the Royal Decree/1992 Income Tax Code, the Company is exempt from withholding tax on income allocated to Belgian public RRECs.



### Inheritance tax

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

To obtain the exemption, the shares must be recorded in the estate declaration and the exemption must be explicitly requested. A valid certificate must be attached to the declaration, issued by the credit institutions that provide financial services for Care Property Invest. The maximum exemption for the stock market value of the share amounts to its issue price of €5.95 (= value of the issue price/1,000 due to the share split of 24 March 2014). Likewise, the sum of the net dividends paid during the period in which the deceased or his or her spouse was the holder of the shares may also be exempt, in as far as the shares form part of the estate. The conditions for exemption from inheritance tax can also be viewed on the website at [www.carepropertyinvest.be](http://www.carepropertyinvest.be).

### Exit tax

An exit tax was estimated for the subsidiaries of Care Property Invest, calculated at the rate of 17%.

### EARNINGS PER SHARE

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

### POST-BALANCE-SHEET EVENTS

Events may occur after the balance sheet date which provide additional information on the financial situation of the Company at the balance sheet date (adjusting events). This information allows us to improve estimates and to give a better reflection of the actual situation on the balance sheet date. These events require an adjustment of the balance sheet and the income statement. Other events after the balance sheet date are disclosed in the notes if they can have a significant impact. No material events took place after balance sheet date as at 31 December 2015, except for the adjustment of the leasehold payments following the increase in the withholding tax on dividends paid out by the Company from 1 January 2016. In accordance with the provisions of the prospectus and the lease contracts concluded in relation to the original portfolio, the Company has passed on the increase in the withholding tax from 15% to 27% payable by its shareholders on dividend payments from 1 January 2016 to the OCMWs/non-profit organisations - leaseholders.

## FAIR VALUE

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

Amounts shown in euros.

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

	Level 1	Level 2	Level 3	Amounts shown in the balance sheet as at 31 December 2014
Investment properties			2,252,000.00	2,250,000.00
Receivables from finance leases and trade receivables etc. (*)		217,188,923.86		169,539,553.47
Other tangible fixed assets				
Financial fixed assets		6,302.40		6,302.40
Trade receivables		111,222.27		111,222.27
Cash and cash equivalents	9,316,647.11			9,316,647.11
Non-current and current financial liabilities (*)		92,556,589.20		87,860,038.31
Other non-current financial liabilities		22,156,167.00		22,156,167.00
Trade payables and other current liabilities		6,834,445.15		6,834,445.15
Other current liabilities		78,816.53		78,816.53

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

## SEGMENT INFORMATION

No segment information is presented by the Company, since it has only one and the same economic activity, namely the realisation of residential units within the framework of the Residential Care Decree.

Such information would moreover have no added value for the Company's management in taking operational decisions. In addition, no leaseholder or tenant of the Company represents more than 10% of the total rental income.

## B. Financial risk management

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

Market risks, operational risks and regulatory risks described in Chapter "I. Risk Factors" of the annual financial report.

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

The first service flats built in the initial investment programme were financed with the Company's own resources. After deploying its own resources, the Company took out long-term loans from the banks to finance the remaining flats in the initial investment programme of 2,000 subsidised flats. The long-term loans are contracted in the form of bullet loans. The capital of these loans is repaid as a lump sum on maturity and the Company pays interest only during the term of the loans. These interest charges (subject to the addition of a margin) are calculated as leasehold payments (= monthly ground rent) charged on in the lease contracts concluded with the OCMW and non-profit organisations (information on the treatment of the existing 76 leases in Chapter "VII. Financial Statements", point 6 "Notes to the Financial Statements" "A. Accounting Policies" on page 94). The Company will be able to pay its financing costs through the lease payments that it also receives on a monthly basis and will be able to fulfil its obligations on the maturity of the loans, due to the final building rights fees that it will receive from the contracting lessees.

### 2. Liquidity risk

The Company is exposed to a liquidity risk that could arise through a cash shortage in the event of the cancellation of its credit lines. Compliance with the obligations of Care Property Invest following the conclusion of long-term loans is guaranteed for each project concerned by the OCMW or the non-profit organisation in relation to the banks, up to the amount of the loan. The loan contracted with ING Bank for the Nijlen project is subject to a guarantee to Immomanda nv by Care Property Invest and the non-profit organisation that a mortgage mandate will be granted on the building, in the amount of the borrowed sum. Given the guarantees provided and barring any unforeseeable events, there is little or no risk that the Company's financing contracts will be terminated or cancelled or that early repayment will be required. To ensure compliance with the obligations of the lessees to Care Property Invest to pay the final building rights fee, the subsidies received by the OCMW or the non-profit organisation from the Flemish community are paid into an escrow account. In principle, a municipal guarantee is also requested for settlement of the OCMW's liabilities to Care Property Invest arising from the lease contract. In the absence of this guarantee, the Company may in any event also seek settlement from the municipal authority on the basis of Article 145 of the OCMW Decree.

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

### 3. Interest rate fluctuations

The increase or decrease in interest rates has an impact on the financial costs and, therefore, on the net result of the Company. In order to manage this risk, the Company financed its bank debts as at 31 December 2015 at fixed interest rates or hedged fluctuations through the use of interest rate swaps, in which the floating interest rate is converted to a fixed rate. On a consolidated basis the 41 financing contracts concluded have an average fixed rate of 4.42% and an average maturity of 14.54 years. For the 16 financing contracts that were linked to an interest rate swap, despite the fact that these contracts were hedged by a fixed interest rate, fluctuations in the financial instruments should be included in the Company's financial results in accordance with the International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS). If the underlying interest rates for these swap transactions fall, the market value of these instruments will be negatively affected and vice versa if the interest rates rise. This variation has a negative or positive impact on the net result of Care Property Invest (no cash flow hedge accounting, within the meaning of IAS 39).

Compared to 31 December 2014, interest rates were slightly higher, enabling a positive change to be recorded for these financial instruments during the 2015 financial year, amounting to €2.85 million, under 'changes in fair value of financial assets and liabilities'. As at 31 December 2015, the fair value of these instruments was €19.31 million negative, compared to €22.16 million negative as at 31 December 2014. A change in the interest rate curve of 0.25% (positive or negative) could have an impact on the fair value of the instruments of around €3.3 million so that the net result on consolidated basis would amount to resp. €8.7 million in case of a fall in interest rate or €15.31 million in case of a rise in interest rate.

These fluctuations concern non-cash elements and are not taken into account in the calculation of the minimum result to be distributed or in the calculation of the debt ratio (*see Article 13 of the RREC Decree*). Two loans (amounting to 7% of the total long-term financial debt on a consolidated basis) are roll-over loans, in which provision has been made for the possibility of repayment or continuation every three years. During the first half of this year, when the first review date for the first loan is reached, the Company will be exposed to the risk of potential increases in the interest rates. In view of the current low interest rates and the limited amount, the impact is expected to be limited. The loans may be renegotiated or the possibility of repaying the loans from the Company's own resources may be provided.

#### 4. Inflation or deflation risk

Care Property Invest has limited exposure to the risks of inflation and deflation, as the current rental income is linked to movements in the consumer price index. A potential impact is offset by the fact that the current lease contracts provide for upward indexation, as a result of which rental income will at least remain at the level of the preceding year. In the event of inflation, a rise in interest rates would potentially mean an increase in financial expenses. Care Property Invest has taken the necessary steps to protect itself against such risks (see "3. Interest rate fluctuations").

#### 5. Movements in the debt level

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

If the Company exceeds a debt ratio of 50% of its assets, it is required to prepare a financial plan. The Company's debt level as at 31 December 2015 was calculated in accordance with Article 13 of the RREC Decree at 45.80%.

#### 6. Exchange rate risk

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

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

The contracting of a financing agreement or a hedging risk creates a counter-party risk in relation to a banking counter-party. In order to limit this risk, Care Property Invest has long-lasting and sound relationships with its banking partners, which have a good financial rating, so that the risk of default by these counter-parties is limited. In order to ensure a diversity of counter-parties for its financing, the Company and its subsidiaries have used various reference banks (KBC, ING, BNP Paribas Fortis and Belfius Bank). The bank loans represent up to 91% of the Company's total liabilities (excluding the fair value of long-term hedging instruments). Should a banking counter-party default, the Company has other financing options (including e.g. the possibility of raising new capital or contracting new loans with other banks).

## C. Notes to the income statement

Amounts shown in euros.

a. Rental income	2015	2014	2013
<b>Rent and rental discounts</b>			
<b>Rental income and rental discounts for investment properties</b>	<b>614,801.69</b>		
rent	620,321.69		
rental discounts	-5,520.00		
<b>Income from finance leases and other similar leases</b>			
<b>Projects financed with company's own resources</b>	<b>7,547,170.50</b>	<b>7,268,665.64</b>	<b>7,181,287.55</b>
interest - own financial resources	4,915,392.60	4,778,031.12	4,778,032.32
interest (indexation) - own financial resources	2,844,594.36	2,819,391.36	2,746,206.72
decrease in trade receivables (profit or loss margin attributable to previous periods) - own resources	-212,816.46	-328,756.84	-342,951.49
<b>Projects financed with borrowed resources</b>	<b>5,569,544.65</b>	<b>5,517,421.06</b>	<b>5,123,107.74</b>
interest - borrowed financial resources	4,429,882.92	4,366,811.08	3,944,328.82
interest (indexation) - borrowed financial resources	1,373,370.72	1,229,853.24	1,253,725.92
decrease in trade receivables (profit or loss margin attributable to previous periods) - borrowed resources	-53,708.99	-79,243.26	-74,947.00
<b>Total rental income</b>	<b>13,731,516.84</b>	<b>12,786,086.70</b>	<b>12,304,395.29</b>

In accordance with the RREC Decree, the ground rent revenue representing the leasehold fees received by the Company in relation to finance leases is shown under the heading "Income from finance leases and other similar leases". The fee or ground rent is paid regardless of the occupancy rate. The ground rent is reduced by the actualised diminution in the adjustment of the previously recorded profit margin during the construction phase of the projects (*see also point C.c.*). The OCMWs account for 91.5% of the Company's revenue as at 31 December 2015. The remaining revenue (8.5%) results from the eight projects realised for non-profit organisations.

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

Amounts shown in euros.

<b>b. General expenses of the company</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>General operating expenses</b>	<b>-621,744.60</b>	<b>-830,941.69</b>	<b>-510,070.03</b>
rental of offices, rent charges, electricity and maintenance	-57,644.14	-84,438.90	-86,496.33
costs of lease cars	-59,267.28	-65,345.40	-63,166.43
remuneration of the statutory auditor for the audit mandate	-44,340.00	-48,063.70	-37,531.14
external advice	-219,274.84	-272,362.38	-164,897.96
temporary employment agency costs	0.00	-58,300.80	-14,256.00
training courses	-31,770.00	-23,006.65	-12,813.59
publications	-34,418.56	-67,444.32	-27,529.86
others	-175,029.78	-211,979.54	-103,378.72
<b>Costs related to the legal status of the RREC</b>	<b>-199,984.27</b>	<b>-145,680.97</b>	<b>-119,573.00</b>
commission costs of dividend	-17,647.94	-133.88	-7,148.31
contributions to Euronext and Euroclear and other exchange fees	-22,183.38	-45,370.85	-7,665.51
internal audit fee	-13,039.40	-13,039.40	-12,871.20
costs of real estate expert	-39,397.04	-11,880.00	-1,500.00
collective investment undertakings tax	-93,611.18	-60,697.10	-79,293.36
contribution to operating expenses of FSMA	-14,105.33	-14,559.74	-11,094.62
<b>Remuneration of directors</b>	<b>-199,772.18</b>	<b>-175,841.37</b>	<b>-112,673.24</b>
remuneration of directors	-165,139.04	-160,500.00	-96,775.00
travel expenses of directors	-3,463.33	-2,236.62	-2,793.49
directors' representation fee	-3,600.00	-3,600.00	-3,600.00
liability insurance for directors	-27,569.81	-9,504.75	-9,504.75
<b>Remuneration</b>	<b>-1,297,339.27</b>	<b>-1,074,677.60</b>	<b>-848,800.89</b>
remuneration of office employees	-865,477.54	-680,507.09	-551,494.25
group insurance contributions (including National Social Security Office (RSZ))	-44,943.57	-44,427.38	-33,109.30
office employees' premiums (including social insurance contributions)	-124,569.81	-90,086.27	-96,264.95
social insurance contributions	-240,041.82	-182,866.22	-134,930.40
other employee expenses	-22,306.53	-76,790.64	-33,001.99
<b>Depreciation, amortisation and impairments</b>	<b>-84,564.60</b>	<b>92,096.28</b>	<b>-114,271.33</b>
depreciation of tangible fixed assets	-84,564.60	-14,903.72	-7,271.33
impairments and reversal of impairments of tangible fixed assets	0.00	107,000.00	-107,000.00
<b>Total general expenses of the Company</b>	<b>-2,396,283.41</b>	<b>-2,135,045.35</b>	<b>-1,705,388.49</b>



**"General operating expenses"** includes the rental of the offices, various office requisites, costs of the lease vehicles, telephone, electricity, etc. The external advisory services included in this item concern fees paid to lawyers, external consultants, engineers etc.

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

The **remuneration** for the mandate of a **director** and **managing director** was fixed by the meeting of the Board of Directors of 18 May 2011 at €7,000 per year per mandate. The meeting of the Board of Directors of 15 January 2014 also resolved to award attendance fees to directors of €500 per meeting of the Board of Directors and €300 per meeting of the Management Board as from 1 January 2014. The Managing Directors also receive reimbursement of actual travel expenses and an representation fee of €75 per month. As at 31 December 2015, the Board of Directors consisted of 11 members. Messrs Willy Pintens, Peter Van Heukelom and Dirk Van den Broeck were appointed as Managing Directors.

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

The liability insurance was adjusted as a result of the capital increase in June 2010, with the insured amount being adjusted accordingly.

The **remuneration** includes a sum of €44,943.57 as a contribution to a group insurance policy for the benefit of the staff of the RREC. A sum of 5% of the annual salary was awarded to each employee (excluding the CEO). This defined contribution pension plan has been entrusted to Belfius Bank. These pension plans are regarded as "defined contribution" plans with fixed costs for the employer, and are shown under "group insurance contributions". Employees make no personal contribution. The Board of Directors has also adopted a remuneration policy of payment of a premium (shown under the heading "office employees' premiums", of €124,569.81 including costs such as social security contributions), based on the Company's overall result. This amount includes a sum of €32,100 which was awarded to the CEO. This concerns the allocation of 2,000 shares in the Company.

No pension plans other than the group insurance referred to above have been contracted for the current workforce or for former employees. No advances or loans were granted to any directors or employees. The CEO/Managing Director and all other staff are affiliated to the Company by an employment contract for office employees and may be dismissed subject to compliance with Belgian labour law. The amount shown for remuneration is explained partly by an increase in the number of staff during the second half of 2014. One staff member who was formerly employed through an agency and whose costs were included in the general operating expenses, has now been taken on under an employment contract with the Company. In addition, severance payments were paid to one employee and due to the change in the status of the CEO from 1 January 2016, all remuneration was paid out on 31 December 2015. From 1 January 2016, Peter Van Heukelom will perform his function under a director's agreement.

<b>Staffing of the Company</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
number of persons working under an employment contract on 31/12	9	10	8
average number of employees in full-time equivalents (FTEs) during the financial year	9	8	7.3

The **transactions with related parties** (within the meaning of IAS 24 and the Companies Code) relate only to the costs included in the remuneration of directors paid to the Managing Directors of the Company, as well as the fees paid to the CEO (included in the remuneration) for a total amount of €498,179.10. The details of the costs are presented in the remuneration report in Chapter "VIII. Corporate Governance Charter" under point "5.2. Remuneration report" on page 182 of this annual financial report.

Amounts shown in euros.

c. Other operating charges and income of the Company	2015	2014	2013
<b>Other operating charges</b>	<b>-89,937.74</b>	<b>-2,942,951.59</b>	<b>-5,568,166.63</b>
municipal tax/registration fees	, -533.68	-706.16	-80,498.66
residential priority rights contribution	-4,367.33	-4,121.30	-2,049.27
costs to be charged on	, -2,449.97	-3,909.88	-13,268.97
other operating charges	692.50	-92.00	-3,197.50
withholding tax	-4,673.29	-4,923.23	-743.94
property leases - loss margin on delivered projects attributed to the period	-13,760.97	-434,229.50	-57,790.00
property leases - loss margin on projects in progress attributed to the period			-2,889.38
costs of projects in progress	-64,845.00	-2,494,969.52	-5,407,728.91
<b>Income</b>	<b>170,874.41</b>	<b>2,750,720.57</b>	<b>6,438,828.33</b>
costs charged on	2,449.98	7,225.81	13,268.66
other operating income	3,925.83	12,286.81	11,857.86
other miscellaneous operating income	3,925.83	9,786.81	9,981.54
income from sale of project specifications	0.00	0.00	891.32
operating subsidies and compensatory amounts	0.00	2,500.00	985.00
fees for sub-projects	43,409.84	54,739.99	155,220.64
fees for sub-project management	25,272.12	55,128.05	105,023.15
project management fees pursuant to Article 80	18,137.72	0.00	0.00
project management fees, OCMW financing	0.00	-388.06	50,197.49
non-current assets produced	56,179.38	70,715.40	13,818.29
insurance deductible	0.00	25,879.99	66,828.86
property leases - profit margins on delivered projects attributed to the period	0.00	84,903.05	345,981.77
property leases - profit margins on projects in progress attributed to the period	64.38	0.00	424,123.34
activated costs of projects in progress	64,845.00	2,494,969.52	5,407,728.91
<b>Total operating charges and income</b>	<b>80,936.67</b>	<b>-192,231.02</b>	<b>870,661.70</b>

The updated profit margin or loss relating to the lease agreements concerns the projects in progress at the end of the financial year and the projects that were delivered during the financial year (*see also point D.e.*). When investment amounts change following a final settlement, the economic value changes as well and this has an impact on the operating income and charges. The total economic value is shown as a receivable and is recovered during the remaining term of the building rights period through the deduction of the ground rent revenues included in the rental income.

The amount shown in both expenses (activated costs of projects in progress) and income (costs of projects in progress) corresponds to an estimate of the total costs that were activated in relation to projects in progress and delivered projects. An estimate of this amount was made by taking account of all incoming invoices recorded as investments (or assets) (Box 83 of the VAT return). These costs are shown in "receivables from projects in progress" of "other tangible fixed assets", or in the "finance lease receivables" if the project has already been delivered.

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

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

Changes in fair value of investment properties	2015	2014	2013
Positive change in fair value of investment properties	1,696,997.35	0.00,	0.00
Negative change in fair value of investment properties	-6,941.27	0.00	0.00
<b>Total changes in fair value of investment properties</b>	<b>1,690,056.08</b>	<b>0.00,</b>	<b>0.00</b>

Amounts shown in euros.

d. Financial income	2015	2014	2013
<b>Interest and dividends received</b>	<b>59,437.52,</b>	<b>47,912.45</b>	<b>84,774.32</b>
interest	50,875.75,	9,373.27	3,604.98
activated pre-financing costs	0.00,	38,528.33	81,146.95
financial discounts and payment differences	8,561.77	10.85	22.39
<b>Total financial income</b>	<b>59,437.52</b>	<b>47,912.45</b>	<b>84,774.32</b>

The pre-financing costs shown are activated for the project in question under the heading "Other tangible fixed assets". The total amount of these revenues depends on the number of projects in preparation, the volume of invoices paid for the project and the Euribor rate applying during the financial year.

Amounts shown in euros.

e. Net interest charges	2015	2014	2013
<b>Nominal interest charges on loans</b>	<b>-2,216,977.14</b>	<b>-2,055,419.95</b>	<b>-1,904,750.73</b>
cost of straight loans	-13.30	0.00	0.00
costs of long-term loans (floating rate)	-90,246.02	-161,779.91	-150,254.94
costs of long-term loans (fixed rate)	-1,905,443.48	-1,893,640.04	-1,754,495.79
interest charges of subsidiaries	-221,274.34	0.00	0.00
<b>Cost of authorised hedging instruments (Not subject to hedge accounting as defined in IFRS)</b>	<b>-1,681,265.13</b>	<b>-1,681,265.13</b>	<b>-1,685,871.29</b>
<b>Income from authorised hedging instruments</b>	<b>90,096.07</b>	<b>161,779.91</b>	<b>150,254.94</b>
<b>Total interest charges</b>	<b>-3,808,146.20</b>	<b>-3,574,905.17</b>	<b>-3,440,367.08</b>

The net interest charges also included the Company's interest expenses for the long-term loans contracted with interest payable monthly at a floating rate. These floating rates are hedged by a swap transaction, through which this floating interest rate is transposed into a fixed interest rate to be paid for a total amount of accrued interest for the 2015 financial year of €1,681,265.13 (transposition of the floating interest rate paid is shown in "income from authorised hedging instruments" for the same amount of €90,246.02). A total of 16 long-term loans were hedged with a swap transaction. The remaining 17 long-term loans were contracted for a fixed interest rate, for a total cost in 2015 of €1,905,443.48. The remaining amount of €221,274.34 was paid for the eight loans of the subsidiaries.

Through the application of IFRS 7, the impact of the financial instruments (i.e. the aforementioned swap transactions) on the income statement is shown in "Changes in fair value of financial assets and liabilities" (see below at point C.g.).

The costs and revenues of financial instruments used for hedging purposes are interest flows paid or received by the Company in relation to derivatives that are presented and analysed in the notes to point "G.b. Other non-current financial liabilities" of the liabilities.

Amounts shown in euros.

<b>Interest charges by maturity of loans</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Interest charges for non-current financial liabilities	-3,808,132.90	-3,574,905.17	-3,440,367.08
Interest charges for current financial liabilities	-13.30	0.00	0.00
<b>Total interest charges</b>	<b>-3,808,146.20</b>	<b>-3,574,905.17</b>	<b>-3,440,367.08</b>

<b>Interest charges by variable/fixed interest rates</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Interest charges with fixed interest rate	-3,809,982.95	-3,574,905.17	-3,440,367.08
Interest charges with variable interest rate	-90,259.32	-161,779.91	-150,254.94
Interest income with floating rate	90,096.07	161,779.91	150,254.94
<b>Total interest charges</b>	<b>-3,808,146.20</b>	<b>-3,574,905.17</b>	<b>-3,440,367.08</b>

The interest expense is divided according to the maturity date, the credit line and the nature of the interest rate. The average interest rate for the 41 non-current financial debts for 2015 is 4.42%.

Interest charges for 33 long-term loans are increased by a margin which is passed on as a leasehold fee (monthly ground rent) received by the Company (see also "B. Financial risk management" from page 104 onwards).

The remaining eight loans are investment loans of Care Property Invest subsidiaries.

Amounts shown in euros.

<b>f. Other financial charges</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Bank charges and other commissions</b>	<b>-2,613.09</b>	<b>-1,505.36</b>	<b>-914.01</b>
bank charges	-2,613.09,	-1,505.36,	-914.01,
<b>Total other financial charges</b>	<b>-2,613.09</b>	<b>-1,505.36</b>	<b>-914.01</b>

<b>g. Changes in fair value of financial assets and liabilities</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Changes in fair value of financial liabilities</b>	<b>2,847,152.52</b>	<b>-10,216,114.92</b>	<b>4,415,765.05</b>
changes in fair value: forward interest rate swap	2,847,152.52,	-10,216,114.92,	4,415,765.05,
<b>Total changes in fair value of financial assets and liabilities</b>	<b>2,847,152.52</b>	<b>-10,216,114.92</b>	<b>4,415,765.05</b>

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

For the first 16 projects financed with borrowed funds, the floating (variable) interest rate payable by Care Property Invest payable under these financing contracts was hedged through swap transactions in order to limit the interest rate risk, as a result of which the floating interest payable was transposed into a fixed interest rate payable for the full term of the loans. These financial instruments (interest rate swaps (IRS)) hedge against economic risks relating to interest rates, as described in point B. Financial risk management. The fair value of these instruments is calculated by the banks on the basis of the discounted value of the estimated future cash flows and is recognised in the balance sheet under "financial assets" (in the case of a positive valuation) or "non-current financial liabilities" (in the case of a negative valuation). The variation of this fair value is shown in "Changes in fair value of financial assets and liabilities" in the income statement. Hedge accounting is not applied for these derivatives.

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

Amounts shown in euros.

<b>h. Taxes</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
corporate tax	-54,396.27	-19,829.95	-17,461.14
exit tax	-126,709.06	0.00	0.00
<b>Total taxes</b>	<b>-181,105.33</b>	<b>-19,829.95</b>	<b>-17,461.14</b>

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

The exit tax will be actually payable if one of the subsidiaries of Care Property Invest merges with the Company.

## D. Notes to non-current assets

Amounts shown in euros.

<b>a. Investment properties</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Properties available for sale</b>	<b>49,960,748.55,</b>	<b>0.00</b>	<b>0.00</b>
Gullegem - "Tilia"	2,658,000.00	0.00	
Turnhout - "Aan de Kaai"	16,046,569.35		
Turnhout - "De Nieuwe Kaai"	16,206,950.81		
Herenthout - "Boeyendaalhof"	15,049,228.39,		
<b>Project development</b>	<b>0.00</b>	<b>2,250,000.00</b>	
<b>Total investment properties</b>	<b>49,960,748.55</b>	<b>2,250,000.00</b>	<b>0.00</b>

In accordance with IAS 40, property investments are shown in the Company's financial statements at fair value. This fair value is supported by market data and is based on the valuation performed by an independent real estate expert with a relevant and recognised professional qualification, who has recent experience with regard to the location and nature of similar investment properties. The fair value as determined by the real estate expert amounts to €49.96 million as at 31 December 2015. The valuation has been performed by Stadim, on the basis of the market value, as defined in the International Valuation Standards published by the Royal Institution of Chartered Surveyors (the 'Red Book'). The market value of property is defined as "the estimated amount for which a property could be transferred on the date of valuation from a willing seller to a willing buyer in an arm's-length transaction after proper marketing wherein parties had each acted knowledgeable, prudently and without compulsion".

The capitalisation rate applied to the contractual rental income amounts for the four projects to an average of 4.9%. An increase or decrease in the capitalisation rate would have a limited effect on the Company's results, as only four projects are shown as investment properties in accordance with IAS 40 as at 31 December 2015.



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

The main quantitative information on the valuation of the fair value of this investment property, based on unobservable data (Level 3) and set out below, is data from the report of the real estate expert. The sensitivity of the fair value to variations in the main unobservable data reported is generally presented as follows (if all parameters remain the same) as the effect of a decrease or increase.

Unobservable data	Value of decrease	Impact on fair value in event of decrease	Impact on fair value in event of increase
ERV (Estimated Rental Value) m <sup>2</sup>	€109.31	Negative	Positive
Inflation	1%	Negative	Positive
Discounting level	4.94%	Positive	Negative
Remaining duration (years)	23.70 years	Negative	Positive

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

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

The reports of the independent experts are checked by the managing directors of the Company. If the managing directors are of the opinion that the reports of the independent expert are coherent, they are submitted to the Board of Directors.

project	address	fair value 31.12.2015	profit/loss attributable to the period	total purchases	fair value 31.12.2014
GULLEGEM Residence "Tilia"	Dorpsplein 21 8560 Gullegem	2,658,000	78,350.13	329,649.87	2,250,000
TURNHOUT Aan de Kaai	Antoine Coppenslaan 33 2300 Turnhout	16,046,569	1,361,565.86	14,685,003.49	0
TURNHOUT De Nieuwe Kaai	Nieuwe Kaai 5-7 2300 Turnhout	16,206,951	-6,941.27	16,213,892.08	0
HERENTHOUT Boeyendaalhof	Itegemse Steenweg 3 2270 Herenthout	15,049,228	257,081.36	14,792,147.03	0
<b>TOTAAL</b>		<b>49,960,749</b>	<b>1,690,056.08</b>	<b>46,020,692.47</b>	<b>2,250,000</b>

project	leaseholder/tenant	total lettable floor area (m <sup>2</sup> )	number of residential units	net markent rent/year
Residence "Tilia"	OCMW Wevelgem	1,454	15	129,345
Aan de Kaai	vzw De Nieuwe Kaai	7,950	84	921,812
De Nieuwe Kaai	vzw De Nieuwe Kaai	7,806	99	939,744
Boeyendaalhof	vzw Boeyendaalhof	7,139	118	799,160
<b>TOTAL AVERAGE</b>		<b>24,349</b>	<b>316</b>	<b>2,790,061</b>

project	market rent/m <sup>2</sup>	start leasehold or rent	end leasehold or rent	remaning lease- hold or rent as from closing date	rents received
Residence "Tilia"	88.96	29.04.15	28.04.30	14.33	43,749.00
Aan de Kaai	115.95	18.09.15	17.09.42	26.73	275,298.55
De Nieuwe Kaai	120.39	18.09.15	17.09.42	26.73	279,625.10
Boeyendaalhof	111.94	23.12.15	22.12.42	26.99	16,129.04
<b>TOTAL AVERAGE</b>	<b>109.31</b>			<b>23.70</b>	<b>614,801.69</b>

Amounts shown in euros.

<b>b. Other tangible fixed assets</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Tangible fixed assets for own use</b>	<b>2 007 075.62</b>	<b>1 814 141.97</b>	<b>701 933.91</b>
land and buildings for own use	1 690 229.79	1 689 927.11	693 000.00
installations, machinery and equipment	0.00	21 581.18	736.36
furniture and vehicles	222 759.38	98 780.59	8 197.55
other tangible fixed assets	94 086.45	3 853.09	0.00
<b>Other</b>	<b>44.79</b>	<b>44.79</b>	<b>4 280 557.85</b>
other real rights (building rights fees paid)	44.79	44.79	44.79
receivables from projects in progress	64 845.00	0.00	4 280 557.85
- Assenede - Boekhout			76 133.69
- Moerbeke	64 845.00		
- Destelbergen			407 851.89
- Opwijk - 2nd stage			3 796 527.48
<b>Total other tangible fixed assets</b>	<b>2 071 965.41</b>	<b>1 814 186.76</b>	<b>4 982 491.76</b>

At the end of 2013, the Company purchased a property for renovation, in order to house its offices there from January 2015. These offices are shown with the other tangible fixed assets for own use, in accordance with IAS 16.

Amounts shown in euros.

**Investment and depreciation/amortisation table**  
**(other tangible fixed assets for own use)**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Acquisition cost</b>			
Balance at end of previous financial year	1,920,688.11	916,614.00	115,807.99
Acquisitions	281,351.57	1,016,258.69	801,227.32
Transfers and disposals	-81,295.90	-12,184.58	-421.31
<b>Balance at end of the financial year</b>	<b>2,120,743.58</b>	<b>1,920,688.11</b>	<b>916,614.00</b>
<b>Depreciation, amortisation and impairment losses</b>			
Balance at end of previous financial year	-110,399.23	-214,680.09	-100,830.07
Depreciation, impairments and reversal of impairments	-84,564.60	92,096.28	-114,271.33
Transfers and disposals	81,295.90	12,184.58	421.31
<b>Balance at end of the financial year</b>	<b>-113,667.93</b>	<b>-110,399.23</b>	<b>-214,680.09</b>
<b>Net book value</b>	<b>2,007,075.65</b>	<b>1,810,288.88</b>	<b>701,933.91</b>

Amounts shown in euros.

<b>c. Financial fixed assets</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
other - surety paid in cash	6,270.00	6,302.40	5,952.40
<b>Total financial fixed assets</b>	<b>6,270.00</b>	<b>6,302.40</b>	<b>5,952.40</b>

The surety paid in cash concerns two surety payments that the Company made to municipal authorities on the delivery of building permits.

Amounts shown in euros.

d. Finance lease receivables		2015	2014	2013
Projects financed with Company's own resources		65,347,156.67	65,347,156.67	65,347,156.67
1102.O.02	Deurne	1,642,136.89	1,642,136.89	1,642,136.89
1102.O.03	Antwerp – AKA	2,453,562.72	2,453,562.72	2,453,562.72
1102.O.04	Merksem	2,707,138.69	2,707,138.69	2,707,138.69
1107.O.01	Brecht	1,653,193.13	1,653,193.13	1,653,193.13
1109.O.01	Essen	1,439,363.34	1,439,363.34	1,439,363.34
1110.O.01	Hemiksem	1,685,377.26	1,685,377.26	1,685,377.26
1113.V.01	Kapellen	1,386,416.23	1,386,416.23	1,386,416.23
1114.O.01	Kontich	2,128,076.52	2,128,076.52	2,128,076.52
1129.O.01	Zoersel	1,314,386.48	1,314,386.48	1,314,386.48
1130.O.01	Zwijndrecht	1,651,929.65	1,651,929.65	1,651,929.65
1301.O.01	Arendonk	1,258,806.57	1,258,806.57	1,258,806.57
1311.O.01	Hoogstraten	1,471,431.71	1,471,431.71	1,471,431.71
1321.O.01	Ravels	1,836,289.37	1,836,289.37	1,836,289.37
1322.O.01	Retie	1,674,319.74	1,674,319.74	1,674,319.74
1326.O.01	Vosselaar	1,215,136.97	1,215,136.97	1,215,136.97
2123.O.01	Opwijk	815,873.14	815,873.14	815,873.14
3103.O.01	Bruges – Sint-Andries	2,453,927.05	2,453,927.05	2,453,927.05
3108.O.01	Torhout	1,306,796.30	1,306,796.30	1,306,796.30
3109.O.01	Zedelgem	957,988.07	957,988.07	957,988.07
3410.O.01	Waregem	4,854,264.93	4,854,264.93	4,854,264.93
3205.O.01	Lo-Reninge	660,172.61	660,172.61	660,172.61
3307.O.01	Wervik	1,160,527.86	1,160,527.86	1,160,527.86
3408.O.01	Menen	1,385,782.73	1,385,782.73	1,385,782.73
3601.O.01	Hooglede	1,437,339.01	1,437,339.01	1,437,339.01
3605.O.01	Lichtervelde	1,230,240.98	1,230,240.98	1,230,240.98
3607.O.01	Roeselare	1,901,389.12	1,901,389.12	1,901,389.12
4101.O.01	Aalst – Blok A+Blok B	2,924,145.95	2,924,145.95	2,924,145.95
4108.O.01	Ninove – Denderwindeke	1,212,658.83	1,212,658.83	1,212,658.83
4108.O.02	Ninove – Burchtstraat	1,149,451.51	1,149,451.51	1,149,451.51
4204.O.01	Hamme	1,361,852.97	1,361,852.97	1,361,852.97
4204.O.02	Hamme – Moerzeke	996,160.25	996,160.25	996,160.25
4301.V.01	Assenede – Bassevelde	888,510.01	888,510.01	888,510.01
4301.O.02	Assenede – Oosteeklo	1,046,421.43	1,046,421.43	1,046,421.43
4402.V.01	Deinze	1,204,571.93	1,204,571.93	1,204,571.93
4403.O.01	De Pinte	1,355,767.48	1,355,767.48	1,355,767.48
4421.V.01	Zulte	1,094,520.44	1,094,520.44	1,094,520.44
5101.O.01	As	1,457,524.43	1,457,524.43	1,457,524.43
5111.O.01	Leopoldsborg-Centre	2,304,535.76	2,304,535.76	2,304,535.76
5111.O.02	Heppen	1,435,709.20	1,435,709.20	1,435,709.20
5117.O.01	Zonhoven	2,154,751.95	2,154,751.95	2,154,751.95
5204.O.01	Hamont-Achel	1,078,707.46	1,078,707.46	1,078,707.46

Amounts shown in euros.

