

2018

ANNUAL FINANCIAL REPORT

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The following explanatory icons are used in this Report:

-  EXPRESSION DEFINED IN GLOSSARY
-  ALTERNATIVE PERFORMANCE INDICATOR (API)
-  GRAPHIC
-  REFERRAL TO FOOTNOTE
-  REFERRAL TO PAGE/CHAPTER

Definition and detail of the API calculation can be consulted on the company website at www.cofinimmo.com.

RISK FACTORS

The chapter covers the main risks faced by the company, their potential effects on its activities and the various factors and actions cushioning the potential negative impact of the risks. Mitigating factors and measures are detailed further on in this report in the relevant chapters.

MARKET

The markets in which the Cofinimmo Group operates are partly influenced by trends in the general economic climate. The office market is influenced in particular by economic trends, whereas the healthcare real estate sector, the distribution networks property portfolio and the Public-Private Partnerships (PPP ) are characterised by a stable rental environment.

Risk description	Potential impact	Mitigating factors and measures ¹
Deterioration of the economic climate compared to the current situation	<ol style="list-style-type: none"> Negative impact on demand and the occupancy rate  of space and on rents at which the properties can be relet. Downward revision of the value of the property portfolio. 	<p>Healthcare real estate and the Public-Private Partnerships (together 50.9 % of the portfolio under management at 31.12.2016) are insensitive or not very sensitive to variations in the general economic climate. (1, 2)</p> <p>Long weighted average duration of leases (10.2 years at 31.12.2016). (1, 2)</p> <p>As of 31.12.2016 23 % of the tenants of the office portfolio belonged to the public sector.</p>
Deterioration of the economic climate in relation to the property of distribution networks portfolio	The property of distribution networks leased to industrial and service companies is subject to the impact that the general economic climate may have on the tenant companies.	The impact occurs at the end of the leases, which are long-term leases. The networks function as contact points for the tenant customers and are, therefore, necessary for their business.
Conversions of office properties into residential properties	Uncertainty about the price and timing of sales.	Partial pre-sale before the launch of the conversion works.

¹ The numbered reference in the mitigating factors and measures establishes the link with the potential impact of each risk.

PROPERTY PORTFOLIO

The Group's investment strategy is reflected in a diversified portfolio of assets with limited development activity for own account (construction of new buildings or complete renovation of existing buildings). Occasionally, the company converts office properties at the end of their operating period into apartments that it then puts up for sale. The management of operating properties is carried out in-house by a proactive team. The asset diversification aims at a distribution of market risks.

Risk description	Potential impact	Mitigating factors and measures
Inappropriate choice of investments or developments	<ol style="list-style-type: none"> 1. Change in the Group's income potential. 2. Mismatch with market demand, resulting in vacancies. 3. Expected yields not achieved. 	<p>Strategic and risk analysis and technical, administrative, legal, accounting and taxation due diligences  carried out before each acquisition. (1, 2, 3)</p> <p>In-house and external valuations (independent experts) carried out for each property to be bought or sold. (1, 2, 3)</p> <p>Marketing of development projects before acquisition. (1, 2, 3)</p>
Excessive own account development pipeline	Uncertainty regarding future income.	Activity limited to maximum 10 % of the fair value  of the portfolio.
Poor management of major projects	<ol style="list-style-type: none"> 1. Budget and/or timing not met. 2. Increase in costs and/or reduction in income; negative impact on projects' profitability. 	<p>Specialised in-house Project Management team. (1, 2)</p> <p>Specialised external project managers selected for the larger projects. (1, 2)</p>
Negative change in the fair value of the properties	<p>Negative impact on the net result , the net asset value and the debt ratio .</p> <p>At 31.12.2016, a 1 % value change would have had an impact of around 33.7 million EUR on the net result and around 1.60 EUR on the intrinsic value per share (compared with 31.34 million EUR and 1.57 EUR at 31.12.2015). It would also have had an impact on the debt ratio of around 0.40 % (compared with 0.35 % at 31.12.2015).</p>	<p>Property portfolio valued by independent experts on a quarterly basis conducive to corrective measures being taken.</p> <p>Clearly defined and prudent debt policy.</p> <p>Investment strategy focusing on quality assets and providing stable income.</p> <p>Multi-asset portfolio subject to different valuation trends able to offset one another.</p> <p>Main asset representing only 2.1 % of the portfolio (see page 152).</p>
Negative change in the fair value of property assets impacting the company's ability to distribute a dividend	Total or partial incapacity to pay a dividend if the cumulative changes in fair value exceed the distributable reserves.	<p>The company has substantial distributable reserves, amounting to 92.0 million EUR.</p> <p>The reserves enabled the company to allocate a dividend for the 2015 financial year despite the fact that the net result - Group share for the period was negative.</p> <p>In the past, the Group has carried out certain transactions to allow it to distribute its dividend: distribution of dividends by the subsidiaries to the parent company and restatement of non-distributable reserves, corresponding to capital gains realised through mergers with the parent company, as distributable reserves.</p>

Risk description	Potential impact	Mitigating factors and measures
Rental vacancy of the properties	<ol style="list-style-type: none"> 1. Loss of rental income. 2. Downward revision of rents and/or granting of rent-free periods and other incentives. 3. Increase in marketing costs to attract new tenants, with an impact on the results. 4. Fall in the value of the properties. 	<p>(Pro)active marketing and property management by in-house letting and Property Management teams. (1, 3)</p> <p>Long average duration of leases (10.2 years at 31.12.2016) with maximum 14 % expiring during a single year. (1, 2, 4)</p> <p>Preference given to long leases: office properties are let for a medium or, when possible, long term; healthcare properties for a very long term (initial terms of 27 years in Belgium, 12 years in France, 15 years in the Netherlands and 25 years in Germany); the pubs/restaurants for an initial term of minimum 23 years, and the insurance agencies for an initial term of 10 years.</p> <p>The occupancy rate of the office portfolio is 89 %, that of the healthcare properties 99 %, and that of the distribution network properties 98 %. (1, 2, 4)</p> <p>At 31.12.2016, the overall occupancy rate was 94.5 %, compared with 94.9 % at 31.12.2015.</p> <p>During 2016, the cost of ownership of unoccupied properties was 4.47 million EUR.</p>
Maintenance costs	Decrease in the results.	The majority of healthcare property leases are 'triple net'  contracts. Maintenance obligations are limited for the cafés/restaurants and agencies. A periodic maintenance policy is in effect for offices.
Wear and tear and deterioration of properties	Architectural, technical or environmental obsolescence, resulting in reduced commercial appeal of the properties.	<p>Long-term policy for the systematic replacement of equipment.</p> <p>Regular renovation of properties to meet user needs.</p> <p>Sale of properties if the price offered exceeds the estimated value net of the anticipated renovation costs.</p>
Destruction of buildings	Interrupted activity, resulting in loss of tenant and reduced rental income.	<p>Portfolio insured for a total reconstruction value of 1.8 billion EUR  (i.e. vs. fair value, including land, of 1.54 billion EUR for the same properties).</p> <p>Cover against vacancies caused by disasters.</p> <p>Owner or project supervisor civil liability insurance.</p>

 The insurances cover 45.9 % of the portfolio (100 % when the insurances taken out by tenants are taken into account). This amount does not include insurances taken out for works or those for which occupants are contractually responsible (i.e. for healthcare real estate in Belgium, in France and in the Netherlands, for the distribution networks property and certain office buildings). The corresponding insurance premium is 771,991 EUR.

CLIENTS

The Group actively manages its client base to minimise vacancies and the rotation of office tenants. It is in no way involved in the operational management of the healthcare assets, the portfolio of the cafés/restaurants or the insurance agencies.

Risk description	Potential impact	Mitigating factors and measures
Reduced solvency/ bankruptcy of clients	<ol style="list-style-type: none"> 1. Loss of rental income. 2. Unexpected rental vacancy. 3. Marketing costs incurred for re-letting (offices). 4. Re-letting at a lower price and/or granting of rent-free periods and other incentives. 	<p>Principal tenants: Korian 15.3 %, AB InBev 13.1 %, Armonea 10.6 %, Belgian Public Sector 6.2 %. The two main office clients belong to the public sector. (2)</p> <p>Before accepting a new client, a credit risk analysis is requested from an outside rating agency or carried out in-house. (2)</p> <p>Advance/bank guarantee corresponding to six months' rent generally required from non-public-sector tenants. (1)</p> <p>Rents are payable in advance (monthly/quarterly/annually). A quarterly provision is requested to cover property charges and taxes which are incurred by the Group but can contractually be invoiced to tenants. (1)</p> <p>The solvency risks for individual nursing homes are pooled at the level of the operating Group. (2, 3)</p> <p>Under the terms of the operating licences issued to healthcare operators, a large portion of their income is received directly or indirectly from the social security bodies. (1, 2, 3)</p>
Predominance of the largest tenants	Significant negative impact on rental income in the event of departure.	<p>Diversified client base. Cofinimmo has 487 clients in total, with the largest client accounting for 15.3 %.</p> <p>The public sector accounts for 10.0 %. Almost 30 tenant operators in healthcare real estate.</p>
Non-renewal or early termination of leases	<ol style="list-style-type: none"> 1. Rental vacancy. 2. Higher marketing costs resulting from vacancy. 3. Negative rent reversion. 4. Granting of rent-free periods and other incentives. 	<p>(Pro)active marketing and property management. (1, 2, 3)</p> <p>Ongoing contact between the in-house sales team and real estate agencies. (1)</p> <p>All of the leases provide for compensation in the event of early departure. (2)</p> <p>Rent-free periods/incentives, in line with market conditions and not endangering the Group's solvency, may be granted in the office segment in certain cases. They are calculated based on the lease length, the state of the building and its location.</p>

LEGISLATION

Cofinimmo benefits from a favourable tax regime (RREC in Belgium, **SIIC** ¹ in France, **FBI** ¹ in the Netherlands) which exempts it from corporate tax in return for an obligation to distribute minimum 80 % (Belgium)¹, 95 % (France) and 100 % (the Netherlands) of its profits (¹ see pages 263 to 264). In addition to its obligations under corporate law, the company is also required to comply with the legislation on listed companies. It is also subject to local town-planning and environmental protection legislation.

Risk description	Potential impact	Mitigating factors and measures
Non-compliance with the RREC regime	<ol style="list-style-type: none"> 1. Loss of approval as a RREC and the associated fiscal transparency regime. 2. Compulsory early repayment of certain loans. 	Professionalism of the teams ensuring rigorous compliance with the obligations.
Non-compliance with the SIIC or FBI regime	Loss of the fiscal transparency regime.	Professionalism of the teams ensuring rigorous compliance with the obligations.
Unfavourable changes to the RREC, SIIC or FBI regimes or in their application by the public authorities	Fall in the results or the net asset value.	<p>Regular contact with public authorities.</p> <p>Participation in organisations and federations representing the sector.</p> <p>Changes in legal structure and/or the Group's operating procedures.</p>
Changes to town-planning or environmental legislation	<ol style="list-style-type: none"> 1. Reduction in the fair value of the property. 2. Increase in the costs incurred to be able to operate a property. 3. Negative impact on the ability of the Group to operate a property. 	Active energy performance and environmental policy for the offices, anticipating legislation insofar as possible.
Changes to the social security system: reduction in social security subsidies to healthcare operators not offset by an increase in the prices paid by residents/patients or by private insurers	Impact on the solvency of healthcare real estate operators.	<p>Annual solvency analysis of the operators on the basis of regular financial reporting.</p> <p>Monitoring of regulatory trends.</p>

¹ RRECs report a dividend policy corresponding to an amount per share. The amount per share may be higher than or equal to the minimum of 80 % of net income, as required by the Royal Decree of 13.07.2014.

Risk description	Potential impact	Mitigating factors and measures
Legal proceedings and arbitration against the company	Negative impact on the result of the period and possibly on the company's image and share price.	Management of all in-house factors that could have a negative impact resulting in the poor execution of a contractual obligation. Professionalism of the teams ensuring rigorous compliance with the obligations.
Hidden liabilities resulting from mergers, demergers and contributions	Fall in the results or the net asset value.	Due diligence: appropriate technical, administrative, legal, accounting and tax audits when acquiring property companies and assets. Declarations and guarantees required from sellers.
Real value of properties used to calculate the exit tax different from the fair value of the properties stated in the IFRS balance sheet of the RREC	Increase of the basis on which the exit tax  is calculated.	The Group believes that it complies in all respects with the provisions of the circular on the calculation of the exit taxes for which it is liable.
Interest ratio on loans/ rental income received or debt ratio in excess of the threshold set by RREC legislation	Non-compliance with legislation.	Updating of a five-year financial plan highlighting the monitoring of obligations.

FINANCIAL MANAGEMENT ¹

Cofinimmo's financing policy aims to optimise financing costs and limit the Group's liquidity risk and counterparty risk.