		2015	2014	2013
<b>Projects financed with borrowed funds</b>		<b>91,658,172.77</b>	<b>91,658,172.76</b>	<b>84,005,987.53</b>
1102.O.01	Antwerp – Ekeren	1,735,239.29	1,735,239.29	1,735,239.29
1107.O.02	Brecht – Sint-Job	2,149,961.42	2,149,961.42	2,166,117.19
1109.O.02	Essen 2nd phase	1,114,374.84	1,114,374.84	1,114,374.84
1122.O.01	Schilde	2,471,297.09	2,471,297.09	2,471,297.09
1208.V.01	Nijlen	1,259,420.86	1,259,420.86	1,259,420.86
1304.O.01	Beerse	4,151,001.06	4,151,001.06	4,151,001.06
1318.O.01	Mol	2,867,586.48	2,867,586.48	2,867,586.48
1328.O.01	Vorselaar	2,613,329.68	2,613,329.68	2,613,329.68
2116.O.01	Lennik	1,843,166.78	1,843,166.78	1,843,166.78
2117.O.01	Liedekerke	2,306,347.74	2,306,347.74	2,306,347.74
2121.O.01	Meise	3,146,861.26	3,146,861.26	3,146,861.26
2121.O.03	Opwijk 2	4,592,315.29	4,592,315.29	
2134.O.01	Zaventem – Sterrebeek	1,827,654.52	1,827,654.52	1,827,654.52
2134.O.02	Zaventem – Sint-Stevens-Woluwe	2,965,085.01	2,965,085.01	2,965,085.01
2218.O.01	Kortenbergh	2,398,855.72	2,398,855.72	2,398,855.72
2228.O.01	Tienen	3,382,906.85	3,382,906.85	3,382,906.85
2228.O.02	Tienen 2	3,455,560.46	3,455,560.46	3,455,560.46
3103.O.02	Bruges – 7-torentjes	2,176,406.51	2,176,406.51	2,176,406.51
3103.O.03	Bruges – Ten Boomgaarde	3,277,885.84	3,277,885.84	3,277,885.84
3103.O.04	Bruges – Vliedberg	2,313,489.93	2,313,489.93	2,313,489.93
3204.O.01	Kortemark	3,850,618.15	3,850,618.15	3,850,618.15
3501.O.01	Bredene	5,152,687.38	5,152,687.38	5,152,687.38
3601.O.02	Hoogdele – Gits	2,631,140.86	2,631,140.86	2,631,140.86
3606.O.01	Moorslede	1,183,631.96	1,183,631.96	1,183,631.96
4207.O.01	Waasmunster	2,064,529.27	2,064,529.27	2,064,529.27
4404.O.01	Destelbergen	1,998,805.04	1,998,805.04	1,998,805.04
4404.O.02	Destelbergen – Heusden	3,076,327.30	3,076,327.30	
4605.O.01	Sint-Niklaas	1,732,787.41	1,732,787.41	1,732,787.41
4605.O.02	Sint-Niklaas – Priesteragie	3,713,258.24	3,713,258.24	3,713,258.24
5102.O.01	Beringen	2,079,192.56	2,079,192.56	2,079,192.56
5107.O.01	Ham	2,089,854.61	2,089,854.61	2,089,854.61
5110.O.01	Heusden-Zolder	3,004,334.33	3,004,334.33	3,004,635.92
5117.O.02	Zonhoven – 2	2,097,879.99	2,097,879.99	2,097,879.99
5203.O.01	Dilsen-Stokkem	3,330,436.57	3,330,436.57	3,330,436.57
5204.O.02	Hamont-Achel – Achel	1,603,942.46	1,603,942.46	1,603,942.46
<b>Total finance lease receivables</b>		<b>157,005,329.44</b>	<b>157,005,329.43</b>	<b>149,353,144.20</b>

The amount of contractual prepayments of €36,263,682.83 was already deducted from the amount of the total receivables as at 31 December 2015. Following amounts were prepaid: Brecht: 250,000 – Zoersel: 177,005.25 – Hoogstraten: 119,761.18 – Bruges: 264,490.49 – Zedelgem: 37,184.03 – Wervik: 55,361.52 – Moorslede: 228,000 – Achel: 1,541,042.75 – Zonhoven 2: 3,535,580.80 – Beringen: 900,000 – Saint-Nicolas: 1,650,000 – Lo-Reninge: 38,431.77 – Zulte: 825,623.15 – Nijlen: 1,160,000 – Bruges Vliedberg: 2,222,764.84 – Sint-Job: 2,065,649.21 – Bruges 7-torentjes: 2,091,057.24 – Meise: 3,023,454.94 – Bruges, Ten Boomgaarde: 3,149,341.29 – Liedekerke: 2,215,902.74 – Mol: 2,755,132.11 – Sint-Niklaas: 5,950,000 – Ham: 2,007,899.53.

The amounts of the “finance lease receivables” correspond to the nominal final building rights fees payable (i.e. the total investment costs less the contractual prepayments received).

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

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

The final building rights fees, which are equal to the amount shown in the “total finance lease receivables”, must be refunded after the end of the 30-year building rights period, which had an average remaining term of 18.13 years on 31 December 2015.

As at 31 December 2015 there are no lapsed ground rent payments.

*Amounts shown in euros.*

<b>Financial year as closed on 31 December</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
gross investment			
(end of building rights, ground rent and rent)	327,267,976.57	336,850,287.88	326,460,290.98
maturing < 1 year	9,170,070.72	9,170,070.72	8,788,221.36
maturing between 1 and 5 years	36,680,282.88	36,680,282.88	35,152,885.44
maturing > 5 years	281,417,622.97	290,999,934.28	282,519,184.18

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

<b>Financial year ended on</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
balance of lease receivables and trade receivables	169,259,331.44	169,539,553.47	162,231,871.44,

The balance of lease receivables and trade receivables consists of the investment cost of the building shown under the heading "finance lease receivables", and the profit or loss margin generated during the construction phase and its write-down, depending on the ground rent payments already received, as shown under the heading "trade receivables and other non-current assets", excluding the amount shown in the latter item for projects in progress, of €300,053.98 for the 2012 financial year and €2,035,045.08 for the 2013 financial year. There are no activated costs for projects in progress or under study as at 31 December 2014 or as at that date in 2015.

*Amounts shown in euros.*

<b>Financial year as closed on 31 December</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
unearned financing income	12,254,002.00	12,534,224.04	13,291,550.59

Unearned financing income concerns unrealised profits relating to projects in progress and completed projects (*see point D.e.*).

<b>Financial year as closed on 31 December</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
future ground rent and rental payments	170,262,647.13	179,844,958.45	177,594,958.23
maturing < 1 year	9,170,070.72	9,170,070.72	8,788,221.36
maturing between 1 and 5 years	36,680,282.88	36,680,282.88	35,152,885.44
maturing > 5 years	124,412,293.53	133,994,604.85	133,653,851.43

Future ground rent and rental payments are at least equal to the contractual leasehold fees for the entire duration of the project and do not take account of annual adjustments to the consumer price index.

<b>Financial year as closed on 31 December</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
fair value of finance lease receivables	221,889,477.53	217,188,923.86	163,847,795.50

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



Amounts shown in euros.

e. Trade receivables and other non-current assets		2015	2014	2013
Projects shown under the heading "finance lease receivables"		14,963,572.63	14,977,269.22	14,913,772.32
Projects financed with Company's own resources		9,772,655.61	9,780,900.22	10,141,872.55
1102.O.02	Deurne	480,303.35	480,484.24	482,565.54
1102.O.03	Antwerp – AKA	368,727.91	368,931.06	370,854.98
1102.O.04	Merksem	358,512.21	358,710.14	360,559.14
1107.O.01	Brecht	552,974.91	553,158.29	555,228.49
1109.O.01	Essen	98,222.28	98,422.98	100,228.38
1110.O.01	Hemiksem	540,871.34	541,058.26	543,146.71
1113.V.01	Kapellen	222,453.68	222,646.57	224,571.04
1114.O.01	Kontich	628,897.14	629,086.20	631,130.81
1129.O.01	Zoersel	1,437.66	1,641.88	3,354.10
1130.O.01	Zwijndrecht	-101,414.60	-101,204.12	-99,576.47
1301.O.01	Arendonk	86,766.77	86,966.14	88,774.20
1311.O.01	Hoogstraten	175,595.46	175,790.65	177,655.21
1321.O.01	Ravels	543,618.81	543,807.80	545,859.18
1322.O.01	Retie	176,530.00	176,729.57	178,543.41
1326.O.01	Vosselaar	134,628.54	134,829.10	136,682.04
2123.O.01	Opwijk	-10,307.60	-10,102.98	-8,383.19
3103.O.01	Bruges – Sint-Andries	393,086.27	393,280.81	395,195.59
3108.O.01	Torhout	-1,597.54	-1,392.97	316.86
3109.O.01	Zedelgem	67,267.73	67,468.69	69,309.73
3410.O.01	Waregem	687,659.06	687,860.52	689,739.20
3205.O.01	Lo-Reninge	54,757.84	54,954.34	56,823.34
3307.O.01	Wervik	123,826.81	124,026.82	125,868.84
3408.O.01	Menen	142,971.86	143,172.16	145,050.83
3601.O.01	Hooglede	58,991.20	59,195.10	60,981.12
3605.O.01	Lichtervelde	62,547.19	62,749.27	64,546.80
3607.O.01	Roeselare	475,022.38	475,210.10	477,260.68
4101.O.01	Aalst – Blok A	2,096.29	2,301.79	4,021.47
4101.O.01	Aalst – Blok B	5,619.50	5,825.83	7,552.91
4108.O.01	Ninove – Denderwindeke	-68,764.93	-68,555.19	-66,909.50
4108.O.02	Ninove – Burchtstraat	194,732.72	194,925.72	196,885.79
4204.O.01	Hamme	259,914.24	260,106.41	262,092.91
4204.O.02	Hamme – Moerzeke	360,636.29	360,816.06	362,943.61
4301.V.01	Assenede – Bassevelde	-58,817.77	-58,609.21	-56,970.91
4301.O.02	Assenede – Oosteeklo	265,696.86	265,881.77	267,949.11
4402.V.01	Deinze	42,729.93	42,939.26	44,719.02
4403.O.01	De Pinte	255,871.45	256,062.05	258,024.47
4404.O.02	Destelbergen – Heusden	-281,506.62	-281,506.65	
4421.V.01	Zulte	262,639.08	262,829.63	264,805.47
5101.O.01	As	486,745.00	486,929.71	489,027.60

Amounts shown in euros.

		2015	2014	2013
5111.O.01	Leopoldsburg-Centrum	807,759.80	807,942.71	810,027.14
5111.O.02	Heppen	473,041.29	473,224.83	475,295.03
5117.O.01	Zonhoven	246,506.14	246,707.52	248,548.36
5204.O.01	Hamont-Achel	195,405.68	195,597.36	197,573.51
<b>Projects financed with borrowed funds</b>		<b>5,190,917.02</b>	<b>5,196,396.00</b>	<b>4,771,899.77</b>
1102.O.01	Antwerp – Ekeren	264,754.20	264,927.27	267,167.50
1107.O.02	Brecht – Sint-Job	57,843.51	57,882.78	60,995.21
1109.O.02	Essen – 2nd stage	151,255.47	151,429.20	153,636.76
1122.O.01	Schilde	-164,349.34	-164,186.93	-161,820.04
1208.V.01	Nijlen	106,371.50	106,556.38	108,667.17
1318.O.01	Mol	-275,132.21	-274,961.81	-272,608.96
1304.O.01	Beerse	16,801.03	16,967.00	19,338.35
1325.O.01	Vorselaar	91,321.44	91,479.62	93,956.18
2116.O.01	Lennik	50,122.66	50,305.16	52,446.92
2117.O.01	Liedekerke	-60,258.99	-60,093.97	-57,738.52
2121.O.01	Meise	47,026.03	47,188.91	49,608.42
2123.O.02	Opwijk – 2nd project	500,680.13	500,615.78	
2134.O.01	Zaventem – Sterrebeek	287,307.51	287,476.23	289,819.20
2134.O.02	Zaventem – Sint-Stevens-Woluwe	299,229.12	299,411.46	301,539.22
2218.O.01	Kortenbergh	289,292.06	289,459.51	291,773.48
2228.O.01	Tienen	570,747.13	570,921.04	573,168.90
2228.O.02	Tienen – 2nd stage	266,450.18	266,619.56	268,918.88
3103.O.02	Bruges – 7-torentjes	-347,812.81	-347,635.69	-345,429.90
3103.O.03	Bruges – Ten Boomgaarde	312,292.89	312,443.18	315,004.55
3108.O.04	Bruges – Vliedberg	177,686.08	177,863.04	180,120.26
3204.O.01	Kortemark	123,033.97	123,202.27	125,503.64
3501.O.01	Bredene	143,823.48	143,989.02	146,335.99
3601.O.02	Hoogdele – Gits	-906.26	-740.92	1,598.69
3606.O.01	Moorslede	165,356.14	165,535.77	167,671.86
4207.O.01	Waasmunster	249,658.86	249,825.62	252,154.53
4404.O.01	Destelbergen	377,045.30	377,209.10	379,571.72
4605.O.01	Sint-Niklaas	284,571.95	198,246.24	200,346.29
4605.O.02	Sint-Niklaas – 2nd stage	138,445.10	284,729.55	287,237.00
5102.O.01	Beringen	2,799.32	138,626.06	140,762.20
5107.O.01	Ham	-41,078.10	2,976.88	5,146.13
5110.O.01	Heusden-Zolder	132,831.04	-40,914.95	-38,551.38
5117.O.02	Zonhoven – 2	536,553.53	133,011.90	135,173.74
5203.O.01	Dilsen-Stokkem	239,093.34	536,733.66	538,917.38
5204.O.02	Hamont-Achel – Achel	264,754.20	239,271.08	241,468.40

Amounts shown in euros.

	2015	2014	2013
<b>Projects shown under the heading "other tangible fixed assets"</b>	<b>0.00</b>	<b>0.00</b>	<b>412,823.35</b>
<b>Projects financed with borrowed funds</b>	<b>0.00</b>	<b>0.00</b>	<b>412,823.35</b>
2123.O.02 Opwijk – 2nd project			415,712.73
4605.O.01 Sint-Niklaas			-2,889.38
<b>Total activated economic value</b>	<b>14,963,572.63</b>	<b>14,977,269.22</b>	<b>15,326,595.67</b>
movement in relation to the preceding financial year (*)	-13,696.59	-349,326.45	709,425.73

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

Amounts shown in euros.

	2015	2014	2013
profit and loss margin attributed to the projects during the construction phase	<b>14,963,572.63</b>	<b>14,977,269.22</b>	<b>15,326,595.67</b>
decrease due to deduction of ground rent receipts	-2,709,570.63	-2,443,045.18	-2,035,045.08
<b>Total trade receivables</b>	<b>12,254,002.00</b>	<b>12,534,224.04</b>	<b>13,291,550.59</b>

## E. Notes to current assets

Amounts shown in euros.

a. Trade receivables	2015	2014	2013
customers	19,990.53	86,639.95	126,814.17
credit notes receivable	8,159.64	17,127.41	9,385.32
income to be collected	18,189.91	1,930.91	802.78
suppliers positive balance	2,420.00	5,524.00	0.00
<b>Total trade receivables</b>	<b>49,510.40</b>	<b>111,222.27</b>	<b>137,002.27</b>

b. Tax receivables and other current assets	2015	2014	2013
<b>Taxes</b>	<b>267,119.66</b>	<b>14,078.12</b>	<b>157,720.85</b>
VAT	0.00	14,078.12	14,078.12
VAT current account	265,839.82	0.00	143,642.73
Recoverable taxes	1,279.84	0.00	0.00
<b>Remuneration and social insurance</b>	<b>0.00</b>	<b>500.00</b>	<b>0.00</b>
advance for directors	0.00	500.00	0.00
<b>Other miscellaneous receivables</b>	<b>94,638.12</b>	<b>148,015.92</b>	<b>89,914.80</b>
other miscellaneous receivables	10,035.13		
invoices paid for environmental work performed	84,602.99	148,015.92	89,914.80
<b>Total tax receivables and other current assets</b>	<b>361,757.78</b>	<b>162,594.04</b>	<b>247,635.65</b>

c. Cash and cash equivalents	2015	2014	2013
current accounts with financial institutions	8,547,719.09	9,316,447.37	5,688,207.58
cash	126.77	199.74	326.46
<b>Total cash and cash equivalents</b>	<b>8,547,845.86</b>	<b>9,316,647.11</b>	<b>5,688,534.04</b>

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

d. Prepayments and accrued income	2015	2014	2013
other: deferred charges	5,752.37	9,018.62	27,282.31
other: income received - interest	15,046.03	0.00	1,575.65
<b>Total prepayments and accrued income</b>	<b>20,798.40</b>	<b>9,018.62</b>	<b>28,857.96</b>

## F. Notes on equity

Amounts shown in euros.

a. Capital	2015	2014	2013
other: deferred charges	78,442,491.65	61,633,399.04	60,744,395.00
<b>Total capital</b>	<b>78,442,491.65</b>	<b>61,633,399.04</b>	<b>60,744,395.00</b>

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

The capital as at 31 December 2015 is represented by 13,184,720 fully paid-up shares (registered or dematerialised).

On 31 December 2013, there were still 25 (or 25,000 after the split on 24 March 2014) bearer shares of the Company which were converted by operation of law on 1 January 2014 into dematerialised form (Article 9 of the Company's articles of association was amended for this purpose) and the exercise of the rights attached to these securities was suspended. Until 31 December 2014, the owners of these securities were able to identify themselves in order to claim their securities and the associated rights, which did not take place in relation to 20,000 of these shares. As the owner(s) therefore remained unknown, the Company sold these securities in accordance with a legal procedure. The proceeds of this sale in the amount of €273.123.20 were deposited in an account with the Deposit and Consignment Office. Those entitled to these revenues can apply for them in accordance with the statutory conditions and after deduction of the statutory penalties.

Amounts shown in euros.

### Evolution of the capital

date	transaction	capital movement	cumulated number of shares
30/10/1995	incorporation	1,249,383.36	210
07/02/1996	capital increase through issuance of shares	59,494,445.95	10,210
16/05/2001	capital increase conversion into euros	565.69	
24/03/2014	share split through division by 1,000	0.00	10,210,000
20/06/2014	capital increase through optional dividend for 2013 financial year	889,004.04	10,359,425
22/06/2015	capital increase through issuance of shares	16,809,092.61	13,184,720
		<b>78,442,491.65</b>	<b>13,184,720</b>

### Details of the capital as at 31 December 2015

Class of shares	quantity	accounting value	ratio of special shares	to total number of shares
<b>Special shares</b>	<b>150,000</b>	<b>892,425.00</b>	<b>100.00%</b>	<b>1.14%</b>
Belfius Bank nv/sa	80,000	475,960.00	53.33%	0.61%
BNP Paribas Fortis Bank nv/sa	30,000	178,485.00	20.00%	0.23%
KBC Bank nv/sa	30,000	178,485.00	20.00%	0.23%
Bank Degroof Petercam nv/sa	10,000	59,495.00	6.67%	0.07%
<b>Ordinary shares</b>	<b>13,034,720</b>	<b>77,550,066.65</b>		<b>98.86%</b>
<b>Totals</b>	<b>13,184,720</b>	<b>78,442,491.65</b>		<b>100.00%</b>

### number of dematerialised shares and number of registered shares

registered special shares	150,000
registered ordinary shares	90,553
dematerialised ordinary shares	12,944,167
	<b>13,184,720</b>

There are two types of shares: special shares and ordinary shares, all without par value. All shares are subscribed and paid up in full. All shares are registered or dematerialised. On 31 December 2015 there are 150,000 special shares and 13,034,720 ordinary shares.

The following relevant articles of association were included in full in the coordinated articles of association which can be viewed on the website [www.carepropertyinvest.be](http://www.carepropertyinvest.be)) and are also presented in this report

**ARTICLE 6 of the coordinated articles of association as at 22 June 2015 - CAPITAL**

**ARTICLE 7 of the coordinated articles of association as at 22 June 2015 - AUTHORISED CAPITAL**

**ARTICLE 8 of the coordinated articles of association as at 22 June 2015 - CHANGES IN THE CAPITAL**

**ARTICLE 9 of the coordinated articles of association as at 22 June 2015 - NATURE OF THE SHARES**

Pursuant to Article 37 of the articles of association, each share carries the right to one vote (except for the 15,030 shares held by the Company itself, for which the voting rights are suspended).

The transparency legislation has been included in full in Chapter "VIII. Corporate Governance Charter"

The capital as at 31 December 2015 is represented by 13,184,720 fully paid-up shares (registered or dematerialised).

On 31 December 2013, there were still 25 (or 25,000 after the split on 24 March 2014) bearer shares of the Company which were converted by operation of law on 1 January 2014 into dematerialised form (Article 9 of the Company's articles of association was amended for this purpose) and the exercise of the rights attached to these securities was suspended. Until 31 December 2014, the owners of these securities were able to identify themselves in order to claim their securities and the associated rights, which did not take place in relation to 20,000 of these shares. As the owner(s) therefore remained unknown, the Company sold these securities in accordance with a legal procedure. The proceeds of this sale in the amount of €273,123.90 were deposited in an account with the Deposit and Consignment Office. Those entitled to these revenues can apply for them in accordance with the statutory conditions and after deduction of the statutory penalties.

*Amounts shown in euros.*

<b>b. Share premium</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Share premium	20,592,745.89	1,191,440.24	0.00
<b>Total share premium</b>	<b>20,592,745.89</b>	<b>1,191,440.24</b>	<b>0.00</b>

*Amounts shown in euros.*

<b>c. Reserves</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
e. Reserve for net changes in the fair value of authorised hedging instruments that are not subject to hedge accounting as defined in the IFRS (+/-)	-22,156,167.00	-11,941,155.00	-16,353,213.00
h. Reserve for treasury shares (-)	-241,231.50	-273,331.50	0.00
m. Other reserves (+/-)	11,283,515.27	11,283,515.27	11,283,515.27
result to be carried forward (impact of IFRS opening balance sheet)	11,283,515.27	11,283,515.27	11,283,515.27
n. Retained earnings from previous financial years (+/-)	7,832,168.86	7,438,498.33	5,771,390.69
<b>Total reserves</b>	<b>-3,281,714.37</b>	<b>6,507,527.10</b>	<b>701,692.96</b>

*Amounts shown in euros.*

<b>d. Result for the financial year</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Result for the financial year	12,013,830.09	-3,305,632.62	12,511,465.64
Interim dividend	-7,467,608.50	0.00	0.00
<b>Overall result</b>	<b>4,546,221.59</b>	<b>-3,305,632.62</b>	<b>12,511,465.64</b>

## G. Notes on liabilities

Amounts shown in euros.

a. Non-current financial liabilities				2015	2014	2013
	start of loan	repayment nominal amount	final repayment			
loan from Belfius Bank, hedged by swap transaction				35,791,937.59	35,791,937.59	35,791,937.59
3606.O.01 Moorslede	1.02.06	1.02.33		1,187,486.05	1,187,486.05	1,187,486.05
4207.O.01 Waasmunster	2.11.05	2.11.32		2,067,360.12	2,067,360.12	2,067,360.12
1102.O.01 Antwerp - Ekeren	1.05.06	2.05.33		1,618,798.95	1,618,798.95	1,618,798.95
4404.O.01 Destelbergen	1.10.06	3.10.33		1,885,159.00	1,885,159.00	1,885,159.00
2218.O.01 Kortenberg	1.04.07	3.04.34		2,147,304.69	2,147,304.69	2,147,304.69
5204.O.02 Hamont-Achel - Achel	1.10.07	2.10.34		1,511,366.06	1,511,366.06	1,511,366.06
5203.O.01 Dilsen-Stokkem	1.12.07	1.12.34		3,003,107.81	3,003,107.81	3,003,107.81
2228.O.01 Tienen	1.03.08	1.03.35		2,993,023.90	2,993,023.90	2,993,023.90
2134.O.01 Zaventem - Sterrebeek	1.05.08	2.05.35		1,667,307.15	1,667,307.15	1,667,307.15
4605.O.01 Sint-Niklaas	1.01.09	2.01.36		1,736,652.10	1,736,652.10	1,736,652.10
5117.O.02 Zonhoven 2	1.08.09	1.08.36		2,406,536.94	2,406,536.94	2,406,536.94
5102.O.01 Beringen	1.10.09	1.10.36		2,283,967.00	2,283,967.00	2,283,967.00
3103.O.04 Bruges-Vliedberg	31.12.09	31.12.36		3,222,432.60	3,222,432.60	3,222,432.60
2228.O.02 Tienen - 2nd stage	31.12.09	31.12.36		3,786,791.31	3,786,791.31	3,786,791.31
2134.O.02 Zaventem - St. Stev. Woluwe	1.05.10	1.02.27		3,061,479.19	3,061,479.19	3,061,479.19
1109.O.02 Essen - 2nd stage	1.03.10	3.08.26		1,213,164.72	1,213,164.72	1,213,164.72
loan from ING Bank, taken up with fixed forward interest rate				1,358,100.72	1,358,100.72	1,358,100.72
1208.V.01 Nijlen	1.08.10	1.07.27		1,358,100.72	1,358,100.72	1,358,100.72
loans from KBC Bank, taken up with fixed interest rate				10,110,000.00	10,110,000.00	10,110,000.00
1318.O.01 Mol	31.10.12	31.10.29		2,900,000.00	2,900,000.00	2,900,000.00
2117.O.01 Liedekerke	13.03.12	12.03.29		2,310,000.00	2,310,000.00	2,310,000.00
2121.O.01 Meise	30.04.12	30.04.29		2,800,000.00	2,800,000.00	2,800,000.00
3103.O.02 Bruges, 7-torentjes	1.12.12	30.11.33		2,100,000.00	2,100,000.00	2,100,000.00
loans with Belfius Bank, taken up with fixed interest rate				33,710,000.00	33,710,000.00	33,710,000.00
3601.O.02 Hooglede - Gits	3.10.11	3.10.32		2,700,000.00	2,700,000.00	2,700,000.00
1107.O.02 St Job	1.12.11	1.12.28		2,240,000.00	2,240,000.00	2,240,000.00
3204.O.01 Kortemark	1.12.11	1.12.28		3,900,000.00	3,900,000.00	3,900,000.00
3501.O.01 Bredene	1.12.11	1.12.32		5,350,000.00	5,350,000.00	5,350,000.00
2116.O.01 Lennik	31.05.11	31.12.28		1,750,000.00	1,750,000.00	1,750,000.00
5110.O.01 Heusden-Zolder	31.01.12	31.01.31		3,150,000.00	3,150,000.00	3,150,000.00
1304.O.01 Beerse	30.03.12	30.03.30		4,120,000.00	4,120,000.00	4,120,000.00
4605.O.02 Sint-Niklaas, Priesteragie	30.03.12	1.04.36		4,800,000.00	4,800,000.00	4,800,000.00
3103.O.03 Bruges, Ten Boomgaarde	31.01.12	31.01.31		3,200,000.00	3,200,000.00	3,200,000.00
1325.O.01 Vorselaar	31.01.12	31.01.31		2,500,000.00	2,500,000.00	2,500,000.00



			2015	2014	2013
loans with Belfius Bank, taken up with fixed interest rate (roll-over loans – reviewable every 3 years)			6,890,000.00	6,890,000.00	2,300,000.00
2123.O.02	Opwijk 2	1.02.14 1.02.24	4,590,000.00	4,590,000.00	
5107.O.01	Ham	2.05.13 2.05.30	2,300,000.00	2,300,000.00	2,300,000.00
loans subsidiary B Turnhout			3,810,787.34		
	investment loan - 10	27.04.05 3.06.25	280,712.30		
	investment loan - 23	7.04.05 3.06.25	843,950.58		
	investment loan - 33	27.04.05 3.06.25	591,272.91		
	investment loan - 58	27.04.05 3.06.25	1,381,412.26		
	investment loan - 02	9.09.05 3.07.25	549,489.01		
	investment loan - 47	30.06.06 3.07.21	163,950.28		
loans subsidiary Croonenburg			8,593,134.01		
	investment loan 11-14	1.01.13 1.06.32	4,257,336.73		
	investment loan 64-73	1.07.12 1.12.32	4,335,797.28		
<b>total non-current financial liabilities</b>			<b>100,263,959.66</b>	<b>87,860,038.31</b>	<b>83,270,038.31</b>

All non-current financial liabilities were recorded with a fixed interest rate or were converted to a fixed rate by means of a swap transaction. The initial term of the loans is between 17 and 27 years and 88% of the loans are guaranteed by the OCMW or the non-profit organisation in respect of Belfius Bank, KBC Bank and ING Bank. Sixteen loans were contracted with Belfius Bank, providing for monthly payments of a floating interest rate (nominal interest charges are shown in "net interest charges"). These loans were hedged by a swap transaction which converts the floating rate to a fixed rate for the entire term of the loan. The fixed interest rate of the swap is paid annually and is shown in "net interest charges" as a cost of authorised hedging instruments, while the floating interest rate of the swap is received monthly and is recognised as revenue in "net interest charges", as income from authorised hedging instruments (*see notes to C.e. "Net interest charges"*). In line with IAS 39, the valuation of this transaction is shown in the Company's income statement (*see notes to C.g. "Changes in the fair value of financial assets and liabilities"*).

One loan was contracted with ING Bank, with the funds being taken up in August 2010 through a forward interest rate. The leaseholder (non-profit organisation) provided a mortgage guarantee in favour of ING Bank. No financial instruments were used for the remaining 10 loans from Belfius Bank, two loans from BNP Paribas Fortis and 10 loans from KBC Bank. These were contracted at fixed interest rates for the full term of the loan. The loans for the Ham and Opwijk projects were contracted for terms of 17 and 20 years with a fixed interest rate for three years and the option every three years of repayment or continuation of the loan at a fixed interest rate (roll-over loans).

As at 31 December 2015, the Company had no unused lines of credit.

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

In the past, the Company used a very cautious strategy, as a result of which 93% of the loans were hedged as at 31 December 2015 with a fixed interest rate for the entire term of the loans, which have an average remaining term of 15.31 years. The first repayment date for these loans is set in 2026 and the last in 2036. The two roll-over loans will be reviewed for the first time in 2016 and 2017. As these loans comprise only 7% of the total debt financing, any increase in the interest rates will not have a substantial impact on the Company's results (*notes to "B. Financial risk management" on page 98*).

Amounts shown in euros.

	Number	Nominal loan amount	Average remaining term to 1st revision
Financing with 1st review date within the year	1	2,300,000.00	0.34 years
Financing with 1st review date between 1 and 5 years	1	4,590,000.00	1.09 years
Financing with 1st review date between 5 and 10 years	6	3,810,787.34	8.79 years
Financing with 1st review date between 10 and 15 years	10	25,652,744.63	12.67 years
Financing with 1st review date between 15 and 20 years	17	45,674,047.74	17.33 years
Financing with 1st review date after more than 20 years	6	18,236,379.95	20.61 years
	<b>41</b>	<b>100,263,959.66</b>	<b>14.60 years</b>

Amounts shown in euros.

<b>b. Other non-current financial liabilities</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
fair value of the interest rate swaps contracted	19,309,535.00	22,156,167.00	11,941,155.00
<b>Total non-current financial liabilities</b>	<b>19,309,535.00</b>	<b>22,156,167.00</b>	<b>11,941,155.00</b>

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

The financial instruments are regarded as "Level 2" on the scale of fair value defined by IFRS 13. This scale consists of three levels: Level 1: quoted prices in the asset markets; Level 2: observable data other than quoted prices included in Level 1; Level 3: unobservable data. The hedging instruments are derivatives that do not meet the strict criteria of IAS 39 for the application of hedge accounting, but are derivatives that provide economic hedges against risks relating to interest rates. All hedges were contracted within the framework of financial risk management as described on page 98. The fair value is calculated by the bank on the basis of the discounted value of the estimated future cash flows. This fair value is applied in accordance with IFRS 13 in order to show the Company's own credit risk ("debit devaluation adjustment" (DVA)) and the credit rating of the counter-party ("credit valuation adjustment" (CVA)).

The summary of the hedges is presented below:

*Amounts shown in euros.*

<b>OVERVIEW OF FINANCING AS AT 31 DECEMBER 2015 - BELFIUS fixed interest rate through swap</b>							
<b>project</b>	<b>financing amount</b>	<b>interest rate of the loan</b>	<b>date of take-up of the funds</b>	<b>term in years</b>	<b>repayment date (or 1st review date of the interest rate)</b>	<b>Remaining term (full term) in years</b>	<b>valuation of the swap</b>
Destelbergen	1,885,159.00	4.30%	03.10.11	27	03.10.33	18.77	-725,606
Moorslede	1,187,486.05	5.10%	01.02.06	27	01.02.33	18.10	-1,202,663
Ekeren	1,618,798.95	4.62%	02.05.06	27	02.05.33	18.35	-827,161
Waasmunster	2,067,360.12	4.04%	02.11.05	27	02.11.32	17.85	-1,573,207
Kortenbergh	2,147,304.69	4.07%	02.04.07	27	03.04.34	19.27	-861,134
Achel	1,511,366.06	4.85%	01.10.07	27	02.10.34	19.77	-1,743,020
Dilsen-Stokkem	3,003,107.81	4.94%	03.12.07	27	01.12.34	19.93	-847,633
Tienen	2,993,023.90	4.65%	03.03.08	27	01.03.35	20.18	-878,332
Zaventem-Sterrebeek	1,667,307.15	4.32%	02.05.08	27	02.05.35	20.35	-1,704,801
Sint-Niklaas	1,736,652.10	5.05%	02.01.09	27	02.01.36	21.02	-865,147
Zonhoven – 2nd stage	2,406,536.94	4.93%	03.08.09	27	01.08.36	21.60	-959,805
Beringen	2,283,967.00	5.01%	01.10.09	27	01.10.36	21.77	-1,517,608
Tienen	3,786,791.31	4.35%	31.12.09	27	31.12.36	22.02	-2,019,870
Bruges – Vliedberg	3,222,432.60	4.71%	31.12.09	27	31.12.36	22.02	-1,916,162
Zaventem – Sint-Stevens-Woluwe	3,061,479.19	5.26%	01.05.10	17	01.02.27	12.10	-435,845
Essen – 2nd stage	1,213,164.72	5.19%	01.03.10	16	03.08.26	11.60	-1,231,541
<b>Total fair value confirmed by Belfius Bank</b>							<b>-19,309,535</b>

The fair value of the hedging instruments is subject to changes in interest rates on the financial markets. This trend largely explains the variation in the fair value of the hedging instruments between 1 January 2013 and 31 December 2015. This led to a profit of €2.85 million, shown in the Company's income statement. A change in the interest curve of 0.25% (positive or negative) would have an impact on the fair value of the instruments of approximately €3.3 million.

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

Amounts shown in euros.

<b>c. Deferred tax liabilities</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Exit tax	4,097,673.71	0.00	0.00
Other	432,588.88	0.00	0.00
<b>Total deferred taxation</b>	<b>4,530,262.59</b>	<b>0.00</b>	<b>0.00</b>

Amounts shown in euros.

<b>d. Current financial liabilities</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
credit institutions	717,757.47	0.00	0.00
others	750.00	0.00	0.00
<b>Total current financial liabilities</b>	<b>718,507.47</b>	<b>0.00</b>	<b>0.00</b>

Amounts shown in euros.

<b>e. Trade payables and other current liabilities</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Trade payables	0.00	2,137,500.00	0.00
Other	4,389,028.40	4,696,945.15	4,246,581.89
tenants	1,700.00	0.00	0.00
suppliers	3,995,195.63	4,390,493.94	4,026,795.55
taxes, remuneration and social insurance charges	392,132.77	306,451.21	219,786.34
<b>Total trade payables and other current liabilities</b>	<b>4,389,028.40</b>	<b>6,834,445.15</b>	<b>4,246,581.89</b>

Amounts shown in euros.

<b>f. Other current liabilities</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
payable for the acquisition of shares	251,058.02	0.00	0.00
dividends payable for previous financial years	94,572.50	78,816.53	70,051.55
<b>Total other current liabilities</b>	<b>345,630.52</b>	<b>78,816.53</b>	<b>70,051.55</b>

Amounts shown in euros.

<b>g. Accruals and deferred income</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
prepayments of property revenue	72,609.52	0.00	3,081.12
accrued costs	181,634.32	93,845.25	104,692.98
accrued interest	167,315.60	159,478.67	142,014.43
<b>Total accruals and deferred income</b>	<b>421,559.44</b>	<b>253,323.92</b>	<b>249,788.53</b>

## H. Contingencies

### OBLIGATIONS: NEW PROJECT: DRIE EIKEN RESIDENCE IN LANAKEN

On 5 March 2015 Care Property Invest signed an agreement in principle, subject to the usual conditions precedent, with a view to acquiring 100% of the shares of the company VSP Lanaken Centrum WZC. This company owns a plot of land and following the application of the right of accession upon provisional acceptance, it will also become the owner of a residential care centre.

### RESIDENTIAL PRIORITY RIGHT: MAXIMUM DAILY RATE FOR SHAREHOLDERS WITH PRIORITY RESIDENTIAL RIGHTS

In accordance with the issuing prospectus, priority residential rights may be exercised from 1 January 2005 to 31 December 2020 by each shareholder who has held 10,000 shares (10 shares before the share split) for five years and has reached the age of 75. A shareholder who exercises his/her priority residential rights to an existing project waiting list also pays a maximum daily rate for his/her residence.

This daily rate is adjusted annually to the consumer price index and amounted to €22.30 as at 1 January 2015. The maximum daily rate is guaranteed for as long as the shareholder retains at least 10,000 shares and in as far as the pledge on the bare ownership of these shares remains established, as provided for in the terms of the residential priority rights.

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

On 31 December 2015, two shareholders were making use of their residential priority rights, for which the Company pays contributions to the landlords concerned of €1,076.75 and €3,290.58, representing the difference between the maximum daily rate for holders of residential priority rights and the daily rate that the landlord charges the other residents. The maximum daily rate is not exceeded by the other shareholders who make use of residential priority rights. The Company is not required to pay any contribution for these shareholders.

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

## **I. Guarantees received from contractors**

If a project is awarded to a general contractor following a tendering procedure, the contractor pays a deposit equal to 5% of the original contract sum, in accordance with the administrative provisions of the contract. This deposit can be applied in the event of delays due to late execution or total or partial non-execution of the contract, or even on its dissolution or termination. Half of the bank guarantee is released on provisional delivery of the service flats building. On final delivery of a building, the full guarantee is released. At the time of preparation of the financial statements, the Company had guarantees for a total amount of €1,344,495.

## **J. Events after the close of the 2015 financial year**

Between the closing date of 31 December 2015 and the drafting of this annual financial report, no audited financial information or interim financial information was disclosed in response to changes in the financial or trading position of the Company.

There have been no material events after balance sheet date of 31 December 2015, except for the adjustment of the leasehold payments following the increase in the withholding tax on dividends paid out by the Company from 1 January 2016. In accordance with the provisions of the prospectus and the lease contracts concluded in relation to the original portfolio, the Company has passed on the increase in the withholding tax from 15% to 27% payable by its shareholders on dividend payments from 1 January 2016 to the OCMWs/ non-profit organisations - leaseholders.

## 7. Auditor's report

### AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

In accordance with the statutory requirements, we report to you as part of our audit mandate. This report includes our opinion on the consolidated financial statements as well as the required additional statement. The consolidated financial statements include the consolidated balance sheet as at 31 December 2015, as well as the consolidated income statement, the summary of consolidated global income, the consolidated cash flow statement, the consolidated statement of changes in equity for the financial year ended on that date and explanatory notes containing a summary of the main accounting policies for financial reporting and other information.

#### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS - UNQUALIFIED OPINION

We have audited the consolidated financial statements of Care Property Invest NV ("the Company") and its subsidiaries (jointly referred to as "the Group") in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. The consolidated balance sheet amounts to €230,278,227.84 and the consolidated income statement shows a positive net result for the 2015 financial year, Group share, of €12,013,830.09.

#### Responsibility of the Board of Directors for the preparation of the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that present a true and fair view in accordance with the IFRS, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. The Board is also responsible for implementing internal controls which it considers necessary for the preparation of consolidated financial statements that do not contain any material misstatement due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements, based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). These standards require that we comply with the ethical requirements and that we plan and conduct the audit in such a way as to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

An audit involves work to obtain audit evidence concerning the amounts and disclosures in the consolidated financial statements. The work selected depends on the assessment of the auditor, including its assessment of the risks of material misstatement due to fraud or error in the consolidated financial statements. In making these risk assessments, the auditor takes account of the elements of the internal controls of the Group considered relevant to the preparation by the Company of consolidated financial statements that present a true and fair view, in order to design the audit work that is appropriate in the circumstances.

The auditor's activities are not intended to provide an opinion on the effectiveness of the internal controls of the Group. An audit also includes an evaluation of the appropriateness of the accounting policies used for financial reporting and the reasonableness of estimates made by the governing body, as well as an evaluation of the presentation of the consolidated financial statements as a whole.

We have received the explanations and information required for our audit from the Board of Directors and the designated employees of the Company.

We believe that the audit evidence we have obtained is sufficient and suitable to provide a basis for our unqualified opinion.

### **Unqualified opinion**

In our opinion, the consolidated financial statements provide a true and fair view of the assets and the consolidated financial position of the Group as at 31 December 2015 and its consolidated financial results and consolidated cash flows for the year then ended, in accordance with the IFRS, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

### **Report on other legal and regulatory requirements**

The Board of Directors is responsible for the preparation and content of the annual report on the consolidated financial statements.

As part of our mandate and in compliance with the Belgian additional standard for the applicable international auditing standards (ISA), it is our responsibility to verify compliance with certain legal and regulatory obligations in all relevant material respects. On this basis, we include the following additional statement that is not of a nature to modify our opinion on the consolidated financial statements:

- The report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and does not contain any material inconsistencies with regard to the information obtained in the context of our mandate;
- In accordance with Article 523 of the Companies Code the proprietary law consequences of the decisions of the Board of Directors dated 11 March 2015 regarding the remuneration of the CEO are adequately explained in the "Conflicts of interest" section of the annual report on the financial statements;

Sint-Stevens-Woluwe, 15 April 2016

The auditor  
PwC Bedrijfsrevisoren bvba  
Represented by  
Damien Walgrave  
Registered auditor



## 8. Non-consolidated financial statements for the 2015 financial year

This is a summary version of the statutory financial statements. The complete statutory financial statements are deposited at the National Bank of Belgium.

### A. Income statement

Amounts shown in euros.

Financial year as closed on 31 December		2015	2014	2013
I.	Rental income (+)	13,160,464.15	12,786,086.70	12,304,395.29
	<i>rent</i>	<i>49,269.00</i>	<i>0.00</i>	<i>0.00</i>
	<i>rental discounts</i>	<i>-5,520.00</i>	<i>0.00</i>	<i>0.00</i>
	<i>income from finance lease and other similar leases</i>	<i>13,116,715.15</i>	<i>12,786,086.70</i>	<i>12,304,395.29</i>
<b>NET RENTAL RESULT</b>		<b>13,160,464.15</b>	<b>12,786,086.70</b>	<b>12,304,395.29</b>
<b>REAL ESTATE OPERATING RESULT</b>		<b>13,160,464.15</b>	<b>12,786,086.70</b>	<b>12,304,395.29</b>
XIV.	General expenses of the Company (-)	-2,388,438.51	-2,135,045.35	-1,705,388.49
XV.	Other operating income and charges (+/-)	135,953.55	-192,231.02	870,661.70
	<i>Other operating charges relating to the projects</i>	<i>-82,973.30</i>	<i>-2,933,320.32</i>	<i>-5,470,457.56</i>
	<i>Other operating income relating to the projects</i>	<i>164,498.60</i>	<i>2,731,207.95</i>	<i>6,414,593.13</i>
	<i>Other operating income and charges</i>	<i>54,428.25</i>	<i>9,881.35</i>	<i>-73,473.87</i>
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>		<b>10,907,979.19</b>	<b>10,458,810.33</b>	<b>11,469,668.50</b>
XVIII.	Changes in the fair value of investment properties (+/-)	78,350.13	0.00	0.00
	<i>Positive changes in the fair value of investment properties</i>	<i>78,350.13</i>	<i>0.00</i>	<i>0.00</i>
<b>OPERATING RESULT</b>		<b>10,986,329.32</b>	<b>10,458,810.33</b>	<b>11,469,668.50</b>
XX.	Financial income (+)	61,480.42	47,912.45	84,774.32
XXI.	Net interest charges (-)	-3,586,871.86	-3,574,905.17	-3,440,367.08
XXII.	Other financial charges (-)	-1,571.38	-1,505.36	-914.01
XXIII.	Changes in fair value of financial assets/liabilities (+/-)	2,847,152.52	-10,216,114.92	4,415,765.05
<b>FINANCIAL RESULT</b>		<b>-679,810.30</b>	<b>-13,744,613.00</b>	<b>1,059,258.28</b>
<b>RESULT BEFORE TAXES</b>		<b>10,306,519.02</b>	<b>-3,285,802.67</b>	<b>12,528,926.78</b>
XXIV.	Corporate tax (-)	-23,998.95	-19,829.95	-17,461.14
<b>TAXES</b>		<b>-23,998.95</b>	<b>-19,829.95</b>	<b>-17,461.14</b>
<b>NET RESULT</b>		<b>10,282,520.07</b>	<b>-3,305,632.62</b>	<b>12,511,465.64</b>

The Company has no "other comprehensive income", within the meaning of IAS 1, so that the Company's net income is equal to the overall result.

## B. Components of net result

Amounts shown in euros.

Financial year as closed on 31 December	2015	2014	2013 (*)
<b>NET RESULT</b>	<b>10,282,520.07</b>	<b>-3,305,632.62</b>	<b>12,511,465.64</b>
Weighted average of number of shares outstanding			
<b>Net result per share based on weighted average number of outstanding shares</b>	11,853,348 <b>0.86748</b>	10,289,420 <b>-0.32127</b>	10,210 <b>1,225.41</b>
<b>gross yield compared to stock market price on closing date</b>	<b>5.71%</b>	<b>-2.01%</b>	<b>9.08%</b>

<b>EARNINGS PER SHARE, EXCLUDING NON-CASH ELEMENTS INCLUDED IN THE RESULT</b>			
<b>NET RESULT</b>	<b>10,282,520.07</b>	<b>-3,305,632.62</b>	<b>12,511,465.64</b>
<b>NON-CASH ELEMENTS INCLUDED IN THE NET RESULT</b>			
- depreciation and amortisation	84,564.60	14,903.72	7,271.33
- impairments	0.00	0.00	107,000.00
- reversal of impairments	0.00	-107,000.00	0.00
- changes in fair value of investment properties	-78,350.13	0.00	0.00
- changes in fair value of authorised hedging instruments	-2,847,152.52	10,216,114.92	-4,415,765.05
- projects' profit or loss margin attributed to the period	13,696.59	349,326.45	-709,425.73
- decrease in trade receivables			
(profit or loss margin attributed to previous periods)	266,525.45	408,000.10	417,898.49
<b>NET RESULT EXCLUDING NON-CASH ELEMENTS INCLUDED IN THE NET RESULT</b>	<b>7,721,804.06</b>	<b>7,575,712.57</b>	<b>7,918,444.68</b>
<b>net earnings per share, excluding other elements included in the result, attributable to all shares of the Company based on the weighted average number of outstanding shares</b>	<b>€0.65144</b>	<b>€0.7363,</b>	<b>€775.56</b>
<b>gross yield compared to stock market price on closing date</b>	<b>4.29%</b>	<b>4.60%</b>	<b>5.75%</b>

(\*) amount based on 10,210 outstanding shares as at 31 December 2013 – as at 24 March 2014 the shares were split by dividing by 1,000.

## C. Balance Sheet

Amounts shown in euros.

Financial year as closed on 31 December	2015	2014	2013
<b>ASSETS</b>			
<b>I. Non-current assets</b>	<b>199,291,583.75</b>	<b>173,610,042.63</b>	<b>167,633,138.96</b>
C. Investment properties	2,658,000.00	2,250,000.00	0.00
D. Other tangible fixed assets	2,071,965.41	1,814,186.76	4,982,491.76
E. Financial fixed assets	25,302,286.90	6,302.40	5,952.40
F. Finance lease receivables	157,005,329.44	157,005,329.43	149,353,144.21
G. Trade receivables and other non-current assets	12,254,002.00	12,534,224.04	13,291,550.59
<i>concerning projects in progress</i>	0.00	0.00	412,823.35
<i>concerning delivered projects</i>	12,254,002.00	12,534,224.04	12,878,727.24
<b>II. Current assets</b>	<b>10,574,659.24</b>	<b>9,599,482.04</b>	<b>6,102,029.92</b>
D. Trade receivables	101,907.75	111,222.27	137,002.27
E. Tax receivables and other current assets	2,952,274.42	162,594.04	247,635.65
<i>corporate tax</i>	267,119.66	14,078.12	157,720.85
<i>other</i>	2,685,154.76	148,515.92	89,914.80
F. Cash and cash equivalents	7,497,465.08	9,316,647.11	5,688,534.04
G. Deferrals and accruals	23,011.99	9,018.62	28,857.96
<b>TOTAL ASSETS</b>	<b>209,866,242.99</b>	<b>183,209,524.67</b>	<b>173,735,168.88</b>

Financial year as closed on 31 December	2015	2014	2013
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>	<b>98,568,434.74</b>	<b>66,026,733.76</b>	<b>73,957,553.60</b>
A. Capital	78,442,491.65	61,633,399.04	60,744,395.00
B. Share premium	20,592,745.89	1,191,440.24	0.00
C. Reserves	-3,281,714.37	6,507,527.10	701,692.96
D. Net result for the financial year	2,814,911.57	-3,305,632.62	12,511,465.64
<b>LIABILITIES</b>	<b>111,297,808.25</b>	<b>117,182,790.91</b>	<b>99,777,615.28</b>
<b>I. Non-current liabilities</b>	<b>107,169,573.31</b>	<b>110,016,205.31</b>	<b>95,211,193.31</b>
B. Non-current financial liabilities	87,860,038.31	87,860,038.31	83,270,038.31
C. Other non-current financial liabilities	19,309,535.00	22,156,167.00	11,941,155.00
<i>Authorised hedging instruments</i>	19,309,535.00	22,156,167.00	11,941,155.00
<b>II. Current liabilities</b>	<b>4,128,234.94</b>	<b>7,166,585.60</b>	<b>4,566,421.97</b>
D. Trade payables and other current liabilities	3,738,593.53	6,834,445.15	4,246,581.89
Other:	3,738,593.53	6,834,445.15	4,246,581.89
<i>payable for the acquisition of real estate/shares</i>	251,058.02	2,137,500.00	
<i>suppliers</i>	3,232,031.63	4,390,493.94	4,026,795.55
<i>taxes, remuneration and social insurance charges</i>	255,503.88	306,451.21	219,786.34
E. Other current liabilities	94,572.50	78,816.53	70,051.55
F. Deferrals and accruals	295,068.91	253,323.92	249,788.53
<i>prepayments of property revenue (ground rent)</i>	10,109.52	0.00	3,081.12
<i>accrued interest and other costs</i>	167,315.60	159,478.67	142,014.43
<i>accrued costs</i>	117,643.79	93,845.25	104,692.98
<b>TOTAL EQUITY + LIABILITIES</b>	<b>209,866,242.99</b>	<b>183,209,524.67</b>	<b>173,735,168.88</b>

## D. Appropriation of statutory result

Amounts shown in euros.

Financial year as closed on 31 December	2015	2014	2013
<b>A. NET RESULT</b>	<b>10,282,520.07</b>	<b>-3,305,632.62</b>	<b>12,511,465.64</b>
<b>B. ADDITION TO/WITHDRAWAL FROM RESERVES (-/+)</b>	<b>-2,814,911.57</b>	<b>9,821,341.47</b>	<b>-6,079,165.64</b>
1. Addition to/withdrawal from the reserve for the positive or negative net changes in the fair value of real estate (-/+)			
- financial year	-144,350.13		
- earlier financial years			
- developed real estate			
2. Addition to/withdrawal from reserve for estimated transfer taxes and costs resulting from hypothetical disposal of investment properties (-/+)	66,000.00		
5. Addition to the reserve for net changes in authorised hedging instruments that are not subject to hedge accounting as defined in IFRS (-)			
- financial year			
- earlier financial years		10,215,012.00	
6. Withdrawal from the reserve for the net fair value of authorised hedging instruments that are not subject to hedge accounting as defined in IFRS (+)			
- financial year	-2,846,632.00		-4,412,058.00
- earlier financial years			
10. Addition to/withdrawal from other reserves (-/+) (financial assets.)			
11. Addition to/withdrawal from retained earnings in previous financial years (-/+)	110,070.56	-393,670.53	-1,667,107.64
<b>If A + B is less than C, only this sum may be distributed</b>	<b>7,467,608.50</b>	<b>6,515,708.85</b>	<b>6,432,300.00</b>
<b>C. RETURN ON CAPITAL IN ACCORDANCE WITH ARTICLE 13 OF THE RREC DECREE</b>	<b>4,983,789.58</b>	<b>6,060,570.06</b>	<b>6,334,755.74</b>
<b>D. RETURN ON CAPITAL, OTHER THAN C</b>	<b>2,483,818.92</b>	<b>455,138.79</b>	<b>97,544.26</b>

## E. Dividend payment obligation pursuant to the Royal Decree of 13 July 2014 concerning RRECs

Amounts shown in euros.

Financial year ended on 31 December	2015	2014	2013
The public RREC is required to pay a return on capital <b>equal to the amount of the positive net result</b> for the year after settlement of losses carried forward and additions to/withdrawals from reserves, as determined in "Appropriation account" - "B. Additions to/withdrawals from reserves"			
net result	10,282,520.07	-3,305,632.62	12,511,465.64
settlement of losses carried forward	0.00	0.00	0.00
amount calculated under "Appropriation account" point B	-2,814,911.57	9,821,341.47	-6,079,165.64
<b>POSITIVE NET RESULT</b>	<b>7,467,608.50</b>	<b>6,515,708.85</b>	<b>6,432,300.00</b>

If this calculated positive net result is zero, the Company is not required to pay a dividend.

If this calculated positive net result exceeds zero, the Company must pay a return on the capital **amounting to at least the positive difference between 1° and 2°**.

1°, being 80% of an amount that is equal to the sum of (A) the adjusted result *and of* (B) the net gain on disposal of property that is not exempt from distribution.

**(A) the adjusted result is calculated in accordance with Appendix C, Section 3 of the RREC Decree.**

net result	10,282,520.07	-3,305,632.62	12,511,465.64
+ depreciation and amortisation	-84,564.60	-14,903.72	-7,271.33
+ impairments	0.00	0.00	-107,000.00
- reversals of impairments	0.00	107,000.00	0.00
+/- other non-monetary items	4,298,176.11	-10,973,441.47	4,707,292.29
+/- changes in fair value of financial assets and liabilities (swaps)	2,847,152.52	-10,216,114.92	4,415,765.05
+/- real estate leasing profit or loss margin on projects attributed to the period	-13,760.97	-349,326.45	709,425.73
+/- real estate leasing trade receivables (profit or loss margin attributable to prior periods)	-266,525.45	-408,000.10	-417,898.49
+/- changes in fair value of real estate	78,350.13	0.00	0.00
+/- changes in fair value of real estate	78,350.13	0.00	0.00
<b>(A) ADJUSTED RESULT</b>	<b>7,721,868.44</b>	<b>7,575,712.57</b>	<b>7,918,444.68</b>

**(B) net gain on disposal of property not exempt from distribution**

<b>(B) NET GAINS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>1° = 80% OF THE SUM OF (A) + (B)</b>	<b>6,177,494.75</b>	<b>6,060,570.06</b>	<b>6,334,755.74</b>

2° being the net reduction in the debts of the RREC during the financial year:

<b>2° =</b>	<b>1,193,653.67</b>	<b>0.00</b>	<b>0.00</b>
<b>Positive difference between 1° and 2°</b>	<b>4,983,789.58</b>	<b>6,060,570.06</b>	<b>6,334,755.74</b>

<b>MINIMUM DIVIDEND PAYABLE IN ACCORDANCE WITH ARTICLE 13 OF THE RREC DECREE</b>	<b>4,983,789.58</b>	<b>6,060,570.06</b>	<b>6,334,755.74</b>
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## F. Non-distributable equity according to Article 617 of the Companies Code

The obligation referred to in Article 13 of the RREC Decree is without prejudice to the application of the provisions of Article 617 *et seq.* of the Companies Code which provides that no dividends may be distributed if, as a result of this, the net assets of the company would fall below the capital plus the reserves that are not distributable by law or according to the articles of association.

Financial year as closed on 31 December	2015	2014	2013
"Net assets" refers to the total assets shown in the balance sheet, less provisions and liabilities.			
Net assets	98,568,434.74	66,026,733.76	73,957,553.60
proposed dividend (*)	0.00	-6,515,708.85	-6,526,437.75
<b>NET ASSETS AFTER DIVIDEND DISTRIBUTION</b>	<b>98,568,434.74</b>	<b>59,511,024.91</b>	<b>67,431,115.85</b>
Capital plus the reserves which may not be distributed by law or pursuant to the articles of association is calculated as the arithmetical sum of paid-up capital (+), in accordance with the RREC Decree (Appendix C - Chapter 4)	78,442,491.65	61,633,399.04	60,744,395.00
share premium unavailable in accordance with the articles of association (+)	20,592,745.89	1,191,440.24	0.00
reserve for the positive balance of changes in the fair value of real estate (+)	144,350.13		
reserve for the impact on the fair value of estimated transfer taxes and costs resulting from hypothetical disposal of investment properties (-)	-66,000.00		
reserve for net changes in the fair value of authorised hedging instruments that are not subject to hedge accounting as defined in the IFRS (+/-)	-19,309,535.00	-22,156,167.00	-11,941,155.00
<b>NON-DISTRIBUTABLE EQUITY</b>	<b>79,804,052.67</b>	<b>40,668,672.28</b>	<b>48,803,240.00</b>
<b>MARGIN REMAINING UNDER ARTICLE 617 OF THE COMPANIES CODE</b>	<b>18,764,382.07</b>	<b>18,842,352.63</b>	<b>18,627,875.85</b>

(\*) No proposed dividend payment has been added, since it will be proposed to the Annual General Meeting of the Company that the interim dividend equals the full dividend for the financial year 2015 and that therefore no additional dividend be approved.

## G. Statement of changes in non-consolidated equity 2015

Amounts rounded off to full euros

	CAPITAL	SHARE PREMIUM	reserves for impact of swaps (*)	other reserves	reserve for treasury shares	results carried forward from previous financial years
<b>1 January 2013</b>	<b>60,744,395</b>	<b>0</b>	<b>-12,902,149</b>	<b>11,283,515</b>	<b>0</b>	<b>5,645,643</b>
appropriation of net result						
financial year 2012			-3,451,064			5,741,248
dividends						-5,615,500
result for the period						
<b>31 December 2013</b>	<b>60,744,395</b>	<b>0</b>	<b>-16,353,213</b>	<b>11,283,515</b>	<b>0</b>	<b>5,771,391</b>
<b>1 January 2014</b>	<b>60,744,395</b>	<b>0</b>	<b>-16,353,213</b>	<b>11,283,515</b>	<b>0</b>	<b>5,771,391</b>
appropriation of net result						
financial year 2013			4,412,058			8,099,408
dividends						-6,432,300
treasury shares					-273,332	
result for the period						
capital increase						
(optional dividend)	889,004	1,191,440				
<b>31 December 2014</b>	<b>61,633,399</b>	<b>1,191,440</b>	<b>-11,941,155</b>	<b>11,283,515</b>	<b>-273,332</b>	<b>7,438,498</b>
<b>1 January 2015</b>	<b>61,633,399</b>	<b>1,191,440</b>	<b>-11,941,155</b>	<b>11,283,515</b>	<b>-273,332</b>	<b>7,438,498</b>
appropriation of net result						
financial year 2014			-10,215,012			6,909,379
dividends						-6,515,709
treasury shares					32,100	
result for the period						
interim dividend						
capital increase	16,809,093	19,401,306				
<b>31 December 2015</b>	<b>78,442,492</b>	<b>20,592,746</b>	<b>-22,156,167</b>	<b>11,283,515</b>	<b>-241,232</b>	<b>7,832,169</b>



	RESERVES	RESULT FOR THE FINANCIAL YEAR	TOTAL EQUITY
<b>1 January 2013</b>	<b>4,027,009</b>	<b>2,290,184</b>	<b>67,061,588</b>
appropriation of net result			
financial year 2012	2,290,184	-2,290,184	0
dividends	-5,615,500		-5,615,500
result for the period	0	12,511,466	12,511,466
<b>31 December 2013</b>	<b>701,693</b>	<b>12,511,466</b>	<b>73,957,554</b>
<b>1 January 2014</b>	<b>701,693</b>	<b>12,511,466</b>	<b>73,957,554</b>
appropriation of net result			
financial year 2013	12,511,466	-12,511,466	0
dividends	-6,432,300		-6,432,300
treasury shares	-273,332		-273,332
result for the period	0	-3,305,633	-3,305,633
capital increase			
(optional dividend)	0		2,080,444
<b>31 December 2014</b>	<b>6,507,527</b>	<b>-3,305,633</b>	<b>66,026,734</b>
<b>1 January 2015</b>	<b>6,507,527</b>	<b>-3,305,633</b>	<b>66,026,734</b>
appropriation of net result			
financial year 2014	-3,305,633	3,305,633	0
dividends	-6,515,709		-6,515,709
treasury shares	32,100		32,100
result for the period	0	10,282,520	10,282,520
interim dividend		-7,467,609	-7,467,609
capital increase	0	0	36,210,398
<b>31 December 2015</b>	<b>-3,281,714</b>	<b>2,814,912</b>	<b>98,568,435</b>

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

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







## VIII. Corporate governance charter

## VIII. Corporate governance charter

The corporate governance charter is an integral part of the report of the Board of Directors included in this annual financial report.

### 1. Introduction

Pursuant to Article 96, §2(1°) of the Companies Code (as amended by the Law of 6 April 2010 to strengthen corporate governance in listed companies) and the Royal Decree of 6 June 2010 on the designation of the Corporate Governance Code applying to listed companies, Care Property Invest is required to comply with the Belgian Corporate Governance Code 2009.

The Belgian Corporate Governance Code 2009 is available at [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be).

The company uses this as a reference code and does everything possible to comply with the relevant standards at all times, taking the specific nature of the company into account.

In compliance with the Belgian Corporate Governance Code, the Board of Directors of Care Property Invest (the "Company") adopted its Corporate Governance Charter on 7 December 2005. The Corporate Governance Charter is updated on a regular basis in accordance with developments in the corporate governance policy. On 25 November 2014, the Board of Directors approved a modified version of the Charter, pursuant to the decision of the Extraordinary General Meeting of 25 November 2014 to adopt the status of a public RREC. The Charter was last updated on 9 March 2016.

The Corporate Governance Charter can be viewed on the company website at [www.carepropertyinvest.be](http://www.carepropertyinvest.be), can be requested from the Company's registered offices and can also be provided on request by letter, e-mail or fax.

The Corporate Governance Code 2009 applies the "comply or explain" principle, whereby deviations from the recommendations must be accounted for in the Company's Corporate Governance Statement.

The Company differs only on a limited number of points from the Belgian Corporate Governance Code:

- Provision 2.9. of the Corporate Governance Code - Secretary: given the limited number and simplicity of the procedures, rules and regulations governing the operation of the Board, no secretary is appointed. Any director can address any questions in this regard directly to the CEO of the Company.
- Provision 4.5 of the Corporate Governance Code - directorships in listed companies of non-executive directors: Mr De Peuter (non-executive director until 16 September 2015) holds more than five directorships of listed real estate certificates. The Board of Directors recorded this on 13 January 2010 and raised no objections, as the certificates should be regarded more as a financing product than as operational companies. The Board of Directors also notes that this will not encumber his availability as a director of the Company in any way.
- Provision 7.11: partial variable remuneration for the executive management: the CEO receives partially variable remuneration, and thus complies with the provision. The two other managing directors are not involved in the activities on a daily basis and are more involved in supervision of the daily operations, so that variable remuneration seems less appropriate.

- Principle 5 of the Corporate Governance Code - specialised committees: because of the limited size of the company, and given the balanced composition of the Board and frequency of meetings, no committees are established with an advisory role in relation to the powers of the Board of Directors concerning audits, appointments and remuneration; instead, the Board will undertake these tasks itself, in plenary sessions. Care Property Invest is also not required by law<sup>4</sup> to establish an audit and remuneration committee.

This Corporate Governance Statement is an integral part of the Report of the Board of Directors of Care Property Invest and describes the position as at 31 December 2015.

## 2. Board of Directors

### 2.1 Profile

The Board of Directors has a variable number of members. The minimum number of directors is five. Article 16 of the Articles of Association also provides that the Board of Directors should consist of a maximum of eight directors from the list compiled by the special shareholders and three directors from the list compiled from the list of the ordinary shareholders. In accordance with Article 13 of the RREC Law, the Board of Directors includes at least three independent members within the meaning of Article 526 of the Companies Code.

The composition of the Board of Directors is such that the public RREC can be optimally governed in accordance with Article 4 of the RREC Law. Article 4 of the RREC Law defines the permitted activities of an RREC as being the provision of real estate to users and, in the context of this provision of real estate, the public RREC may perform all activities relating to the construction, refurbishment, renovation, development, acquisition, disposal, management and operation of real estate. A public RREC must develop a strategy that serves to maintain long-term ownership of its real estate and, in the performance of its activities, a focus on active management, which implies in particular that it takes responsibility itself for the development and daily management of the real estate, and that all other activities that it performs have added value for that real estate or its users, such as the provision of services that are complementary to the provision of the relevant properties.

The directors must at all times possess the professional integrity and competencies required for the performance of their duties by Article 14, §1(2) of the RREC Law. Subject to acceptance by the FSMA, the appropriate competencies for the position may be demonstrated by their experience and knowledge of real estate in general, or of the RREC's target group, i.e. the elderly and disabled persons.

The directors do not need to be shareholders.

The directors are permitted to accept additional directorships of listed and unlisted companies. They must notify the Chairman of the Board of Directors of this. In accordance with the Corporate Governance Code, the non-executive directors may not hold more than five directorships in listed companies. Derogations from this requirement are permissible, subject to the approval of the Board of Directors (as an application of the "comply or explain" principle). Directors must report any changes to their other commitments and new commitments outside the company to the Chairman of the Board of Directors in due time.

<sup>4</sup> Article 526 bis of the Companies Code for the Audit Committee and Article 526 quater of the Companies Code for the remuneration committee.

<sup>5</sup> Article 16 of the Articles of Association.

In accordance with Article 14 §1 of the RREC Law, the directors may only be natural persons. Since the appointment of the directors at the Ordinary General Meeting of 2015, all directors have been natural persons.

Pursuant to Article 518 bis, §1 of the Companies Code, introduced by the Law of 28 July 2011, from the first day of the eighth financial year commencing after 14 September 2011, i.e. from 1 January 2019, at least one third of the members of the Board of Directors (rounded off to the nearest whole number) should be of a different gender to that of the other members. On 31 December 2015, the Board of Directors consisted of 11 members, of whom four were women and seven were men, as a result of which the Company already complies with the aforementioned one-third rule. In the future, Care Property Invest will continue to strive to maintain gender diversity when appointment proposals are considered. The company will in any event ensure that diversity in general is borne in mind in the composition of the Board, as well as the need to have complementary skills, experience and knowledge.

Directors who step down are eligible for reappointment after a positive evaluation of their commitment and effectiveness by the Board of Directors.

## **2.2 Appointment - Term of Office - Termination**

The members of the Board of Directors are appointed by the General Meeting, which also determines their remuneration.

Holders of special shares have the right to propose a list of at least 16 prospective candidates. The General Meeting can choose up to eight directors from this list. The directors are known as “directors nominated by the holders of special shares”.

There is a verbal agreement among the holders of special shares to take account of the most balanced representation possible of the holders of special shares on the Board of Directors in their nominations, and of the possibility of nominating one or two candidates from external organisations or institutions whose representation is considered by the special shareholders to be expedient and in the interests of the Company.

The holders of ordinary shares are entitled to propose one or more prospective candidates. The General Meeting may choose directors from among these candidates, with a maximum of three.

Any proposal to the General Meeting regarding the appointment of a director must be accompanied by a recommendation of the Board of Directors.

Before considering the candidature, the Chairman of the Board of Directors must ensure that the Board has sufficient information about the candidate, such as a curriculum vitae, an assessment of the candidate based on the first meeting with the members of the management board and the list of the positions currently held by the candidate, and if necessary, the information needed for the evaluation of an independent candidate on the basis of the independence criteria of Article 526 ter of the Companies Code (*See also “2.4. Independent Directors”*).

The appointment proposal must state the proposed term of office, which may not exceed four years, and must be accompanied by relevant information on the candidate’s professional qualities, together with a list of the positions that the candidate holds. The proposed appointment is subject to the approval of the candidacy by the FSMA, if this approval has not been obtained previously.

The proposed appointments will be announced together with the other agenda items for the General Meeting in the notice convening the General Meeting that decides on the appointment.

Directors who step down are eligible for reappointment after a positive evaluation of their commitment and effectiveness by the Board of Directors, subject to the approval of the FSMA.

For the purpose of this reappointment by the General Meeting, a distinction must be made between independent directorships, for which a statutory maximum term of 12 years applies (three four-year directorships) and non-independent directorships, for which no maximum time limit applies and which in principle, therefore, subject to approval by the General Meeting at least every four years, can be renewed indefinitely. The appointments of the directors at the Ordinary General Meeting of 2015 were made for a term of three years.

If a directorship becomes vacant for any reason, the vacancy shall be filled as follows:

- if it concerns a director nominated by the holders of special shares, the Board of Directors has the right to fill the vacancy temporarily, pending the General Meeting;
- if it concerns a director nominated by holders of ordinary shares, then the remaining directors will immediately convene a General Meeting for the appointment of a new director, provided that no General Meeting takes place within six months of the notification of the Board of Directors that the directorship will become vacant.

New directors are always appointed on the nomination of the shareholders of the same class as provided for in Article 16 of the Articles of Association.

Each director appointed in this way by the General Meeting terminates the mandate of the director he or she replaces.

## **2.3 Executive and non-executive directors**

At least half of the directors are non-executive directors. Apart from the Managing Directors, all other directors are non-executive directors. Specifically, this means that of the total of 11 directors on 31 December 2015, eight were non-executive directors and three executive directors.

## **2.4 Independent directors**

All independent directors who are appointed must meet the independence criteria set out in Article 526 ter of the Companies Code.

Each independent director who ceases to comply with the independence requirements must immediately notify the Board of Directors of this.

The independent directors of the company as at the date of this Corporate Governance Charter are Brigitte Grouwels, Carol Riské and Paul Van Gorp.



## 2.5 Chairman

### 2.5.1 APPOINTMENT

The Board of Directors elects a chairman from among the directors nominated by the holders of the special shares. The Chairman of the Board of Directors as at 31 December 2015 was Mark Suykens.

### 2.5.2 PROFILE

The Chairman of the Board of Directors may not hold any executive responsibility and, therefore, cannot be appointed as Managing Director, nor can the Managing Director (including the CEO) serve as the Chairman of the Board of Directors. The chairmanship of the Board may be held on an interim basis by an executive director and, therefore, also by the Managing Director (including the CEO) (*Article 19 of the Articles of Association provides that if the Chairman is absent, the Board of Directors is chaired by the oldest director present who was nominated by the holders of special shares*).

### 2.5.3 TASKS

The Chairman of the Board heads the Board of Directors. He or she takes the necessary measures with a view to creating a climate of trust within the Board of Directors, which contributes to open discussion, constructive criticism and support for the decisions of the Board. The Chairman promotes effective interaction between the Board of Directors and the management board.

The Chairman of the Board chairs the General Meeting. If the Chairman is unable to attend, the Board of Directors is chaired by the oldest director present who was nominated by the holders of special shares. The Chairman establishes the agenda for the Board meetings, after consulting the management board, and ensures that the procedures relating to the preparation, deliberations, approval of proposals of the management board and implementation of decisions are followed correctly.

The Chairman ensures that the directors receive accurate, timely and clear information before the meetings and, where necessary, between meetings. With regard to the Board of Directors, all directors receive the same information.

## 2.6 Duties and responsibilities of the Board of Directors

The Company is headed by a collegiate Board of Directors which is responsible for pursuing the long term success of the Company and for ensuring that risks can be assessed and managed.

The Board of Directors decides on the Company's values and strategy, risks and policies and ensures that the necessary financial, personnel and operating resources are available to realise the objectives.

The Board of Directors ensures that its obligations to all shareholders are understood and met. The Board of Directors is accountable to the shareholders for the discharge of its responsibilities.

With regard to its supervisory duties, the Board of Directors supervises the performance of the management board, the auditor, the real estate expert and internal audit, in particular with regard to risk management and the integrity of the financial statements (*see section 4. "Audit, internal control and risk management systems", page 169 onwards*).

At the end of each financial year, the Board of Directors prepares an inventory and the financial statements.

The directors also draw up a report in which they account for their running of the Company. This report contains a commentary on the financial statements which includes an accurate overview of the progress and position of the Company, as well as the information required by the Companies Code.

The Board of Directors ensures that the financial statements, annual report and other documents referred to in the Companies Code are filed with the National Bank of Belgium within 30 days after the adoption of the financial statements.