Risk description	Potential impact	Mitigating factors and measures
Financial and banking markets unfavourable to real estate and/or to Cofinimmo	<ol style="list-style-type: none"> 1. Access to credit impeded and more costly. 2. Reduced liquidity. 	<p>Rigorous financing policy (1, 2):</p> <ul style="list-style-type: none"> ■ diversification of financing sources between the banking market (24 %) and various segments of the capital market (76 %); ■ stable, diversified banking pool; ■ well-balanced maturities spread over time; ■ fully hedged commercial paper programme. (1) <p>Sufficient volume of undrawn portions of confirmed credit lines to cover medium-term operational/acquisition/ construction expenditure and short-term refinancing. (1, 2)</p>
Insolvency of financial or banking counterparties	Decrease in the results.	Several banking counterparties, all with a good financial rating.
Changes in (future) market interest rates	<ol style="list-style-type: none"> 1. Revaluation of financial instruments. 2. Negative impact on financial charges. 3. Negative impact on the net asset value and on the result of the period. 4. Downward adjustment of the Group's rating with a negative impact on the cost of financing and on liquidity (👉 see 'Change of the Group's public rating') 5. Negative impact on the result of the period. 	<p>Part of the debt is contracted at a floating rate.</p> <p>At 31.12.2016, fixed-rate debt and hedged variable-rate debt stands at 84 %, and unhedged variable-rate debt at 16 %.</p> <p>In the absence of hedging, an interest rate increase of ten basis points would increase charges by 0.78 million EUR.</p> <p>Over 75 % of the floating debt is hedged using derivatives (Interest Rate Swaps) until 2021. (1, 2, 3)</p> <p>In 2017, assuming that the structure and the level of debt remain identical to those at 31.12.2016, and taking into account the hedging instruments put in place, an increase of 50 basis points or decrease in interest rates would not have a significant impact on the cost of financing.</p>
Increase in credit margins	Increase in financial charges.	Diversification of borrowing sources designed to optimise average credit margins and capital raised over the medium and the long term at fixed margins.
Non-renewal or termination of financing contracts	Negative impact on liquidity.	<p>Ten reputable banks.</p> <p>Different sources of financing: bank debt, issue of convertible and non-convertible bonds, 'Green and Social Bonds' ¹, etc.</p> <p>Refinancing carried out at least 12 months in advance in order to optimise conditions and liquidity.</p>
Change in the fair value of hedging instruments	Positive or negative effect on shareholder's equity and the intrinsic value per share.	Cofinimmo uses hedging instruments for all of its sources of funding, not for specific credit lines.

¹ 👉 See the 'Management of financial resources' chapter in this Annual Financial Report.

Risk description	Potential impact	Mitigating factors and measures
Deflation risk	Negative impact on rental income.	The leases usually provide that the new rent may not be lower than the previous rent or the rent of the first year's lease. Indexation of certain non-majority technical charges may be higher than that applied to the rents.
Debt risk	<ol style="list-style-type: none"> 1. Cancellation/termination of loan agreements or early repayment. 2. Non-compliance with RREC legislation and resulting penalties. 	<p>Prudent financial and debt policy and ongoing monitoring. (1, 2)</p> <p>At 31.12.2016, Cofinimmo's legal debt stood at 43.7 %, in compliance with the maximum ratio of 65 % according to RREC legislation and the maximum ratio of 60 % included in borrowing agreements and credit lines. (1, 2)</p> <p>Net interest rates were -32.31 million EUR at 31.12.2016 (vs. -42.31 million EUR at 31.12.2015).</p>
Exchange risk	Loss of value of investments and cash flows.	<p>Cofinimmo is not exposed to currency exchange risk except in the event that the eurozone splits up.</p> <p>However, Cofinimmo has signed a sales contract for a building in foreign currency, with the sale subject to conditions precedent.</p> <p>To cover the potential currency risk tied to revenue in a foreign currency, Cofinimmo has implemented two put options via which it can sell the currency at a set price. This limits the risk of loss and Cofinimmo can still partially benefit from a future change in the exchange rate in its favour. The sensitivity of the intrinsic value of both options to the exchange rate movements is not material.</p>
Share price volatility	More difficult access to new shareholders' equity.	<p>Management of in-house factors which may have a negative impact on the market price.</p> <p>Frequent communication with shareholders and publication of financial information forecasts.</p>
Change in the Group's public rating 	Cost of financing and liquidity.	<p>Close relationship with the rating agency whose recommendations are taken into account regarding financial ratios to be reached for various rating levels and regarding sources of financing, liquidity and interest rate hedging.</p> <p>The company is also in contact with another rating agency, whose rating is private.</p>

The mitigation factors and measurements above do not necessarily enable complete elimination of the potential impact of the risks identified. All or part of the impact will remain at the company's expense, or indirectly, at the expense of its shareholders.

 In the event that its debt ratio were to exceed 50 %, Cofinimmo would, in accordance with Article 13 of the Royal Decree of 13.07.2014, draw up a financial plan and an execution schedule describing the measures it will take to avoid the debt ratio exceeding 65 % of consolidated assets ( see Note 24).

PRELIMINARY REMARKS

This Annual Financial Report contains regulated information within the meaning of the Royal Decree of 14.11.2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market.

This Annual Financial Report is a registration document in the sense of Article 28 of the Law of 16.06.2006 on public offerings of investment instruments and the admission of investment instruments authorised to trading on a regulated market. It has been approved by the **FSMA**  in accordance with Article 23 of the aforementioned Law, on 29.03.2016.

This document has not been submitted for approval to control organisations or control authorities outside Belgium.

LANGUAGES

This Annual Financial Report is established in French. It is also available in Dutch and English. The Dutch and English versions are translations made under the responsibility of Cofinimmo. Only the French Report constitutes legal evidence.

AVAILABILITY OF ANNUAL FINANCIAL REPORT

The French Annual Financial Report is available upon request at the company's registered office:

Cofinimmo SA/NV
58 boulevard de la Woluwe/Woluwedal
1200 Brussels
Belgium

Tel. : 02 373 00 00
Fax : 02 373 00 10
Email : info@cofinimmo.be

This Report can be consulted on the Cofinimmo website (www.cofinimmo.com).

DECLARATIONS

RESPONSIBLE PERSONS

The Board of Directors of Cofinimmo SA/ NV assumes responsibility for the content of this Annual Financial Report, subject to the information provided by third parties, including the Reports of the Statutory Auditor and the real estate experts. The Board of Directors, whose composition is provided on page 116 to 120, Mr. André Bergen, President of the Board of Directors and Mr. Jean-Edouard Carbonelle, CEO, declare that, to the best of its knowledge:

- this Annual Financial Report contains a fair and true statement of important events and, where applicable, of major transactions between related parties occurring during the year and their impact on the financial statements;
- this Annual Financial Report has no omissions likely to significantly modify the scope of any statements made in it;
- the financial statements, established in conformity with the applicable accounting standards give a fair and true picture of the portfolio, the financial situation and the results of Cofinimmo and its subsidiaries included in the consolidation;
- the Management Report includes a fair review of the activities' evolution, the results and the situation of the issuer and the companies included in the consolidation, as well as an outlook for the result of the coming year as a description of the main risks and uncertainties facing the Company ( see pages 2 to 9).

FORECAST INFORMATION

This Annual Financial Report contains forecast information based on Company plans, estimates and projections, as well as on its reasonable expectations regarding external events and factors. By its nature, the forecast information is subject to risks and uncertainties that may have as a consequence that the results, financial situation, performance and actual figures differ from this information. Given these uncertainty factors, the statements made regarding future developments cannot be guaranteed.

DIRECTORS

The Board of Directors of Cofinimmo SA/NV declares that, to the best of its knowledge:

- none of the Directors has ever been convicted for a fraud-related offence, that no official and/or public incrimination has been expressed or any sanctions ever imposed by a legal or supervisory authority, that no Director has been prohibited by a court to act as a member of the Directing body and that, in this capacity, they have never been implicated in a bankruptcy;
- no employment contract has been entered into with the Directors, with the Executive Committee or with the RREC which provides for the payment of compensation upon termination of the employment contract, subject to the comment in the 'Contractual terms of the members of the Executive Committee' section of the 'Corporate governance statement' chapter.

INFORMATION FROM THIRD PARTIES

The information provided by third parties published in this Annual Financial Report, such as the report by the real estate experts and the Statutory Auditor's report, has been included with the consent of the person vouching for the content, form and context of this part of the registration document. This information has been faithfully reproduced and, insofar as the Board of Directors is aware and is able to ensure in the light of data published by this third party, no facts have been omitted that might render the information reproduced incorrect or misleading.

HISTORICAL FINANCIAL INFORMATION REFERRED TO BY REFERENCE

The Annual Financial Reports of the past five years (notably those of financial years 2014 and 2015 which are included as reference in this Annual Financial Report) which include the annual statutory accounts, the consolidated annual accounts and the Statutory Auditor's reports, as well as the Half-Yearly Financial Reports, can be consulted on the website www.cofinimmo.com.

HISTORY

1983

Founding (capital of 6 million EUR).

1994

Listing on the Brussels stock exchange.



1996

Adoption of SICAFI status (former Belgian REIT regime).

1999

Building property management brought in-house.

2005

First healthcare real estate investment in Belgium.

Awarding of the first Public-Private Partnership (PPP): the Antwerp Courthouse.



2007

Partnership with AB InBev Group for a portfolio of 1,068 pubs/restaurants located in Belgium and the Netherlands (Pubstone).

2008

Start-up in France in the healthcare real estate segment.

Adoption of SIIC status (Société d'Investissement Immobilier Cotée - French REIT regime).



2011

Partnership with MAAF for a portfolio of 283 insurance agencies in France (Cofinimur I).

2012

Start-up in the Netherlands in the healthcare real estate segment.

Adoption of FBI status (Fiscal Investment Institution).



2013

Start of reconversion work to transform office buildings to residential (Woluwe 34 and Livingstone I).



2014

Start-up in Germany in the healthcare real estate segment.
Acquisition of 13 assets in the healthcare real estate sector in the Netherlands.
Adoption of RREC status.

2015

Capital increase with preference rights in the amount of 285 million EUR.
Continued investment in healthcare real estate in the Netherlands and Germany.
Office space and healthcare real estate asset arbitrage (Livingstone II and Silverstone portfolio).

2016

Continued investment in healthcare real estate in the Netherlands and Germany.
Acquisition of five office buildings in Brussels.
Start of reconversion work to transform an office building into a nursing and care home (Woluwe 106-108).
Issue of a 'Green and Social Bond'.





MESSAGE

TO THE SHAREHOLDERS

FROM THE CHIEF EXECUTIVE OFFICER AND THE CHAIRMAN OF THE BOARD OF DIRECTORS

JEAN-EDOUARD CARBONNELLE
CHIEF EXECUTIVE OFFICER

ANDRÉ BERGEN
CHAIRMAN OF THE BOARD
OF DIRECTORS

2016 was characterised by an exceptional passion for real estate investment due to low long-term interest rates and inflation in the eurozone. Rental returns became one of the rare sources of recurring revenue for many institutional and private investors

Within this context, **Cofinimmo maintained a cautious approach, avoiding purchases at unreasonable prices, but**

nevertheless gradually deploying the additional capital the shareholders entrusted it with via the capital increase of May 2015.

This capital increase in the amount of 285 million EUR was intended to cover an investment plan extending over three years and to make additional acquisitions in order to increase the share of assets dedicated to healthcare real estate. Since then, 301 million EUR have been invested. At the close of 2016, the investment plan for 2017 to 2019 covers a total of 254.7 million EUR, of which 112.0 million EUR for healthcare real estate and 131.0 million EUR for offices in addition to the other investments.

The Board of Directors will as well study acquisitions in the healthcare sector with the goal of increasing the share of the



MANAGEMENT

segment in overall assets from 45 % to 50 % by the end of 2019.

Over the past fiscal year, Cofinimmo strengthened its organisation for foreign markets by opening an office in Paris. At the end 2016, it took over management of the portfolio of insurance agencies leased to a French insurer which was previously outsourced. The Company's presence in the Netherlands was enhanced and a team was created in Brussels to handle prospecting and investment in Germany. In all, the portfolio of healthcare assets in these two countries, acquired since 2012 and 2014, respectively, accounts for 273 million EUR and 28 buildings.

In 2016, for the first time in seven years, Cofinimmo proceeded with the acquisition of four office buildings in Brussels in the Leopold District, where its portfolio is fully occupied.

The buildings were acquired with rental yields of close to 6.5 % and provide value creation potential because they are partially empty. The Company's teams are tasked with renting the balance of the office space and enhancing its comfort via suitable improvements. In addition, Cofinimmo is completely rebuilding two other office buildings located in the same district, home to European Union political institutions, over 2016, 2017 and 2018.

The particularly low interest rate levels have provided an opportunity to increase the length of financing and rate hedges. Convertible bonds maturing in 2021 were issued to replace bonds maturing in 2018. Two non-convertible bonds maturing in 2026 and 2024 were also placed. The second issue was intended for

investors who wanted to indirectly finance specific Cofinimmo sustainable economy projects.