The Board of Directors has the broadest powers to perform all acts that are necessary or useful for the realisation of the objects of the Company. The Board may perform all other actions that are not expressly reserved for the General Meeting by law or by the Articles of Association.

In particular, the Board of Directors is responsible for the following tasks:

- decisions regarding the investment programme in line with the initial investment programme (selection of construction sites);
- decisions to award contracting orders in line with the initial investment programme;
- decisions on lease contracts;
- implementation and any changes to the Agreement with the Government of Flanders (Belgian Official Gazette 17 January 1996) concerning the initial investment programme
- preparing financial statements, annual and half-yearly financial reports and interim statements;
- operating and financing strategy;
- analysis and approval of the business plan;
- analysis and approval of investment projects with private partners;
- decisions on participation in tendering procedures for public procurement contracts;
- assessment of the size, composition and functioning of the Board of Directors
- establishment of the principles regarding the size and the remuneration policy for the staff;

## **2.7 Fees**

The mandate of directors is remunerated. The remuneration of directors is determined by the General Meeting. With regard to the Company's remuneration policy, see paragraph 5. "Remuneration".

## **2.8 Functioning of the Board of Directors**

The Board of Directors convenes meetings as often as necessary for the performance of its duties. The Board normally meets every two months, and also whenever this is required in the interests of the Company.

The Board of Directors is convened by the Chairman or by two directors whenever the interests of the Company so require.

The notices convening meetings state the location, date, time and the agenda for the meeting and are sent at least two full days before the meeting, by letter, telegram, e-mail, fax or in some other written form.

Each director who attends a meeting of the Board of Directors or is represented at such meeting is considered to be regularly called up.

The Board of Directors can only validly deliberate and decide if at least a majority of the directors are present or represented and if at least three directors nominated by the holders of special shares are present or represented. If this quorum is not reached, a new Board of Directors may be convened with the same agenda, which will validly deliberate and decide if at least two directors are present or represented.

With respect to items not on the agenda, it may only deliberate with the consent of the entire Board of Directors and provided that all directors are present or represented.

Any director may authorise a fellow director by letter, telegram, fax, e-mail or in another written form to represent him or her at a meeting of the Board of Directors.

The Board of Directors may meet by conference call, video conference or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Any director may also provide his or her advice to the Chairman by letter, telegram, fax, e-mail or other written form.

When justified by an emergency and by corporate interest, a decision may be adopted by unanimous written consent of all directors. However, this procedure should not be used for the approval of the financial statements and the authorised capital.

Decision-making within the Board may not be dominated by a single individual or by a group of directors. Resolutions are carried by a simple majority of the votes cast.

However, changes in policy regarding the options laid down in the Company's investment budget and business plan require a majority of 70% of the votes cast by the members of the Board of Directors. Blank or invalid votes are not counted as votes cast. In the event of a tie of votes within the Board of Directors, the Chairman will cast the deciding vote.

In view of the limited number and simplicity of the procedures, rules and regulations governing the operation of the Board, no secretary is appointed. Any director can address any questions in this regard directly to the CEO of the Company.

The minutes of the meetings summarise the discussions, specify the decisions taken and record any reservations of certain directors.

All directors, executive and non-executive, and the latter regardless of whether or not they are independent, must make decisions on the basis of an independent view.

The directors should ensure that they receive detailed and accurate information and should study it thoroughly in order to be able to control the main aspects of the Company's business properly, in the present and the future. They should seek clarification whenever they deem it necessary.

Although they are part of the same collegiate body, both executive and non-executive directors each have a specific and complementary role on the Board. The executive directors provide the Board of Directors with all relevant business and financial information to enable it to fulfil its role effectively. The non-executive directors discuss the strategy and key policies proposed by the management board in a critical and constructive manner and help to develop these in more detail. Non-executive directors should scrutinise the performance of the management board in light of the agreed goals.

Directors must treat confidential information they have received in their capacity as directors with due care and may use it only in the context of their mandate.

## 2.9 Representation

The Company is legally represented by two directors in all its actions, including representation at law. The Board of Directors may delegate its powers to an agent, even if this is not a shareholder or director, for special and specific matters. Authorised representatives legally bind the Company within the limits of the powers granted, without prejudice to the responsibility of the Board of Directors in the event that they exceed their powers.

## 2.10 Induction of (new) directors

The Chairman should ensure that newly appointed directors receive an appropriate induction to ensure that they are quickly able to make contributions to the Board of Directors.

## 2.11 Evaluation

Led by the Chairman, the Board of Directors evaluates its size, composition and operation, as well as the interaction with the management board, every two to three years. Prior to the reappointment of directors, the individual contribution, commitment and effectiveness of each director is evaluated in accordance with the evaluation process.

The evaluation process has four objectives:

- assessing the functioning of the Board of Directors;
- checking that important items of business are thoroughly prepared and discussed;
- evaluating the actual contribution of each director, his or her attendance of meetings of the Board and his or her constructive involvement in discussions and decision-making;
- examining whether the current composition of the Board of Directors corresponds to the desirable composition.

The non-executive directors should regularly (preferably once a year) assess their interaction with the management board. They must meet for this purpose at least once a year, in the absence of the executive directors.

The contribution of each director is reviewed periodically - taking account of changing circumstances - in order to be able to adjust the composition of the Board of Directors.

The Board should act on the basis of the results of the evaluation by recognising its strengths and addressing its weaknesses. Where appropriate, this will mean that nominations are made for new members, proposals are made not to reappoint existing members or that measures are taken that are deemed to be conducive to the effective functioning of the Board of Directors.

The Board of Directors ensures that the necessary measures are taken to provide for orderly succession of the members of the Board of Directors. The Board also ensures that all appointments and reappointments of both executive and non-executive directors make it possible to maintain an appropriate balance of skills and experience on the Board.

## 2.12 Composition of the Board of Directors as at 31 December 2015



MARK SUYKENS

**Chairman - Non-executive director**

**On the nomination of the special shareholders**

° 04.01.1952

Association of Flemish Cities and Municipalities, Paviljoenstraat 9, 1030 Brussels

- Start of mandate: 28.01.2004, Chairman of the Board of Directors since 01.01.2006 (independent director until 16.09.2015).
- Current mandate expires: after the Ordinary General Meeting in May 2018.
- Current position: CEO, Association of Flemish Cities and Municipalities (VVSG).
- As Chairman of the Board of Directors, Mark Suykens, a law graduate, heads the Board and oversees the interaction between the Board and the Managing Directors (management board). His experience and knowledge in the field of municipal and public welfare authorities are particularly important to his constructive contribution to the decision-making of the Board and, where appropriate, its communications with the public authorities.
- Offices held currently and during the previous five financial years: Director of Pinakes nv. He holds no other directorships of listed companies.



WILLY PINTENS

**(Executive) Managing Director**

**On the nomination of the special shareholders**

° 11.09.1946

Biezenmaat 10, 8301 Ramskapelle

- Start of mandate: since the formation of the Company on 30.10.1995 (at first as permanent representative of the Gemeentekrediet van België/Crédit Communal de Belgique, and from 16.05.2001 in a personal capacity), Managing Director since 08.04.1998, also serving as Chairman of the Board of Directors from 28.01.2004 - 01.01.2006.
- Current mandate expires: after the Ordinary General Meeting in May 2018.
- Current position: retired.
- Willy Pintens, a Commercial Engineer and graduate in Commercial and Consular Sciences, has extensive professional experience at Belfius Bank in the areas of finance, investment in social profit and the public sector. As a director and Managing Director, his expertise gives him the necessary skills to contribute towards balanced and well-founded decision-making by the Board. Willy Pintens has been closely involved in the effective management and daily operations of the Company since its formation.
- In the past five years, he has held no other directorships.

**DIRK VAN DEN BROECK****(Executive) Managing Director****On the nomination of the ordinary shareholders**

° 11.09.1956

Leo de Bethunelaan 79, 9300 Aalst

- Start of mandate: as a non-executive director nominated by the special shareholders from the formation of the company on 30.10.1995, on the nomination of the ordinary shareholders from 18.05.2011 and as an (executive) Managing Director appointed by the Board of Directors from 01.07.2012.
  - Current mandate expires: after the Ordinary General Meeting in May 2018.
  - Current position: Company director.
  - Dirk Van den Broeck, a Law and Economics graduate, was a partner at Petercam until the end of 2010, a former member of several boards of directors of property companies and was involved in the launch of several real estate certificates. He is currently active as an independent consultant and director of real estate companies. His financial expertise in this field contributes to balanced and well-founded decision-making of the Board.
  - Other directorships held currently and during the previous five financial years: Director of Warehouses De Pauw Comm. VA (mandate expired in April 2015)\*, Reconstruction Capital II Limited\*, Meli NV, Patrimmonia Fund Europe nv and subsidiaries, Promotus bvba, Chairman of the Board of Terra Capital Partners\* and Radiomatix nv, Independent Director of the Omega Preservation Fund.
- \* Directorship of a listed company*

**PETER VAN HEUKELOM****(Executive) Managing Director****On the nomination of the special shareholders**

° 26.08.1955

Care Property Invest NV, Horstebaan 3, 2900 Schoten

- Start of mandate: director since 21.05.2003, for the period 17.09.2003 - 30.09.2009 Managing Director, Managing Director again since 01.04.2010.
- Current mandate expires: after the Ordinary General Meeting in May 2018.
- Current position: CEO of the Company
- After graduating in Commercial Law and Financial Sciences, specialising in marketing, and post-graduate studies in Health Economics, Peter van Heukelom has continually enhanced his professional experience through courses in the field of finance/investment in social profit and the public sector. Prior to taking up his position as CEO of the Company in October 2009, he served in several positions, most recently as General Manager Social Profit and Public Sector at KBC Bank.
- He currently holds no directorships of listed or non-listed companies and has not done so during the past five years.



LODE DE VRIEZE

**Non-executive director**
**On the nomination of the special shareholders**

° 07.12.1957

Bank Degroef Petercam, Sint-Goedeleplein 19, 1000 Brussels

- Start of mandate: 18.05.2011.
- Mandate expires: after the Ordinary General Meeting in May 2018.
- Current position: Director, Petercam Institutional Bonds.
- Lode de Vrieze holds a degree in Law and a Special Degree in Marketing. After working in various positions in the financial sector, he is currently a director of Bank Degroef Petercam.
- Other directorships held currently and during the previous five financial years: Director of Omega Preservation Fund. He holds no other directorships of listed companies.



BRIGITTE GROUWELS

**Non-executive director - Independent director**
**On the nomination of the ordinary shareholders**

° 30.05.1953

Bordiastraat 30, 1000 Brussels

- Start of mandate: 20.05.2015.
- Current mandate expires: after the Ordinary General Meeting in May 2018.
- Current position: Representative, Parliament of the Brussels-Capital Region, Deputy Chairman of the Board of the Flemish Community Commission and Senator
- The political career of Ms Grouwels includes the following public functions:
- Member of the Parliament of the Brussels-Capital Region (1992-97)/ Member of the Flemish Parliament (1995-97) / Flemish Minister for Brussels Affairs and Equal Opportunities Policy (1997-99) / Party leader in the Parliament of the Brussels-Capital Region and member of the Flemish Parliament (1999 -2004) / State Secretary, Brussels-Capital Region (2004-2009), responsible for Equal Opportunities Policy, Public Administration and the Port of Brussels; member of Flemish Community Commission (VGC) for Welfare, Health and Family, Ethnic and Cultural Minorities and Civil Service Affairs/ Minister of the Brussels Regional Government (2009-2014) responsible for Public Works and Transport, Information Technology Policy, Port of Brussels; member of Flemish Community Commission for Welfare, Health and Family Affairs (for Dutch local service centres, child care, care of the disabled and other areas), Ethnic and Cultural Minorities and media policy; member of Joint Community Commission for Assistance to persons (bi-Community N/F rest homes, care of the disabled, etc.; guardianship of OCMWs and Public Hospitals).
- Other offices held currently and during the past five years: Brigitte Grouwels does not hold any other directorships of listed or non-listed companies.



**MYRIAM LINT****Non-executive director****On the nomination of the special shareholders**

° 22.07.1962

Belfius Bank nv, Grotesteenweg 454, 2600 Berchem

- Start of mandate: 12.01.2000 (initially as permanent representative of Belfius Bank (formerly Dexia Bank) and since 19.05.2004 in a personal capacity).
- Current mandate expires: after the Ordinary General Meeting in May 2018.
- Current position: Senior Account Manager Distribution Public & Social Banking, Flanders, Belfius Bank
- Myriam Lint, a Graduate in Applied Economics, Public Economics and Public Administration, has gained valuable experience over the years at Belfius in the areas of finance, investments, contacts with public authorities and minister's offices, and as a director is therefore able to provide the necessary expertise to contribute to balanced and well-founded decision-making by the Board.
- Other directorships held currently and during the previous five financial years: Director of Finimmo nv, Domus Flandria nv. She holds no other directorships of listed companies.

**CAROLINE RISKE****Non-executive director - Independent director****On the nomination of the special shareholders**

° 11.05.1964

Vrijgeweide 7, 2980 Zoersel

- Start of mandate: 16.09.2015
- Current mandate expires: after the Ordinary General Meeting in May 2018.
- Current position: CEO/Gerontologist bvba Carol Riské / bvba Senes, shareholder and manager of C. Consult.
- Caroline Riské is a qualified Hospital Nurse with a degree in Medical and Social Sciences (Catholic University of Leuven), a Master's degree in Gerontology (Benelux University) and a Post Graduate degree in Care Real Estate. She has attended various courses in subjects such as social legislation and psycho-gerontology and has gained experience in a variety of health care-related fields. With her expertise, she is able to make a valuable contribution to decision-making by the Board.
- She currently holds no directorships of listed or non-listed companies and has not done so during the past five years.
- The Board of Directors takes the view that she meets the independence criteria of imposed by Article 526 ter of the Companies Code.



KRISTIEN VAN DER HASSELT

**Non-executive director****On the nomination of the special shareholders**

° 10.08.1966

BNP Paribas Fortis sa/nv, Real Estate Origination Belgium - Warandeborg 3, 1000 Brussels

- Start of mandate: 18.11.2015
- Current mandate expires: after the Ordinary General Meeting in May 2018.
- Current position: Senior Relationship Manager Real Estate Finance Group, Corporate Banking, BNP Paribas Fortis.
- Kristien van der Hasselt, who holds a teacher training qualification in mathematics, physics and economics, has held various positions at BNP Paribas Fortis since 1988. In her current position, she is responsible for structuring real estate financing for customers and prospects, ranging from balance sheet financing for e.g. RRECs to specific project financing, including in residential real estate, offices, retail, health care real estate and logistics. The Board of Directors takes the view that with her knowledge in this field, she can make a contribution to decision-making by the Board.



PAUL VAN GORP

**Non-executive director - Independent director****On the nomination of the ordinary shareholders**

° 18.10.1954

Dorp Nr. 2 Koningin Fabiola vzw, Bosuil 138, 2100 Deurne.

- Start of mandate: 18.05.2011.
- Current mandate expires: after the Ordinary General Meeting in May 2018.
- Current position: Managing Director of Dorp Nr. 2 Koningin Fabiola vzw
- Paul Van Gorp graduated in Commercial and Financial Sciences and served as General Secretary of the Antwerp Public Social Welfare Centre (OCMW) in the period from 2000 to 2007, with responsibilities including the management of 17 nursing homes (2,400 beds), more than 2,000 assisted living flats and nine general hospitals. As managing director of a non-profit association, he is today active in employment, housing and care for people with disabilities.
- Other directorships held currently and during the previous five financial years: Director of VKA, Het Orgel in Vlaanderen vzw (social organisations). He holds no other directorships of listed companies.
- The Board of Directors takes the view that he meets the independence criteria imposed by Article 526 *ter* of the Companies Code.

**LODE VERSTRAETEN****Non-executive director****On the nomination of the special shareholders**

° 31.01.1966

KBC Bank nv, Corporate Center Brussels - Havenlaan 6, 1080 Brussels

- Start of mandate: 16.09.2015
- Current mandate expires: after the Ordinary General Meeting in May 2018.
- Current position: Senior Banker – Head of Public Sector & Institutionals, KBC Bank Corporate Banking, Center Region
- Lode Verstraeten holds a Master of Accountancy (EHSAL Management School) and a Master of Business Economics (financial) degree (Catholic University of Leuven). He has more than 27 years of professional experience at KBC Bank, the last 17 years in senior positions, and in this capacity has developed expertise in fields including real estate development and structuring of financing and investment solutions for the needs of the sector, ranging from economic and social infrastructure, public-private partnerships, urban development, real estate and social housing. As a director, this gives him the necessary skills to contribute towards balanced and well-founded decision-making by the Board.
- Other directorships held currently and during the previous five financial years: Director of Justinvest nv (mandate expired in 2013), Rabot Invest nv (mandate expired in 2013), Vastgoedruimte Noord nv (mandate expired in 2010), Kattendijkdok nv (mandate expired in 2010), Flexpark Prague sro (mandate expired in 2010). He holds no directorships of listed companies.

✚ The Belgian Corporate Governance Code 2009 is available at [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be). The company uses this as a reference code and does everything possible to comply with the relevant standards at all times, taking the specific nature of the company into account.

## Directors whose mandates expired in the course of 2015:

HUBERT DE PEUTER

**Non-executive director**

**On the nomination of the special shareholders**

° 18.03.1959

KBC Bank nv, Directie Vastgoed, Havenlaan 12, 1080 Brussels

- Start of mandate: 13.01.2010.
- The mandate expired on 16.09.2015.
- Current position: Head of Real Estate Investment and Securitisation, KBC Real Estate nv - Real Estate Directorate, Brussels.
- Hubert De Peuter holds degrees in Economics and Law as well as the 2010 "Board Effectiveness" certificate of the GUBERNA Institute. He has gained valuable financial expertise in his career at KBC Bank since 1998 in relation to real estate investment, is a member of the BEAMA Committee set up within Febelfin, which represented the sector in the realisation of the real estate Royal Decree.
- Other directorships held currently and during the previous five financial years: Director of Almafin Real Estate nv, Almafin Real Estate Services nv, Apicing nv, Apitri nv, Brussels North Distribution nv, Immo Genk-Zuid nv\*, Immo-Antares nv\*, Immo-Arenberg nv, Immo-Basilix nv\*, Immobilière Distri-Land nv\*, Immolease-Trust nv, Immo-Marcel Thiry nv\*, Immo-Quinto nv, Immo-Zénobe Gramme nv\*, KBC Rusthuisvastgoed nv (mandate expired), KBC Vastgoedinvesteringen nv, KBC Vastgoedportefeuille België nv, Mechelen City Center nv, Pericles INvest nv, Poelaert Invest nv, Weyveld Vastgoedmaatschappij nv, Immo Lux-Airport nv\*, KBC Real Estate Luxembourg sa, Luxembourg North Distribution nv, KBC Verzekeringen Vastgoed Nederland 1 BV, FM-A Invest nv (mandate expired), Immo-Beaulieu nv\*, Retail Estates nv\*, Director of Dala Beheer BV (mandate expired), Dala XV BV (mandate expired), Double U Building BV, RHVG DK nv, RHVG QT nv, RHVG RB nv, RHVG SB nv, RHVG TB nv, Immo NamOtt nv, Immo VAC Gent nv.

\* Directorship of listed company (apart from Retail Estates these are all publicly issued real estate certificates)  
Mr De Peuter holds more than five directorships of listed real estate certificates. The Board of Directors recorded this on 13 January 2010 and has no objections to this, as the real estate certificates should be regarded more as a financing product than as operational companies. The Board of Directors also notes that this will not encumber his availability as a director of the Company in any way.

**ISABELLE LEMAITRE****Non-executive director****On the nomination of the special shareholders**

° 15.07.1969

Belfius Bank nv, Pachecolaan 44, 1000 Brussels

- Start of mandate: 13.03.2013.
- The mandate expired on 16.09.2015.
- Current position: Head of Logistics & Security (Belfius Bank & Insurance).
- Isabelle Lemaitre, the holder of a mini-MBA (Vlerick) and a Master's in Business Economics, has held several positions at Belfius Bank since 1998, and with her expertise, made a valuable contribution to decision-making by the Board.
- Other directorships held currently and during the previous five financial years: Director of Belfius Immo (property development) SMDI (property development) (mandate expired) Arlinvest + Himba (property development) (mandate expired) Justinvest/Rabot Invest (property development) (mandate expired). She holds no other directorships of listed companies.

**BNP PARIBAS FORTIS nv, WITH RUDY DEGRANDE AS PERMANENT REPRESENTATIVE****Non-executive director****On the nomination of the special shareholders**

° 19.08.1955

BNP Paribas Fortis nv, Corporate & Public Bank, Real Estate Finance,  
Warandeborg 3, 1000 Brussels

- Start of mandate: permanent representative of Fortis Bank from 28.01.2004 to 18.05.2005 and again from 19.05.2010.
- The mandate expired on 20.05.2015
- Current position: Senior Relationship Manager Real Estate Finance Belgium, Corporate & Public Bank, BNP Paribas Fortis nv.
- Other directorships held currently and during the previous five financial years: Director of Immo Kolonel Bourgstraat nv\* (mandate expired), Immo Beaulieu nv\*, Immobilière Distriland nv\*, Sowo Invest nv (PPP social housing), Prestibel Left Village nv, Certifimmo V nv, Finest nv, permanent representative of BNP Paribas Fortis nv as director of Domus Flandria nv.

\* Directorship of listed company (publicly issued real estate certificates)

**PIET VERVINCKT****Non-executive director****On the nomination of the special shareholders**

° 09.09.1972

BNP Paribas Fortis nv, Corporate & Public Banking, Real Estate Origination Belgium,  
Warandeborg 3, 1000 Brussels

- Start of mandate: 20.05.2015.
- The mandate expired on 18.11.2015.
- Current position: Senior Relationship Manager, Real Estate Finance, Corporate & Public Banking, BNP Paribas Fortis nv.
- Piet Vervinckt holds a Master's degree in Germanic Languages and a Postgraduate Degree in Business Administration. He can boast a wealth of professional experience built up since 2006 within BNP Paribas Fortis, focusing on the management and development of a customer portfolio consisting exclusively of Belgian and international real estate developers and investors. The main activity here is the structuring of real estate financing for customers and prospects, from balance-sheet funding for BEVAKs to project-related financing without recourse to project companies, and occasionally even equity participations in specific projects. Mr Vervinckt has also been a lecturer in the property finance module at the Catholic University of Leuven since November 2014 and is a member of the steering committee of the Ghent Real Estate Event.
- Other directorships held currently and during the previous five financial years: Director, Prestibel Left Village, Hexaten sa. He holds no other directorships of listed companies.

**ALFONS BLONDEEL****Non-executive director - Independent director****On the nomination of the ordinary shareholders**

° 21.05.1933

Muggelei 37, 2110 Wijnegem

- Start of mandate: 21.05.2003.
- The mandate expired on 20.05.2015.
- Current position: retired.
- Other directorships held currently and during the previous five financial years: Manager, MX Entertainment bvba.
- Mr Blondeel holds no directorships in listed companies.
- He meets the independence criteria imposed by Article 526 *ter* of the Companies Code.

There are no family ties between the members of the Board of Directors.

The Board of Directors wishes to thank the retiring directors Mr Alfons Blondeel, BNP Paribas Fortis and its permanent representative, Mr Rudy Degrande, Mr Hubert De Peuter, Ms Isabelle Lemaitre and Mr Piet Vervinckt warmly for their commitment and cooperation within the Board.

## 2.13 Statements concerning directors and executive management

The members of the Board of Directors of Care Property Invest declare on the basis of the information available to them that:

- for at least the past five years:
  - they have had no convictions in connection with fraud offences;
  - they have not been the subject of any officially and publicly expressed accusations and/or sanctions by any statutory or regulatory authority (including any recognised professional body) and have never been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in relation to the management or conduct of affairs of any company;
  - they have not held any managerial position as a senior manager or a member of the administrative, management or supervisory bodies of any company at a time in which that company was declared bankrupt, placed in receivership or made subject to a mandatory liquidation order;
- at present, no employment contracts or service agreements have been concluded with the directors that provide for special payments upon termination of their employment contracts.

## 2.14 Report on activities

The main agenda items discussed by the Board in 2015 can be summarised as follows:

- Operational and financial reporting
- Reporting on the implementation of decisions taken
- Reporting of the effective managers
- Drafting of interim statements, annual report and half-yearly report
- Update of Corporate Governance Charter
- Analysis and approval of financial plan
- Analysis and approval of business plan
- Remuneration policy and bonus scheme
- Personnel
- Defining the principles for the conclusion of a management agreement with the CEO from the 2016 financial year
- Discussion of financial and investment strategy
- Decision to make a public offering of new shares in relation to a capital increase in cash with irrevocable allocation rights
- Decision to distribute an interim dividend
- Preparation of General Meetings
- Evaluation of the size, composition and functioning of the Board of Directors and its interaction with the management board
- Directorships
- Analysis and approval of investment projects
- Decision to participate in tenders for public contracts
- Monitoring the withholding tax exemption dossier



## 3. Management board

### 3.1 Samenstelling

The management board and the representation of the management board of the Company is entrusted by the Board of Directors to one or more directors who have the title of Managing Director. Membership of the management board is only open to natural persons (*Article 14 §1 and §3 of the RREC Law*).

In his capacity as an employee of the Company, the CEO<sup>6</sup> serves as the Company's head of personnel, and is a member of the management board and one of the Managing Directors.

The Company is validly represented in the management board by one Managing Director. A Managing Director may transfer his or her powers for special and specific matters to an agent, even if the agent is not a shareholder or director.

The Managing Directors of the Company are Messrs. Willy Pintens, Dirk Van den Broeck and Peter Van Heukelom (who is also the CEO). They have the necessary professional reputation and appropriate expertise for the performance of their duties. For more information on the aforementioned persons, please see "2.12. Composition of the Board of Directors as at 31 December 2015".

### 3.2 Operation and tasks

The management board:

- is charged with the management of the Company;
- provides for the establishment of internal controls (i.e. systems to identify, assess, manage and monitor financial and other risks), without prejudice to the supervisory role of the Board of Directors;
- is responsible for the complete, timely, reliable and accurate preparation of the financial statements of the Company, in accordance with the accounting standards and policies of the Company;
- gives the Board of Directors a balanced and comprehensible assessment of the Company's financial situation;
- provides the Board of Directors in due time with all information necessary for the Board to carry out its duties;
- accounts to the Board of Directors for the fulfilment of its responsibilities.

<sup>6</sup> As of 1 January 2016 the employment contract of Mr Peter Van Heukelom was terminated by mutual agreement and an agreement was entered into for the performance of the work on a self-employed basis.

In addition, the following special tasks are entrusted to the management board:

- approving invoices and payment orders;
- supervising the indexing of the ground rent;
- communications policy
- publication of interim statements, annual and half-yearly financial reports;
- proposals to the Board of Directors regarding staffing and remuneration policy;
- concluding and terminating employment contracts;
- preparing investment projects and signing lease contracts;
- contracting agreements with contractors, architects, safety coordinators and the Energy Performance and Indoor Climate (EPB) reporter;
- contracting and terminating insurance policies;
- treasury management;

The Managing Director(s), with the exception of the CEO, is (are) authorised for the following matters:

- general supervision of the performance of tasks of the management team/staff under the management of the CEO;

If a Managing Director has a conflict of interest, he/she does not take part in the deliberations and decision-making on that matter by the other Managing Director(s).

A Managing Director may transfer his or her powers for special and specific matters to an agent, even if the agent is not a shareholder or director.

As the head of staff, the **CEO** is responsible for the overall direction and supervision of staff, including the determination of the allocation of tasks and monitoring their attendance, dispatches and performance.

He/she prepares the decisions of the management board and draws up a report on each meeting. The Board of Directors determines the duties of the CEO and the detailed rules concerning decision-making within the management board.

In principle, the management board meets once a week and also whenever necessary.

### 3.3 Fees

The Board of Directors determines the compensation that Managing Directors receive for their actions in this capacity. They receive this compensation in addition to their remuneration as a director. With regard to the Company's remuneration policy (see "5.1. Remuneration Policy", pages 181 and onwards).

### 3.4 Evaluation

The Managing Directors are assessed by the Board of Directors, based on their performance and objectives. The objectives on which the assessments are based are determined by the Board of Directors.

### 3.5 Effective leadership

Pursuant to Article 14 §3 of the RREC Law, the effective management of the Company should be entrusted to at least two natural persons. The natural persons must possess the necessary professional integrity, autonomy and appropriate experience to perform this function. Persons participating in the Board or the running of the company without taking part in the actual management must have the necessary expertise and appropriate experience to carry out these duties.

In the past financial year, this task has been performed by Willy Pintens, Dirk Van den Broeck and Peter Van Heukelom. Their duties in connection with the effective leadership of the Company have already been explained above (see section 3.2. "Operation and tasks" on page 166).

	Start of mandate	End of mandate
<b>Peter Van Heukelom</b>	17.09.2003	16.05.2007
	17.03.2010	18.05.2011
	16.05.2007	30.09.2009
	18.05.2011	20.05.2015
	20.05.2015	18.05.2018
<b>Willy Pintens</b>	08.04.1998	16.05.2001
	28.01.2004	16.05.2007
	18.05.2011	16.05.2001
	28.01.2004	16.05.2007
	18.05.2011	20.05.2015
<b>Dirk Van den Broeck</b>	20.05.2015	18.05.2018
	01.07.2012	20.05.2015
	20.05.2015	18.05.2018

## 4. Audit and internal control and risk management systems

### 4.1 Powers of the Board concerning audits, nominations and remuneration: no establishment of committees

Because of the limited size of the company, and given the balanced composition of the Board and frequency of meetings, no committees are established with an advisory role in relation to the powers of the Board of Directors concerning audits, appointments and remuneration; instead, the Board undertakes these tasks itself, in plenary sessions.

Since Care Property Invest employed an average of 8.5 full-time equivalents (FTEs) as at 31 December 2015 and net revenue for the 2015 financial year amounted to €13.73 million, the Company is also exempt from the obligation to establish an audit committee and remuneration committee. The tasks assigned to the audit committee and the remuneration committee pursuant to Article 526 bis, §4, and Article 526 quater, §5 of the Companies Code are performed by the Board of Directors as a whole, with Brigitte Grouwels, Carol Riské and Paul van Gorp being regarded as non-executive and independent directors within the meaning of Article 526 of the Companies Code.

### 4.2 Internal control structures: audit and internal control and risk management systems

The management board is responsible for setting up a system of appropriate internal controls in accordance with Article 17 of the RREC Law. In addition, the management board is responsible for the overall supervision of this internal control system.

The management board is required to report to the Board of Directors on the internal control system.

These appropriate internal controls consist of three components, i.e. internal audit (internal audit procedures + internal audit function), risk management (risk management + risk manager) and compliance (integrity policy and compliance function); internal audit should not be seen solely as a stand-alone third pillar here, but also as playing a “transversal” role with respect to the two other pillars.

The internal control system aims to realise the following: business operations are conducted in an orderly manner, with due care and clearly delineated objectives; resources are used economically and efficiently; the risks are identified and are adequately controlled to protect the assets; financial and management information is honest and reliable; laws and regulations, as well as general policies, plans and internal regulations are observed.

An internal control system is set up within the Company, which is appropriate to the nature, scale and complexity of the business of the Company and its environment. Care Property Invest has a relatively limited size in terms of employees, which has an impact on the structure and operation of the system of internal controls within the Company. The design of the internal controls took account of the Committee of Sponsoring Organizations of the Threadway Commission (COSO) model, which is built around five components that are discussed below.

The guidelines relating to the Law of 6 April 2010 and the Belgian Corporate Governance Code were also taken into account.

The five control components considered were:

- the control environment;
- the risk management process;
- the control activities;
- information and communication;
- management.

A description of the main features of the internal control and risk management systems is presented below, with a particular focus on the financial reporting process.

#### 4.2.1 FINANCIAL REPORTING

The Board of Directors supervises the integrity of financial information provided by the company, in particular by assessing the relevance and consistency of the accounting standards applied by the company, as provided for in Article 5 of the RREC Royal Decree.

This supervision involves assessment of the accuracy, completeness and consistency of the financial information. This supervision covers the regular information before it is disclosed.

The management board shall inform the Board of Directors of the methods used for recording significant and unusual transactions, the processing of which may be open to different approaches.

The Board of Directors should discuss significant financial reporting issues with both the management board and the external auditors.

#### 4.2.2 CONTROL ENVIRONMENT

The company's governing body must define its own corporate culture and ethical rules. It determines the competencies required for each job and task. Please see section 2 (Board of Directors) and section 3 (management board) for a discussion of these functions.

#### 4.2.3 INTERNAL AUDIT AND RISK MANAGEMENT

At least once a year the Board of Directors examines the internal control and risk management systems set up by the management board in order to ensure that the main risks (including the risks related to compliance with existing laws and regulations) are properly identified, managed and be notified to the Board of Directors. As a result of the adoption of the status of RREC, a risk manager, Mr Dirk Van den Broeck, was also appointed, in compliance with Article 17, §5 of the RREC Law.

The risk manager's responsibilities include drafting, developing, monitoring, updating and implementing the risk policy and risk management procedures (e.g. the whistleblowers' scheme, conflict of interest regulations and the procedures described in the Dealing Code).

On the basis of his position, the risk manager fulfils his role by analysing and evaluating each category of risks facing the Company, both at regular intervals and on an ad hoc basis. On this basis, concrete recommendations can be formulated for the management board or the Board of Directors (which bears final responsibility for the risk management of the company).

On 6 September 2006, the Board of Directors approved the internal rules on risk management (which were adjusted on 4 July 2007) and the staff regulations on dealing with suspicions of possible irregularities in financial reporting or other matters (the "whistleblowers' scheme").

The Board of Directors therefore investigates reports made under the specific regulations according to which staff members may express concerns regarding possible irregularities in financial reporting or other matters in confidence. If deemed necessary, arrangements will be made for an independent investigation and appropriate follow-up of these matters, in proportion to their alleged seriousness. Regulations are also made with regard to which staff members can inform the Chairman of the Board of Directors directly.

The Board has also developed a business continuity policy, including a business continuity plan.

As part of its supervisory tasks, the Board of Directors conducts six-monthly evaluations of the main risks that give rise to an entry in the half-yearly and annual financial reports. In addition to these six-monthly risk analyses by the Board of Directors, the risks are closely monitored and reported.

The Board of Directors also takes note of the risk analyses and findings of both the internal and external auditors.

It should be noted that at the level of the management board, the Board of Directors itself has set up a risk management and internal control system tailored to its operations and the environment in which it evolves.

#### 4.2.4 CONTROL ACTIVITIES AND INTERNAL AUDIT PROCESS

The organisation is structured in such a way that all the important decisions concerning strategic, tactical, financial and operational matters are taken by several different people or are at least be subject to control by the management. This ensures maximum application of the "four eyes" principle.

With regard to the financial reporting process, it can be reported that controls are built in which should ensure the quality and accuracy of the reported information.

The internal audit function, within the meaning of Article 17 §3 of the RREC Law is fulfilled by an external consultant (known as an "external internal auditor"), MAZARS Bedrijfsrevisoren burg. CVBA, represented by Mr Anton Nuttens, Berchemstadionstraat 78, 2600 Antwerp. To this end an agreement "concerning outsourcing of the internal audit function" was contracted on 5 December 2011, for a term of three years. This agreement with the 'external' internal auditor has now been renewed for a period of 3 years. The fee paid in 2015 for this function amounted to €13,039.40, exclusive of VAT.

The internal auditor conducted a risk analysis for each risk area. A risk profile and risk score were determined for each of these areas. On the basis of this analysis, a plan was drawn up and comprehensive annual audits are conducted of each area, with recommendations being formulated. These recommendations are followed up regularly by MAZARS Bedrijfsrevisoren. Although the company has opted for an external internal auditor, it has also designated Mr Willy Pintens from among its own members to provide for follow-up of the recommendations of this internal external auditor and who will also control its work. In addition, the reports will be submitted to the Board of Directors and discussed. The Board of Directors follows the recommendations in its capacity as the audit committee.

The recommendations provide a guide for the Company to optimise its operations in relation to operational, financial and management matters, as well as risk management and compliance. The Board of Directors receives all internal audit reports or regular summaries of these.

The financial reporting function has already been the subject of an evaluation by the internal audit system, which yielded no significant findings. The finance team has expanded to further, in order to strengthen the level of internal control in the accounting process. The findings and any comments from internal and external auditors are also always taken into account. Please see the description above with regard to the supervision by the Board of Directors of the integrity of financial information provided by the company.