We are proposing a gross dividend of 5.50 EUR per ordinary share for the 2016 fiscal year to our shareholders, corresponding to a pay-out ratio \uparrow of 85.9 %. For the 2017 fiscal year (dividend payable in 2018), our objective is a **net result of the core activities \uparrow per share of 6.49 EUR and a gross dividend per ordinary share of 5.50 EUR, that is, a pay-out ratio of 84.7 %.**

INTERNAL PROPERTY MANAGEMENT



128
EMPLOYEES¹

36%
Men



64%
Women

19
MANAGERS¹

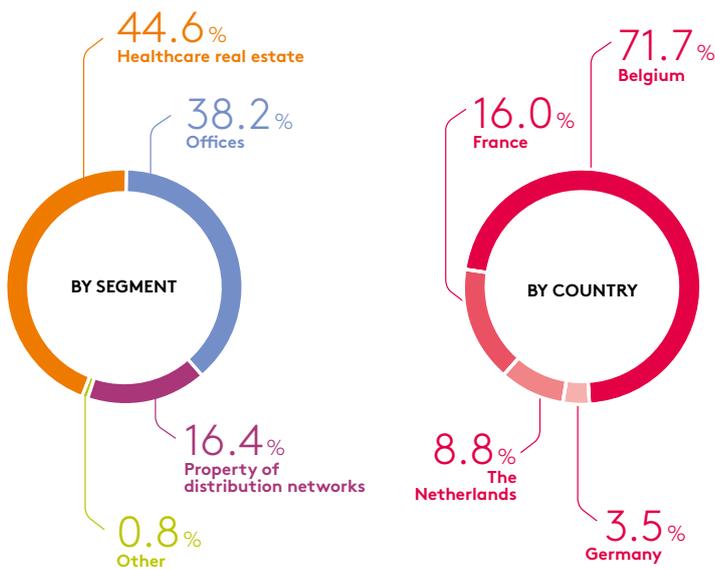
39%
Men



61%
Women

KEY FIGURES

PORTFOLIO¹



2.3
BILLION EUR
MARKET CAPITALISATION¹



3.4
BILLION EUR
PORTFOLIO of investment
properties (at fair value)¹
+7.4% IN 2016



43.7%
DEBT RATIO¹



6.40
EUR/SHARE
EPRA RESULT ¹ in 2016

92.76
EUR/SHARE
EPRA NET ASSET VALUE ¹
(NAV) ¹



226
KWH/M²
Sustainable development
AVERAGE ENERGY CONSUMPTION
of the portfolio in 2016

RES

Member
BEL20

105.8 EUR
AVERAGE PRICE
of the ordinary share in 2016

14.1 %
TOTAL RETURN
on the ordinary share in 2016

5.50 EUR
GROSS DIVIDEND
per ordinary share forecast
for the 2016 fiscal period

211
BILLION EUR
PROPERTY RESULT in 2016:
+1.5 % IN 2016

10 YEARS
AVERAGE RESIDUAL LEASE
LENGTH
(through the first termination
date possible for the tenant) ¹

94.5 %
OCCUPANCY RATE ¹

6.9 %
GROSS RENTAL YIELD
if the portfolio is 100 % leased ¹

2.4 %
AVERAGE COST
of debt ¹
in 2016

4.8 YEARS
AVERAGE MATURITY
of debt ¹

BBB
STANDARD & POOR'S RATING

¹ At 31.12.2016.

STRATA

MISSION

- Provide buildings which meet the needs of occupants
 - Pay an ongoing attractive dividend
 - Long-term capital protection
-



REAL ESTATE STRATEGY

- Diversification
- Differentiation
- Building quality
- Proximity to clients



FINANCIAL STRATEGY

- Diversification of financing sources
- Regular access to capital markets
- Debt ratio of about 45 %
- Optimisation of the duration and cost of financing



SUSTAINABLE DEVELOPMENT STRATEGY

- Optimisation of the company's environmental footprint
- Selection of socially responsible projects
- Secure the occupants' security and well-being



MISSION

Cofinimmo's mission as a listed real estate company is based on three pillars:

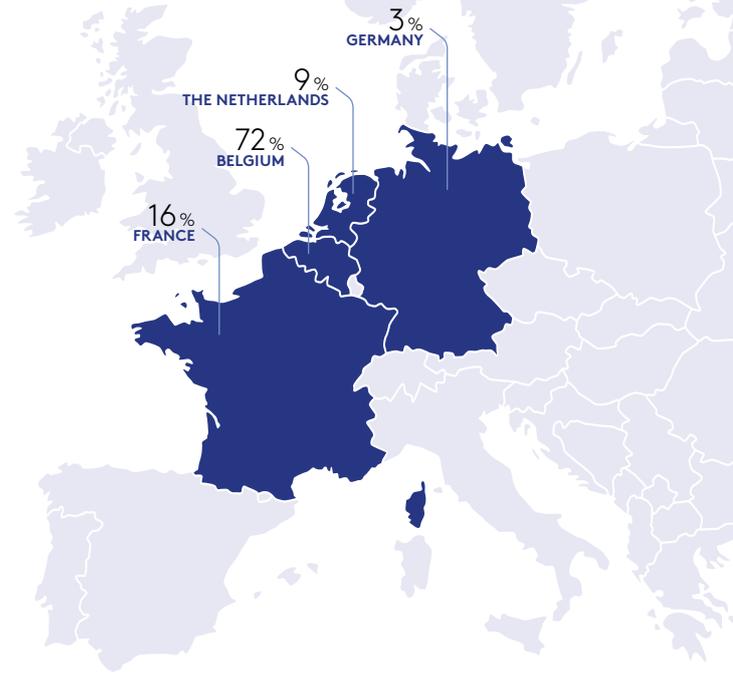
- 1. providing buildings which meet the needs of their tenants:** comfortable, innovative health assets for healthcare providers and their clients/patients, modern, modular offices for the employees of private companies and public organisations, distribution networks tailored to the sale of specific products, and public buildings built to measure.
- 2. distribution of an ongoing, attractive dividend to shareholders:** In compliance with the principle of the Real Estate Investment Trust status (**REIT** ) and the RREC legal regime,

Cofinimmo distributes most of its net operating income to its shareholders in the form of dividends.

- 3. long-term capital protection:** the purpose of the sustainable approach implemented by Cofinimmo to manage its real estate assets and its relationships with various stakeholders is to create value for its shareholders.

The Group's three-fold mission is implemented in its real estate, financial and sustainable development strategies which are part of a consistent and ambitious whole.

GEOGRAPHICAL DISTRIBUTION OF THE PORTFOLIO
at 31.12.2016 - at fair value



Medical office building – Strijp-Z
– Eindhoven (NL)

DIVERSIFICATION

The Cofinimmo real estate portfolio is diversified both in terms of types of assets and the countries in which the Group invests.

Cofinimmo owns healthcare assets, office buildings, a network of pubs/restaurants, another network of insurance agencies, and public buildings such as police stations, a law court building and a prison. The Group has a range of different assets in the healthcare segment including nursing and care homes, psychiatric clinics, rehabilitation and acute care clinics, care centres for the elderly and disabled people, sport and wellness centres and medical consultation centres.

From a geographical standpoint, Cofinimmo's real estate portfolio holdings are located in four countries: Belgium (72 % of the portfolio as of 31.12.2016), France (16 %) and, more recently, the Netherlands (9 %) and Germany (3 %). Generally speaking, the Group's strategy focuses on countries around Belgium, with a pace of new acquisitions which enables a thorough understanding of the foreign property markets selected.

This diversification by type of asset and by country contributes to ensuring that Cofinimmo's risk profile remains moderate. Given that each segment and each country has its own regulatory

framework, financing system, competitive environment and consumer habits, the Group is less vulnerable to changes occurring in one of these aspects in any given business sector.

DIFFERENTIATION

The Group's differentiation strategy enables investors to access specific and non-traditional asset portfolios which cannot be replicated individually.

For example, sale & leaseback transactions with AB InBev (a portfolio of pubs/restaurants located in Belgium and the Netherlands), on one hand, and with the MAAF Group (a portfolio of insurance agencies in France), on the other, are unusual agreements through which portfolios consisting of a multitude of smaller assets are provided to a single tenant under a long-term lease. Likewise, Public-Private Partnerships are for very specific buildings, built to measure to meet the needs of public authorities: law court, fire station, prisons, etc.

BUILDING QUALITY

In addition to the usual due diligence reviews, each real estate asset studied by the Group is rated on the basis of a number of different factors:

- **intrinsic qualities:** size, parking ratio, ceiling heights, daylight, etc.;
- **energy performance:** technical facilities, insulation, etc.;
- **location:** vehicle access, public transport, local taxes, etc.;
- **setting:** local shops, pleasant view, etc.

PROXIMITY TO CLIENTS

Cofinimmo works to build close and durable relationships with its clients to ensure client satisfaction and loyalty. Building management is handled entirely in-house, that is, carried out by Cofinimmo employees.

The technical teams consist of industrial and civil engineers, architects and interior designers who supervise maintenance, repairs, redecoration and renovation. The sales teams are in constant contact with clients to meet their flexibility requirements. The administrative and accounting teams invoice rents and provide a breakdown of charges and taxes. The legal department prepares leases and monitors any disputes in progress.

In other countries, contact with customers is assured by local offices: in Breda for the healthcare assets portfolio and the network of pubs/restaurants in the Netherlands and, more recently, in Paris for the portfolio of insurance agencies located in France. Only Property Management for the healthcare assets portfolio in Germany is outsourced to a local third party, called Treureal. The Group's portfolio in this country has not yet reached a sufficient size allowing to set up a local team.

PROSPECTING AND INVESTMENTS

Cofinimmo is organised to ensure effective prospecting of local property markets which match its strategy to find the best possible investment opportunities. Prospecting puts the company in continuous contact with purchasing intermediaries. It also consists in contacting potential tenants and meeting with existing clients on a regular basis, particularly with healthcare operators, to discuss their needs for new locations.

Investment decisions are made according to rigorous assessment models based on precise financial criteria:

- For the acquisition of buildings whose **investment value** 📌 is about average for the portfolio and which don't require specific financing, the decision criterion is as follows:

[LONG-TERM CASH FLOWS + RESIDUAL VALUE]

DISCOUNTED AT THE WEIGHTED AVERAGE COST OF [SHAREHOLDERS' EQUITY + DEBT]



ACQUISITION PRICE, EXPENSES INCLUDED

- For major transactions (single amount in excess of 7 % of the value of the asset) or those with a special financing structure, the company also studies the combination of average accretions over five years of the net result from the core activities per share and of **revalued net assets** 📌 per share.



Flex Corner® by Cofinimmo –
Office building The Gradient – Brussels (BE)

DIVERSIFICATION OF FINANCING SOURCES

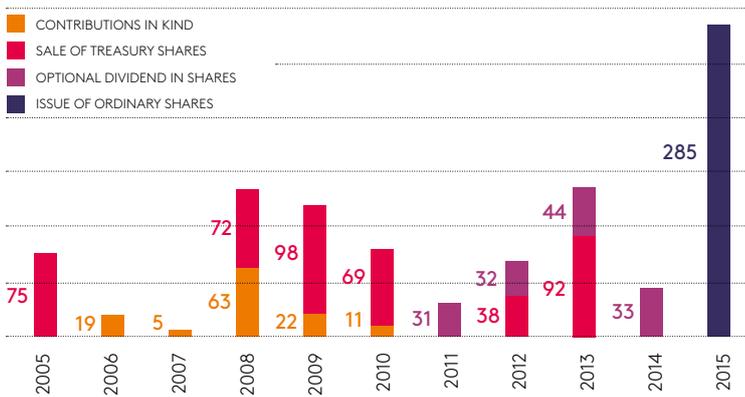
To avoid the concentration of risk, Cofinimmo diversifies both the type of assets it holds and the countries in which it invests, as well as its sources of financing. The Group uses bank loans, 'traditional' bonds (non-convertible), convertible bonds, 'Green and Social Bonds' and long- and short-term commercial paper for its financing. In addition, it works closely with about ten high-quality banking partners.

REGULAR ACCESS TO CAPITAL MARKETS

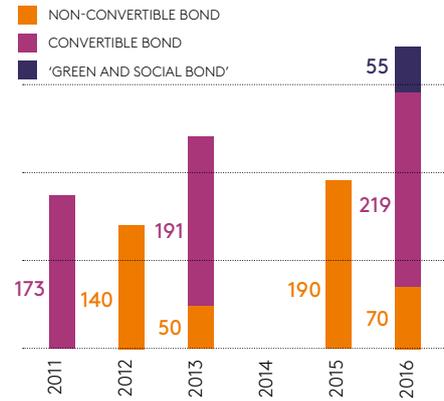
Cofinimmo has also used capital increases, optional dividends in shares, sales of treasury shares, contributions in kind, issues of preference shares and issues of 'traditional' bonds (non-convertible), convertible bonds and 'Green & Social Bonds' to raise capital in the past. The two following graphs show the calls the Group has made to the capital markets over the past ten years.



CAPITAL MARKET: EQUITY CAPITAL (x 1,000,000 EUR)



CAPITAL MARKET: DEBTS (x 1,000,000 EUR)



DEBT RATIO OF ABOUT 45 %

Although the RREC legal status allows a **debt ratio**  (defined as financial and other debts divided by the total assets on the consolidated balance sheet) of maximum 65 % and banking agreements allow a ratio of maximum 60 %, Cofinimmo's policy is to maintain a lower debt ratio of about 45 %.

This choice was not the result of chance: it takes into account long residual weighted average lease length (10.2 years as of 31.12.2016 fully let at 100 %) and high real estate returns on its buildings (6.9 % as of 31.12.2016), and includes cautious interest rate hedging measures.

OPTIMISATION OF THE DURATION AND COST OF FINANCING

Cofinimmo actively manages its liabilities by refinancing maturing debt at least one year in advance. Given this context, Cofinimmo is careful to optimise the cost of debt while ensuring diversification of its financing sources and monitoring the average maturity of its debt.

Part of the debt is incurred at a floating rate therefore exposing Cofinimmo to the risk that rates will increase, which could lead to a deterioration of its financial result. As a result, the Group partially hedges its floating rate debt with Interest Rate Swaps (**IRS** ). The goal is to secure about 80 % of overall debt (at fixed and floating rates) for the following five years, then 50 % thereafter.



SUSTAINABLE DEVELOPMENT STRATEGY



The Lounge® by Cofinimmo
– Park Lane Business Park –
Diegem (BE)

IMPROVEMENT OF THE PORTFOLIO'S ENERGY PERFORMANCE

Cofinimmo is convinced its buildings must have optimal energy performances to limit the CO₂ emissions generated by their use. The company goes as far as it can in terms of energy efficiency, often beyond legal requirements, within the constraints of the level of financial profitability sought.

The Group records and analyses the energy consumption of its buildings. Remotely read meters are increasingly used to measure energy consumption. Facilities with high energy consumption can be identified and energy costs brought under control.

In addition, Cofinimmo has implemented a programme to implement 'BREEAM'  for renovations and 'BREEAM In-Use' for the operation of existing buildings. It is pursuing a dual objective with this certification system: on one hand, to continuously improve the environmental performance of its buildings and, on the other, to increase their commercial competitiveness.

A range of projects including recycling construction site waste, an increase in the number of parking lots shared with the general public, the installation of recharging stations for electric vehicles, a restriction on the number of photocopying machines at head office, the implementation of a ridesharing website for employees, etc. are enabling Cofinimmo to reduce its environmental footprint as part of its overall continuous improvement approach.



Office building - Arts 46 -
Brussels (BE)

ASSURE THE OCCUPANTS' SECURITY AND WELL-BEING

Cofinimmo analyses all elements likely to have an impact on public health. The choices with regard to construction and the quality of maintenance impacts the occupants' security and well-being.

Cofinimmo is determined to create conditions favouring the individual and collective development. The workspace becomes a living space focusing on convivial exchange. A maximum of natural light, green spaces, air quality, and choice of materials play a leading role. Cofinimmo cares about the building's global ecological footprint.

During the due diligence process, the presence of soil pollution and elements fighting fire protection, etc. are always part of the analysis, as well as the energy performance.

Based on existing regulations, Cofinimmo or occupants of the buildings perform periodic asbestos, fire security and access controls.

SELECTION OF SOCIALLY RESPONSIBLE PROJECTS

As a major player in the Belgian property and financial markets, Cofinimmo has special responsibility vis-à-vis the community in which it operates.

The Group must contribute responsibly and sustainably to the development and transformation of the cityscape. It does so by renovating buildings, sometimes of historical significance, and by converting office buildings to residential use or nursing homes to meet the housing needs of the Belgian capital. In addition, Cofinimmo promotes architectural quality via its affiliation with non-profits active in this field and through its interaction with exceptional architects' firms.

Cofinimmo is also committed to supporting local authorities and non-profits via concrete actions which its employees are encouraged to take part in. It supports medical research, particularly in geriatrics, and social projects related to its own activities.

SUMMARY OF CONSOLIDATED ACCOUNTS

CONSOLIDATED INCOME STATEMENT – Analytical form

(x 1,000 EUR)	31.12.2016	31.12.2015
A. NET RESULT FROM CORE ACTIVITIES		
Rental income, net of rental-related expenses 	202,930	201,903
Writeback of lease payments sold and discounted (non-cash item)	11,265	10,214
Taxes and charges on rented properties not recovered 	-1,984	-3,478
Redecoration costs, net of tenant compensation for damages 	-1,552	-1,105
Property result	210,659	207,534
Technical costs	-5,901	-5,643
Commercial costs	-1,508	-950
Taxes and charges on unlet properties	-4,469	-3,451
Property result after direct property costs	198,781	197,490
Property management costs	-18,659	-15,343
Property operating result	180,122	182,147
Corporate management costs	-8,043	-7,806
Operating result (before result on the portfolio)	172,079	174,341
Financial income	5,207	5,735
Net interest charges	-32,309	-42,310
Other financial charges	-848	-660
Share in the net result from core activities of associated companies and joint ventures	466	460
Taxes	-5,906	-4,209
Net result from core activities 	138,689	133,357
Minority interests relating to the net result from core activities	-4,429	-4,840
Net result from core activities – Group share 	134,260	128,517
B. RESULT ON FINANCIAL INSTRUMENTS		
Changes in the fair value of financial instruments	12,126	-2,091
Restructuring costs of financial instruments 	-50,412	-28,312
Share in the result on financial instruments of associated companies and joint ventures	0	0
Result on financial instruments  	-38,286	-30,403
Minority interests relating to the result on financial instruments	-564	-408
Result on financial instruments - Group share 	-38,850	-30,811
C. RESULT ON THE PORTFOLIO		
Gains or losses on disposals of investment properties and other non-financial assets	2,691	22,425
Changes in the fair value of investment properties	11,626	-8,620
Share in the result on the portfolio of associated companies and joint ventures	235	
Other result on the portfolio	-12,720	-8,310
Result on the portfolio  	1,832	5,495
Minority interests relating to the result on the portfolio	151	766
Result on the portfolio – Group share 	1,983	6,261
D. NET RESULT		
Net result	102,235	108,449
Minority interests	-4,842	-4,482
Net result - Group share	97,393	103,967

NUMBER OF SHARES

	31.12.2016	31.12.2015
Number of ordinary shares issued (including treasury shares)	20,345,637	20,344,378
Number of ordinary shares outstanding	20,300,773	20,294,264
Number of ordinary shares used to calculate the result per share	20,300,773	19,202,531
Number of preference shares issued	685,553	685,848
Number of preference shares outstanding	685,553	685,848
Number of preference shares used to calculate the result per share	685,553	685,848
Total number of shares issued (including treasury shares)	21,031,190	21,030,226
Total number of shares outstanding	20,986,326	20,980,112
Number of shares used to calculate the result per share	20,986,326	19,888,379¹

FIGURES PER SHARE² – Group share

(in EUR)	31.12.2016	31.12.2015
Net result from core activities 	6.40	6.46
Result on financial instruments 	-1.85	-1.55
Result on the portfolio 	0.09	0.32
Net result 	4.64	5.23

NOTES ON THE CONSOLIDATED INCOME STATEMENT

Analytical form

Net rental income was 202.9 million EUR at 31.12.2016, compared to 201.9 million EUR at 31.12.2015. The investments made in healthcare real estate in Germany and the Netherlands and the letting of the Guimard 10-12 office building made it possible to completely absorb the loss of revenue resulting from the sale of assets in 2015 (the Livingstone II office building and the Silverstone portfolio of 20 nursing and care homes). On a like-for-like basis, gross rental income increased by 0.9 %  between 31.12.2015 and 31.12.2016 thanks to the addition of new leases to the office portfolio and to lease indexation.

Direct operating costs (taxes and charges on rented properties not recovered, net redecoration costs, technical costs, commercial costs, taxes and charges on unlet properties) **and indirect** operating costs (property management costs) increased by 4.1 million EUR between 31.12.2015 and 31.12.2016.

- **Taxes and charges on rented properties not recovered** decreased by 1.5 million EUR between these two dates following the letting of recently renovated spaces (Guimard 10-12, The Gradient) and the sale of assets previously under redevelopment

¹ Number of shares calculated on a pro rata basis to take account of the fact that the 3,004,318 new ordinary shares issued in May 2015 contributed to the result of financial year 2015 only from 12.05.2015.

² Ordinary and preferred shares.

(Woluwe 34) or leased to tenants which are exempt of taxes (Livingstone II).

- The increase in **commercial costs** (0.6 million EUR) was primarily the result of a technical audit on the French healthcare assets in order to evaluate the impact of the entry into force of the Pinel Law ¹, as well as the expenses paid to a third party for the property management of the German assets.
- The acquisition in 2016 of five office buildings in which some space is unoccupied and the departure of a major tenant of the Omega Court building resulted in a 1.0 million EUR increase in **taxes and charges on unlet properties** between 31.12.2015 and 31.12.2016.
- The increase in **property management costs** between 31.12.2015 and 31.12.2016 (3.3 million EUR) is the result of an increase in the number of full-time equivalent employees and the expenses incurred for the study of various investment files (2.2 million EUR).

The ratio of **operating costs on the portfolio under management**  stood at 1.08 % at 31.12.2016, versus 0.93 % at 31.12.2015. The **operating margin**   decreased from 84.0 % at end 2015 to 81.7 % at end 2016.

Net **interest charges** were -32.3 million EUR at 31.12.2016, compared to -42.3 million EUR at 31.12.2015.

The average level of debt decreased from 1,459 million EUR at 31.12.2015 to 1,341 million EUR at 31.12.2016. In addition, the average cost of debt fell from 2.9 % to 2.4 % between these two dates.

Taxes increased by 1.7 million EUR between 31.12.2015 and 31.12.2016, following the recognition in 2016 of provisions for various tax risks.

The **net result from core activities - Group share** was 134.3 million EUR at 31.12.2016, compared to 128.5 million EUR at 31.12.2015. Per share, the figures were 6.40 EUR at 31.12.2016 and 6.46 EUR at 31.12.2015. The number of shares entitled to share in the result of the financial year increased from 19,888,379 to 20,986,326 (+5.5 %) between these two dates. The

shares issued in 2015 as part of the capital increase are entitled to share in the result of the entire 2016 financial year, which was not the case in 2015.

With respect to the result on financial instruments, the '**Restructuring costs of financial instruments**' was -50.4 million EUR at 31.12.2016, split into -44.5 million EUR for expenses related to the Interest Rate Swap restructuring in November 2016, and -5.9 million EUR for expenses related to the recycling under the income statement of hedging instruments which relationship with the hedged risk was terminated.

Within the result on the portfolio, the **changes in the fair value of investment properties** amounted to 11.6 million EUR on 31.12.2016 compared to -8.6 million EUR at 31.12.2015. The appreciation in the value of healthcare assets and the positive revaluation of the renovated Guimard 10-12 office building largely offset the depreciation in value of certain office buildings. On a like-for-like basis, the fair value of investment properties is up slightly compared to 31.12.2015 (+0.4 %). The '**Other result on the portfolio**' went from -8.3 million EUR to -12.7 million EUR between 31.12.2015 and 31.12.2016, following a greater impairment recognised on the goodwill of the Pubstone subsidiary as a mechanical effect from the positive revaluation of the pubs/restaurants portfolio (+3.5 %).

The **net result - Group share** amounted to 97.4 million EUR at 31.12.2016, compared to 104.0 million EUR at 31.12.2015. Per share, the figures were 4.64 EUR at 31.12.2016 and 5.23 EUR at 31.12.2015.

¹ This Law stipulates that some taxes and charges, because of their nature, cannot be charged to the tenants.

CONSOLIDATED BALANCE SHEET

(x 1,000 EUR)	31.12.2016	31.12.2015
Non-current assets	3,547,181	3,325,414
Goodwill	99,256	111,256
Intangible assets	751	565
Investment properties	3,363,636	3,131,483
Other tangible assets	635	364
Non-current financial assets	758	20
Finance lease receivables	75,718	75,652
Trade receivables and other non-current assets	29	41
Participations in associated companies and joint ventures	6,398	6,033
Current assets	114,101	87,066
Assets held for sale	2,695	2,870
Current financial assets	0	14
Finance lease receivables	1,795	1,656
Trade receivables	25,642	19,801
Trade receivables and other current assets	20,446	17,363
Cash and cash equivalents	41,271	22,040
Accrued charges and deferred income	22,252	23,322
TOTAL ASSETS	3,661,282	3,412,480
Shareholders' equity	1,919,459	1,924,615
Shareholders' equity attributable to shareholders of parent company	1,852,923	1,860,099
Capital	1,124,628	1,124,295
Share premium account	504,544	504,240
Reserves	126,358	127,597
Net result of the financial year	97,393	103,967
Minority interests	66,536	64,516
Liabilities	1,741,823	1,487,865
Non-current liabilities	1,074,668	926,891
Provisions	16,890	17,636
Non-current financial debts	970,604	809,313
Other non-current financial liabilities	49,971	64,656
Deferred taxes	37,203	35,286
Non-current liabilities	667,155	560,974
Current financial debts	558,167	445,676
Other current financial liabilities	12,949	20,572
Trade debts and other current debts	72,280	62,865
Accrued charges and deferred income	23,759	31,861
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,661,282	3,412,480

NOTES ON THE CONSOLIDATED BALANCE SHEET

The **investment value** of the property portfolio ^①, as determined by the independent real estate experts, amounts to 3,505.0 million EUR at 31.12.2016, compared with 3,262.3 million EUR at 31.12.2015. The **fair value** included in the consolidated balance sheet, in application of the IAS 40 standard, is obtained by deducting the transaction fees from the investment value. At 31.12.2016, fair value reached 3,366.3 million EUR, compared to 3,134.4 million EUR at 31.12.2015.