The Board assesses the effectiveness of the internal audit and in particular, makes recommendations regarding its operation. The Board also examines the extent to which its findings and recommendations are met.



#### 4.2.5 INTEGRITY POLICY AND COMPLIANCE

The company also has a compliance officer, within the meaning of Article 17 §4 of the RREC Law.

The compliance officer shall ensure that the Company complies with the applicable laws, regulations and rules of conduct, in particular the rules relating to the integrity of the Company's activities, by monitoring of the various risks which the Company runs on the basis of its Articles of Association and activities.

The integrity policy of Care Property Invest forms an integral part of its corporate culture and places particular emphasis on honesty and integrity, adherence to ethical standards and the specific applicable regulations. In that regard, the Company or its directors and its employees must conduct themselves with integrity, i.e. in an honest, reliable and trustworthy manner.

The integrity policy specifically includes, but is not limited to the following fields of work:

- (i) rules on conflicts of interest,
- (ii) rules on incompatibility of mandates,
- (iii) the company's code of ethics and
- (iv) insider trading and abuse of power (insider trading and market manipulation),
- (v) rules on abuse of company property and bribery (*Article 492 bis of the Criminal Code*).

The Company has a compliance officer, within the meaning of Article 17 §4 of the RREC Law, who is responsible for ensuring compliance with the rules relating to the integrity of the business operations of the public RREC by the RREC itself, its directors, its effective leadership, employees and authorized representative(s) and for drafting and testing recommendations.

The compliance officer reports directly to the management board but also has the possibility within the Company to contact the (Chairman of the) Board of Directors directly.

The function of compliance officer is performed by the company lawyer, Filip van Zeebroeck.

#### 4.2.6 INFORMATION AND COMMUNICATION

Communication is an important element of internal control and within Care Property Invest, is adjusted to the size of the organisation. General staff communication, internal memos, working meetings, e-mail and electronic calendars are used for communications. For the records, there is a system of central archive, stored both in physical form and electronically.

#### 4.2.7 MANAGEMENT

Managing internal control within an organisation is a continuous process that should be evaluated on an ongoing basis and if necessary, adjusted. As indicated above, regular assessments are conducted at the level of the Board of Directors concerning the adequacy of internal control and risk management. Among other things, the findings and recommendations of the internal and external audit constitute an important source of information in this context.

### 4.3 External audit process

The audit of the financial situation, the financial statements and the regularity in terms of the Belgian Companies Code and the Articles of Association of the operations of the Company, shall be entrusted to one or more statutory auditors appointed by the auditors or firms of auditors approved by the FSMA in compliance with Article 52 of the Law of 22 March 1993 concerning the Articles of Association and supervision of credit institutions.

The Board of Directors formulates proposals for decision-making at the general meeting of shareholders regarding the selection, appointment and reappointment of the external auditors and the terms of their appointment.

The General Meeting determines the number of statutory auditors and their remuneration by simple majority. The statutory auditors are appointed for a renewable term of three years. On pain of compensation for damage, they may be dismissed by the general meeting only for statutory reasons during their mandate, provided that they comply with the procedure described in Article 136 of the Companies Code.

The General Meeting of 15 May 2013 reappointed the civil cooperative company with limited liability (CVBA) PwC Bedrijfsrevisoren, with registered offices at Woluwedal 18, 1932 Sint-Stevens-Woluwe, as its auditors, for a term of three years. This company designated Mr Damien Walgrave, auditor, as the representative authorized to represent it and charged with exercising the mandate in the name and on behalf of the CVBA PwC Bedrijfsrevisoren. The mandate expires after the general meeting of shareholders convened to adopt the financial statements as at 31 December 2015.

In 2015 the auditors received total fees of €95,162.90, exclusive of VAT, which can be analysed as follows:

remuneration of the auditors	€30,240.00
assurance engagement on financial plan	€3,690.00
capital increase	€43,132.90
payout of interim dividend	€3,800.00
subsidiaries	€11,300.00
dematerialisation shares	€3,000.00

The Board oversees the independence of the auditors, particularly in the light of the provisions of the Companies Code and the Royal Decree of 4 April 2003. The Board ensures that it receives a report from the auditors containing a description of all relationships between the independent auditor and the company.

The Board also determines the nature and scope of the non-audit services that were entrusted to the auditors. The Board shall determine and apply a formal policy specifying the types of non-audit services that:

- a) are excluded,
- b) are permissible after verification by the Board, and
- c) are permissible without control by the Board,

taking into account the specific requirements of the Companies Code.

The Board is kept informed of the auditors' working programme and is notified in good time of all matters revealed by the audit.

The Board of Directors assesses the effectiveness of the external audit process and ascertains the extent to which the management board complies with the recommendations made in the auditor's management letter.

The Board shall investigate the matters giving rise to the resignation of the auditors and make recommendations on all actions required in this regard.

The Board decides whether the accountant (employee of the company), the internal auditor and the external auditors shall attend meetings. The Board may conduct talks with any relevant person without a member of the management board being present.

In addition to maintaining an effective working relationship with the Management Board, the internal auditor and the statutory auditor should have guaranteed free access to the Board of Directors. They also have direct and unrestricted access to the Chairman of the Board of Directors.

The statutory auditors have a limited right of audit over all operations of the Company, either jointly or separately. They may inspect the books, correspondence, minutes and in general all documents of the Company at their location. Every six months, the Board of Directors shall hand them a statement summarizing the assets and liabilities of the Company.

The statutory auditors may be assisted by employees or other persons for whom they are responsible in the exercise of their mandate, at their own expense.

#### **4.4 Real estate expert**

The real estate expert Stadim CVBA, represented by Philippe Janssens, was appointed by an agreement dated 6 January 2014 for a period of three years with effect from 1 January 2014 for the valuation of the property portfolio. The fee is determined according to the nature of the property to be valued (nursing home or assisted-living accommodation), the number of units and the valuation method (full report on initial valuation or quarterly valuation). The fee is therefore independent of the fair value of the property.

The fee for the valuations of the property portfolio in the financial year 2015 amounts to €20,721.79 and is determined as follows:

<b>assisted-living apartments</b>	€75 per unit initial valuation at €1,250.00
<b>residential care centres</b>	€80 per unit €40 per unit above 40 residential units Initial valuation at 30% with a minimum of €1,500.00 Final valuation at 50% with a minimum of €1,000.00 projects in development stage at 75%

## 4.5 Remuneration and appointments

### 4.5.1 PROPOSED RESOLUTIONS FOR THE GENERAL MEETING ON APPOINTMENTS

The Board of Directors makes recommendations to the General Meeting on the appointment of directors and formulates a proposal for a resolution (see point “1.4. Appointment - Term of Office – Termination” on page 150).

The Board ensures that the appointment and re-appointment process proceeds objectively and professionally. More specifically,

- existing appointment procedures should be reviewed and if necessary proposals for adjustments should be formulated;
- the size and composition of the Board of Directors should be reviewed periodically and changes in this regard should be considered;
- if there are vacant directorships, candidates should be sought (taking into account the gender diversity required by Article 518bis of the Companies Code);
- proposals for appointment originating from shareholders should be investigated;
- succession issues should be considered thoroughly;
- decisions should be taken on the appointment and dismissal of directors.

### 4.5.2 PROPOSALS TO THE GENERAL MEETING ON THE REMUNERATION OF DIRECTORS

The Board of Directors makes proposals to the General Meeting of Shareholders on the remuneration of the directors.

The Board takes decisions on the additional remuneration of the Managing Directors who make up the Management Board.

The Board also takes decisions on the size of and the remuneration policy for the staff, including bonuses and long-term incentives, linked to shares, in the form of stock options or other financial instruments, or otherwise.

For a detailed discussion of the Company's remuneration policy, please see “5. Remuneration”.

## 4.6 Rules on the prevention of market abuse and insider trading

On 15 January 2006, the Board of Directors approved the “Rules on the prevention of market abuse” (the Dealing Code, last amended on 25 November 2014), to prevent unlawful insider trading by directors, shareholders, employees and certain third parties (“insiders”) or creating any impression of this.

The Company maintains a list of persons with access to inside information (the “insider list”) which is regularly updated.

On 6 September 2006, the Board of Directors approved a first amendment of its Corporate Governance Charter and the “Rules on the prevention of market abuse”, in response to the Royal Decree of 5 March 2006 concerning market abuse. This amendment relates to the obligations of persons with managerial responsibilities and persons closely related to them to report to the FSMA transactions in shares of the Company conducted on their own behalf.

The Dealing Code is primarily aimed at protecting the market as such. The Dealing Code is not intended to replace the applicable legislation prohibiting insider trading and the disclosure of price-sensitive information.

The Chairman of the Board of Directors and the compliance officer supervise compliance with the Dealing Code. The compliance officer also ensures that each new director and employee of the Company or third party regarded as an insider signs or has signed the Dealing Code.

The Dealing Code provides that any transaction in the securities of the Company by persons with managerial responsibilities and persons closely associated with them will be published on the Company's website at [www.carepropertyinvest.be](http://www.carepropertyinvest.be).

During the 2015 financial year, Messrs Willy Pintens and Mark Suykens, directors of the Company, each reported the acquisition of 2,000 shares of the Company in relation to the capital increase on 22 June 2015. 2,000 shares in the Company were awarded to Mr Peter Van Heukelom as a one-off bonus on 11 August 2015, on condition that these may not be sold within a term of two years.

The Dealing Code also imposes restrictions on transactions in Company securities during specific periods before the publication of the financial results ("closed periods") and during any other period considered sensitive ("prohibited periods").

The Dealing Code provides that insiders must notify the compliance officer of every intended transaction in securities of the Company in advance. For directors, this notification obligation applies to the Chairman of the Board of Directors.

If a director conducts a transaction in the securities of the Company and the Chairman of the Board of Directors is informed of this, the transaction is disclosed in compliance with the Dealing Code.

The Dealing Code sets out the statutory obligations of persons with managerial responsibilities and persons closely associated with them to notify the FMSA of transactions in securities of the Company on their own behalf.

The full Dealing Code is available on the Company's website at [www.carepropertyinvest.be](http://www.carepropertyinvest.be)

## 4.7 Prevention of conflicts of interest

### 4.7.1 CONFLICTS OF INTEREST OF DIRECTORS

Each director should arrange his/her personal and business affairs so as to avoid direct or indirect conflicts of interest with the Company.

If a director has a direct or indirect financial interest that conflicts with a decision or transaction within the authority of the Board of Directors, he/she must act in accordance with the provisions of Article 523 of the Companies Code.

This means that all directors must notify the Board of Directors and the statutory auditor of any conflicts of interest when they arise and must abstain from voting on these matters. Any abstention due to a conflict of interest must be disclosed in accordance with the relevant provisions of the Companies Code and is therefore reported in the annual report.

The members of the Board of Directors must also comply with Articles 36 to 38 of the RREC Law, as described in more detail below.

In addition to these provisions of the Companies Code and the rules on conflicts of interest arising from the RREC Law, Care Property Invest requires each (managing) director to avoid conflicts of interest as far as possible.

If a conflict of interest (not covered by the statutory regulations on conflicts of interest) nevertheless arises in relation to a matter that falls within the competence of the Board of Directors, and on which it must take a decision, the director in question must notify his fellow-directors of this. They then decide whether the member concerned may or may not vote on the matter to which the conflict of interest relates and whether he/she may attend the discussions on this matter. It is explicitly made clear here that non-compliance with the above (additional) rules on conflicts of interest cannot affect the validity of decision-making by the Board of Directors.

During the 2015 financial year, no conflicts of interest arose other than those listed below.

On 11 March 2015, the Board of Directors took a decision to grant a bonus to the staff and a special bonus to Peter Van Heukelom.

**Minutes:** "6. Award of a bonus to the staff: 2014 financial year, on the basis of the evaluations as at 31-12-2014 and of a once-only special bonus to the CEO. (Annex 8, being a summary of the proposed bonuses to employees, was raised). Mr. Peter Van Heukelom, CEO, reported with regard to decision-making on the proposal to award the bonus amount for the 2014 financial year to the staff, of which, in his capacity as CEO, he is a member, that he had a direct financial interest, as referred to in Article 523 of Companies Code, and that he had already reported this to the statutory auditor. Mr Peter van Heukelom took no further part in the discussions and voting, and left the meeting during these, together with the Minutes Secretary (Mr Filip Van Zeebroeck).

*The Board of Directors decided on 14.02.2007 to regulate the award of bonuses to staff in a structured manner and to add a variable form of remuneration to the fixed salary. The total bonus budget for 2014 (including all costs of social insurance, holiday allowances etc.) is set at 1.2% of the Company's net profit in 2014, as specified in the decision of the Board of Directors of 11.02.2011 concerning remuneration policy. The award of the bonus to the individual staff members will be made subject to a positive evaluation for the past financial year. The terms for this were developed by the Management Board on 29.08.2007. The evaluation is conducted by the managing directors and presented in an evaluation form countersigned by the staff member in question. The CEO does not participate in his/her own evaluation. One quarter of this bonus is paid in cash and three quarters via the group insurance. The Board of Directors also resolved to award a one-time special bonus to the CEO, amounting to 2,000 shares of the Company, for his exceptional performance in the 2014 financial year. ... The Board of Directors approved the bonus and the bonus allocations and also decided to pay the one-time special bonus to the CEO."*

The meeting of the Board of Directors on 18 December 2015 took a decision on the principles for the conclusion of a management agreement with Peter Van Heukelom.

**Minutes:** "5. Management agreement with Peter Van Heukelom (Annex 6). The Board of Directors took note of the memorandum regarding the management agreement with Peter Van Heukelom. The Board of Directors unanimously resolved to adopt the principles in this document, including Mr Peter Van Heukelom's adoption of self-employed status, and instructed the Management Board to develop these principles in more detail."

Peter Van Heukelom has a direct financial interest of a proprietary nature, as referred to in Article 523 of the Companies Code, in decision-making on this agenda item. This was notified to the statutory auditor in advance.

#### 4.7.2 CONFLICTS OF INTEREST RELATING TO TRANSACTIONS WITH AFFILIATED COMPANIES

Care Property Invest must also comply with the procedure of Article 524 of the Companies Code if it takes a decision or conducts a transaction relating to: (a) relations of the Company with an affiliated company, excluding its subsidiaries and (b) relations of a subsidiary of the Company with an affiliated company, with the exception of subsidiaries of that subsidiary.

To date, Care Property Invest has four subsidiaries: B. Turnhout nv, Croonenburg nv, M.S.T. bvba and Boeyendaalhof nv.



#### 4.7.3 CONFLICTS OF INTEREST CONCERNING TRANSACTIONS WITH AFFILIATED PERSONS, THE DIRECTORS AND STAFF OF THE COMPANY

Transactions between the Company or an affiliated company and a member of the Board of Directors or member of staff must always be conducted on an arm's length basis, under the supervision of the Board of Directors.

The Company is managed solely in the corporate interest.

Pursuant to Article 37 of the RREC Law, the Company must notify the FSMA in advance if one of the persons referred to below acts as a counterparty in a transaction with the Company or with a company over which it has control, or if any benefits are gained through such a transaction by persons including those listed below:

- the persons who control the public RREC or hold participating interests in it;
- the promoters of the public RREC;
- the persons with whom the RREC or a promoter of the RREC are affiliated or with which the RREC or a promoter of the RREC have a participating interest relationship;
- the directors, managers, members of the management committee, the persons responsible for the daily management, the effective managers or agents of the RREC or the promoters of the RREC, or the persons who control the company or hold participating interests in the company.

In its notification of the FSMA, the RREC must show its interest in the planned transaction and that the transaction in question forms part of the normal activities of the RREC. If the FSMA finds that the information in the aforementioned notice is insufficient, incomplete, inconclusive or irrelevant, it shall notify the RREC accordingly. If no action is taken in response, the FSMA may publish its position.

These transactions must be conducted on an arm's length basis.

When a transaction that takes place in the circumstances described above relates to property as referred to in Article 47 § 1 of the RREC Law, the valuation of the expert is binding on the RREC (for determining the minimum price in the case of a transfer, or the maximum price in the case of an acquisition).

The transactions referred to above, as well as the information contained in the preceding notice to the FSMA, must be disclosed immediately and explained in the annual financial report and the statutory auditor's report.

Pursuant to Article 38 of the RREC Law, these provisions do not apply to:

- transactions relating to a sum of less than the lower of 1% of the Company's consolidated assets and €2,500,000;
- the acquisition of securities by the Company in connection with a public issue by a third-party issuer for which a promoter of the RREC or one of the persons referred to in Article 37 § 1 of the RREC Law act as intermediaries within the meaning of Article 2, 10° of the Law of 2 August 2002;
- the acquisition of or subscription to shares in the company issued pursuant to a decision of the General Meeting by the persons referred to in Article 37 § 1 of the RREC Law; and
- transactions relating to cash and cash equivalents of the Company or one of its subsidiaries, provided that the person acting as the counterparty has the status of intermediary within the meaning of Article 2, 10°, of the Law of 2 August 2002 and that these transactions are conducted on an arm's length basis.

The Company is not aware of any conflicts of interest.

## 5. Remuneratie

### 5.1 Remuneration policy

The mandate of directors is remunerated.

Nobody decides on his or her own remuneration.

Care Property Invest is not legally required to establish a remuneration committee. Consequently, the Board of Directors establishes the remuneration policy for non-executive and executive (managing) directors, based on the principle of a fixed annual amount, plus additional attendance-based remuneration. The remuneration of the directors is then submitted to and approved by the General Meeting and is disclosed in a transparent manner in the annual financial report.

Neither the executive nor the non-executive directors receive performance-based remuneration for the performance of their mandate, such as bonuses or long-term share-related incentive programmes, benefits in kind or benefits linked to pension plans.

Under Belgian law, each director's mandate may be terminated "ad nutum" (at any time) without any form of compensation.

The Board of Directors determines the remuneration of the Managing Directors, as members of the Management Board. The Managing Directors do not participate in the discussions or voting on this decision in the Board of Directors.

The Board of Directors pursues a policy of awarding **Managing Directors** the same additional remuneration for their duties as Managing Directors as that awarded to all directors by the General Meeting. The Managing Directors therefore receive two fees: a fee paid by the General Meeting for their service as directors, and a fee awarded by the Board of Directors as remuneration for their additional responsibilities as Managing Directors.

Since the 2014 financial year, all directors have received additional remuneration in the form of an attendance fee. The Managing Directors also receive a fee for each meeting of the Management Board. Managing Directors (other than the **CEO**) receive neither performance-related remuneration such as bonuses nor long-term share-related incentive programmes, benefits in kind or benefits associated with pension plans for the performance of their duties as managing directors, nor is there any provision for severance pay.

The CEO and other **staff** are affiliated to the Company via an employment contract<sup>7</sup> and may be dismissed, subject to compliance with Belgian labour law. No provision is made for any other severance scheme. The remuneration of staff is determined by the Board of Directors (overall amounts) and the Management Board (specific remuneration of individual employees). The CEO/Managing Directors do not participate in Board discussions concerning their remuneration. If members of staff qualify for a bonus, the award of the bonus must be dependent on relevant and objective performance criteria. The staff are not present during the discussion of their evaluations.

<sup>7</sup> The employment contract of Mr Peter Van Heukelom was terminated by agreement as of 1 January 2016 and agreement concerning performance of the work on a self-employed basis was contracted.

## 5.2 Remuneration report

### 5.2.1 DETERMINATION OF THE REMUNERATION OF NON-EXECUTIVE DIRECTORS AND EXECUTIVE (MANAGING) DIRECTORS

In accordance with the resolution of the General Meeting of 18 May 2011, a standard fixed fee of €7,000 per year is paid to all directors and in accordance with the decision of the Board of Directors of 18 May 2011, an additional amount of €7,000 per year is paid to the Managing Directors (as remuneration for their position as Managing Directors). The Managing Directors, with the exception of the CEO, also receive a fixed representation fee of €150 per month, and their travel expenses are reimbursed at the statutory rate. In accordance with the decision of the Ordinary General Meeting, from the 2014 financial year the higher fixed fee of all directors has been supplemented by an additional fee in the form of an attendance fee of €500 for each meeting of the Board of Directors.

At the same time, the Board of Directors approved an additional fee for the Managing Directors, in the form of an attendance allowance of €300 for each meeting of the Management Board.

The remuneration policy described above has been applied in the same manner since the 2014 financial year.

### 5.2.2 ATTENDANCE OF DIRECTORS AND (GROSS) REMUNERATION FOR THE 2015 FINANCIAL YEAR

The Board met on ten occasions in 2015, on 21 January, 11 March, 1 April, 20 May, 2 June, 24 June, 16 September, 18 November, 30 November and 18 December 2015. The Managing Directors met on 23 occasions. All fees constitute fixed remuneration and there is no provision for variable remuneration or for remuneration linked to shares, except for the CEO.



### 5.2.3 REMUNERATION OF THE CEO AND BONUSES FOR STAFF

The remuneration of the CEO consists of the following components: a fixed salary, a pension plan in the form of group insurance with a monthly fixed employer's contribution, a premium (\*) and the other components of remuneration (hospitalisation insurance, representation fee, benefits in kind associated with the use of a company car, meals and eco-cheques). The employment of Mr Peter Van Heukelom was terminated by mutual agreement on 1 January 2016 and an agreement was contracted concerning performance of the work on a self-employed basis.

In his capacity as CEO, Mr Van Heukelom received the following remuneration during the 2015 financial year in addition to the aforementioned remuneration as a director and Managing Director:

ordinary remuneration	€244,459.68
insurance premiums (pension plan)	€20,400.00
award of shares in Care Property Invest	€23,083.33
premium (*)	€30,145.02
total remuneration, 2015 financial year	€318,088.03
benefits in addition to the statutory minimum (**)	€7,888.70

(\*) Premium inclusive of employees' social insurance contributions: The Board of Directors may award annual bonuses to the staff (including the CEO).

(\*\*) Hospitalisation insurance, meals and eco-cheques, company car (€4,300.54), mobile telephone, laptop and representation fee.

On 11 January 2012, the Board of Directors resolved to calculate the total budget for payment of bonuses to employees (including the CEO) on the basis of the company's results instead of revenue-related parameters. It was argued that an increase in a company's revenue does not necessarily lead to a higher profit, as uncontrolled stimulation of revenue growth can lead to abuses and risky behaviour. The total annual bonus budget (including all employer contributions and provisions for holiday allowance) for all employees combined (including the CEO) is therefore set at 1.2% of the company's net result\* in the year preceding that of the payment of the bonus.

\* Net result on a cash basis, i.e. not including (upward or downward) valuations of the fluctuations of derivative financial instruments, among other things.

The total bonus paid out in 2015 for the 2014 financial year amounted to €90,086.27 gross (including all social insurance and holiday allowance costs, etc.). The award to individual staff members is subject to a positive evaluation for the preceding working year. The details of this are set out in a separate document. The evaluation is conducted by the Managing Directors and recorded in an evaluation form which is countersigned by the staff member concerned. The CEO does not participate in his/her own evaluation. The distribution of the total bonus will be based on the gross monthly salaries and will possibly be awarded after a reduction in the event of a poorer evaluation. One quarter of the bonus is paid in cash and the remaining three quarters through the group insurance policy. There is no other form of variable remuneration or bonuses, apart from a one-off special bonus for the CEO, through the award of 2,000 shares. No provision is made for the Company to recover variable remuneration awarded to the CEO on the basis of any incorrect financial data.

## 6. Policies concerning staff

Care Property Invest has developed detailed policies on staff, including with regard to integrity, qualifications, training and assessment. The company has a detailed organisational chart with detailed job and task descriptions.

## 7. The shareholders and the General Meeting

The Company ensures the equal treatment of all shareholders. It makes all necessary facilities and information available to enable shareholders to exercise their rights.

The Company dedicates a specific section of its website to describing the rights of shareholders to attend and to vote at the General Meeting. This section also contains a timetable for the provision of regular information and General Meetings.

Like the Corporate Governance Charter, the Articles of Association are available at all times via the Company's website at [www.carepropertyinvest.be](http://www.carepropertyinvest.be) and can also be delivered free of charge on request by letter, e-mail or fax.

### 7.1 Shareholder structure

The Company's share capital amounts to €78,442,491.65, represented by 13,184,720 shares: 13,034,720 ordinary shares listed on Euronext Brussels, and 150,000 special shares.

*Amounts shown in euros.*

Category	Number	Par value (in euros)	In relation to the number of special shares	In relation to the total number of shares
Special shares	150,000	892,425.00	100.00%	1.14%
Belfius Bank NV/SA	80,000	475,960.00	53.33%	0.61%
Fortis NV/SA	30,000	178,485.00	20.00%	0.23%
KBC Bank NV/sA	30,000	178,485.00	20.00%	0.23%
Bank Degroef Petercam NV/SA	10,000	59,495.00	6.67%	0.07%
Ordinary shares	13,034,720	77,550,066.65		98.86%
<b>Total</b>	<b>13,184,720</b>	<b>78,442,491.65</b>		<b>100.00%</b>

In accordance with Article 37(1) of the Articles of Association, each share affords the right to cast one vote. Shareholders without voting rights and, where applicable, warrant holders and holders of bonds may attend the General Meeting, but only in an advisory capacity. There are no legal restrictions or restrictions pursuant to the Articles of Association on the exercise of voting rights.

The special shares carry the same rights as those of the ordinary shareholders and in addition, the rights as provided for in Articles 12 (transfer of shares), 16 (composition of the Board of Directors), 17 (premature vacancies), 18 (chairmanship), 19 (meetings of the Board of Directors), 20 (deliberations of the Board of Directors), 31 (General Meetings) and 35 (officers of the General Meeting) of the Articles of Association.

In accordance with the conditions, terms and modalities laid down in Articles 6 to 13 of the Law of 2 May 2007 and the Royal Decree of 14 February 2008 (the "Transparency Law"), every natural person or legal entity is required to notify the company and the FSMA of the number and the percentage of the existing voting rights that he/she/it holds, directly or indirectly, if the number of voting rights reaches, exceeds or falls below 5%, 10%, 15%, 20% etc., in tranches of 5% of the total existing voting rights, subject to the conditions laid down by the Transparency Law. This notification is also required pursuant to Article 15 of the Articles of Association if the voting rights attached to the voting securities held directly or indirectly reach, exceed or fall below the limit of 3% or more of the total existing voting rights. Care Property Invest is not currently aware of the existence of shareholders whose shareholdings exceed or fall below the statutory thresholds or the thresholds according to the Articles of Association.

In accordance with Article 15, §1 of the Law of 2 May 2007, the Company will disclose the total capital, the total number of voting securities and voting rights and the number of voting securities and voting rights by category no later than the end of each calendar month in which one of these amounts increases or diminishes.

## **7.2 Existing shareholders' agreements**

There is a verbal agreement among the holders of special shares, on the appointment of directors, *inter alia*, to vote for the candidate on whose nomination they reached a common consensus. This nomination will take account of the most balanced possible representation of the special shareholders on the Board of Directors and with the possibility of nominating one or two candidates from outside organisations or institutions whose representation is regarded by the special shareholders as opportune and in the interests of the Company.



## 7.3 General Meetings

The General Meetings are used, inter alia, to communicate with shareholders and to encourage their involvement. Shareholders who are unable to attend may vote by proxy. The deed of proxy will be sent to shareholders at their earliest request by regular mail, fax or e-mail, or can be downloaded from the Company's website.

Without prejudice to the statutory convocation formalities, as described in more detail below under the heading "Convocation", the agenda and the reports referred to therein will be made available to the shareholders via the website, and will be sent to shareholders at their earliest request by regular mail, fax or e-mail. This information remains accessible on the Company's website for a period of five years from the date of the General Meeting to which it relates.

### 7.3.1 PLACE AND DATE

The General Meeting is held on the third Wednesday of the month of May at 11 a.m. If that day is a statutory public holiday, the meeting is held on the next working day.

An Extraordinary General Meeting may be convened whenever the interests of the Company require it, and must always be convened in the following cases:

- whenever shareholders representing one fifth of the subscribed capital so request;
- whenever holders of special shares jointly representing one fifth of the capital represented by the special shares so request.

Such requests must be sent by registered mail to the Company's registered office and must precisely describe the matters to be discussed and decided on by the General Meeting. The request should be addressed to the Board of Directors and the statutory auditor, who must jointly convene a meeting within three weeks of receipt of the request. In the convening notice, other items may be added to the agenda items stipulated by the shareholders.

The Board of Directors may, at any General Meeting, during the session, postpone the decision regarding the approval of the financial statements for up to five weeks. This postponement does not affect the other decisions taken, unless otherwise decided by the General Meeting in this regard. The next meeting has the right to determine the final financial statements. The Board of Directors also has the right to defer any other General Meeting or any other item on the agenda of the Annual General Meeting by five weeks, unless the meeting is convened at the request of one or more shareholders representing at least one fifth of the capital, or one fifth of the capital represented by the special shares, or by the statutory auditor(s).

Unless otherwise stated in the convening notice, the General Meeting will be held at the registered office of the Company.

### 7.3.2 CONVENING OF MEETINGS

The Board of Directors or the auditor(s) convene(s) the General Meeting. The notices convening the meeting must state:

- the location, date and time of the General Meeting, the agenda, stating the matters to be discussed and the proposed resolutions, a clear and precise description of the formalities that shareholders must observe in order to be admitted to the General Meeting and to exercise their voting rights, in particular the period within which the shareholder must state his/her intention to attend the meeting, as well as information on rights to place matters on the agenda and put questions and the procedure for voting by proxy;
- the registration date and the notification that only persons who are shareholders on that date are entitled to participate in, and vote at, the General Meeting;
- where and how the documents prescribed by the Companies Code can be viewed;
- the website at which the following information is made available:
  - the notice convening the General Meeting and the agenda for the meeting;
  - the total number of shares and voting rights on the date of the notice;
  - the documents to be submitted to the General Meeting;
- a proposal for a resolution on each matter included in the agenda for the General Meeting, or if the matter discussed requires no resolution, comments by the Board of Directors;
- the forms to be used for voting by proxy, unless such forms are sent directly to each shareholder.

If these forms cannot be made available on the website for technical reasons, the Company must state on its website how these forms can be obtained on paper.

The General Meeting must be convened by means of notices published at least thirty days prior to the meeting in (a) the Belgian Official Gazette, (b) media that can reasonably be expected to ensure effective dissemination of the information to the public in the European Economic Area and that are quickly accessible in a non-discriminatory manner and (c) a national newspaper. In the case of an Ordinary General Meeting to be held in the municipality, at the location, date and time indicated in the deed of incorporation, with an agenda limited to the handling of the financial statements, the annual report and the statutory auditors' report, the vote on the discharge to be granted to the directors and the statutory auditors, and to voting on the items mentioned in Article 554(3) and 554(4) of the Companies Code, the Company is exempt from the requirement to publish the notice in a national newspaper. Publication under (a) and (b) is required, however. If a second notice is necessary because the required quorum was not reached at the first meeting, the date of the second meeting was mentioned in the first notice convening the meeting and no new items have been placed on the agenda, the notice convening the second meeting must be issued at least seventeen days before the General Meeting.

Each year, an Annual General Meeting is convened, the agenda for which at least includes the following points: the discussion of the annual report and the report of the statutory auditor(s), discussion and approval of the financial statements and the appropriation of the net profit, the discharge to the directors and the statutory auditor(s) and, where applicable, the appointment of directors and the statutory auditor(s).

The regularity of the convening of meetings cannot be disputed if all shareholders are present or duly represented.

### 7.3.3 ADMISSION

A shareholder may participate in the General Meeting and exercise voting rights on the basis of the book-keeping records of his/her shares on the registration date, either by inclusion in the Company's register of shares in the Company's name or by inclusion in the accounts of a recognised account holder or a clearing institution, irrespective of the number of shares held by the shareholder on the date of the General Meeting. The registration date is deemed to be the fourteenth day before the General Meeting, at midnight (Belgian time).

Holders of dematerialised shares wishing to attend the General Meeting must submit a certificate issued by Euroclear or a recognised account-holder at Euroclear, showing the number of dematerialised shares registered in the shareholder's name in its accounts as at the registration date with which the shareholder has indicated that he/she wishes to attend the General Meeting. The certificate must be submitted to the Company's registered office no later than the sixth day prior to the date of the General Meeting.

The owners of registered shares who wish to participate in the meeting, must inform the Company by ordinary mail, fax or e-mail no later than six days before the date of the meeting of their intention to participate in the meeting.

The Board of Directors maintains a register of all shareholders that have expressed a desire to attend the General Meeting, which contains their names and addresses or registered office, the number of shares they held on the registration date and with which they indicated that they wished to attend the General Meeting, as well as a description of the documents showing that the shareholder held the relevant shares on the registration date.

In accordance with the Articles of Association and the applicable legislation, bearer shares that were not converted into dematerialised shares or registered shares by 31 December 2013 were automatically converted into dematerialised shares and booked on a securities account in the name of the Company (without, however, the Company thereby attaining the status of the owner of the shares). The exercise of the rights attached to these shares (including the right to attend the General Meeting and the entitlement to dividends) will be suspended until a person who has been able to demonstrate the lawful capacity of a right-holder applies for and is granted the registration of the shares in his/her name in the register of registered shares or in a securities account.

These shares were sold on 22 September 2015 and the proceeds of the sale in the amount of €273,123.20 were deposited in an account at the Deposit and Consignation Office of the Belgian Treasury, after deduction of expenses. The owners of these shares can contact the Company to obtain the countervalue of the shares, net of legal penalties.

### 7.3.4 REPRESENTATION

Each shareholder may appoint a proxy to represent him/her at the General Meeting in accordance with the relevant provisions of the Companies Code. The proxy may not be a shareholder.

A shareholder of the Company may appoint only one person as a proxy for each General Meeting. By derogation from this provision, (i) shareholders may appoint separate proxies for each form of shares that they own, as well as for each of their securities accounts if they hold shares in Care Property Invest on more than one securities account and (ii) a person qualified as a shareholder who, however, acts in a professional capacity on behalf of other natural persons or legal entities, may appoint each of those other natural persons or legal entities or a third party designated by them as a proxy.

A person who acts as a proxy may hold a proxy of more than one shareholder. Where a proxy holds deeds of proxy from several shareholders, he or she may vote differently for one shareholder than for another shareholder.

The appointment of a proxy by a shareholder takes place in writing or via an electronic form which must be signed by the shareholder, where appropriate with an advanced electronic signature within the meaning of Article 4, § 4 of the Law of 9 July 2001 establishing certain rules relating to the legal framework for electronic signatures and certification services, or with an electronic signature that complies with the requirements of Article 1322 of the Civil Code.

The notification of the deed of proxy to the Company must be in writing. This notification may also be made electronically at the address indicated in the notice.

The Company must receive the deeds of proxy by the sixth day before the date of the General Meeting at the latest.

Without prejudice to the possibility, pursuant to Article 549(2) of the Companies Code, of deviating from the instructions in certain circumstances, the proxy must cast his/her vote in accordance with any instructions of the shareholder who appointed him/her. The proxy must keep a record of the voting instructions for at least one year and confirm that he or she has complied with the voting instructions at the request of the shareholder.

In the event of a potential conflict of interest, as defined in Article 547bis, §4 of the Companies Code, between the shareholder and the proxy he/she has appointed, the proxy must disclose the specific facts that are relevant for the shareholders in the assessment of whether there is any risk that the proxy might pursue any interest other than the interest of the shareholder. In addition, the proxy may only vote on behalf of the shareholder, provided that he or she has received specific voting instructions for each item on the agenda.

For the purposes of these conflict of interest rules, a conflict of interest exists when the proxy:

1. is the company itself or an entity controlled by the company, or a shareholder that controls the Company, or another entity controlled by such a shareholder;
2. is a member of the Board of Directors or the management bodies of the Company, of a shareholder that controls the Company, or of a controlled entity referred to in 1°;
3. is an employee or statutory auditor of the Company, of the shareholder that controls the Company or of a controlled entity referred to in 1°;
4. has a parental relationship with a natural person as referred to in 1° to 3°, or is the spouse or legal partner of such a person or a relative of such person.

### 7.3.5 DELIBERATIONS

An attendance list which displays the names of the shareholders and the number of shares they represent at the meeting, must be signed by each of the shareholders or by their proxy before the meeting is opened.

The General Meeting may not deliberate on matters that are not included in the agenda unless all shareholders are in attendance or represented at the meeting and they unanimously resolve to expand the agenda. The required approval is deemed to have been given if no objection is recorded in the minutes of the meeting.