The item '**Participations in associated companies and joint ventures**' refers to Cofinimmo's 51 % holding in Cofinea I SAS (nursing homes in France). The item '**Minority interests**' includes the Mandatory Convertible Bonds issued by the Cofinimur I SA subsidiary (MAAF/ GMF distribution network in France), and the minority interests of the Aspria Machsee, Aspria Uhlenhorst, Pubstone, Pubstone Group, Pubstone Properties and Rheastone.

NET ASSET VALUE PER SHARE ^②

(in EUR)	31.12.2016	31.12.2015
Net asset value		
Revalued net assets per share in fair value ^① after dividend distribution for financial year 2015	88.29	83.39
Net assets revalued per share in investment value ^① after dividend distribution for financial year 2015	92.38	86.97
Diluted net asset value		
Diluted revalued net assets per share in fair value after dividend distribution for financial year 2015	88.12	83.23
Diluted revalued net assets per share in investment value after dividend distribution for financial year 2015	92.19	86.80

NOTES ON THE NET ASSET VALUE PER SHARE

In accordance with applicable **IAS/IFRS** ^① standards, the Mandatory Convertible Bonds (MCB) (**ORA** ^②) issued in 2011 and the convertible bonds issued in 2016 were not taken into account in calculating the **diluted revalued net assets** per share at 31.12.2016 because they would have had an accretive effect. Following the same reasoning, the

Mandatory Convertible Bonds issued in 2011 and the convertible bonds issued in 2011 (redeemed in 2016) and 2013 (bought back or redeemed in 2016) were not taken into account in calculating the diluted revalued net assets per share at 31.12.2015 because they would have had an accretive effect.

^① Including buildings for its own use and development projects.

^② Ordinary and preference shares.

SUMMARY OF QUARTERLY CONSOLIDATED ACCOUNTS

The Group did not publish any quarterly information between 31.12.2016 and the date of the statement of the present report. The half-year and annual data is submitted to a control by the Auditor Deloitte, Reviseurs d'Entreprises/Bedrijfsrevisoren.

CONSOLIDATED GLOBAL RESULT BY QUARTER

(income statement)

(x 1,000 EUR)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	2016
A. NET RESULT					
Rents	50,394	51,277	52,849	52,679	207,199
Cost of rent-free periods	-1,103	-919	-951	-1,314	-4,287
Client incentives	-124	-113	-112	-35	-383
Indemnities for early termination of rental contracts	95	258	121	49	522
Writeback of lease payments sold and discounted	2,816	2,816	2,816	2,816	11,265
Rental-related expenses	-7	5	-265	146	-121
Net rental income	52,072	53,324	54,458	54,341	214,195
Recovery of property charges	13	31	-5	11	50
Recovery income of charges and taxes normally payable by the tenant on let properties	14,477	16,016	3,816	8,059	42,368
Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	-251	-633	-552	-167	-1,602
Charges and taxes normally payable by the tenant on let properties	-16,992	-16,096	-3,676	-7,587	-44,352
Property result	49,319	52,642	54,041	54,657	210,659
Technical costs	-1,182	-2,313	-1,227	-1,180	-5,901
Commercial costs	-252	-212	-399	-645	-1,508
Taxes and charges on unlet properties	-2,245	-647	-648	-929	-4,469
Property management costs	-5,228	-5,181	-3,784	-4,466	-18,659
Property charges	-8,907	-8,353	-6,057	-7,220	-30,537
Property operating result	40,413	44,289	47,984	47,437	180,122
Corporate management costs	-3,185	-1,683	-1,538	-1,637	-8,043
Operating result before result on the portfolio	37,228	42,606	46,446	45,800	172,079
Gains or losses on disposals of investment properties and other non-financial assets	194	1,219	605	673	2,691
Changes in fair value of investment properties	7,581	4,136	18,069	-18,160	11,626
Other result on the portfolio	-466	-298	-683	-12,455	-13,902
Operating result	44,536	47,663	64,437	15,857	172,494
Financial income	1,286	1,267	1,340	1,314	5,207
Net interest charges	-8,851	-8,010	-7,875	-7,573	-32,309
Other financial charges	-233	-399	154	-370	-848
Changes in the fair value of financial assets and liabilities	-33,532	-3,950	-17,729	16,925	-38,286
Financial result	-41,330	-11,092	-24,110	10,296	-66,236
Share in the result of associated companies and joint ventures	429	119	36	116	701

(x1,000 EUR)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	2016
Pre-tax result	3,636	36,690	40,363	26,269	106,959
Corporate tax	-1,746	-1,096	-693	-2,370	-5,906
Exit tax	-86	-5	-26	1,300	1,182
Taxes	-1,832	-1,101	-719	-1,071	-4,724
Net result	1,804	35,589	39,644	25,199	102,235
Minority interests	-1,386	-1,402	-1,515	-540	-4,842
NET RESULT - GROUP SHARE	418	34,187	38,129	24,659	97,393
NET RESULT FROM CORE ACTIVITIES - GROUP SHARE	26,719	33,256	38,524	35,762	134,260
RESULT ON FINANCIAL INSTRUMENTS - GROUP SHARE	-33,631	-3,850	-18,124	16,755	-38,850
RESULT ON THE PORTFOLIO - GROUP SHARE	7,331	4,782	17,729	-27,859	1,983

B. OTHER ELEMENTS OF THE GLOBAL RESULT RECYCLABLE UNDER THE INCOME STATEMENT

Changes in the effective part of the fair value of authorised cash flow hedge instruments	-8	9	23	27	51
Impact of the restructuring of the hedging instruments which relationship has been terminated	1,726	1,396	1,396	1,396	5,914
Other elements of the global result	1,718	1,405	1,419	1,423	5,965
Minority interests	0	0	0	0	0
OTHER ELEMENTS OF THE GLOBAL RESULT - GROUP SHARE	1,718	1,405	1,419	1,423	5,965

C. GLOBAL RESULT

Global result	3,522	36,994	41,062	26,622	108,200
Minority interests	-1,385	-1,401	-1,515	-541	-4,842
GLOBAL RESULT - GROUP SHARE	2,137	35,593	39,547	26,081	103,358

CONSOLIDATED BALANCE SHEET BY QUARTER (statement)

(x 1,000 EUR)	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Non-current assets	3,375,795	3,425,887	3,525,554	3,547,181
Goodwill	111,256	111,256	111,256	99,256
Intangible assets	705	804	813	751
Investment properties	3,181,315	3,231,737	3,331,266	3,363,636
Other tangible assets	341	543	555	635
Non-current financial assets	0	0	0	758
Finance lease receivables	75,682	75,308	75,368	75,718
Trade receivables and other non-current assets	41	41	41	29
Participations in associated companies and joint ventures	6,454	6,197	6,255	6,398
Current assets	92,104	99,180	129,311	114,101
Assets held for sale	2,865	2,710	2,670	2,695
Current financial assets	0	0	0	0
Finance lease receivables	1,644	1,767	1,769	1,795
Trade receivables	20,076	20,433	17,802	25,642
Tax receivables and other current assets	7,697	11,327	11,382	20,446
Cash and cash equivalents	25,863	29,616	62,404	41,271
Accrued charges and deferred income	33,959	33,327	33,285	22,252
TOTAL ASSETS	3,467,899	3,525,066	3,654,865	3,661,282
Shareholders' equity	1,928,046	1,852,144	1,892,370	1,919,459
Shareholders' equity attributable to shareholders of parent company	1,862,187	1,787,535	1,826,326	1,852,923
Capital	1,124,306	1,124,517	1,124,530	1,124,628
Share premium account	504,250	504,469	504,495	504,544
Reserves	233,213	123,943	124,567	126,358
Net result for the financial year	418	34,605	72,734	97,393
Minority interests	65,859	64,609	66,044	66,536
Liabilities	1,539,853	1,672,923	1,762,495	1,741,823
Non-current liabilities	1,028,083	1,246,491	1,285,051	1,074,668
Provisions	17,447	17,183	17,305	16,890
Non-current financial debts	882,431	1,094,126	1,123,894	970,604
Other non-current financial liabilities	92,676	99,578	105,440	49,971
Deferred taxes	35,529	35,604	38,412	37,203
Current liabilities	511,770	426,431	477,444	667,155
Current financial debts	388,388	312,037	340,045	558,167
Other current financial liabilities	20,030	18,227	15,589	12,949
Trade debts and other current debts	73,035	77,272	98,432	72,280
Accrued charges and deferred income	30,316	18,896	23,378	23,759
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,467,899	3,525,066	3,654,865	3,661,282

APPROPRIATION OF COMPANY RESULTS

The Board of Directors will propose to the Ordinary General Shareholders' Meeting of 10.05.2017 to approve the annual accounts at 31.12.2016, appropriate the profits shown in the table on the right and allocate dividends of:

- 5.50 EUR gross, or 3.85 EUR net per ordinary share;
- 6.37 EUR gross, or 4.459 EUR net per preference share.

The dates and payment methods of the dividends are provided in the shareholder agenda ([see page 171](#)). The **withholding tax**  is 30 %.

At 31.12.2016, Cofinimmo Group held 44,864 ordinary shares as treasury stock. The Board of Directors is proposing to suspend the right to a dividend for the 2016 financial year for 41,965 own ordinary shares as part of its stock option plan and to cancel the right to a dividend for the remaining 2,899 own shares. The remuneration of the capital is based on the number of ordinary and preference shares outstanding on 31.12.2016.

Potential conversions of preference shares into ordinary shares during the conversion period from 22.03.2017 to 31.03.2017, the conversion of convertible bonds into ordinary shares and all sales of ordinary shares held by the Group can modify the remuneration of the capital.

After the remuneration of the capital of 116.4 million EUR proposed for the 2016 financial year, the total amount of reserves and the statutory result of Cofinimmo SA/NV will be 26 million EUR, whereas the amount remaining for distribution according to the rule defined in Article 617 of the Company Code will reach 92 million EUR ([see 'Statutory accounts' chapter in this Annual Financial Report](#)).

The consolidated net current result - Group share for 2016 is 134.3 million EUR and the net consolidated result - Group share is 97.4 million EUR. The pay-out ratio on the consolidated net result from the core activities amounts to 85.9 % compared to 85.1 % in 2015.

APPROPRIATIONS AND DEDUCTIONS

(x 1,000 EUR)	31.12.2016	31.12.2015
A. Net result	96,627	103,601
B. Transfer from/to reserves	19,814	6,895
Transfer to the reserve of the positive balance of changes in the fair value of investment properties	-61,527	-9,364
Financial year	-61,527	-27,367
Previous years	0	18,003
Transfer to the reserve of the negative balance of changes in the fair value of investment properties	25,064	18,219
Financial year	25,061	18,129
Previous years	3	90
Transfer to the reserve of the estimated transaction costs and rights resulting from the hypothetical disposal of investment properties	1,507	861
Financial year	1,507	861
Transfer to the reserve of the balance of the changes in fair value of authorised hedging instruments qualifying for hedge accounting	2,414	846
Financial year	1,478	0
Previous years	936	846
Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments not qualifying for hedge accounting	-61,196	-713
Financial year	-139	-565
Previous years	-61,057	-148
Transfer from/to other reserves	-231	-221
Transfer from the result carried forward of previous years	113,783	-2,732
C. Remuneration of the capital	-36,320	0
Remuneration of the capital provided for in Article 13, § 1, paragraph 1 of the Royal Decree of 13.07.2014 	-36,320	0
D. Remuneration for financial year other than capital remuneration	-80,121	-110,498
Dividends	-79,701	-110,100
Profit-sharing scheme	-420	-398
E. Result to be carried forward	183,406	296,685



TRANSAC PERFOR IN 2016

Cofinimmo continued its healthcare real estate growth strategy in 2016. The Group finalised several renovation and asset extension projects in Belgium and France to ensure that they better meet the housing and care needs of the elderly or ill. Several modern and highly functional facilities were acquired in the Netherlands and in Germany with rental yields between 5.9 % and 7.5 %.

Cofinimmo also continued to actively manage its office portfolio. The teams worked on renovations (Belliard 40, Souverain 24, The Gradient, etc.), on a reconversion to a nursing and care home (Woluwe 106-108), on the conditional sale of a large asset in a decentralised area (Souverain 25), on several acquisitions with value creation potential in the

central business district (Arts 46, Loi 34, Montoyer 10, Science 41) and on the implementation of innovative solutions to anticipate future needs of tenants (Flex Corner®, Cofinimmo Lounge®, etc.).

From a financing standpoint, the Group took advantage of favourable market conditions to issue convertible and non-convertible bonds as well as Green and Social Bonds. It also restructured its interest rate hedging instruments in order to reduce the future cost of debt.

OPERATIONS AND PERFORMANCES

January

Brussels, Leopold District

Completion of sales efforts for the renovated Guimard 10-12 office building.

March

Bonn, Germany

Acquisition of a rehabilitation clinic for 30 million EUR.

April

Brussels, Decentralised District

Signature of a sales agreement for the office building at Souverain 25, subject to the issue of the permit required for site redevelopment.

May

Brussels, Leopold District

Acquisition of the Arts 46 office building for 31 million EUR.

August

Brussels, Leopold and Decentralised Districts

Acquisition of a portfolio of four office buildings for 58 million EUR.

September

Brussels, Decentralised District

Start of reconversion work to transform the office building at Woluwe 106-108 into a nursing and care home.

Buyback of convertible bonds maturing in 2018 and issue of new convertible bonds maturing in 2021 for 219 million EUR.

October

Private placement  of 70 million EUR in bonds.

December

Issue of 'Green and Social Bonds' for 55 million EUR.

Calau and Chemnitz, Germany

Acquisition of two nursing and care homes for 18 million EUR.

Uithoorn, the Netherlands

Acquisition of a third **medical office building**  for 9 million EUR.

COMPOSITION OF THE CONSOLIDATED PORTFOLIO

At 31.12.2016 Cofinimmo consolidated property portfolio contained 1,508 buildings, representing a total surface above ground of 1,801,612 m². Its fair value stands at 3,366.3 million EUR, that is an investment value of 3,505.0 million EUR.

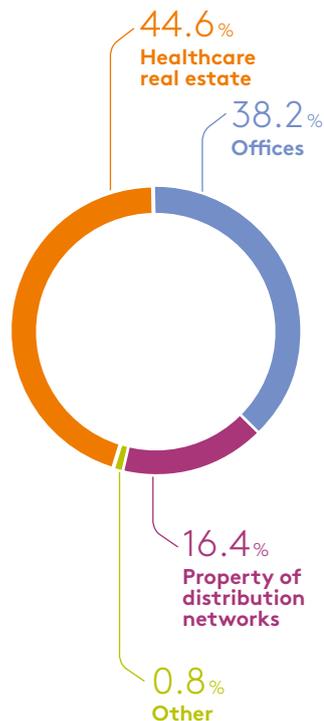
The Group's portfolio is unique in its diversification and the complementarity of its assets, both in terms of the real estate segments and the geographical areas it includes.

It consists of:

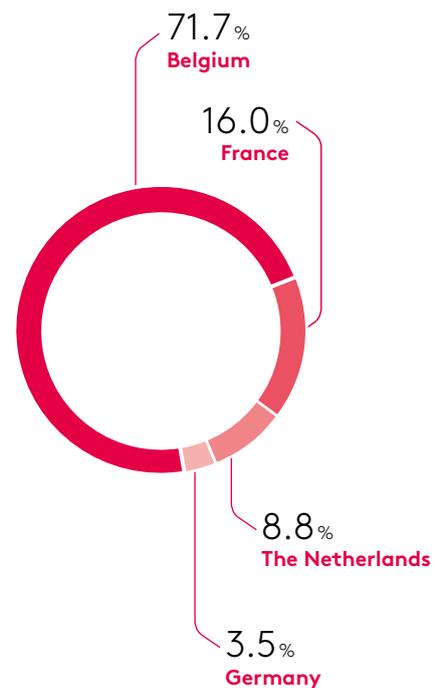
- **in Belgium:** healthcare and office assets, a network of pubs/restaurants and Public-Private Partnerships;
- **in France:** healthcare assets and an insurance agency network;
- **in the Netherlands:** healthcare assets and a network of pubs/restaurants;
- **in Germany:** healthcare assets.



DISTRIBUTION OF THE CONSOLIDATED PORTFOLIO BY REAL ESTATE SEGMENT
at 31.12.2016
– at fair value



DISTRIBUTION OF THE CONSOLIDATED PORTFOLIO BY COUNTRY at 31.12.2016
– at fair value



CHANGES IN THE CONSOLIDATED PORTFOLIO

CHANGE FROM 1996 TO 2016

Cofinimmo was approved as a public fixed capital investment company (Sicafi - now SIR) in 1996. The investment value of the consolidated portfolio was 608.6 million EUR at 31.12.1995. It was 3,505.0 million EUR on 31.12.2016.

Between 31.12.1995 to 31.12.2016, the Group:

- invested a total of 4,633.6 million EUR (acquisitions, construction and renovation);
- had sales of 2,022.0 million EUR.

On average, before deduction of payments to intermediaries and other miscellaneous expenses, Cofinimmo had a net gain of 9.35 % on sales compared to the latest annual valuations preceding the sales, in investment value. The figures do not include the gains and losses realised on the sale of shares of companies holding buildings. These amounts are recorded as gains or losses on the sale of real estate assets.

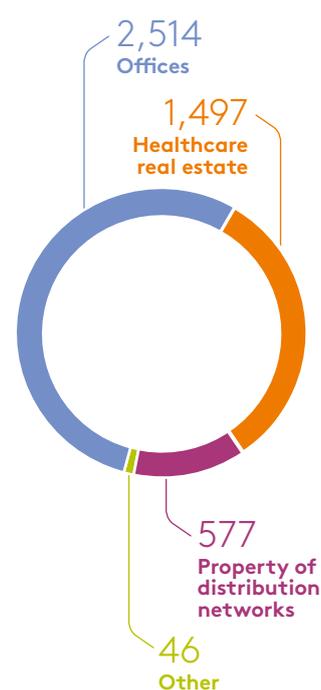
Investments totalling 4,633.6 million EUR made between 1996 and 2016 were allocated as follows among the various real estate segments:

EVOLUTION OF THE INVESTMENT VALUE OF THE CONSOLIDATED PORTFOLIO between 1996 and 2016 (x 1,000,000 EUR)

Investment value of the portfolio at 31.12.1995	609
Acquisitions	3,868
Construction and renovation	766
Net disposal value	-2,172
Realised gains and losses compared with the last annual estimated value	150
Writeback of lease payments sold	178
Change in the investment value	106
Investment value of the portfolio at 31.12.2016	3,505



DISTRIBUTION OF INVESTMENTS BY REAL ESTATE SEGMENT between 1996 and 2016 - in investment value (x 1,000,000 EUR)



CHANGE IN 2016

The investment value of the consolidated portfolio changed from 3,262.3 million EUR at 31.12.2015 to 3,505.0 million EUR at 31.12.2016. At fair value, the figures were 3,134.4 million EUR at 31.12.2015 and 3,366.3 million EUR at 31.12.2016. These figures do not include the realised gains and losses on the sale of shares of companies being the owners of buildings. These amounts are recognised as gains and losses on disposal of securities.

In 2016, the Group:

- invested a total of 214.2 million EUR (acquisitions, construction and renovation);
- had sales of 5.6 million EUR.

The sales in 2016 consisted primarily of pubs/restaurants from the Pubstone retail network. On average, before deduction of payments to intermediaries and other miscellaneous expenses, Cofinimmo had a net gain of 29.0 % on sales compared to the latest annual valuations preceding the sales, in investment value.

In addition, investments totalling 214.2 million EUR made in 2016 were allocated as follows among the various real estate segments:



DISTRIBUTION OF 2016 INVESTMENTS BY REAL ESTATE SEGMENT
in investment value
(x 1,000,000 EUR)



EVOLUTION OF THE INVESTMENT VALUE OF THE CONSOLIDATED PORTFOLIO in 2016 (X 1,000,000 EUR)

Investment value of the portfolio at 31.12.2015	3,262
Acquisitions	171
Construction et renovation	43
Net disposal value	-8
Realised gains and losses compared with the last annual estimated value	2
Writeback of lease payments sold	12
Change in the investment value	23
Investment value of the portfolio at 31.12.2016	3,505

• • •

The portfolio's fair value rose +0.35 % in 2016.

• • •

The change in the fair value of the consolidated portfolio was 11.6 million EUR in 2016 (22.8 million EUR in investment value), i.e., an increase of 0.35 %. The change of the fair value of the portfolio in 2016 appears as follows for the various real estate segments and geographical areas, as shown in the table below.

The positive revaluation of the healthcare real estate and of the refurbished and 100 % leased Guimard 10-12 office building have significantly offset the value depreciation of other office buildings, demonstrating the benefits of an asset diversification policy.

CHANGE IN THE FAIR VALUE OF THE PORTFOLIO, BY REAL ESTATE SEGMENT AND BY GEOGRAPHICAL AREA
in 2016

Real estate segment and geographical area	Change in fair value	Share of the consolidated portfolio
Healthcare real estate	4.0 %	44.6 %
Belgium	3.4 %	24.2 %
France	5.5 %	12.2 %
The Netherlands	4.0 %	4.7 %
Germany	2.4 %	3.5 %
Offices	-4.5 %	38.2 %
Antwerp	1.7 %	2.0 %
Brussels Centre/North	-16.5 %	3.0 %
Brussels Decentralised	-9.0 %	14.6 %
Brussels Leopold/Louise	3.6 %	11.2 %
Brussels Periphery/Satellites	-4.2 %	4.0 %
Other	-0.7 %	3.4 %
Property of distribution networks	2.9 %	16.4 %
Pubstone Belgium	3.5 %	8.4 %
Pubstone The Netherlands	-2.8 %	4.2 %
Cofinimur I	8.6 %	3.8 %
Other	0.4 %	0.8 %
Total	0.3 %	100 %

RENTAL SITUATION OF THE CONSOLIDATED PORTFOLIO

Commercial management of the Cofinimmo portfolio is handled entirely in-house: proximity to clients enables the building of a long-term relationship of trust, an essential element for ensuring a high occupancy rate, long lease maturities and quality tenants.

OCCUPANCY RATE

The occupancy rate of Cofinimmo's consolidated portfolio, calculated on the basis of **contractual rents**  for space leased and the rental values estimated by independent real estate experts for unoccupied space was 94.5 % at 31.12.2016. It is as follows for each real estate segment:

Real estate segment and country	Occupancy rate	Comment
Healthcare real estate	99.2 %	
Belgium	100 %	The assets acquired are leased in their entirety to healthcare operators with which Cofinimmo has signed leases with an initial duration of 27 years. The assets developed are all pre-leased.
France	97.3 %	The assets acquired are leased in their entirety to healthcare operators, generally with leases with an initial duration of 12 years. Cofinimmo took over the existing leases of certain assets at the time they were acquired, resulting in an average residual lease length of 4.7 years at the end of 2016. The leases of three assets have expired since Cofinimmo's arrival on the French healthcare market (2008): at 31.12.2016, two assets had been sold and one was empty. An average gain of 6.6 % was made on the sales. Developed assets are all pre-leased.
The Netherlands	99.7 %	The majority of assets acquired are leased in their entirety to healthcare operators with which Cofinimmo has generally signed leases with an initial duration of 15 years. Cofinimmo owns four medical office buildings which are directly leased to healthcare professionals who receive their patients in the facilities. At 31.12.2016, the occupancy rate of the medical office buildings was 99.3 %. Developed assets are all pre-leased.
Germany	100 %	The assets acquired are leased in their entirety to healthcare operators with which Cofinimmo generally signs leases with an initial duration of 25 to 30 years.

Real estate segment and country	Occupancy rate	Comment
Offices	88.8 %	<p>The majority of leases signed by Cofinimmo in this segment are 3/6/9.</p> <p>The rental vacancy risk faced by the Group each year represents an average of 10 % to 15 % of its office portfolio. In 2016, 57 % of the risk was secured by non-exercised termination options, renegotiations and lease renewals. The tenant retention percentage reaches 61 % when new leases signed and coming into effect during the year are also taken into account.</p> <p>By comparison, the average occupancy rate in the Brussels office market was 90.8 % at 31.12.2016. ¹</p>
Property of distribution networks	98.3 %	
Pubstone Belgium (766 assets on 31.12.2016)	98.6 %	As of the seventh year of the lease (2014), AB InBev has the option of terminating pubs/restaurants leases each year accounting for up to 1.75 % of the annual rental income of the total Pubstone portfolio. The brewing group has released 62 assets since 2014: at 31.12.2016, two had been leased again, 43 sold and 17 were vacant.
Pubstone The Netherlands (240 assets on 31.12.2016)	98.2 %	As of the seventh year of the lease, at every five-year anniversary of the sub-lease agreed by AB InBev and the pubs/restaurants operator, AB InBev has the option of giving up the establishment, on condition that the leases terminated during a given year do not total more than 1.75 % of the annual rental income of the total Pubstone portfolio. The brewing group has released 13 assets since 2014: at 31.12.2016, five had been sold and eight were vacant.
Cofinimur I (279 assets on 31.12.2016)	97.6 %	<p>At the time the insurance agencies leased to MAAF were acquired (2011), ten agencies were either empty or rented with a lease with a residual length of less than one year. At 31.12.2016, of the ten assets, nine were sold and one was empty.</p> <p>The other assets acquired are leased for an initial duration of 3, 6, 9 or 12 years. The leases of 16 agencies have expired since the portfolio was acquired: at 31.12.2016, four had been leased again and 12 were empty.</p>
Other	100 %	This segment consists primarily of a police station entirely leased to a public authority for an initial period of 18 years.
Total	94.5 %	

¹ Source: Cushman & Wakefield.