The foregoing does not affect the possibility for one or more shareholders (jointly) holding at least 3% of the share capital, subject to compliance with the relevant provisions of the Companies Code, to place matters to be discussed on the agenda for the General Meeting at any time up to the twenty-second day before the date of the meeting, or to submit proposed resolutions regarding matters for discussion that are included or are to be included on the agenda.

This does not apply if a General Meeting is convened by a new convening notice because the required quorum was not reached with the first notice, provided that the first notice complied with the legal requirements, the date of the second meeting was mentioned in the first convening notice and no new items are placed on the agenda.

Shareholders wishing to make use of this possibility must prove on the date on which they submit an item or proposed resolution, that they are in possession of the requisite share of the capital, either on the basis of a certificate of registration of the relevant shares in the Company's register of shares or a certificate issued by the recognised account holder or the clearing institution confirming that the relevant number of dematerialised shares is registered in an account in their name.

The aforementioned requests must be made in writing and as appropriate, accompanied by the text of the items to be discussed and the corresponding proposed resolutions, or the text of the proposed resolutions to be placed on the agenda. A postal or e-mail address must be given, to which the Company can send the acknowledgement of receipt of such requests.

The Company must receive the deeds of proxy by the twenty-second day before the date of the General Meeting at the latest. They can be sent to the Company electronically at the address shown in the notice convening the meeting. The Company must confirm receipt of such requests within a period of forty-eight hours from the time of such receipt.

As soon as possible after their receipt, the topics to be discussed and the proposed resolutions that would be added to the agenda, as appropriate, must be posted on the Company's website and in addition, no later than the fifteenth day before the date of the General Meeting, an agenda must be circulated to which the additional items to be discussed and any accompanying proposed resolutions, and/or only the proposed resolutions formulated, have been added.

At the same time, the Company must make the forms that can be used for voting by proxy, plus the additional matters to be discussed and the attendant proposed resolutions that might be placed on the agenda, and/or solely the proposed resolutions formulated, available to its shareholders on its website.

Deeds of proxy which have already been notified to the Company prior to the publication of a revised agenda remain valid for the items for discussion on the agenda to which they apply, on the proviso that the proxy may derogate from any instructions of the principal at the meeting in relation to items on the agenda for which new proposed resolutions have been submitted, may differ from the instructions of the principal if following such instructions could harm the interests of the principal. The proxy must inform the principal accordingly. The authorisation must state whether the proxy is authorised to vote on the new items to be discussed included in the agenda, or whether he/she should abstain.

The topics to be discussed and any proposed resolutions to be placed on the agenda will be discussed only if the aforementioned share of the capital has been registered in accordance with Article 536, §2 of the Companies Code (*see above under "7.3.3. Admission"*).

The Board of Directors must answer the questions raised during the meeting or in writing regarding their report or regarding the agenda items, provided that sharing the details or facts is not potentially detrimental to the Company's business interests or to confidentiality undertakings that have been given by the Company or its directors.

The statutory auditors must answer the questions raised during the meeting or in writing regarding their report, provided that sharing the details or facts is not potentially detrimental to the Company's business interests or to confidentiality undertakings that have been given by the Company, its directors or the statutory auditors. The statutory auditors are entitled to address the General Meeting regarding the performance of their assignment.

If different questions concern the same subject, the Board of Directors and the auditor(s) may give a single answer to these.

Once the notice convening the meeting is published, the shareholders may submit the aforementioned questions in writing and these will be answered during the meeting, as appropriate, by the directors or the statutory auditors, provided that the said shareholders comply with the formalities for admission to the meeting (*see above under "7.3.3. Admission"*). These questions can be addressed to the Company electronically via the address shown in the notice convening the meeting. The Company must receive written questions no later than the sixth day prior to the meeting.

In the absence of mandatory statutory requirements or requirements stipulated in the articles of association to the contrary, decisions are taken by simple majority of the votes cast. Blank and invalid votes are not counted as votes cast. In the event of a tied vote the proposal is rejected.

Voting takes place by show of hands or by roll call, unless the General Meeting decides otherwise by a simple majority of the votes cast.

The Extraordinary General Meeting must be held in the presence of a notary who will prepare an authentic official record. The General Meeting may only validly deliberate and decide on an amendment of the Articles of Association if those attending the meeting represent at least half of the share capital. If the said quorum is not reached, a new meeting must be convened, in accordance with Article 558 of the Companies Code; the second meeting may conduct discussions and take valid decisions, irrespective of the part of the capital present or represented.

Moreover, an amendment of the Articles of Association is only adopted if it was previously approved by the Financial Services and Markets Authority (FSMA) and if it supported by three quarters of the votes attached to the present or represented shares (or any other special majority stipulated in the Companies Code).

In the case of an amendment of the Articles of Association or a decision for which the law imposes the same majority requirement as for an amendment of the Articles of Association and where the rights and obligations of a certain class of shareholders are affected, the statutory majority requirements must be complied with for each class of shareholders separately.



The General Meeting is presented with the annual report and the report of the statutory auditor(s) and decides by a simple majority on the approval of the financial statements.

After approval of the financial statements, the General Meeting decides by a simple majority, by separate vote, regarding the discharge granted to the directors and the statutory auditor(s). This discharge is only valid if the balance sheet does not contain omissions or false statements concealing the true state of the Company and, for acts contrary to the Articles of Association, only if they were specifically indicated in the convening notice.

The annual and half-yearly financial reports, the annual and half-yearly financial statements, the auditor's report and the Company's Articles of Association are available at the Company's registered office and may be viewed on the Company's website, for information purposes.

The resolution proposed by the Board of Directors on the appropriation of profit, in accordance with Article 13 of the RREC Royal Decree, is carried by a simple majority of the votes cast at the General Meeting.

The regularly constituted General Meeting represents the totality of the shareholders. The resolutions of the General Meeting are binding on all shareholders, even on those absent from the meeting or those who voted against them.

Minutes are drawn up of every General Meeting. The minutes of the General Meeting are signed by the officers and by shareholders who request to do so.

The results of votes and the minutes of the General Meeting must be posted as soon as possible, and in any event within fifteen days of the meeting, on the Company's website at ([www.carepropertyinvest.be](http://www.carepropertyinvest.be)). More specifically, for each decision carried at the General Meeting, the minutes record the number of shares for which valid votes were cast, the percentage of the authorised capital represented by those shares, the total number of votes in favour of and against each resolution and the number of abstentions, if any.

The Board of Directors strives to ensure that the controlling shareholders make well-considered use of their position and that they respect the rights and interests of the minority shareholders.

The Board of Directors wishes to motivate investors, and in particular institutional investors, to play an important role in carefully evaluating the Company's corporate governance. The Board of Directors strives to ensure that the institutional and other investors attach importance to all relevant factors drawn to their attention.

The Board of Directors strives to ensure that investors carefully consider the explanations given for derogations from the Belgian Corporate Governance Code, and make reasoned judgements in all cases. The Board of Directors will enter into a dialogue with investors if, taking into account the size and complexity of the Company and the nature of the risks and challenges they will face, they do not accept the position of the Company.

## 8. The powers of the governing body, in particular as regards the power to issue or buy back shares

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

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

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

Otherwise the general meeting has granted no approval to acquire shares. The Board of Directors can issue shares within the context of the authorised capital. To date, the remaining authorised capital amounts to €49.93 million.

## 9. Measures concerning insider trading and market manipulation (market abuse)<sup>8</sup>

On 15 February 2006, the Board of Directors approved the "Rules on the prevention of market abuse" (the Dealing Code, last amended on 25 November 2014), to prevent unlawful insider trading by directors, shareholders, employees and certain third parties ("insiders") or creating any impression of this.

The company maintains a list of insiders, which is regularly updated.

On 6 September 2006, the Board of Directors approved a first amendment of its Corporate Governance Charter and the "Rules on the prevention of market abuse", in response to the Royal Decree of 5 March 2006 concerning market abuse. This amendment relates to the obligations of persons with managerial responsibilities and persons closely related to them to report to the FSMA transactions in shares of the Company conducted on their own behalf. These prohibitions and monitoring of compliance with the rules are primarily aimed at protecting the market as such.

<sup>8</sup> As defined in the Law of 2 August 2002 on the supervision of the financial sector and financial services, as repeatedly amended.

Each transaction in the securities of the Company by persons with managerial responsibilities and persons closely associated with them will be published on the Company's website at [www.carepropertyinvest.be](http://www.carepropertyinvest.be) and the annual report will contain an overview of these transactions by those persons. To date there have been no such transactions to report.

The Dealing Code also imposes restrictions on transactions in the Company's securities during specific periods before the publication of the financial results ("closed periods") and during any other period considered sensitive ("prohibited periods").

The Board of Directors arranges for the appointment of a compliance officer with responsibilities and obligations including those conferred on him/her by the Dealing Code. Among other things, the compliance officer monitors compliance with this Dealing Code by Insiders. The compliance officer also ensures that each new director and employee of the company or any third party who qualifies as an Insider signs or has signed the Dealing Code<sup>8</sup>

The Dealing Code provides that an Insider must notify the compliance officer of his/her intentions before conducting any transaction in the securities of the Company. For directors and the compliance officer, this notification obligation applies with respect to the Chairman of the Board of Directors.

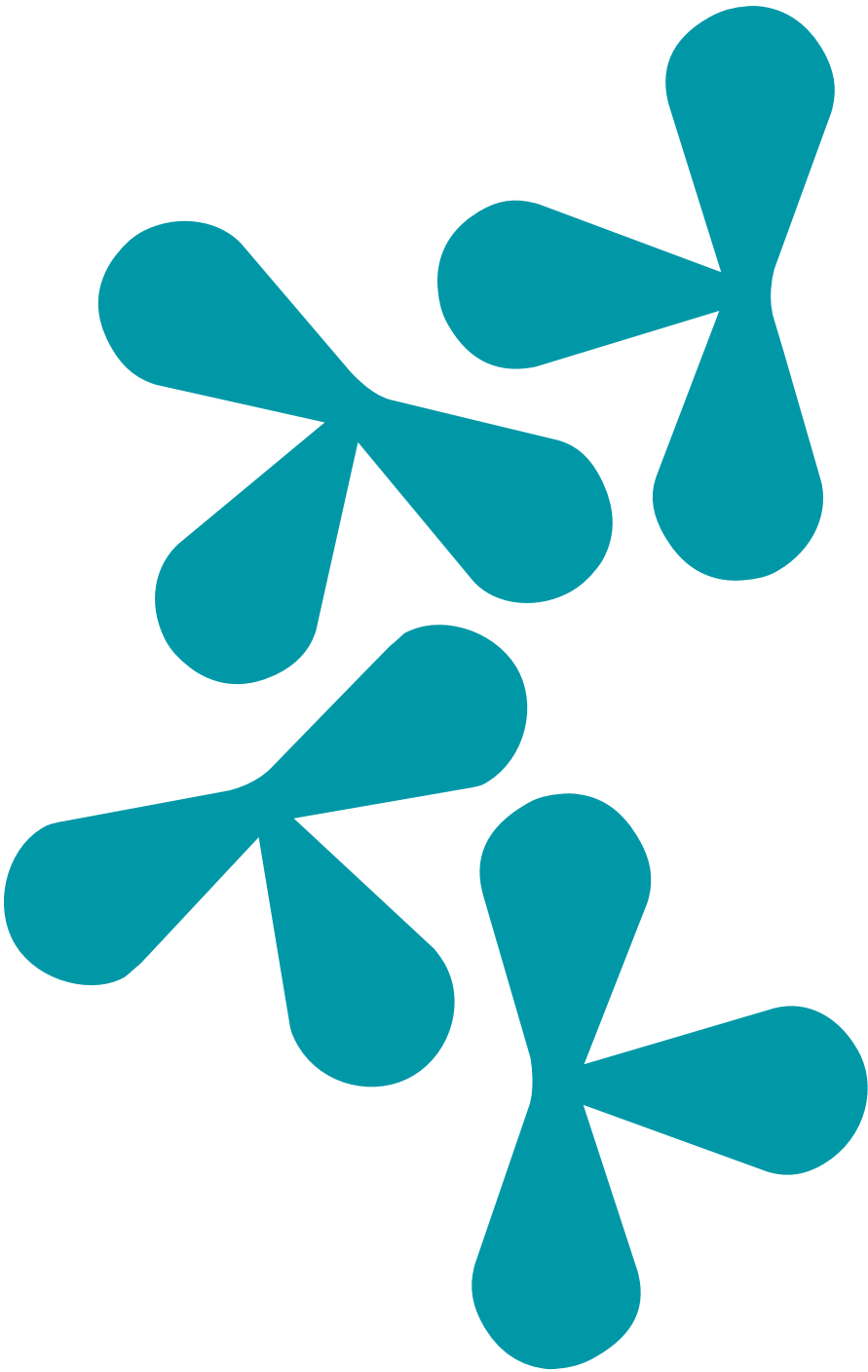
If a director conducts a transaction in the securities of the Company and the Chairman of the Board of Directors is informed of this, the transaction is disclosed in compliance with the Dealing Code.

The Dealing Code sets out the statutory obligations of persons discharging managerial responsibilities and persons closely associated with them to notify the FSMA of transactions in securities of the company on their own behalf.

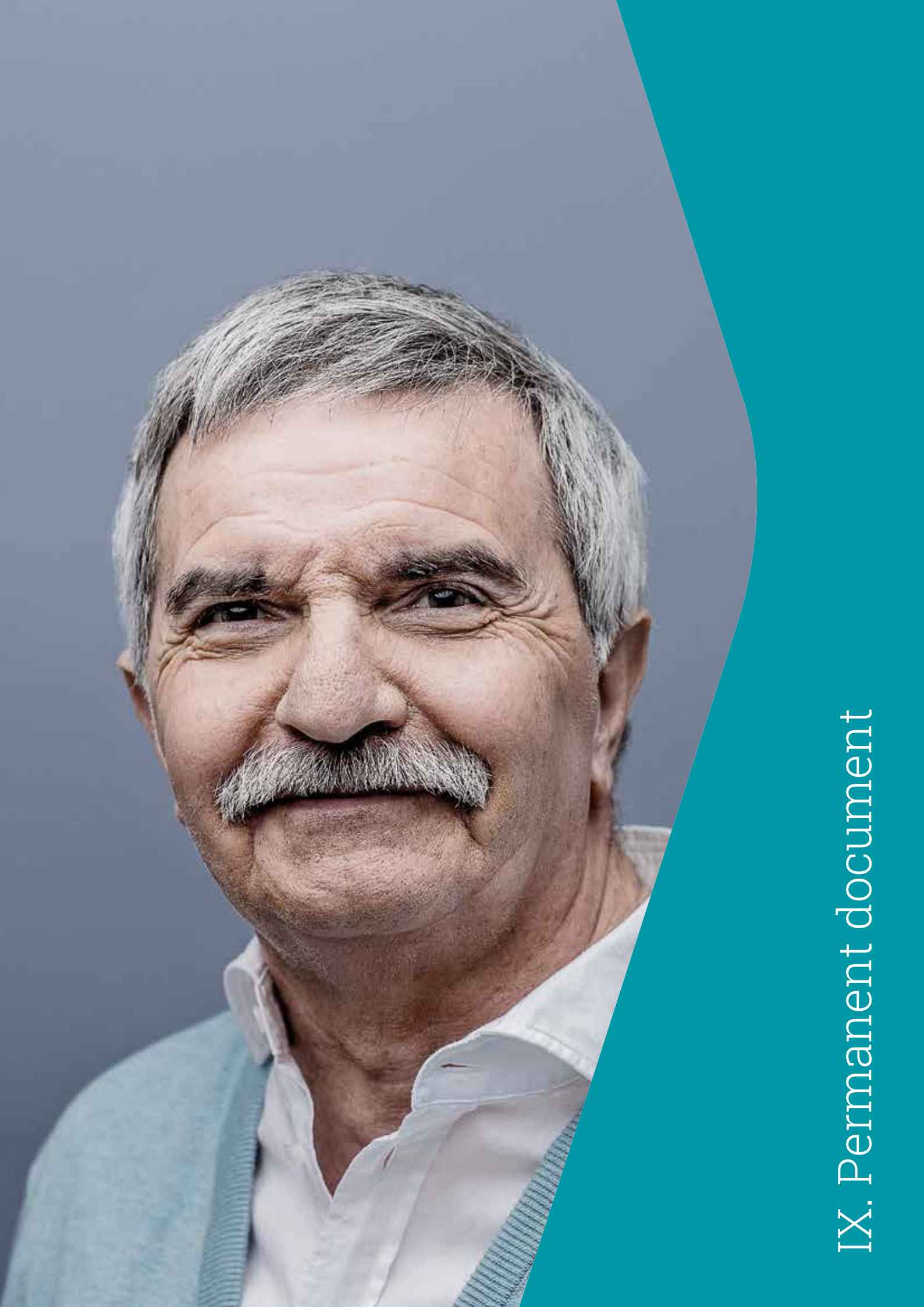
The full Dealing Code is available on the company's website at [www.carepropertyinvest.be](http://www.carepropertyinvest.be).

Date of last amendment of the Corporate Governance Charter: 9 March 2016.

<sup>9</sup> Mr Filip Van Zeebroeck was appointed as compliance officer on 25 November 2014, on the commencement of RREC status.







IX. Permanent document

## IX. Permanent document

### 1. General information

#### 1.1 Company name (*Article 1 of the Articles of Association*)

The Company has the status of a public limited liability company. It is subject to the statutory system of public regulated real estate companies, legally abbreviated to "public RREC". It bears the name "CARE PROPERTY INVEST", abbreviated to "CP Invest".

The corporate name of the Company and all of the documents that it produces (including all deeds and invoices) contain the words "public regulated real estate company" or are immediately followed by these words. The company name must always be preceded or followed by the words "public limited liability company" or the abbreviation "nv".

The Company raises its financial resources, in Belgium or elsewhere, through a public offering of shares, and thus makes a public demand on the savings system within the meaning of Article 438(1) of the Companies Code. The Company's shares have been admitted for trading on a regulated market, Euronext Brussels.

The Company is subject to the regulations currently applicable to RRECs and in particular to the provisions of the Law of 12 May 2014 concerning regulated real estate companies (the "RREC Law") and the Royal Decree of 13 July 2014 with respect to regulated real estate companies (the "RREC Decree").

The Company is also subject to Article 2.7.6.0.1 of the Flemish Tax Code (VCF) in respect of exemption from inheritance rights pertaining to the social rights in companies incorporated within the framework of the realisation and/or financing of investment programmes for service flats, as amended from time to time.

#### 1.2 Registered office location

With effect from 12 January 2015, the Company's registered office is located at Horstebaan 3, 2900 Schoten and it can be contacted by telephone on the number +32 3 2229494, by fax on the number +32 3 2229495 or by e-mail at the address [info@carepropertyinvest.be](mailto:info@carepropertyinvest.be).

The Board of Directors may relocate the company to any other location in the Flemish Region. It must arrange for the publication of any change in the registered office of the Company in the Annexes to the Belgian Official Gazette.

The Board of Directors is also authorised to establish offices, registered business offices, branches and subsidiaries in Belgium and abroad.

#### 1.3 Incorporation and notification

The public limited liability company Care Property Invest was incorporated on 30 October 1995 under the name "Serviceflats Invest" pursuant to a deed executed before notary Jan Boeykens in Antwerp and published in the Annexes to the Belgian Official Gazette of 21 November 1995 under number 1995-11-21/176.

#### 1.4 Registration number

The Company is registered in the Trade Register (RPR) of Antwerp (Antwerp branch) under number 0456.378.070.



### **1.5 Purpose (*Article 3 of the Articles of Association*)**

The sole objects of the Company are, (a) to make real estate available to users directly or through a company in which they have a shareholding, in accordance with the provisions of the RREC Law and its implementing decisions and regulations; and (b) to own real estate within the limits of the RREC Law, as stated in Article 2, 5°, vi to x of the RREC Law. Real estate is defined as real estate within the meaning of the RREC Law, as well as all other property, shares or rights defined as real estate by regulations applicable to regulated real estate companies.

The activity, as described in the preceding paragraphs, must relate to the financing and realisation of (i) with regard to the Flemish Region, only projects concerning (a) the realisation of service flats as referred to in Article 88, §5, of the Residential Care Decree of 13 March 2009 (as amended from time to time) or (b) real estate for facilities in relation to the Residential Care Decree of 13 March 2009, or (c) real estate for persons with disabilities, (ii) with regard to the European Economic Area, with the exception of the Flemish Region, projects equivalent to the projects referred to in (i) or (iii) other projects which are approved from time to time under the applicable legislation on exemption from inheritance tax, without withdrawal of recognition under that legislation (hereinafter jointly referred to as "Projects").

In the context of the provision of real estate, the Company may, in accordance with regulations applicable to RRECs and within the aforementioned limits, perform all activities related to the establishment, construction (without prejudice to the prohibition to act as a property developer, except in the case of occasional transactions), refurbishment, renovation, furnishing and fitting, development, acquisition, disposition, lease, sublease, exchange, contribution, transfer, parcelling, placement under a system of co-ownership or joint ownership of real estate as described above, the provision or acquisition of building rights, usufruct, leasehold or other real or personal rights to real estate as described above, the management and operation of real estate. The Company may, in accordance with the regulations applicable to RRECs and within the aforementioned limits:

- act as the lessee for real estate, with or without a purchase option;
- as a principal or secondary activity, lease real estate, with or without granting a purchase option, (with the proviso that leasing real estate with a purchase option may only be the main activity in cases as referred to in and subject to compliance with the provisions of Article 17(3) of the RREC Decree); and
- develop activities within the framework of public-private partnerships, transferred to an institutional RREC or otherwise;
- in a secondary or temporary capacity, invest in securities which are not property securities within the meaning of the regulations applicable to RRECS. These investments will be carried out in accordance with the risk management policy adopted by the Company and will be diversified so that they ensure adequate risk diversification. The Company may also own unallocated cash and cash equivalents. The cash assets may be held in any currency, in the form of deposits on demand or term deposits, or any readily available monetary instrument;
- provide mortgages or other securities, or issue guarantees in the context of the funding of the real estate activities of the company or its group, within the limits of the regulations applicable to RRECs;
- grant credit, within the limits of the legislation applicable to RRECs;
- conduct transactions in permitted hedging instruments (as defined in the regulations applicable to RRECs), where such operations form part of a policy adopted by the company to cover financial risks, with the exception of speculative transactions.

The Company shall, in compliance with the regulations applicable to RRECs, within the above limits, carry out all immovable, movable, financial, commercial and industrial actions which are directly or indirectly related to its objects or of a basic nature to pursue their realisation or to facilitate this, both domestically and abroad.

In compliance with the regulations applicable to RRECs, and within the above limits, the Company may acquire, by means of contribution in cash or in kind, merger, de-merger or other corporate law restructuring, subscription, participation, financial intervention or otherwise, a share in any existing or future companies or businesses in Belgium or abroad, whose objects are identical, similar or related to its own, or of a nature as to pursue or promote the objects of the Company.

### **1.6 Duration (Article 5 of the Articles of Association)**

The Company is established for an indefinite period and commences operations on the date of its formation. It can be dissolved by a decision of the General Meeting, deliberating in accordance with the conditions and forms required for an amendment of the Articles of Association.

### **1.7 Financial year (Article 40 of the Articles of Association)**

The financial year commences on the first of January and ends on the thirty-first of December of each year. At the end of each financial year, the Board of Directors prepares an inventory and the financial statements. The directors also draw up a report in which they account for their running of the Company. This report contains a commentary on the financial statements, which includes a fair overview of the state of affairs and the position of the company. This report also contains the information required by the Companies Code, including a corporate governance statement, which forms a specific part of it. This corporate governance statement also contains the remuneration report, which forms a specific part of it. As soon as the notice convening the meeting has been published, the shareholders may examine the financial statements and other documents referred to in the Companies Code (except for the first financial year, which ran from 30.10.1995 to 31.12.1996).

### **1.8 General Meeting**

In accordance with Article 31 of the coordinated Articles of Association, the Ordinary General Meeting is convened on the third Wednesday of May.

## 1.9 Accredited auditor

In accordance with Article 28 of the Articles of Association, the General Meeting of 15 May 2013 appointed bcvba PwC Bedrijfsrevisoren, with registered offices at Woluwedal 18, 1932 Sint-Stevens-Woluwe, as the statutory auditor for a term of three years. Mr Damien Walgrave, accredited auditor (A02037), was designated as the representative authorised to represent that company and charged with the exercise of the mandate in the name and on behalf of the bcvba. The mandate expires after the Ordinary General Meeting of Shareholders convened to adopt the financial statements as at 31 December 2015.

## 1.10 Internal audit

Mazars Bedrijfsrevisoren, represented by Mr Anton Nuttens. The mandate was renewed by the Board of Directors for a period of three years with effect from 7 September 2014.

## 1.11 Real estate expert

Pursuant to the RREC Law and RREC Royal Decree, the Company's real estate must be valued by a recognised, independent real estate expert. This expert must determine the "fair value" of the buildings, which is included in the financial statements of the Company. The Company uses the services of Stadim SCRL, represented by Mr Philippe Janssens, for this purpose. The fees of the real estate expert are independent of the fair value of the property to be appraised and are determined as follows:

<b>assisted-living apartments</b>	€75 per unit initial valuation at €1,250.00
<b>residential care centres</b>	€80 per unit €40 per unit above 40 residential units Initial valuation at 30% with a minimum of €1,500.00 Final valuation at 50% with a minimum of €1,000.00 projects in development stage at 75%

The fee for the valuations of the investment properties of the Company in 2015 amounts to €20,721.79 and for a number of projects in study phase a fee has been paid of €18,675.50.

The agreement with Stadim has been contracted until the end of the 2016 financial year.

### Valuation method

Various conventional approaches are used for the purpose of the appraisal:

- First, the capitalisation of the commercial rental value, with an adjustment for both revenue fluctuations in relation to this market reference and other charges or costs that must be incurred for the continued operation of real estate.
- Alternatively, a detailed calculation of the present value of the financial flows based on explicit assumptions of future developments in this revenue and the final value. In this case, the discount rate takes into account the financial interest rates in the capital markets, plus a specific risk premium for real estate investments. Interest rate fluctuations and inflation prospects will be taken into account in the evaluation, in a conservative manner.
- These evaluations are also assessed in terms of the unit prices quoted on the sale of similar buildings, after which a correction will be applied to take account of any differences between these reference properties and the properties in question.
- The development projects (construction, renovation or extension work) are valued by deducting the costs of the project on completion from its estimated value, as determined by applying the above estimates. The costs of the study phase of the construction, renovation or extension works are stated at the acquisition cost.

### 1.12 Financial services

Belfius Bank, BNP Paribas Fortis, KBC Bank, Bank Degroof Petercam and VDK Spaarbank

### 1.13 Stock market quotation

Euronext Brussels - Industry Classification Benchmark - 8673 Residential REITs

ISIN code: BE0974273055

### 1.14 Public information

The necessary information concerning the Company is made available to the public to ensure the transparency, integrity and proper functioning of the market, as required by the Royal Decree of 14 November 2007 concerning the obligations of issuers of financial instruments admitted for trading on a regulated market. The required information is distributed and stored in accordance with this Royal Decree via the Company's website at [www.carepropertyinvest.be](http://www.carepropertyinvest.be), as well as in accordance with FSMA Circular/2012\_01 dated 11 January 2012. In accordance with the aforementioned Royal Decree, the Board of Directors must ensure that the information provided is reliable, accurate and fair, and that it enables the shareholders and the public to assess the influence of the information on the position, business and results of the Company. The convening of General Meetings is published in the Belgian Official Gazette, in a financial newspaper and will also be announced via the Belga press agency and on the Company's website ([www.carepropertyinvest.be](http://www.carepropertyinvest.be)), in accordance with the Companies Code.

Any interested party can register free of charge on the Company's website in order to receive press releases by e-mail.

The decisions on appointments and dismissals of members of the Board of Directors and the statutory auditor are published in the Annexes to the Belgian Official Gazette.

The financial statements are filed with the National Bank of Belgium.

The annual and half-yearly financial reports are sent to the registered shareholders and to any other persons on request. These reports, the Company's press releases, annual information, publications concerning the payment of dividends, all information subject to mandatory disclosure, as well as the company's Articles of Association and the Corporate Governance Charter, are available on the Company's website at [www.carepropertyinvest.com](http://www.carepropertyinvest.com). Certain relevant articles of law, royal decrees and decisions applicable to Care Property Invest are posted on the website purely for information purposes and can be viewed there.

### **1.15 Analysts**

Care Property Invest is monitored by:

- Bank Degroof Petercam  
Sandra Aznar y Gil  
+32 2 229 62 08  
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### **1.16 Investor profile**

Taking account of the legal regime of the RREC in general and that for residential RRECs in particular, Care Property Invest shares could form an attractive investment for both private and institutional investors.

### **1.17 Historical information included by reference**

The annual financial reports and interim statements, the half-yearly financial reports and the description of the financial situation are referred to in this annual financial report and may be viewed at the head office or on the website ([www.carepropertyinvest.be](http://www.carepropertyinvest.be)) of Care Property Invest.

### **1.18 Significant change in the financial or commercial position**

The Company's financial or commercial position has not altered significantly since the end of the previous financial year for which the audited annual financial statements or interim financial statements have been published.

### **1.19 Change in the rights of shareholders**

Pursuant to Articles 558 and 560 of the Companies Code, the rights of shareholders may only be changed by an Extraordinary General Meeting. The document containing the information on the rights of shareholders referred to in Articles 533ter and 540 of the Companies Code can be viewed on the website ([www.carepropertyinvest.be](http://www.carepropertyinvest.be)) of Care Property Invest.  
Care Property Invest - Investments – Shareholders' rights

### **1.20 Strategy or information on governmental, economic, budgetary, monetary or political policies or factors that have or may have a direct or indirect material impact on the activities of Care Property Invest**

See chapter I "Main risks" on page 8 of the Annual Financial Report.

### **1.21 History and evolution of the company - important events in the development of the activities of Care Property Invest**

The history of Care Property Invest is marked by its flotation on 7 February 1996 (*see chapter V "Care Property Invest on the stock market" on page 58 and onwards*) which led to the creation of a portfolio of real estate investments of almost 2,000 service flats.

Following the (quasi-)completion of the investment programme, the Company underwent a restart. This included a name change, a share split and the broadening of the Company's objectives according to its Articles of Association. Since 2013, Care Property Invest has been able to invest in all forms of housing referred to in the Residential Care Decree (residential care and service centres, groups of assisted living residences, day care centres etc.) and all forms of housing for people with disabilities, in the Flemish, Walloon and Brussels-Capital Regions and throughout the European Economic Area.

Since 25 November 2014, Care Property Invest has held the status of a public regulated real estate company (public RREC) under Belgian law.

In 2015, thanks to a successful capital increase whereby gross proceeds of approximately €38 million were collected, Care Property Invest was able to expand with seven new investments for a total value of approximately €74 million.

### **1.22 Voting rights of the main shareholders**

The main shareholders of Care Property Invest do not have voting rights other than those arising from their participation in the share capital (within the meaning of Section 18.2 of Annex I of Regulation (EC) No. 809/2004).

## 2. Declarations

### 2.1 Persons responsible

Peter VAN HEUKELOM, Willy PINTENS and Dirk VAN DEN BROECK, Managing Directors, hereby declare that, to the best of their knowledge, the financial statements which were prepared in accordance with the applicable accounting standards for financial statements, present a true and fair view of the assets, the financial position and the results of the Company and that this report includes a fair review of the development, performance and position of the Company and the undertakings included in the consolidation, as well as a description of the principal risks and uncertainties facing the Company and the undertakings included in the consolidation.

### 2.2 Persons responsible (Annex I of Regulation (EC) No. 809/2004)

Messrs Peter VAN HEUKELOM, Willy PINTENS and Dirk VAN DEN BROECK, Managing Directors, also declare that, having taken all reasonable measures to ensure this and to the best of their knowledge, the information in the registration documents is consistent with the facts and no information has been omitted which could alter the purport of the registration document.

### 2.3 Third party information

Care Property Invest declares that the information provided by the experts and the recognised statutory auditor has been faithfully reproduced and is included with their permission. As far as Care Property Invest is aware and has been able to ascertain from information published by the third party concerned, no facts have been omitted that result in any error or misstatement in the information presented.

### 2.4 Statements relating to the future

This annual report contains statements relating to the future. Such statements are based on estimates and forecasts of the Company and naturally contain unknown risks, uncertain elements and other factors that could lead to material differences in the results, the financial position, the performance and the presentations from those expressed or implied in these forward-looking statements. Given these uncertainties, the statements relating to the future do not entail any guarantees whatsoever.

### 2.5 Litigation and arbitration proceedings

The Care Property Invest Board of Directors declares that no government intervention, litigation or arbitration proceedings are pending that could have a relevant impact on the financial position or profitability of Care Property Invest and that, to the best of its knowledge, there are no facts or circumstances that could give rise to such government intervention, litigation or arbitration proceedings.



## **2.6 Statements concerning the directors (Annex I of Regulation (EC) No. 809/2004)**

The Board of Directors of Care Property Invest declares that, to the best of its knowledge:

- none of its directors have been convicted of fraud in the past five years, no official charge and/or public sanction has been pronounced and no sanctions have been imposed by an authority registered by statute or regulatory authority (including professional associations);
- none of its directors have been prohibited by a court in the past five years from serving as a member of an administrative, management or supervisory body of an issuer or from involvement in the management or administration of the affairs of an issuer;
- none of its directors has been involved in a bankruptcy, sequestration or liquidation in the past five years;
- no employment contract has been concluded with the directors providing for the payment of compensation on termination of the contract.
- the following directors hold Care Property Invest shares: Alfons Blondeel (director until 20 May 2015); Willy Pintens, Peter Van Heukelom and Mark Suykens
- to date, Care Property Invest has not granted any options on the shares of Care Property Invest;
- there are no family relationships between the directors.

### 3. History of the share capital

Amounts shown in euros.

Date	Nature of the operation	Amount of the share capital (in euros)	Number of shares (without par value)
30 October 1995	Initial capital through cash contributions on incorporation from ASLK Bank, BACOB Bank, Gemeentekrediet, Kredietbank, Petercam and GIMV, (share capital on incorporation through contributions in cash)	1,249,383.36	210
		<b>1,249,383.36</b>	<b>210</b>
7 February 1996	Capital increase through contribution in cash	59,494,445.95	10,000
		<b>60,743,829.31</b>	<b>10,210</b>
16 May 2001	Reserve incorporation in the capital	565.69	10,210
		<b>60,744,395.00</b>	<b>10,210</b>
19 February 2004	Conversion of 60 special shares in the name of GIMV into ordinary shares		
24 March 2014	Division of the number of shares by 1,000		10,210,000
		<b>60,744,395.00</b>	<b>10,210,000</b>
20 June 2014	Capital increase through contribution in kind in relation to stock dividend	1,191,440.24	149,425
		<b>61,633,399.04</b>	<b>10,359,425</b>
22 June 2015	Capital increase in cash with irrevocable allocation right	16,809,092.61	2,825,295
		<b>78,442,491.65</b>	<b>13,184,720</b>

## 4. Coordinated articles of association

### COMPANY HISTORY

The company was incorporated by deed executed before the undersigned civil-law notary Jan Boeykens on 30 October 1995, published in the Annexes to the Belgian Official Gazette of 21 November 1995 under number 19951121/176.

The Articles of Association were amended by deeds executed before the aforementioned civil-law notary Jan Boeykens on:

- 30 October 1995, published in the Annex to the Belgian Official Gazette of 24 November 1995 under number 19951124/208.
- 7 February 1996, published in the Annex to the Belgian Official Gazette of 19 March 1996 under number 19960319/128.
- 9 June 1999, published in the Annex to the Belgian Official Gazette of 16 July 1999 under number 19990716/228.

The capital was adjusted and converted into euros by a resolution of the general meeting dated 16 May 2001, published in the Annex to the Belgian Official Gazette of 17 August 2001 under number 20010817/309.

The Articles of Association were subsequently amended by deeds executed before the aforementioned civil-law notary on:

- 28 January 2004, published in the Annex to the Belgian Official Gazette of 16 February 2004 under number 20040216/0025164.
- 7 November 2007, published in the Annex to the Belgian Official Gazette of 7 December 2007 under number 20071207/0176419.
- 27 June 2012, published in the Annex to the Belgian Official Gazette of 17 July 2012 under number 20120717/0125724.
- 26 June 2013, published in the Annex to the Belgian Official Gazette of 19 July 2013 under number 20130719/0112410.
- 19 March 2014, published in the Annex to the Belgian Official Gazette of 16 April 2014 under number 20140416/0082192.

The Articles of Association were amended by deed executed before civil-law notary Alvin Wittens in Wijnegem on 20 June 2014, published in the Annex to the Belgian Official Gazette of 15 July 2014 under number 2014-07-15/0136439.

The Articles of Association were most recently amended by deed executed before civil-law notary Alvin Wittens in Antwerp on 25 November 2014, published in the Annex to the Belgian Official Gazette of 16 December 2014 under number 20141216/0233120.

### COORDINATED TEXT OF THE ARTICLES OF ASSOCIATION AS AT 22 JUNE 2015

Where these Articles of Association refer to "the regulations applicable to the regulated real estate company" this shall mean "the regulations applicable to the regulated real estate company at any time".

### TITLE I - STATUS - NAME - REGISTERED OFFICE - PURPOSE - INVESTMENT POLICY - DURATION

#### ARTICLE 1 - STATUS AND NAME

The Company has the status of a public limited liability company (société anonyme/naamloze vennootschap).

It is subject to the statutory system for public regulated real estate companies, which is called "public RREC" or "PRREC". It bears the name "CARE PROPERTY INVEST", abbreviated as "CP Invest".

The Company name and all of the documents that it produces (including all deeds and invoices) contain the words "Openbare gereguleerde vastgoedvennootschap naar Belgisch recht" ("Public regulated real estate company under Belgian law") or "OGVV naar Belgisch recht" ("PRREC under Belgian law") or are immediately followed by these words.

The Company name must always be preceded or followed by the words "naamloze vennootschap" ("public limited liability company"/"société anonyme") or the abbreviation "NV"/"SA". The Company draws its funding, in Belgium or abroad, from a public offering of shares and therefore publicly relies on the savings system in the sense of Article 438, first paragraph, of the Belgian Companies Code. The Company's shares are admitted to trading on a regulated market.

The Company is subject to regulations applicable to regulated real estate companies at any time and in particular to the provisions of the Act of 12 May 2014 concerning regulated real estate companies

(the "RREC Act") and the Royal Decree of 13 July 2014 with respect to regulated real estate companies (the "RREC Decree").

The Company is also subject to the Decree of the Flemish government of three May nineteen hundred and ninety-five governing the exemption from inheritance rights attached to the ownership rights in companies established within the framework of the realisation and/or financing of investment programs of service flats, such as amended from time to time (the "Inheritance Tax Exemption Decree").

#### ARTICLE 2 - REGISTERED OFFICE

The registered office of the Company is at 2900 Schoten, Horstebaan 3.

The Board of Directors can move this registered office to any other location in the Flemish Region. It shall arrange for the publication of any change in the registered office of the Company in the Annexes to the Belgian Official Gazette.

The Board of Directors is also authorised to establish offices, registered business offices, branches and subsidiaries in Belgium and abroad.

#### ARTICLE 3 - PURPOSE

The sole purpose of the Company is, (a) to make real estate available to users directly or through a company in which it holds a participation, in accordance with the provisions of the RREC Act and its implementing decisions and regulations; and (b) to own real estate within the limits of the RREC Act, as stated in Article 2, 5°, vi to x of the RREC Act. Real estate is defined as real estate within the meaning of the RREC Act, as well as all other property, shares or rights defined as real estate by regulations applicable to regulated real estate companies.

The activity, as described in the preceding paragraphs, must relate to the financing and realisation of (i) where the Flemish Region is concerned, only projects concerning (a) the realisation of service buildings mentioned in Article 88, §5, of the Residential Care Act of 13 March 2009 (as amended from time to time) or (b) real estate for facilities within the framework of the Residential Care Act of 13 March 2009, or (c) real estate for persons with disabilities, (ii) where the European Economic Area is concerned, with the exception of the Flemish Region, projects similar to the projects mentioned under (i) or (iii) other projects which are allowed from time to time under the applicable legislation on the exemption from inheritance tax, without withdrawal of recognition under that legislation (hereinafter jointly, the "Projects").

In the context of the provision of real estate, the Company may, in accordance with regulations applicable to regulated real estate companies and within the aforementioned limits, perform all activities related to the establishment, construction (without prejudice to the prohibition to act as a property developer, except in the case of occasional transactions), refurbishment, renovation, furnishings and fittings, development, acquisition, disposition, lease, sublease, exchange, contribution, transfer, parcelling, the placement under a system of co-ownership or joint ownership of real estate as described above, the provision or acquisition of building rights, usufruct, leasehold or other real or personal rights to real estate as described above, the management and operation of real estate. The Company may, in accordance with regulations applicable to regulated real estate companies and within the aforementioned limits:

- act as the lessee of real estate, with or without a purchase option;
- act as the lessor of real estate, as the main activity or as an additional activity, with or without a purchase option (with the proviso that the leasing of real estate with a purchase option may only be the main activity, as defined in and subject to compliance with the conditions of Article 17, paragraph three of the RREC Decree); and
- develop activities within the framework of public-private partnerships, whether or not placed incorporated in an institutional regulated real estate company;
- invest in securities which are not real estate within the

meaning of the legislation applicable to regulated real estate companies, in an additional or temporary capacity.

These investments will be carried out in accordance with the risk management policy adopted by the Company and will be diversified so that they ensure adequate risk diversification. The Company may also own unallocated cash and cash equivalents. The cash and cash equivalents may be held in any currency in the form of deposits on demand, or term deposits or any monetary instrument, which are readily available for mobilisation;

- provide mortgages or other securities or guarantees in the context of the funding of the real estate activities of the Company or its group, within the limits of legislation applicable to regulated real estate companies;
- grant credit within the limits of legislation applicable to regulated real estate companies;
- carry out transactions concerning authorised hedging instruments (as defined in the regulations applicable to regulated real estate companies), where these operations are part of a policy adopted by the Company to cover financial risks, with the exception of speculative transactions.

The Company shall, in compliance with the regulations applicable to regulated real estate companies, within the above limits, carry out all immovable, movable, financial, commercial and industrial actions which are directly or indirectly related to its objects or of a basic nature to pursue their realisation or to facilitate this, both domestically and abroad.

In compliance with the regulations applicable to regulated real estate companies, and within the above limits, the Company may acquire, by means of contribution in cash or in kind, merger, de-merger or other corporate law restructuring, subscription, participation, financial intervention or otherwise, a share in any existing or future companies or businesses in Belgium or abroad, whose objects are identical, similar or related to its own, or of a nature as to pursue or promote the purpose of the Company.

#### **ARTICLE 4 - PROHIBITORY PROVISION**

The Company may not act as a property developer within the meaning of the legislation applicable to regulated real estate companies, unless these are occasional activities.

The Company is not permitted to:

- 1° participate in an underwriting or guarantee association;
- 2° lend financial instruments, with the exception of loans which are granted in accordance with the provisions and under the conditions of the Royal Decree of 7 March 2006; and
- 3° acquire financial instruments issued by a company or a private association which has been declared bankrupt, entered into an amicable settlement with its creditors, been the subject of a judicial reorganisation, been granted a suspension of payments or which has been the subject of similar measures in another country.

#### **ARTICLE 5 - DURATION**

The Company is established for an indefinite period and commenced operations on the date of its formation.

It can be dissolved by a decision of the General Meeting, deliberating in accordance with the conditions and forms required for an amendment of the Articles of Association.

## **TITLE II - CAPITAL - SHARES - OTHER SECURITIES**

#### **ARTICLE 6 - CAPITAL**

The capital amounts to seventy-eight million four hundred and forty-two thousand four hundred and ninety-one euros and sixty-five cents (€78,442,491.65).

The capital is represented by thirteen million one hundred and eighty-four thousand seven hundred and twenty (13,184,720) shares without par value, of which one hundred and fifty thousand (150,000) are special shares and thirteen million thirty-four thousand and seven hundred and twenty (13,034,720) are ordinary shares.

Special shares have the same rights as ordinary shares, as well as the rights as provided in Articles 12, 15, 16, 17, 18, 19, 20, 31 and 35 of

these Articles of Association.

All shares must be fully paid up upon subscription.

#### **ARTICLE 7 - AUTHORISED CAPITAL**

The Board of Directors is authorised to increase the fully paid up share capital, on one or more occasions, up to sixty million seven hundred and forty-four thousand three hundred and ninety-five euros (€60,744,395), on the dates and under the conditions which it will determine.

This authorisation is valid for a period of five years from the publication of the minutes of the Extraordinary General Meeting of 19 March 2014. It is renewable.

This capital increase is carried out by contribution in cash, by contribution in kind or by the conversion of reserves, including retained earnings and issue premium as well as all private assets under the statutory IFRS financial statements of the Company (prepared under the regulations applicable to regulated real estate companies) that are amenable to conversion into capital, and with or without the creation of new securities, in accordance with the rules prescribed by the Belgian Companies Code, the regulations applicable to regulated real estate companies and to these Articles of Association. Moreover, the Board of Directors may issue new shares with the same or with different rights (i.a. concerning voting rights, dividend rights (whether or not the transferability of any preference dividends) and/or rights to the liquidation balance and any preference regarding the repayment of capital) as the existing shares and in that context amend the Articles of Association to reflect any such different rights.

In such case, the issue premium, in the event of a capital increase decided by the Board of Directors, must be placed by the Board of Directors in a non-available reserve account that shall constitute the guarantee of third parties in the same way as the capital and which in no case may be reduced or eliminated other than by a decision of the General Meeting deciding as concerning an amendment of the Articles of Association, except for the conversion into capital as provided above.

Under the conditions and within the limits provided in this Article, the Board of Directors may also warrant (whether or not attached to another security) and issue convertible bonds or bonds redeemable in shares, which may give rise to the creation of the same securities as referred to in the fourth paragraph, and always in compliance with the rules prescribed by the Belgian Companies Code, the regulations applicable to regulated real estate companies and these Articles of Association.

Without prejudice to the application of Articles 592 to 598 and 606 of the Belgian Companies Code, the Board of Directors may only restrict or cancel the preferential right, even if this is done in favour of one or more specific persons other than employees of the Company or its subsidiaries, provided that the existing shareholders are granted an irrevocable allocation right upon the allocation of new shares (to the extent required by law).

This irrevocable allocation right must at least meet the conditions stated in Article 8.1 of these Articles of Association. Without prejudice to the application of Articles 595 to 599 of the Belgian Companies Code, the aforementioned restrictions in connection with the cancellation or restriction of the preferential right are not applicable in the case of a cash contribution with restriction or cancellation of the preferential right, which is made to supplement a contribution in kind for the purpose of distributing an optional dividend, provided this is made payable to all shareholders. Upon the issue of securities against non-monetary contributions, the conditions set out in Article 8.2 of the Articles of Association must be complied with (including the ability to deduct an amount equal to the portion of the undistributed gross dividend). However, the special rules set out under Article 8.2 regarding the non-monetary capital increase shall not apply to the transfer of the right to dividend for the purposes of the payment of an optional dividend, provided this is made payable to all shareholders.

**ARTICLE 8 - CHANGE IN THE CAPITAL**

Notwithstanding the option of using the authorised capital pursuant to a resolution by the Board of Directors, and with due regard to the legislation applicable to regulated real estate companies, a capital increase or capital reduction may only be decided by an Extraordinary General Meeting in the presence of a civil-law notary.

If the General Meeting decides to request an issue premium, this must be placed in a non-available reserve account that shall constitute the guarantee of third parties in the same way as the capital and which may not be reduced or eliminated in any case other than by a decision of the General Meeting deciding as concerning an amendment of the Articles of Association, except for the conversion into capital as provided above.

In the event of a reduction in the issued capital, shareholders must be treated equally in equivalent circumstances, and the other rules contained in Articles 612 and 613 of the Belgian Companies Code must be complied with.

**8.1 Capital increase in cash**

In the case of a capital increase by contribution in cash and without prejudice to the application of Articles 592 to 598 of the Belgian Companies Code, the preferential right may only be restricted or cancelled provided the existing shareholders are granted an irrevocable allocation right upon the allocation of new shares.

This irrevocable allocation right shall meet at least the following conditions:

1. it must relate to all newly issued securities;
2. it must be granted to the shareholders pro rata to the portion of the capital that is represented by their shares at the time of the transaction;
3. a maximum price for each share must be announced no later than the eve of the opening of the public subscription period; and
4. the public subscription period must in such case be at least three trading days.

Without prejudice to the application of Articles 595 to 599 of the Belgian Companies Code, the aforementioned restrictions in connection with the capital increase in cash are not applicable in the case of a cash contribution with restriction or cancellation of the preferential right, which is made to supplement a contribution in kind for the purpose of distributing an optional dividend, provided this is made payable to all shareholders.

**8.2 Capital increase in kind**

The following conditions must be fulfilled upon the issue of securities against contribution in kind, without prejudice to Articles 601 and 602 of the Belgian Companies Code:

1. the identity of the contributor must be stated in the report of the Board of Directors referred to in Article 602 of the Belgian Companies Code and, where appropriate, in the notice convening the General Meeting for the purpose of the capital increase;
2. the issue price shall not be less than the lower of (a) a net value per share, which dates back more than four months before the date of the contribution agreement or, at the option of the Company, prior to the date of the deed of capital increase, and (b) the average closing price of the thirty calendar days prior to that date;
3. unless the issue price and the relevant conditions are determined no later than the working day following the conclusion of the contribution agreement and communicated to the public, specifying the period within which the capital increase will be effectively implemented, the deed of capital increase will be executed within a maximum period of four months; and
4. the report envisaged in point 1 above must also explain the impact of the proposed contribution on the situation of former shareholders, in particular as regards their share in the profits, the net value per share and in the capital, as well as the impact in terms of voting rights.

For the purposes of point 2 above, it is permitted to deduct the amount referred to in paragraph (b) of point 2 that is equal to the portion of the undistributed gross dividend to which the new shares would eventually not give any rights. In such case, the Board of Directors shall specifically account for the deducted dividend amount in its special report and explain the financial conditions of the transaction in its annual financial report.

The special rules set out under this Article 8.2 regarding the non-monetary capital increase shall not apply to the transfer of the right to dividend for the purposes of the payment of an optional dividend, provided this is made payable to all shareholders.

**8.3 Mergers, demergers and similar transactions**

The special rules concerning the capital increase in kind as set out under Article 8.2, shall apply mutatis mutandis to mergers, demergers and similar transactions as referred to in Articles 671 to 677, 681 to 758 and 772/1 of the Belgian Companies Code.

In such case, the "date of the contribution agreement" refers to the date on which the merger or demerger proposal is deposited.

**ARTICLE 9 - NATURE OF THE SHARES**

The special shares are registered and must remain registered.

The ordinary shares may be registered or dematerialised, at the option of the shareholder.

Bearer shares issued by the Company and which were in a securities account on 1 January 2008, exist in dematerialised form from that date. The other bearer shares, as and when they were registered on a securities account as from 1 January 2008, are also automatically dematerialised.

Shareholders may at any time request in writing the conversion of registered shares into dematerialised shares or vice versa.

In accordance with the Act of the fourteenth of December two thousand and five abolishing bearer securities, the shares that were not converted by 31 December 2013 at the latest, were automatically converted into dematerialised shares. These shares were entered into a securities account which is registered to the Company, without the Company thus acquiring ownership of these shares. The exercise of the rights attached to these shares shall be suspended until a person who is lawfully able to demonstrate the capacity of holder, applies for and obtains the shares registered in his or her name in the register of registered shares or on a security account.

In such case, the transfer or deposit of these shares shall take place in accordance with the Act of the fourteenth of December two thousand and five concerning the abolishment of bearer securities.

Dematerialised securities are represented by an entry in an account with an approved account holder or a settlement institution, in the name of the owner or holder, and shall be transferred by transfer from account to account. The number of dematerialised shares in circulation at any time will be registered in the register of registered shares in the name of the settlement institution.

A register is maintained for each category of registered securities at the registered office of the Company. This register of the registered securities may be kept in electronic form. Each holder of securities may inspect the register with respect to his or her securities.

**ARTICLE 10 - SECURITIES**

The Company may, with the exception of profit-sharing certificates and similar securities and provided it is in compliance with the regulations applicable to regulated real estate companies, issue other securities referred to in Article 460 of the Belgian Companies Code and which are allowed by the Company in accordance with the rules as prescribed and the legislation applicable to regulated real estate companies.

**ARTICLE 11 - EXERCISE OF RIGHTS ATTACHED TO THE SHARES**

The shares are indivisible with respect to the Company. If a share belongs to several people or the rights attached to a share are divided among several people, the Board of Directors may suspend the exercise of the rights attached thereto until one person has been designated as a shareholder vis-à-vis the Company.

If a share is encumbered with usufruct, then the voting rights connected to that share shall be exercised by the usufructuary, except in the case of a prior written objection from the bare owner.

## **ARTICLE 12 - TRANSFER OF SHARES A, B, C, D, E and F**

### **12.1. Principle**

Special shares can only be transferred in accordance with the following rules.

### **12.2. Transfer of special shares**

The special shares that a shareholder wants to transfer to a shareholder who does not hold any special shares and which are not under the control of the transferring shareholder (an "External Transfer"), must be presented prior to sale to the holders of the special shares in proportion to the number of special shares that they hold.

In this context, control should be understood as defined in Article 5 of the Belgian Companies Code.

If the Company holds special shares pursuant to a transfer other than an External Transfer and these shares are no longer under the control of the transferring shareholder, then the special shares will be transferred back to the original shareholder or the procedure of sale to third parties will be followed.

### **12.3 Procedure**

In the case of an External Transfer, the transferring shareholder must inform the shareholders who have a pre-emption right by registered letter of his or her intention to transfer, which letter shall be sent to the address listed for these shareholders in the share register. A copy of this letter will be sent to the Board of Directors of the Company.

This registered letter shall state the name and address of the person to whom the transferring shareholder wishes to transfer the special shares as well as the number of special shares or the rights attached thereto, and the price at which he or she wishes to transfer the shares and the name of the other shareholders to whom this letter was sent.

Attached to this letter will be a copy of the agreement with the prospective acquirer or the declaration of the latter that he or she is willing to acquire the shares or the rights attached thereto at the price proposed by the transferring shareholder. The price proposed by the transferring shareholder to the holders of the pre-emption rights cannot differ from the price agreed with the prospective acquirer.

The offer of the transferring shareholder is only valid and the procedure for sale can only take place if it complies with the previous two paragraphs, except where relevant for that which is hereinafter provided regarding the price. The registered letter constitutes an irrevocable invitation to the recipient shareholder to exercise his or her pre-emption rights to a number of shares, in accordance with the preceding paragraphs of this Article.

He or she may validly transfer this pre-emption right to a person or company controlled by him or her, provided this is communicated in writing to the transferring shareholder. The holder of the pre-emption right must exercise this right by sending a registered letter to the transferring shareholder within sixty days of the date of dispatch of the registered letter by the transferring shareholder to the shareholder concerned at the latest.

In this letter, the holder must undertake to accept all shares that are offered for sale and for which no pre-emption rights were exercised (by another shareholder). If only part of the recipient shareholders or companies or persons controlled by him or her exercise their pre-emption right, the shares on which no pre-emption right was exercised accrue to

these first shareholders pro rata to the number of shares they hold as specified above.

If no pre-emption rights are exercised, the transferring shareholder may only validly transfer the shares or the rights attached thereto which he or she has offered for sale, to the prospective acquirer mentioned in the registered letter within fifteen days and at the price proposed by the holders of the pre-emption rights.

**12.4.** The 'transfer' of shares in any form shall be understood to include donations, exchanges and transfers due to the merger or division of companies. The pledge or transfer of a majority of the voting rights in the shareholder-company to a company or person not controlled by the holder of these voting rights, shall also be regarded as a transfer.

**12.5.** These pre-emptive rules also apply to securities giving the right to special shares and which may be issued by the Company in accordance with Article 10 of these Articles of Association.

**12.6.** A transfer in breach of the provisions of this Article is not enforceable against the Company. In the case of a transfer to a third party in breach of these provisions, the shareholders and the companies or persons controlled by them to whom the transferring shareholder should have offered the shares, have an option to purchase these at the price paid by the third party for a period of sixty days after the entry in the share register of the transfer to the third party.

Upon payment to the third party that has acquired the shares, this option is validly exercised and the ownership of the shares in question are transferred by operation of law. In the case of transfer for no consideration, the price at which the option can be exercised is recorded at the market price of the ordinary shares at the date of acquisition or in the case of securities that are not quoted on the stock exchange, on the basis of their net asset value as determined by an independent expert.

**12.7.** Any third party that has acquired special shares from a shareholder must inform the Board of Directors about this transfer and the price.

**12.8.** In the case of an External Transfer of special shares, the special shares which are the subject of this External Transfer shall be converted into ordinary shares, unless otherwise decided by the Board of Directors in this respect.

## **ARTICLE 13 - TRANSFER OF ORDINARY SHARES**

The ordinary shares are freely transferable.

## **ARTICLE 14 - ACQUISITION OF OWN SHARES**

The Company may acquire its own fully paid-up shares and pledge these subject to the decision of the General Meeting in accordance with the provisions of the Belgian Companies Code. The same meeting may determine the conditions of disposal of these shares.

## **ARTICLE 15 - DISCLOSURE OF SIGNIFICANT INTERESTS**

In accordance with the provisions, terms and contractual conditions stipulated in Articles 6 to 13 of the Act of the second of May two thousand and seven and the Royal Decree of the fourteenth of February two thousand and eight concerning the disclosure of major shareholdings, as amended from time to time (the "Transparency Law"), any natural or legal person must inform the Company and the Financial Services and Markets Authority (FSMA) of the number and the percentage of voting rights that he or she holds directly or indirectly, whenever the number of voting rights is 5%, 10%, 15%, 20%, etc., in each case in blocks of 5 percent, reaches, exceeds or falls below of the total of the existing voting rights, under the conditions stipulated by the Transparency Act. Pursuant to Article 18 of the Act of the second of May two thousand and seven, this requirement also applies when the voting rights attached to the securities with voting rights that are held directly or indirectly reach, exceed or fall below the limit of three percent (3%) of the total existing voting rights.



**TITLE III - MANAGEMENT AND AUDIT****ARTICLE 16 - COMPOSITION OF THE BOARD OF DIRECTORS**

The Board of Directors has a variable number of members. The minimum number of directors is five. The directors do not need to be shareholders. The Board of Directors shall be composed of at least three independent members within the meaning of Article 526ter of the Belgian Companies Code.

The duration of the mandate of a director shall not exceed four years. Retiring directors are eligible for re-appointment.

The members of the Board of Directors are appointed by the General Meeting, which also determines their remuneration.

The holders of special shares are entitled to propose a list of at least sixteen (16) prospective board members. The General Meeting can choose up to eight directors from this list. The directors are called "directors nominated by the holders of special shares".

The holders of ordinary shares are entitled to propose one or more prospective candidates. The General Meeting may choose directors from among these candidates, with a maximum of three.

If a Board mandate becomes vacant for any reason, a new director shall be elected from a list proposed by the class of shareholders who had proposed the list from which the director whose mandate is vacant was selected, notwithstanding the provisions of Article 17.

The effective management of the Company must be entrusted to at least two persons who, like the members of the managing body, must have the necessary professional reputation and appropriate expertise for the performance of their duties and must comply with the regulations applicable to regulated real estate companies.

**ARTICLE 17 - PREMATURE VACANCY**

If a Board mandate becomes vacant for any reason, the vacancy shall be filled as follows;

- if it concerns a director nominated by the holders of special shares, then the Board of Directors has the right to fill the vacancy pending the General Meeting.
- if it concerns a director nominated by holders of ordinary shares, then the remaining directors shall immediately convene a General Meeting for the appointment of a new director, provided that no annual meeting takes place within six months after notice by the Board of Directors of the vacancy of the Board mandate.

The new director is always appointed at the recommendation of the shareholders of the same class, as provided for in Article 16.

Each director appointed in this way by the General Meeting terminates the mandate of the director he or she replaces.

**ARTICLE 18 - CHAIRMANSHIP**

The Board of Directors shall elect a chairman among the directors nominated by the holders of the special shares.

**ARTICLE 19 - MEETINGS OF THE BOARD OF DIRECTORS**

The Board of Directors shall be convened by the chairman or by two directors whenever the interests of the Company so require.

The convening notices state the place, date, time and agenda of the meeting and are sent at least two full days before the meeting by letter, telegram, fax, e-mail or by any other written means.

If the chairman is unable to attend, the Board of Directors is chaired by the most senior director nominated by the holders of the special shares. Each director who attends a meeting of the Board of Directors or is represented at such meeting is considered to be regularly called up.

**ARTICLE 20 - DECISION-MAKING**

The Board of Directors can only validly deliberate and decide if at least a majority of the directors are present or represented and if at least three directors nominated by the holders of special shares are present or represented.

If this quorum is not reached, a new Board of Directors may be convened with the same agenda, which will validly deliberate and decide if at least two directors are present or represented.

With respect to items not on the agenda, it may only deliberate with the consent of the entire Board of Directors and provided that all directors are present or represented.

Any director may give a colleague a proxy by letter, telegram, fax, e-mail or other written form to represent him or her at a meeting of the Board of Directors.

The Board of Directors may meet by conference call, video conference or similar communications equipment, by means of which all persons participating in the meeting can hear each other.

Any director may also provide his or her advice to the chairman by letter, telegram, fax, e-mail or other written form.

When justified by an emergency and by corporate interest, a decision may be adopted by unanimous written consent of all directors. However, this procedure should not be used for the approval of the financial statements and the authorised capital.

If a director has a direct or indirect interest of a financial nature that conflicts with a decision or transaction that falls within the competence of the Board of Directors, he or she must act in accordance with Article 523 of the Belgian Companies Code. The members of the Board of Directors shall also comply with Articles 37 and 38 of the RREC Act.

Subject to the subsequent provisions, decisions of the Board of Directors are adopted by a majority of votes cast.

Changes in policy regarding the options identified in the investment budget and the business plan of the Company require a seventy per cent majority.

Blank or invalid votes shall not be counted as votes cast. In the event of a tie of votes within the Board of Directors, the chairman will cast the deciding vote.

**ARTICLE 21 - MINUTES**

The decision-making of the Board of Directors shall be recorded in minutes signed by the members present. These minutes shall be included in a special register. The proxies shall be attached to the minutes.

The copies or extracts, required to be presented by law or otherwise, shall be signed by two directors or by a person charged with the daily management. This authority may be delegated to an agent.

**ARTICLE 22 - POWERS OF THE BOARD OF DIRECTORS**

The Board of Directors has the broadest powers to perform all acts that are necessary or useful for the realisation of the objects of the Company.

It is authorised to perform all acts that are not expressly reserved for the General Meeting by law or by the Articles of Association.

**ARTICLE 23 - SPECIAL POWERS**

The Board of Directors may authorise a mandatory for special and specific matters, even if he or she is not a shareholder or director. The proxies legally bind the Company within the limits of the powers granted, without prejudice to the responsibility of the Board of Directors in the event of excessive power.

**ARTICLE 24 - REMUNERATION**

The mandate of directors is remunerated. The General Meeting determines the remuneration of the directors.

The members of the Board of Directors are entitled to a refund of the costs directly related to their mandate.

**ARTICLE 25 - COMMITTEES****25.1 Advisory committees**

The Board of Directors carries out the tasks assigned to the audit committee or the remuneration committee, respectively, in full and in accordance with Article 526 bis, §3 and Article 526 quater, §4 of the Belgian Companies Code, subject to the proviso that the Board of Directors will establish an audit committee or remuneration committee from its members at such time as the Company no longer meets the criteria laid down in Article 526 bis, §3 of the Belgian Companies Code and Article 526 quater, §4 of the Belgian Companies Code.



## 25.2 Other committees

Subject to Article 25.1, the Board of Directors will establish one or more advisory committees from its members and under its responsibility, in accordance with Article 522 of the Belgian Companies Code, such as a strategic committee or a nomination committee.

The Board of Directors determines the composition and powers of these committees, in compliance with the applicable regulations.

### ARTICLE 26 - EXTERNAL POWER TO REPRESENT

The Company shall be legally represented by two directors in all its actions, including representation at law.

### ARTICLE 27 - DAILY MANAGEMENT

The Board of Directors may entrust the daily management and the representation concerning the daily management of the Company to one or more directors who will bear the title of managing director.

In the event of the delegation of the daily management, the Board of Directors determines the remuneration associated with this mandate.

The Company is duly represented by one managing director in respect of daily management.

A managing director may transfer his or her powers for special and specific matters to an agent, even if the agent is not a shareholder or director.

### ARTICLE 28 - AUDITS

The audit of the financial situation, the financial statements and the regularity in terms of the Belgian Companies Code and the Articles of Association of the operations of the Company, shall be entrusted to one or more statutory auditors appointed by the auditors or firms of auditors approved by the Financial Services and Markets Authority (FSMA).

The General Meeting shall determine the number of statutory auditors and their remuneration by simple majority. The statutory auditors are appointed for a renewable term of three years. Under penalty of damages, they may be dismissed by the General Meeting only for legitimate reasons during their mandate, subject to compliance with the procedure described in Article 136 of the Belgian Companies Code.

### ARTICLE 29 - RESPONSIBILITIES OF THE STATUTORY AUDITORS

The statutory auditors have an unrestricted right of audit over all operations of the Company, either jointly or separately. They may inspect the books, correspondence, minutes and in general all documents of the Company on site.

Every six months, the Board of Directors shall hand them a statement summarizing the assets and liabilities of the Company. The statutory auditors may be assisted by employees or other persons for whom they are responsible in the exercise of their mandate, at their own expense.

## TITLE IV - GENERAL MEETING

### ARTICLE 30 - THE GENERAL MEETING - COMPOSITION AND POWERS

The regularly constituted General Meeting represents the totality of the shareholders. The resolutions of the General Meeting are binding on all shareholders, even on those absent from the meeting or those who voted against them.

### ARTICLE 31 - MEETINGS OF THE GENERAL MEETING

The General Meeting shall be held on the third Wednesday of the month of May at 11 a.m. If that day is a statutory public holiday, the meeting will be held on the next working day. An Extraordinary General Meeting may be convened whenever the interests of the Company require it, and must always be convened in the following cases:

- whenever shareholders representing one fifth of the subscribed capital so request;
- whenever the holders of special shares, jointly representing one fifth of the capital represented by the special shares so request.

Such request shall be sent by registered letter to the office of the Company and shall precisely describe the subjects to be deliberated and decided by the General Meeting. The request should be addressed to the Board of Directors and the statutory auditor, who must jointly convene a meeting within three weeks of receipt of the request. The convening notice may set out the other items provided by shareholders for the agenda. Unless otherwise stated in the convening notice, the General Meeting will be held at the registered office of the Company.

### ARTICLE 32 - CONVENING A MEETING

The Board of Directors or the statutory auditor(s) convenes the General Meeting.

The notices convening meetings state the venue, date, time and agenda of the General Meeting as well as the proposed resolutions, and are issued in the form and within the periods required by the Belgian Companies Code.

Each year, a General Meeting will be held whose agenda includes at least the following points: the discussion of the annual report and the report of the statutory auditor(s), the discussion and approval of the financial statements and the appropriation of net profit, discharge of the directors and the statutory auditor(s) and, where applicable, the appointment of directors and the statutory auditor(s).

The regularity of the convening of meetings cannot be disputed if all shareholders are present or duly represented.

### ARTICLE 33 - ELIGIBILITY

A shareholder may only participate in the General Meeting and exercise voting rights, subject to the following requirements:

- (1) A shareholder may only participate in the General Meeting and exercise voting rights on the basis of the administrative registration of the shares of the shareholder on the registration date, either by registration in the register of registered shares of the Company, or by their registration in the accounts of a recognised account holder or a clearing institution, irrespective of the number of shares held by the shareholder at the General Meeting. The fourteenth day before the General Meeting, at midnight (Belgian time), counts as the registration date.
- (2) Holders of dematerialised shares who wish to attend the meeting must submit a certificate issued by a recognised account holder or the clearing institution and confirming, as appropriate, how many dematerialised shares are registered in the name of the shareholder on the record date and for which the shareholder has indicated that he or she intends to participate in the General Meeting. Such submission shall be made no later than the sixth day preceding the date of the General Meeting at the registered office or at the institutions mentioned in the invitation. The owners of registered shares who wish to participate in the meeting, must inform the Company by ordinary mail, fax or e-mail no later than six days before the date of the meeting of their intention to participate in the meeting.
- (3) The Board of Directors shall keep a register of each shareholder who has indicated he or she wishes to participate in the General Meeting, which will list his or her name and address or registered office, the number of shares in his or her possession on the registration date and with which he or she indicated they will participate in the General Meeting, and a description of the documents showing that he or she held the relevant shares on the registration date.

### ARTICLE 34 - REPRESENTATION

Each shareholder may appoint a proxy to represent him or her at the General Meeting in accordance with the relevant provisions of the Belgian Companies Code. The proxy does not have to be a shareholder.

A shareholder of the Company may only appoint one person as a proxy at each General Meeting. This can only be waived in accordance with the relevant provisions of the Belgian Companies Code.

A person who acts as a proxy holder may hold a proxy of more than one shareholder. Where a proxy holder holds proxies of several shareholders, he or she may vote differently for one shareholder than for another shareholder.

The appointment of a proxy holder by a shareholder takes place in writing or through an electronic form and must be signed by the shareholder, in such case by an advanced electronic signature within the meaning of Article 4, §4 of the Act of 9 July 2001 concerning the establishment of rules relating to the legal framework for electronic signatures and certification services, or by an electronic signature which meets the requirements of Article 1322 of the Belgian Civil Code.

The notification of the proxy to the company must be in writing. This notification may also be made electronically at the address indicated in the notice.

The Company must receive the proxies by the sixth day before the date of the General Meeting at the latest.

Notwithstanding the possibility to deviate from the instructions in certain circumstances in accordance with Article 549, second paragraph of the Belgian Companies Code, the proxy holder shall cast votes in accordance with any instructions of the shareholder who appointed him or her. The proxy holder shall keep a record of the voting instructions for at least one year and confirm that he or she has complied with the voting instruction at the request of the shareholder.

In the case of a potential conflict of interest, as defined in Article 547bis, §4 of the Belgian Companies Code, between the shareholder and the proxy holder he or she has designated, the proxy holder must disclose the specific facts that are relevant for the shareholders in order to assess whether there is any risk that the proxy holder might pursue another interest than the interest of the shareholder. In addition, the proxy holder may only vote on behalf of the shareholder, provided that he or she has received specific voting instructions for each item on the agenda.

#### ARTICLE 35 - BUREAU

Every General Meeting is chaired by the chairman of the Board of Directors or, in his or her absence, by the oldest director present nominated by the holders of the special shares.

The chairman appoints a secretary and vote teller, who need not be a shareholder. These two positions can be filled by one person. The chairman, the secretary and the vote teller form the Bureau.

#### ARTICLE 36 - POSTPONEMENT

The Board of Directors may, at any General Meeting, during the session, postpone the decision regarding the approval of the financial statements for five weeks.

This postponement does not affect the other decisions taken, unless otherwise decided by the General Meeting in this regard. The next meeting has the right to determine the final financial statements.

The Board of Directors also has the right to postpone any other General Meeting or any other item on the agenda of the annual meeting during the session by five weeks, unless the meeting was convened at the request of one or more shareholders representing at least one fifth of the capital or one fifth of the capital represented by the special shares or by the statutory auditor(s).

#### ARTICLE 37 - NUMBER OF VOTES – EXERCISE OF VOTING RIGHTS

Every share confers the right to one vote.

Shareholders without voting rights, warrant holders and holders of bonds may attend all General Meetings, but only in an advisory capacity. In the cases provided for in Article 481 of the Belgian Companies Code, the holders of shares without voting rights have the usual voting rights.

#### ARTICLE 38 - PROCEEDINGS OF THE GENERAL MEETING - DECISION-MAKING

1. An attendance list which displays the name of the shareholders and the number of shares they represent at the meeting, shall be signed by each of the shareholders or by their proxy before the meeting is opened.

2. The General Meeting may not deliberate or decide on items not listed on the agenda unless all shareholders are present or represented at the meeting and they unanimously decide to extend the agenda. The required approval is certain if no opposition is noted in the minutes of the meeting.

The aforementioned shall not affect the possibility of one or more shareholders jointly holding at least 3% of the share capital, and provided that the relevant provisions of the Belgian Companies Code are met, having items placed on the agenda to be discussed at the General Meeting and submitting proposals for resolutions relevant to the agenda or including items to be discussed, until the twenty-second day before the date of the General Meeting.