LEASE MATURITIES

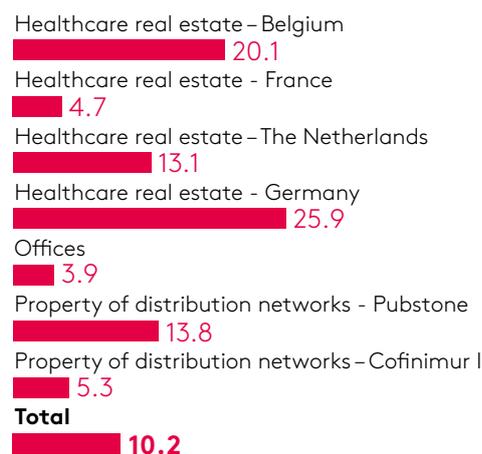
If every tenant were to exercise their first break option, the weighted average residual length of all leases in effect on 31.12.2016 would be 10.2 years. The graph on the right shows the lease maturity for each real estate segment at 31.12.2016.

Average lease maturity would increase to 11.1 years if no break options are exercised i.e. if all tenants would remain in their rented space until the contractual end of the leases.

At 31.12.2016, nearly 50 % of the leases signed by the Group had a term longer than nine years (see table below).



WEIGHTED AVERAGE RESIDUAL LEASE LENGTH PER REAL ESTATE SEGMENT (UNTIL FIRST BREAK OPTION) at 31.12.2016 - in number of years



PORTFOLIO DISTRIBUTION BASED ON LEASE MATURITIES

at 31.12.2016 - in contractual rents

Lease maturities	Share of the consolidated portfolio
Lease > 9 years	47.6 %
Healthcare real estate	29.6 %
Property of distribution networks - Pubstone	13.2 %
Offices - public sector	3.8 %
Other	0.6 %
Offices - private sector	0.4 %
Leases 6-9 years	6.7 %
Healthcare real estate	2.4 %
Offices	2.1 %
Property of distribution networks - Cofinimur I	2.0 %
Other	0.2 %
Lease < 6 years	45.7 %
Offices	34.8 %
Healthcare real estate	9.3 %
Property of distribution networks - Cofinimur I	1.6 %
Total	100 %

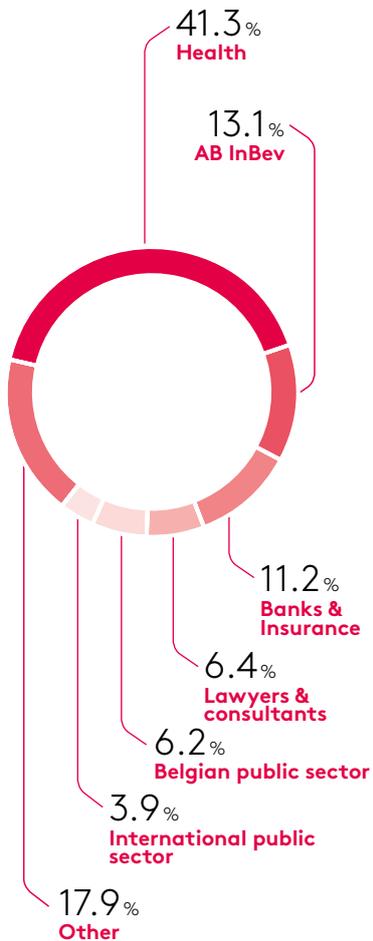
TENANTS

Cofinimmo's consolidated portfolio consists of 487 tenants from a range of sectors. The diversification contributes to its moderate risk profile.

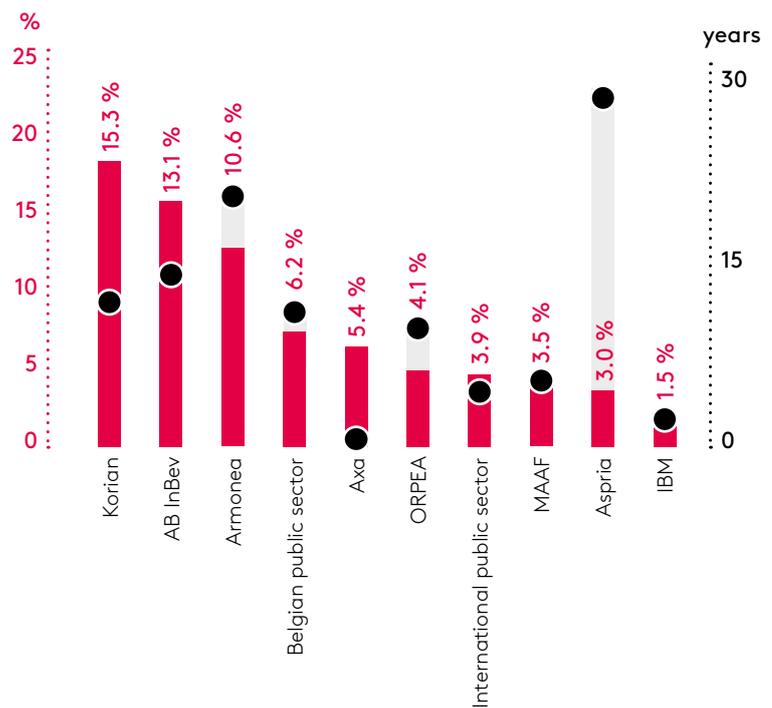
The listed French group Korian has become the Cofinimmo Group's leading tenant. It is followed by AB InBev which leases the Pubstone pubs/restaurants portfolio.



DISTRIBUTION OF THE CONSOLIDATED PORTFOLIO BY TENANT BUSINESS SECTOR
at 31.12.2016 - in contractual rents



TOP 10 TENANTS
at 31.12.2016 - in contractual rents
AND WEIGHTED AVERAGE RESIDUAL LEASE LENGTH UNTIL THE FIRST POSSIBLE TERMINATION DATE
at 31.12.2016 - in number of years



CHANGE IN RENTAL INCOME

Gross rental income increased from 205.2 million EUR in 2015 to 207.1 million EUR in 2016, i.e., an increase of 0.9 %. On a like-for-like basis, gross rental income increased also by 0.9 %. The table below summarises the change in gross rental income for the various real estate segments and countries in 2016.

On a like-for-like basis, indexing and new rentals contributed to an increase in gross rental income of 1.2 % and 1.7 % respectively, in 2016, whereas departures and lease renegotiations reduced gross rental income by 1.7 % and 0.3 % respectively.

CHANGE IN GROSS RENTAL INCOME ON A LIKE-FOR-LIKE BASIS, BY REAL ESTATE SEGMENT AND BY COUNTRY in 2016

Real estate segment and country	Change in gross rental income at constant portfolio	Share of the consolidated portfolio
Healthcare real estate	+1.0 %	44.6 %
Belgium	+1.5 %	24.2 %
France	-0.1 %	12.2 %
The Netherlands	+0.6 %	4.7 %
Germany	+1.5 %	3.5 %
Offices	+1.2 %	38.2 %
Property of distribution networks	+0.3 %	16.4 %
Pubstone Belgium	+1.0 %	8.4 %
Pubstone The Netherlands	-1.3 %	4.2 %
Cofinimur I	+0.8 %	3.8 %
Other	+0.4 %	0.8 %
Total	+0.9 %	100 %



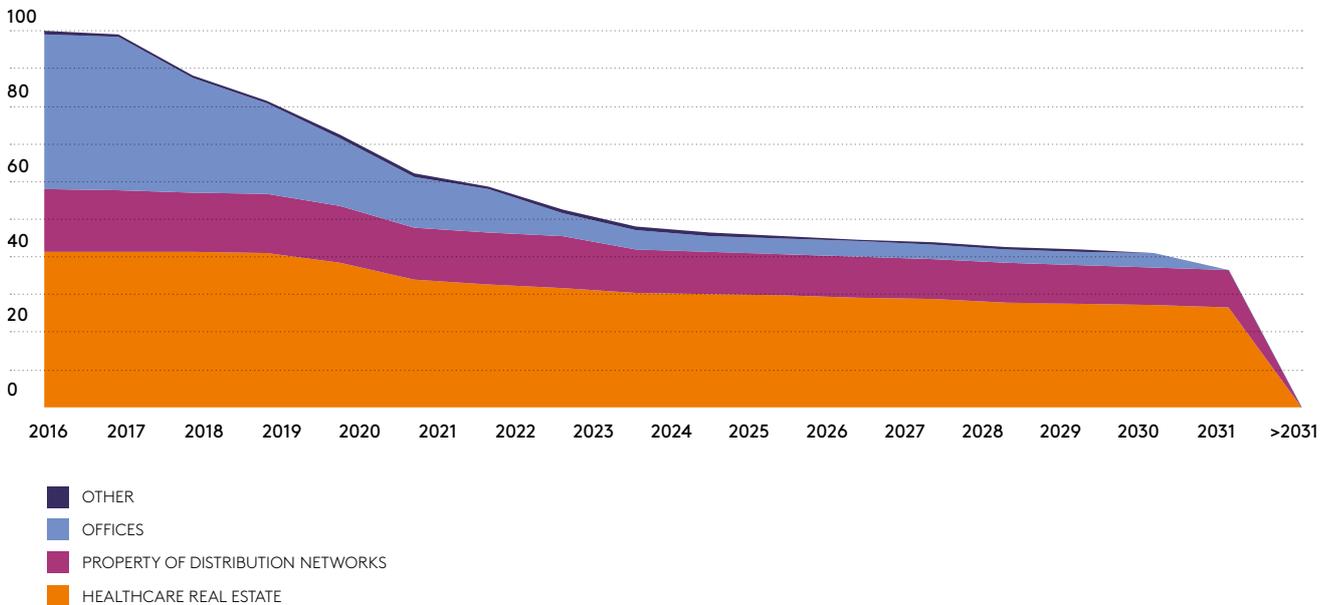
GUARANTEED RENTAL INCOME

Cofinimmo secures its long-term revenue thanks to its portfolio diversification strategy and active commercial management. Over 72 % of its rental income is contractually guaranteed until 2020. This percentage increases to 79 % if no termination options are exercised and all of the tenants remain in place until the end of their lease.

Cofinimmo corporate office –
Woluwe 58 – Brussels (BE)



GUARANTEED RENTAL INCOME
at 31.12.2016 - in contractual rents
(in %)



RENTAL YIELD

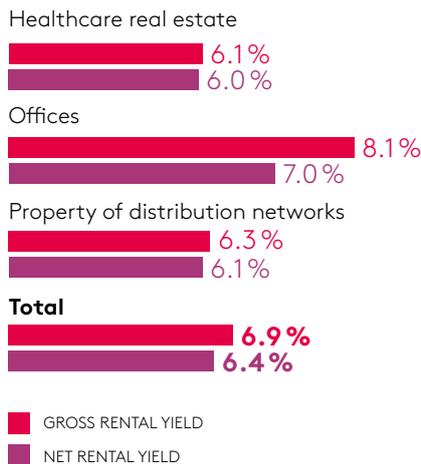
Rental yield is defined as the capitalisation rate of rental income applied to real estate assets. Diversification of the Cofinimmo portfolio in terms of real estate segments and territories has guaranteed the stability of rental yields over time.

The difference between **gross and net rental yields**  reflects direct costs: technical costs (maintenance, repairs, etc.), commercial costs (agent commissions, marketing expenses, etc.) and charges and taxes on unoccupied space. The majority of healthcare real estate leases are 'triple net' which

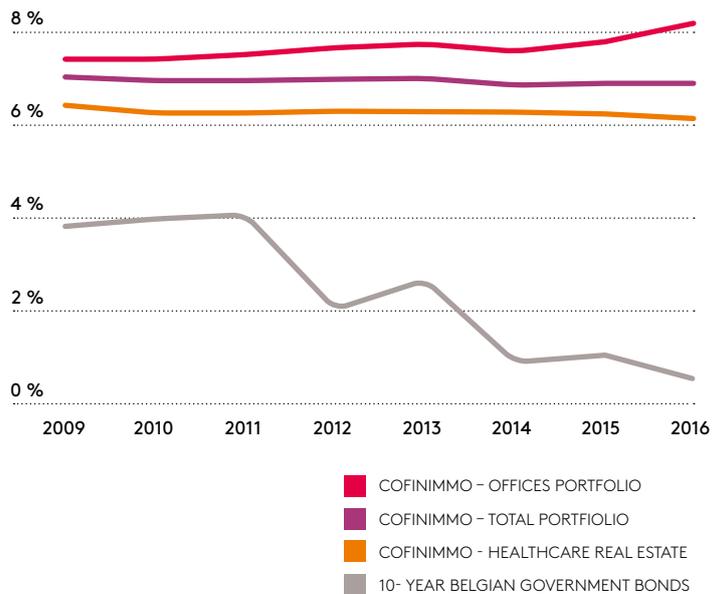
implies that maintenance and insurance expenses and taxes are at the tenant's expense. Therefore, gross and net rental yields are virtually identical in this segment.