This does not apply if a General Meeting is convened by a new convening notice because the required quorum was not reached with the first notice, provided that the first notice was in compliance with the legal requirements, the date of the second meeting was mentioned in the first convening notice and no new items are put on the agenda.

The Company must receive the proxies by the twenty-second day before the date of the General Meeting at the latest.

The subjects to be covered and the related draft resolutions that would be added to the agenda in such case, shall be published in accordance with the conditions of the Belgian Companies Code. If a proxy was already notified to the Company before the publication of this revised agenda, the proxy holder must comply with the relevant provisions of the Belgian Companies Code. The items to be discussed and the proposed resolutions that have been placed on the agenda pursuant to the preceding paragraph, may be discussed only if all relevant provisions of the Belgian Companies Code have been met.

3. The Board of Directors shall answer the questions raised during the meeting or in writing regarding their report or regarding the agenda items, to the extent sharing the details or facts is not potentially detrimental to the Company's business interests or to the confidentiality to which the Company or its directors have committed to.

The statutory auditors shall answer the questions raised during the meeting or in writing regarding their report, to the extent sharing the details or facts is not potentially detrimental to the Company's business interests or to the confidentiality to which the Company, its directors or the statutory auditors have committed to. The statutory auditors are entitled to address the General Meeting regarding fulfilment of their task.

If there are various questions regarding the same subject, the Board of Directors and the statutory auditors may answer these in a single response. Once the convening notice is published, the shareholders may ask the above questions in writing, in accordance with the relevant provisions of the Belgian Companies Code.

4. Unless there are other mandatory statutory or regulatory requirements, decisions shall be taken by simple majority of the votes cast. Blank and invalid votes are not counted as votes cast. In the case of a tie vote the proposal will be rejected. Voting takes place by show of hands or by roll call, unless the General Meeting decides otherwise by a simple majority of the votes cast.

The Extraordinary General Meeting must be held in the presence of a civil-law notary who will prepare an authentic official record. The General Meeting may only validly deliberate and decide on an amendment of the Articles of Association if those attending the meeting represent at least half of the share capital. If a quorum is not reached, then a new convening notice is required in accordance with Article 558 of the Belgian Companies Code; the second meeting shall deliberate and decide validly, irrespective of the present or represented portion of the capital.

Moreover, an amendment of the Articles of Association is only adopted if it was previously approved by the Financial Services and Markets Authority (FSMA) and if three quarters of the votes attached to the present or represented shares are acquired (or any other special majority stipulated in the Belgian Companies Code).

In the case of an amendment of the Articles of Association or a decision for which the law imposes a similar majority requirement as for an amendment of the Articles of Association and where the rights and obligations of a certain class of shareholders are affected, the statutory majority requirements must be complied with for each class of shareholders separately.

#### **ARTICLE 39 - MINUTES**

Minutes shall be drawn up of every General Meeting. The minutes of the General Meeting are signed by the members of the Bureau and by shareholders who request to do so. The copies required to be presented by law or otherwise, shall be signed by two directors or by a managing director. For each decision, the number of shares on which valid votes have been issued, the percentage in the authorised capital of these shares, the total number of votes for and against each decision and the number of abstained votes, if any, will be reported. This information will be published on the Company website within fifteen days of the General Meeting.

#### **TITLE V - FINANCIAL STATEMENTS - PROFIT APPROPRIATION ARTICLE 40 - FINANCIAL YEAR - FINANCIAL STATEMENTS - ANNUAL REPORT**

The financial year commences on one January and ends on thirty-one December of each year.

At the end of each financial year, the Board of Directors prepares an inventory and the financial statements and the directors also prepare a report in which they render account of their policy. This report contains a commentary on the financial statements, which includes a fair overview of the state of affairs and the position of the Company. This report also contains the information required by the Belgian Companies Code, including a corporate governance statement, which forms a specific part of it. This corporate governance statement also contains the remuneration report, which forms a specific part of it.

As soon as the notice of the meeting has been published, the shareholders may examine the financial statements and other documents referred to in the Belgian Companies Code.

#### **ARTICLE 41 - APPROVAL OF THE FINANCIAL STATEMENTS**

The General Meeting shall be presented with the annual report and the report of the statutory auditor(s) and decide by a simple majority on the approval of the financial statements. After approval of the financial statements, the General Meeting shall decide by a simple majority, by separate vote, regarding the discharge granted to the directors and the statutory auditor(s). This discharge is only valid if the balance sheet does not contain omissions or false statements concealing the true state of the Company and, in respect of acts contrary to the Articles of Association, only if these were specifically indicated in the convening notice.

The Board of Directors shall ensure that the statutory and consolidated financial statements are filed with the National Bank of Belgium within thirty days of the approval of the financial statements, in accordance with the legal provisions. The annual and half-yearly financial reports, the annual and half-yearly financial statements and the statutory auditor's report and the Articles of Association of the Company, are also available at the Company's offices and can be consulted, for information purposes, on the website of the Company.

#### **ARTICLE 42 - APPROPRIATION OF PROFIT**

At the proposal of the Board of Directors, the General Meeting shall vote by a simple majority on the appropriation of net profit in accordance with Article 13 of the RREC Decree.

#### **ARTICLE 43 - PAYMENT OF DIVIDENDS**

1. The payment of dividends shall take place at the time and place determined by the Board of Directors.
2. The Board of Directors may pay interim dividends on the results of the financial year, within the limits specified in Article 618 of the Belgian Companies Code. This payment may only be made on the profit for the current financial year, reduced where appropriate by the transferred loss or increased by retained earnings, without withdrawal from the reserves pursuant to a legal or statutory provision that is or must be formed. Furthermore, the stipulations of Article 618 of the Belgian Companies Code shall be complied with.

#### **ARTICLE 44 - GENERAL MEETING OF BONDHOLDERS**

The Board of Directors and statutory auditor(s) of the Company may call the bond holders, if there are any, to a General Meeting of bondholders, which will have powers provided by Article 568 of the Belgian Companies Code.

They must convene the General Meeting if the bondholders representing one fifth of the amount of the securities in issue so request.

The convening notice shall contain the agenda and shall be prepared in accordance with Article 570 of the Belgian Companies Code. To be admitted to the General Meeting of bondholders, the bondholders must comply with the formalities provided for in Article 571 of the Belgian Companies Code as well as any formalities anticipated in the issuance conditions of the bonds or in the convening notice.

The General Meeting of bondholders shall be conducted in accordance with the provisions of Articles 572 to 580 of the Belgian Companies Code.

#### **TITLE VI - DISSOLUTION - LIQUIDATION**

##### **ARTICLE 45 - LIQUIDATION**

In the event of the dissolution of the Company, for any reason or at any time, the liquidation will be performed by liquidators appointed by the General Meeting and, in the absence of such appointment, the liquidation will be performed by the Board of Directors acting in the capacity of liquidation committee. The liquidators shall commence work only after the competent Commercial Court has confirmed their appointment following the decision of the General Meeting.

Unless decided otherwise, the liquidators shall act jointly. To this end, the liquidators shall have the broadest powers in accordance with Articles 186 and following of the Belgian Companies Code, subject to limitations imposed by the General Meeting. The General Meeting determines the remuneration of the liquidators.

##### **ARTICLE 46 - DISTRIBUTION**

After the settlement of all debts, charges and expenses of the liquidation, the net assets must first be applied to repay, in cash or in kind, the amount paid up on the shares. Any surplus shall be distributed to the shareholders in proportion to their rights.

#### **TITLE VII - GENERAL PROVISIONS**

##### **ARTICLE 47 - ELECTED DOMICILE**

Every director, manager and liquidator who resides abroad shall elect domicile at the registered office of the Company for the duration of his or her assignment, where writs and notices concerning the affairs of the Company and the responsibility for its governance may be validly served, with the exception of notices that are sent in accordance with these Articles of Association.

The holders of registered shares are required to notify the Company of any change of address. In the absence of notification, they shall be deemed to have chosen their former address.

#### **ARTICLE 48 - JURISDICTION**

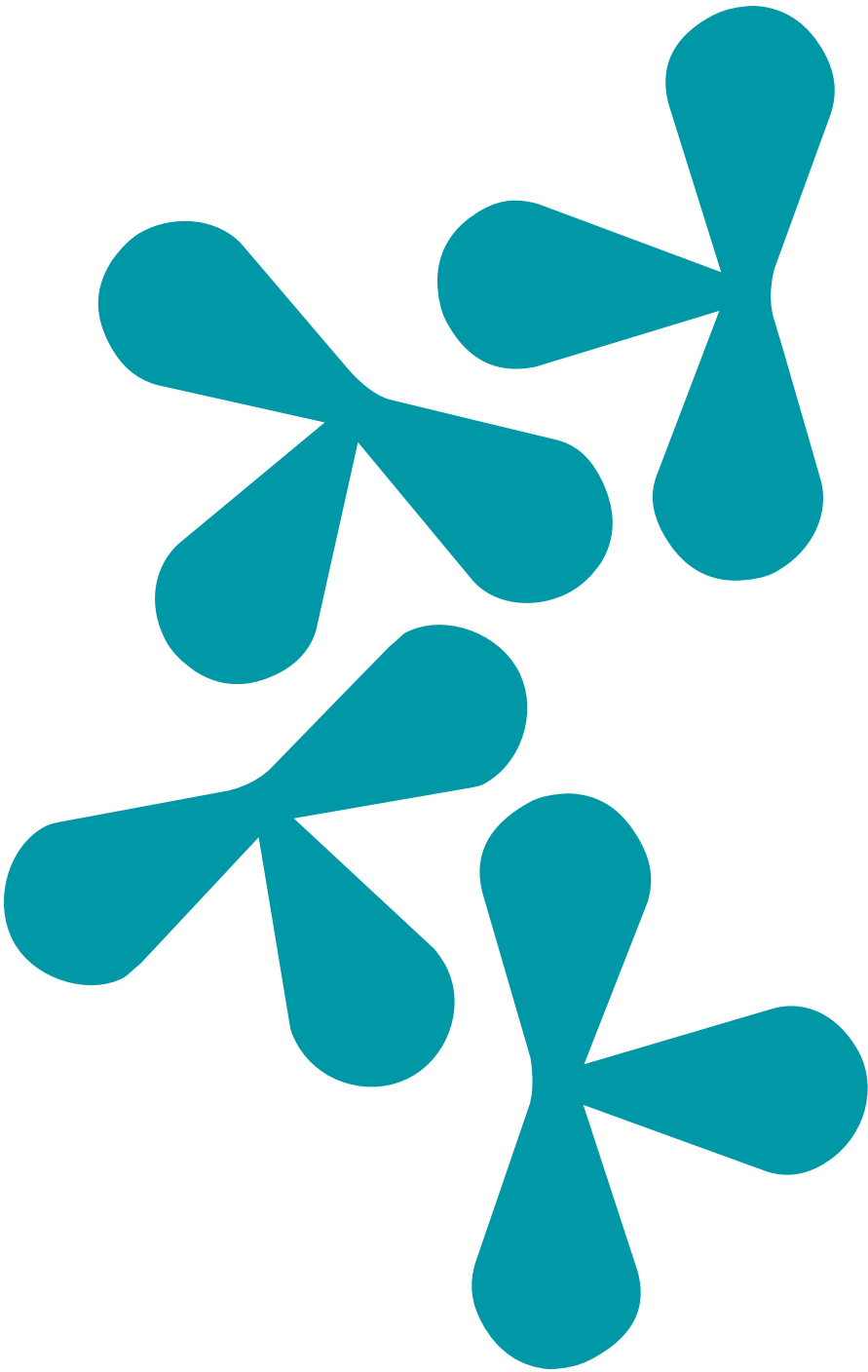
Unless the Company expressly decides otherwise, any disputes between the Company, its directors, its stockholders and liquidators concerning the affairs of the Company and the implementation of these Articles of Association shall be settled exclusively by the District Court where the Company has its registered office.

#### **ARTICLE 49 - COMMON LAW**

The parties declare that they will fully comply with the Belgian Companies Code, as well as the regulations applicable to regulated real estate companies (as amended from time to time).

Accordingly, any provisions of these Articles of Association which unlawfully deviate from the provisions of the aforementioned laws, shall be deemed not to be included in the current document, and the clauses which are contrary to the provisions of these laws shall be deemed not written.

It is specifically stated that Articles 111, 439, 448, 477 and 616 of the Belgian Companies Code do not apply.



## 5. The public regulated real estate company (RREC)

### 5.1 Definition

The public regulated real estate company (RREC) was established on 12 May 2014 by the RREC Act of 12 May 2014 and the RREC Royal Decree. The RREC Act defines the RREC as a company that (i) is established for an indefinite period, (ii) performs the activity referred to in Article 4 of the RREC Act (*see below*) and (iii) is licensed as such by the Belgian Financial Services and Markets Authority (FSMA). The public RREC is an RREC, the shares of which are admitted for trading on a regulated market and which raises its financial resources in Belgium or elsewhere through a public offering of shares. A public RREC is therefore a listed company, subject to the requirement that at least 30% of its marketable shares should be issued to the public (free float).

According to the RREC Act, an RREC carries on a business consisting of:

- (a) making real estate available to users directly or via a company in which it holds a participation, in compliance with the provisions of the Act and decrees and regulations issued for the implementation of the Act; and
- (b) property ownership, within the limits of the Act, as referred to in Article 2(5°)(VI) to 2(5°)(X) of the Act;

'Real estate' refers to 'real estate' within the meaning of the RREC legislation;

In the context of the provision of real estate, the Company may perform all activities relating to the construction, refurbishment, renovation, development (for its own portfolio), acquisition, disposal, management and operation of real estate.

RRECs are subject to the supervision of the FSMA and must comply with extremely strict rules regarding conflicts of interest.

From its formation until 25 November 2014, Care Property Invest held the status of a property investment fund with fixed capital (BEVAK/sicafi). On 25 November 2014, the Company acquired the status of a public RREC.

### 5.2 Main features

#### 5.2.1 ACTIVITIES

As mentioned above, an RREC must carry on a business consisting solely of making real estate available to users (e.g. via rental or leasing), directly or through a company in which it has a shareholding, in compliance with the provisions of the RREC Act and RREC Royal Decree. Within the limits set by the RREC Act, it may also own real estate indirectly.

In the context of the provision of real estate, a RREC may perform all activities relating to the construction, refurbishment, renovation, development (for its own portfolio), acquisition, disposal, management and operation of real estate (Article 4, §1 of the RREC Act).

A public RREC pursues a strategy that serves to maintain long-term ownership of its real estate and, in the performance of its activities, focuses on active management, which implies in particular that it takes responsibility itself for the development and day-to-day management of the real estate, and that all other activities that it performs have added value for that real estate or its users, such as the provision of services that are complementary to the provision of the relevant properties.

To this end: (i) the RREC performs its activities itself, without delegating such performance to a third party, other than to an affiliated company, (ii) it maintains direct relationships with its clients and suppliers, and (iii) it has operational teams at its disposal which constitute a significant part of its workforce. In other words, an RREC is an operational and commercial real estate company.

It may own the following types of real estate (as defined by the RREC Act):

**Ordinary real estate:**

- i. real estate and rights in rem to real estate (leasehold, rights of usufruct, etc.), excluding property of a forestry, agricultural or mining character;
- ii. shares with voting rights issued by real estate companies, which are exclusively or jointly controlled;
- iii. option rights on real estate;
- iv. Shares of public or institutional RRECs, provided that, in the latter case, joint or exclusive control is exercised by the public RREC;
- v. rights arising from contracts leasing one or more properties to the RREC, or granting other similar rights of use.

**Other real estate (within certain limits):**

- vi. shares of public property investment funds (BEVAK/sicafi);
- vii. participating rights in foreign collective property investment institutions registered in the list referred to in Article 260 of the AICB Act;
- viii. participating rights in collective real estate investment institutions established in another Member State of the European Economic Area (EEA) and not registered in the list referred to in Article 260 of the AICB Act, in as far as they are subject to equivalent supervision to the public property investment funds (BEVAK/sicafi);
- ix. shares issued by companies (i) having legal personality; (ii) governed by the law of another EEA Member State; (iii) the shares of which are admitted for trading on a regulated market and/or which are subject to a prudential supervision regime; (iv) the principal activity of which is the acquisition or construction of real estate with a view to making it available to users, or the direct or indirect ownership of participating interests in companies with similar activities; and (v) which are exempt from tax on income from the profits generated by the activities referred to in (iv) above, subject to compliance with certain legal obligations, and which are at least required to distribute part of their income to their shareholders (real estate investment trusts (REITs));
- x. real estate securities, as referred to in Article 5,§4 of the Act of 16 June 2006.



An RREC may not invest more than 20% of its consolidated assets in real estate which constitutes a single property (same rule as that applying to property investment funds (BEVAK/sicafi) and may not hold 'other property' (as referred to in paragraphs vi to x) or option rights for such assets, other than in as far as the fair value of these does not exceed 20% of its consolidated assets.

The Company's business consists of the provision of real estate to users (in particular all forms of housing covered by the Residential Care Act plus accommodation for the disabled) and the active development and management of its real estate. The added value that Care Property Invest provides here consists in offering customised real estate solutions, in which the properties are adapted to the specific needs of users. Care Property Invest develops, renovates or extends real estate for this purpose. Care Property Invest wishes to continue deploying its expertise and know-how accumulated in the realisation of 2,000 (subsidised) service flats in order to realise projects provided for in the Residential Care Act in the future. This includes nursing homes, short-stay centres, day care centres, service centres, groups of assisted living residences, as well as all residential facilities for people with disabilities. The Company focuses primarily here on local government and charitable organisations active in care for the elderly and the disabled.

#### 5.2.2 OBLIGATIONS

In order to acquire and maintain the status of a public RREC and the fiscal transparency regime provided for this Company (*see below*), the Company is subject to, inter alia, the following obligations;

Dividend pay-out ratio: the public RREC must (if it makes a profit) pay out at least the positive difference between the following amounts as return on capital: 1°) 80% of the amount equal to the sum of the adjusted result and the net gain on disposal of property that is not exempt from mandatory payouts 2°) the net reduction of the debt during the financial year;

Limit on the debt ratio: the consolidated debt ratio of the public RREC and its subsidiaries and the corporate debt ratio of the public RREC must not exceed 65% of the consolidated or corporate assets, as the case may be, less the permitted hedging instruments unless this is because of a change in the fair value of the assets; if the consolidated debt ratio of the public RREC and its subsidiaries exceeds 50% of the consolidated assets less the permitted hedging instruments, the public RREC should draw up a financial plan together with an implementation timetable, with a description of the measures that will be taken to prevent the consolidated debt ratio from exceeding 65% of the consolidated assets.

Diversification of real estate: the assets of the public RREC must be diversified in such a way as to ensure an appropriate spread of the risks in terms of real estate, by geographical region and by category of user or lessee; no operation performed by the public RREC may result in more than 20% of its consolidated assets being invested in real estate that constitutes a "single real estate entity" (subject to the exceptions permitted by the FSMA and to the extent that the consolidated debt ratio of the public RREC and its subsidiaries does not exceed 33% of the consolidated assets less the permitted hedging instruments).

Risk management: the Company must, as a public RREC, have an appropriate risk management function and appropriate risk management policy. It may only subscribe to hedging instruments (excepting any transactions of a speculative nature) if the articles of association allow for this and if these form part of a policy intended to cover financial risks. This policy must be published in the annual and half-yearly reports.

Management structure and organisation: the Company must, as a public RREC, have its own management structure and suitable administrative, accounting, financial and technical organisation, enabling it to carry out its activities in accordance with the RREC regulations, an appropriate internal control system, an appropriate independent internal audit function, an appropriate independent compliance function and an appropriate integrity policy.

### 5.2.3 TAX CONSEQUENCES

#### **Tax regime for the RREC**

The taxable basis of the RREC is limited to non-deductible professional expenses, unusual or gratuitous advantages and a special assessment on "secret commissions" on expenses that are not properly accounted for. The RREC may not apply the venture capital deduction or the reduced corporation tax rates.

If an RREC participates in a merger, demerger or a similar transaction, that transaction will not qualify for the fiscal neutrality regime but will give rise to the application of the exit tax at a rate of 16.995%, as is the case for property investment funds (BEVAK/sicafi). The contribution of a branch of activity or totality of assets to an RREC does not benefit from the neutrality regime.

The RREC is subject to the "subscription fee" in Articles 161 and 162 of the Inheritance Tax Code.

#### **The tax regime for the shareholders of the RREC**

The following paragraphs summarise certain effects of the ownership and transfer of shares in an RREC under Belgian tax law. This summary is based on the tax laws, regulations and administrative commentaries applicable in Belgium on the date of preparation of this document, and is included subject to changes in Belgian law, including changes with retroactive effect. This summary does not consider or treat the tax laws of countries other than Belgium and does not take into account special circumstances peculiar to each shareholder. The shareholders are invited to consult their own advisers.

### **Natural persons domiciled in Belgium**

The dividends paid out by a RREC to a natural person domiciled in Belgium were formerly subject to withholding tax at a reduced rate of 15% (the applicable rate when the RREC was rated as "residential" - which was the case for the Company), because at least 80% of the property of the RREC is directly invested in real estate situated in a Member State of the European Economic Area and solely used or intended to be used as a dwelling. The reduced rate of 15% was repealed by the Act of 26 December 2015 containing measures to promote job creation and purchasing power (Belgian Official Gazette, 30 December 2015) and increased to 27% from 1 January 2016.

The tax that is withheld by the RREC discharges Belgian shareholders-natural persons from their obligations.

Capital gains realised by Belgian natural persons who have not acquired the shares in the RREC in the context of the exercise of a professional activity are not taxable if they are part of the normal management of private assets. Capital losses are not deductible.

### **Belgian domestic companies**

Dividends paid to a Belgian domestic company by the RREC give rise to collection of withholding tax at a rate of 25% or 15% in the case of a residential RREC, such as the Company. The reduced rate of 15% was repealed by the Act of 26 December 2015 containing measures to promote job creation and purchasing power (Belgian Official Gazette, 30 December 2015) and increased to 27% from 1 January 2016. These dividends in principle do not entitle the holder to a deduction by way of definitively taxed income for the Belgian shareholder company, as is the case for dividends from the property BEVAK.

As is the case for capital gains on the shares of property BEVAKs, the capital gains on the shares of RRECs are not exempt from corporation tax.

As a rule, the withholding tax on dividends paid by the RREC can be offset against corporation tax, and any overpayment is refundable, in as far as the shareholder corporation had full ownership of the shares at the time when the dividend was awarded or became payable and in as far as this award or provision for payment does not entail any impairment of or capital loss on these shares.

### **Non-resident shareholders**

RREC dividends paid to non-resident shareholders normally give rise to the collection of withholding tax at the rate of 25% or 15% (in the case of residential RRECs, such as the Company). The reduced rate of 15% was repealed by the Act of 26 December 2015 containing measures to promote job creation and purchasing power (Belgian Official Gazette, 30 December 2015) and increased to 27% from 1 January 2016.

Dividends paid by an RREC to a non-resident shareholder do not qualify for the tax exemption under national law. The legislature has announced its intention to scrap the exemption from withholding tax currently applicable under national law to dividends paid by property BEVAKs to non-resident savers from Article 106 §7 of the Royal Decree/Income Tax Code 1992.

The Belgian withholding tax regime applicable to pension funds established in EU Member States appears to be discriminatory, given that it subjects these funds to higher taxes than Belgian pension funds. The sector is studying the measures to be taken to attempt to rectify this situation.

Certain non-citizens domiciled in countries with which Belgium has concluded tax treaties may, under certain conditions and subject to certain formalities, enjoy a reduction or an exemption from withholding tax.

#### **Tax on stock exchange transactions**

As a rule, the purchase, sale and any other acquisition and transfer for consideration in Belgium of existing shares in an RREC (secondary market) arranged through a "professional intermediary", as is the case for property BEVAKs, is usually subject to the tax on stock exchange transactions, currently at a rate of 0.09% with a maximum of €650 per transaction and per party.

#### **Inheritance tax**

Subject to the conditions referred to in Article 2.7.6.0.1 of the Flemish Tax Code (VCF), the shares of Care Property Invest can be exempted from inheritance tax, as the Company has accreditation within the meaning of this Article. The change of status from BEVAK to RREC does not, therefore, affect this exemption in any way.









## X. Glossary

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### 1. Definitions

#### 1.1 Acquisition cost

The acquisition cost of projects concerns the activated costs relating to the establishment of the buildings, excluding VAT.

#### 1.2 Market capitalisation

Share price multiplied by the total number of listed shares.

#### 1.3 Privileged information or inside knowledge

Privileged information about the Company is any information that has not been disclosed and that is accurate, referring to an existing situation or a situation that can reasonably be expected to arise or an event that has occurred or that can reasonably be expected to occur, and that is sufficiently precise to enable conclusions to be drawn on the potential impact of that situation or event for the price of the financial instruments or financial derivatives of Care Property Invest, that relates directly or indirectly to Care Property Invest, and that, if it were disclosed, could influence the price of Care Property Invest's financial instruments or financial derivatives, including information regarded as price-sensitive for the financial instruments or financial derivatives if an investor, acting reasonably, is likely to use this information as a partial basis for his/her investment decisions.

#### 1.4 Occupancy rate

The occupancy rate is the result of the total number of occupied serviced flats in relation to the total number of housing units (both occupied and unoccupied).

With regard to the initial investment programme, the leasehold fee agreed in the relevant agreements contracts is payable, regardless of occupancy.

#### 1.5 Bullet loan

A loan which is repaid as a lump sum at the end of the term and for which only the interest charges are payable during the term of the loan.

#### 1.6 Corporate Governance

Sound management of the company. These principles, such as transparency, integrity and balance of responsibilities, are based on the recommendations of the Belgian Corporate Governance Code, as announced by the Corporate Governance Committee on 12.03.09 and as available on the website at [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be).

#### 1.7 Dividend yield

Gross dividend divided by the closing price of Care Property Invest shares during the relevant financial year or at a specific time or divided by the subscription price at the IPO (excluding costs).

#### 1.8 Duration

Weighted average term of the lease contracts, in which the weighting is equal to the ratio of rental income to the total rental income of the portfolio.



## **1.9 Leasehold agreement**

Contract with a term of at least 27 years and no more than 99 years, which grants a temporary right in rem to the leaseholder, consisting of the full enjoyment of the property during that period. In return, the leaseholder pays called an annual fee, known as the "ground rent".

## **1.10 Exit tax**

Companies that request recognition as an RREC or merge with an RREC are subject to a specific tax or exit tax. This tax is similar to a liquidation tax on net unrealised gains and on tax-exempt reserves. The exit tax rate is 16.5% plus 3% additional crisis contribution, or 16.995% in total.

## **1.11 Free float**

The free float is the number of shares circulating freely on the stock exchange and, therefore, in the hands of the public.

## **1.12 FSMA**

The Financial Services and Markets Authority, as referred to in the Law of 2 August 2002 on the supervision of the financial sector and financial services.

## **1.13 Closed period**

Period in which persons discharging managerial responsibilities or all persons appearing on the lists drawn up by the Company in accordance with Article 6.5 of the Corporate Governance Charter, or any other persons affiliated to such persons, may not conduct any transactions involving financial instruments or financial derivatives of Care Property Invest. The closed periods are set out in the Corporate Governance Charter.

## **1.14 RREC Decree**

The Royal Decree dated 13 July 2014 regarding regulated real estate companies (SIR/GVV), as published in the Belgian Official Gazette of 16 July 2014.

## **1.15 RREC Law**

The Law of 12 May 2014 concerning regulated real estate companies (SIR/GVV), as published in the Annexes to the Belgian Official Gazette of 30 June 2014.

## **1.16 IAS/IFRS**

The IAS/IFRS were issued by the IASB, which develops the international standards for the preparation of financial statements. European listed companies must apply these rules in their consolidated accounts for financial years beginning on or after 1 January 2005. In accordance with the Royal Decree of 13 July 2014, Care Property Invest has applied these rules to its statutory financial statements since the financial year commencing on 1 January 2007.

## **1.17 Interest rate swap**

Financial instrument with which parties contractually agree to swap interest payments over a certain period. This allows parties to swap fixed interest rates for floating interest rates and vice versa.

### 1.18 Investment value

The investment value is the value determined by an independent real estate expert, from which the transfer rights have not yet been deducted (formerly known as “value deed in hand”).

### 1.19 Transfer tax

The transfer of ownership of real estate is in principle subject to collection by the State of transfer tax, which constitutes most of the transaction costs. The amount of this tax depends on the transfer method, the capacity of the buyer and the geographical location of the property. The first two conditions, and thus the amount payable for the rights, are only known after the conclusion of the transfer of ownership. In Belgium, the main possible methods of transfer of real estate and the associated registration fees are as follows:

- *contracts of sale relating to real estate: 12.5% for real estate in the Brussels-Capital Region and the Walloon Region, and 10% for real estate in the Flemish Region;*
- *sales of real estate under the regime of a real estate agent: 5% to 8%, depending on the region;*
- *establishment of building rights and leasehold rights (up to 50 years for the right to build and to 99 years for leasehold: 2% or 0.5% if the tenant is a non-profit organisation);*
- *contracts of sale relating to real estate where the buyer is a public body (e.g. an entity of the European Union, the federal government, a regional government or a foreign government.): tax exempt;*
- *contribution to real estate in kind, for the issuance of new shares to the contributor: tax exempt;*
- *contracts of sale of the shares in a real estate company: tax exempt;*
- *mergers, splits and other corporate restructuring: tax exempt;*
- *etc.*

The effective rate of the transfer tax therefore varies between 0 and 12.5% without it being possible to give the percentage applying to a specific property before the transfer is executed.

N.B.: It should be noted that, as a result of the interpretation of the IAS/IFRS standards calculated by the Belgian Association of Asset Managers (BEAMA), the book value of buildings for the IAS/IFRS balance sheet is determined by deducting a fixed sum for transfer tax from the investment value, which is currently set by the real estate experts at 2.5%. However, for properties with a value of less than €2.5 million, the registration fees that apply according to the location of the property are deducted.

### 1.20 Net value per share

The value obtained by dividing the consolidated net assets of the RREC, net of minority interests, or, if no consolidation takes place, the net assets at statutory level, by the number of shares issued by the RREC, not including any treasury shares that may be held at the consolidated level.

This term is synonymous with “net asset value of the shares”.

## 1.21 Net Rental Income

Rental income

- reversals of transferred and discounted rent
- expenses relating to rentals

## 1.22 Turnover rate

Total volume of shares traded during the year, divided by the total number of shares, as defined by Euronext.

## 1.23 Building rights

A building right is a right in rem to have buildings, works or plantations partially or fully on, above or below another party's land (*see Article 1 of the Law of 10 January 1824 concerning building rights*).

## 1.24 Pay-out ratio

Gross dividend per share divided by the appropriated earnings per share, with the gross dividend being calculated on the basis of the adjusted net income (excluding non-cash expenses).

## 1.25 Fair value

The fair value of the investment properties is calculated as follows:

### **Buildings with an investment value exceeding €2.5 million:**

The fair value = investment value/(1 + average determined as the lower of the investment unit value/(1 + percentage of the transactions costs, depending on the region in which the building is located) and the investment value as a whole/(1 + average percentage of the transaction costs as determined by BEAMA);

### **Properties with an investment value of less than €2.5 million:**

1. if the real estate expert finds that the building can be sold per apartment, the fair value is determined as the lower of the investment unit value/(1 + percentage of the transaction costs, depending on the region where the building is located), and the investment value as a whole/(1 + average percentage of the transaction costs as determined by BEAMA);
2. if the real estate expert finds that the building cannot be sold per apartment, the fair value is equal to the investment value as a whole/(1 + percentage of the transfer taxes, depending on the region in which the building is located).

The average percentage of the transaction costs, as determined by BEAMA, is reviewed annually and adjusted if necessary per threshold of 0.5%. The real estate experts confirm this deduction percentage in their regular reports to shareholders. The rate now stands at 2.5%.

## 1.26 Financial debt ratio

"Total liabilities" on the balance sheet

- I. Non-current liabilities - A. Provisions
- I. Non-current liabilities - C. Other non-current financial liabilities - Hedging instruments
- I. Non-current liabilities - F. Deferred tax liabilities
- II. Current liabilities - A. Provisions
- II. Current liabilities - C. Other current financial liabilities - Hedging instruments
- II. Current liabilities - F. Deferrals and accruals

as provided in the schedules in the Appendix to the Royal Decree of 13 July 2014 concerning regulated real estate companies. The amounts still payable by the RREC for the acquisition of real estate, which will be settled within a customary period, may be deducted in the calculation of the debt level.

## 1.27 Total assets net of authorised hedging instruments

≤ 65%

## 1.28 Transparency legislation

The Law of 2 May 2007 concerning the disclosure of significant participating interests in issuers, the shares of which are admitted for trading on a regulated market and laying down various provisions, and the Royal Decree of 14 February 2008 concerning the disclosure of significant participating interests.

## 1.29 Triple net

When the operating costs, maintenance costs and loss of rent associated with voids are borne by the operator.

## 1.30 Distributable result or adjusted result

As a return on capital, the company must pay a sum equal to at least the positive difference between the following amounts:

- 80% of an amount equal to the sum of the adjusted result (A) and the net gain on disposal of real estate assets that are not exempt from distribution (B).

(A) and (B) are calculated according to the following schedule:

Net result

+ depreciation and amortisation

+ impairments

- reversals of impairments

- reversals transferred and discounted rent

+/- other non-monetary items

+/- result of sales of property

+/- changes in fair value of real estate

= adjusted result (A)

- +/- gains and losses on real estate (gains and losses relative to the cost plus activated investment costs) realised during the financial year
- gains on real estate realised during the financial year that are exempt from mandatory distribution subject to their reinvestment within a period of four years (gains in relation to the cost plus activated investment costs).
- + realised gains on real estate that were previously exempt from mandatory distribution and were not reinvested within a period of four years (gains in relation to the acquisition value plus activated investment costs).
- = Net gain on disposal of real estate that is not exempt from mandatory distribution (B)

and

- the net diminution in the debt of the public RREC in the course of the financial year, as provided for in Article 13 of the Royal Decree of 13 July 2014 (*see the above definition of debt ratio*).

### **1.31 Share turnover velocity**

Shows how many shares are traded on an annual basis or in other words, the annual traded volume divided by the total number of listed shares.

### **1.32 Company**

Care Property Invest nv

### **1.33 Prohibited period**

The period that is communicated as such by the Compliance Officer on the instructions of senior management or the Board of Directors and commencing on the date on which inside knowledge becomes known to the Board of Directors, the Management Board or the general management and lasting until immediately after the disclosure of the said inside knowledge or to the date of on which the inside knowledge loses its price-sensitive character.

### **1.34 Law of 16 June 2006**

Law of 16 June 2006 on the public offering of investment instruments and the admission of investment instruments to trading on a regulated market, as published in the Belgian Official Gazette on 21 June 2006 and as amended from time to time.

### **1.35 Companies Code (W. Venn.)**

The Companies Code, dated 7 May 1999, as published in the Belgian Official Gazette on 6 August 1999 and as amended from time to time.

### **1.36 Residential Care Decree**

The Residential Care Decree of 13 March 2009, as published in the Belgian Official Gazette on 14 May 2009, which entered into force on 1 January 2010, together with its implementing decrees, as amended from time to time.

## 2. Abbreviations

<b>BEAMA</b>	Belgian Asset Managers Association (Belgische Vereniging van Asset Managers)
<b>BEVAK</b>	Investment company with fixed capital
<b>ECB</b>	European Central Bank
<b>EPRA</b>	European Public Real Estate Association
<b>FSMA</b>	Financial Services and Markets Authority
<b>ERV</b>	Estimated rental value
<b>RREC</b>	Regulated Real Estate Company
<b>IAS</b>	International Accounting Standards
<b>UCI</b>	Undertaking for Collective Investment
<b>IFRS</b>	International Financial Reporting Standards
<b>IRS</b>	Interest Rate Swap
<b>NV</b>	Public limited company
<b>VCF</b>	Flemish Codex Taxation
<b>W. Venn.</b>	Companies Code
<b>VZW</b>	Non-profit organisation



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This annual financial report is a registration document within the meaning of Article 28 of the Law of 16 June 2006 concerning the public offer of investment instruments and the admission of investment instruments to trading on a regulated market. The Dutch version of this report was approved by the Belgian Financial Services and Markets Authority (FSMA) in compliance with Article 23 of the aforementioned Law on 12 April 2016.

*This is a free translation, drawn up under the responsibility of Care Property Invest. The Dutch version will prevail.*