GROSS/NET YIELDS PER REAL ESTATE SEGMENT
at 31.12.2016



CAPITALISATION RATES APPLIED TO THE COFINIMMO PORTFOLIO AND YIELD ON 10-YEAR BELGIAN GOVERNMENT BONDS
at 31.12.2016





Office building - Souverain 280 - Brussels (BE)

SECTOR INFORMATION

Real estate segment and country	Number of buildings	Area (in m ²)	Average age (in years)	Fair value (x 1,000,000 EUR)	Share of the consolidated portfolio in fair value (in %)	Contractual rents (x 1,000,000 EUR)	Share of consolidated portfolio in contractual rents (in %)
Healthcare real estate	135	713,811	11	1,499.9	44.6 %	93	41.3 %
Belgium	57	385,243	9	815.6	24.2 %	49	22.0 %
France	50	216,622	+than 15	411.1	12.2 %	26	11.4 %
The Netherlands	22	62,318	5	156.1	4.7 %	10	4.3 %
Germany	6	49,628	5	117.1	3.5 %	8	3.6 %
Offices	85	663,336	14	1,286.7	38.2 %	93	41.3 %
Property of distribution networks	1,285	408,635	+than 15	552.8	16.4 %	37	16.6 %
Pubstone Belgium	766	302,113	+than 15	283.6	8.4 %	19	8.7 %
Pubstone The Netherlands	240	47,035	+than 15	142.3	4.2 %	10	4.4 %
Cofinimur I	279	59,487	+than 15	126.9	3.8 %	8	3.5 %
Other	3	15,830	6	26.9	0.8 %	2	0.8 %
Total	1,508	1,801,612	13	3,366.3	100 %	225	100 %

EVENTS AFTER 31.12.2016

In February 2017, Cofinimmo entered into a new Interest Rate Swap for a nominal amount of 25 million EUR, covering the period 2023-2025. The strike stands at 1.1825 %.

During the same month, the Cofinimmo Group has cancelled a credit line of 50 million EUR, maturing at 15.01.2019.

In March 2017, the Group renewed a credit line of 50 million EUR for a period of eight years.

No other major event took place between 31.12.2016 and the time of writing of this Annual Financial Report.

2017 OUTLOOK

ASSUMPTIONS

ASSET VALUATION

The fair value of the real estate portfolio included in the projected consolidated balance sheet at 31.12.2017 corresponds to the fair value of the overall portfolio at 31.12.2016, plus the large-scale renovation expenses planned for 2017.

MAINTENANCE, REPAIRS AND LARGE-SCALE RENOVATIONS

The projections, produced per building, include maintenance and repair costs

which are part of operating expenses.

They also include large-scale renovations which are capitalised and covered by self-financing or debt.

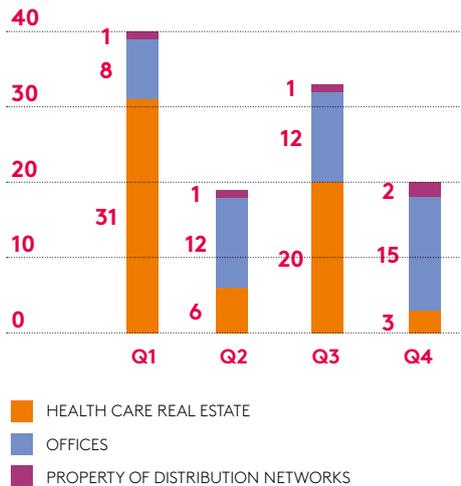
The cost of large-scale renovations taken into account in the 2017 projections are in the amount of 47.0 million EUR for office buildings, 5.8 million EUR for the pubs/ restaurants of the Pubstone portfolio.

HEALTHCARE REAL ESTATE - MAIN CONSTRUCTION WORKS IN 2017-2019

Building	Operator	Type of work	Number of beds (addit.)	Area (addit.)	Work completion (estimated)
Belgium					
De Nootelaer Keerbergen	Senior Living Group (Korian Group)	Renovation and extension	+2	+500 m ²	Q4 2018
Woluwe 106-108 Brussels	Vivalto	Reconversion of an office building into a nursing home	151	8,422 m ²	Q4 2017
Zonnewende Aartselaar	Senior Living Group (Korian Group)	Renovation and extension	+13 service flats	+3,500 m ²	Q4 2018
France					
Domaine de Vontes Esvres-sur-Indre	Inicéa	Renovation and extension	+60	+2,214 m ²	Q2 2019
The Netherlands					
Bavel	Martha Flora	New construction	22	2,198 m ²	Q1 2017
Plataan Heerlen	Sevagram	Renovation	133	14,700 m ²	Q4 2017
Germany					
Brühl Chemnitz	Azurit	Renovation and extension	+14	+ 222 m ²	Q2 2018



2017 INVESTMENT PROGRAMME (X 1,000,000 EUR) IN 2017



INVESTMENTS AND DIVESTMENTS

The following investment and divestment projects are included in the 2017 projections:

- investments in healthcare real estate in Belgium, France, the Netherlands, and Germany in the amount of 60.9 million EUR, resulting from the delivery of new units or the extension of existing units to which Cofinimmo is legally committed;
- sales of pubs/restaurants from the Pubstone portfolio in the amount of 4.7 million EUR.

OFFICES - MAIN CONSTRUCTION WORKS IN 2017-2019

Building	Type of work	Area	Work completion (estimated)
Arts 19H	Demolition and redevelopment of offices	8,600 m ²	Q2 2019
Belliard 40	Demolition and redevelopment of offices	20,000 m ²	Q1 2018
Bourget 40	Medium renovation	14,250 m ²	Q2 2019
Serenitas	Complete renovation of building B and partial renovation of building C	10,274 m ²	Q2 2020
Souverain 23	Conversion to residential	23,000 m ²	Q4 2021
Tenreuken	Construction of flats	11,800 m ²	Q3 2019
The Gradient	Renovation of floor +4	2,900 m ²	Q2 2017
The Gradient	Development of Lounge® by Cofinimmo	1,050 m ²	Q2 2017
The Gradient	Renovation of floor +6	1,455 m ²	Q4 2017

RENTS

Rent projections take into account assumptions about tenant departures for each lease contract, analysed on a case-by-case basis. The contracts in effect are indexed.

The projections also include the cost of renovations, a period without tenants, rental charges and taxes on empty premises which are applicable in the event of tenant departure, as well as agency commissions to re-rent the premises. Rent projections are made for the current market, with no anticipated recovery or deterioration.

The property result also includes writebacks of lease payments sold and discounted for the gradual reconstitution of the full value of the buildings whose rents have been sold to a third party.

A positive or negative change of 1 % in the occupancy rate of the office portfolio would lead to an increase or decrease in the net result from the core activities per share and per year of 0.04 EUR.

INFLATION

Current contracts are indexed. The inflation rate used for rent increases is between 1.0 % and 1.6 % depending on the country, for leases indexed in 2017.

The sensitivity of projections to variations in the inflation rate is low for the period considered. A positive or negative change of 50 basis points in the expected inflation rate would lead to a cumulative increase or decrease in the net current result per share and per year of 0.02 EUR.

FINANCIAL EXPENSES

The calculation of financial expenses is based on the assumption of a change in interest rates as anticipated by the future rate curve and on current bank and bond contract loans. Given the hedging instruments implemented, the total cost of debt in 2017, margins included, should be under 2.0 %.

No assumptions for changes in the value of financial instruments due to variations in rates have been included in the 2017 outlook, either in the balance sheet or the income statements.

CONSOLIDATED INCOME STATEMENTS

The future market value of the buildings is uncertain. It would, therefore, be hazardous to venture a projection for the unrealised result on the portfolio. It will depend on market rent trends, changes in their capitalisation rates and the expected cost of building renovations.

The evolution in shareholders' equity will depend on the net result from the core activities, on the result of financial instruments, on the result on the portfolio as well as on the allocation of dividends. Shareholders' equity is shown before distribution of dividends for the financial year.

NET RESULT FROM CORE ACTIVITIES PER SHARE

Based on current expectations and in the absence of any major unforeseen events, the Group expects a net result from core activities - Group share of 6.49 EUR per share for the 2017 financial year, up 1.4 % compared to the 2016 financial year (6.40 EUR).

This assumption enables the Company to maintain a debt ratio below 50 % at 31.12.2017.

DIVIDEND

The Board of Directors expects to propose a gross dividend per ordinary share of 5.50 EUR to shareholders for the 2017 financial year, that is a consolidated pay-out ratio of 84.7 %.

The proposed dividend of 5.50 EUR for the 2017 financial year represents a gross yield of 5.20 % compared to the average market price of the ordinary share for the 2016 financial year and to a gross yield of 5.95 % compared to the net asset value of the share at 31.12.2016 (at fair value). These yields are significantly higher than the average for European property companies.

The proposal must comply with the requirements of Article 13 of the Royal Decree of 13.07.2014 in that the amount of the dividend distributed must be higher than the required minimum of 80 % of Cofinimmo SA/NV's (non-consolidated) net profit projected for 2017. This article includes a waiver of the obligation to pay a dividend under certain circumstances. Cofinimmo will, nevertheless, exercise its option to do so under these circumstances if the net profit and the requirement of Article 617 of the Company Code allow it.

CAVEAT

The projected consolidated balance sheet and income statements are projections which depend, notably, on the evolution of the real estate and financial markets. They do not provide a guarantee on the part of the Company and have not been certified by an auditor.

However, the Statutory Auditor, Deloitte Reviseurs d'Entreprises SC s.f.d. SCRL/CVBA, represented by Mr. Bernard De Meulemeester, has confirmed that the forecasts have been appropriately established on the basis shown and that the accounting used to make the projections conforms to the accounting methods applied by Cofinimmo for the preparation of its consolidated accounts which are established using accounting methods that comply with IFRS standards, as implemented by the Belgian Royal Decree of 13.07.2014.

2017 PROJECTED CONSOLIDATED INCOME STATEMENT

Analytical form

(x 1,000 EUR)	31.12.2017	31.12.2016
NET RESULT OF CORE ACTIVITIES		
Rental income, net of rental-related expenses	205,539	202,930
Writeback of lease payments sold and discounted (non-cash item)	12,473	11,265
Taxes and charges on rented properties not recovered	-4,683	-1,984
Redecoration costs, net of tenant compensation for damages	-1,950	-1,552
Property result	211,379	210,659
Technical costs	-7,289	-5,901
Commercial costs	-2,252	-1,508
Taxes and charges on unlet properties	-4,750	-4,496
Property result after direct property costs	197,088	198,781
Property management costs	-26,143	-26,702
Operating result (before result on portfolio)	170,945	172,079
Financial products	5,532	5,207
Net financial charges	-30,147	-32,309
Other financial charges	-400	-848
Share in the net result of the core activities of associated companies and joint ventures	471	466
Taxes	-3,443	-5,906
Net result of core activities	142,958	138,689
Minority interests related to the net result of core activities	-4,422	-4,429
Net result of the core activities - Group share	138,536	134,260
Number of shares participating in the result of the period	21,352,708	20,986,326
Net result of the core activities per share - Group share	6.49	6.40

2017 PROJECTED CONSOLIDATED BALANCE SHEET

(x 1,000 EUR)	31.12.2017	31.12.2016
Non-current assets	3,613,705	3,547,181
Goodwill	99,256	99,256
Investment properties	3,430,081	3,363,636
Finance lease receivables	75,326	75,718
Trade receivables and other non-current assets	2,172	2,172
Participations in associated companies and joint ventures	6,870	6,398
Current assets	113,373	114,101
Assets held for sale	2,695	2,695
Finance lease receivables	1,830	1,795
Cash and cash equivalents	41,271	41,271
Other current assets	67,577	68,340
TOTAL ASSETS	3,727,078	3,661,282
Shareholders' equity	1,955,651	1,919,459
Shareholders' equity attributable to shareholders of parent company	1,889,320	1,852,922
Minority interests	66,331	66,536
Liabilities	1,771,427	1,741,823
Non-current liabilities	1,157,010	1,074,668
Non-current financial debts	1,052,947	970,604
Other non-current financial liabilities	104,063	104,063
Current liabilities	614,417	667,156
Current financial debts	506,500	558,167
Other current financial liabilities	107,917	108,989
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,727,078	3,661,282
Debt ratio	43.77 %	43.74 %

If applicable, the Company will comply with Article 24 of the Royal Decree of 13.07.2014, which requires the creation of a financial plan with an implementation schedule describing the measures intended to ensure the consolidated debt ratio does not exceed 65 % of consolidated assets. The plan must be sent to the FSMA ([see also page 229](#)).

STATUTORY AUDITOR'S REPORT ON THE FORECASTS

Deloitte.

23 March 2017

For the attention of the board of directors of Cofinimmo SA/NV
Boulevard de la Woluwe 58
1200 Brussels

Dear Sirs

Cofinimmo SA/NV

We report on the projected financial information comprising the projected consolidated income statement and consolidated balance sheet of Cofinimmo SA/NV ("the Company") and its subsidiaries (together "the Group") for the year ending 31 December 2017 (the "Projected Financial Information"). The Projected Financial Information, and the material assumptions upon which it is based are set out on pages 52 to 57 of the annual report ("the 2016 Annual Report") issued by the Company dated 23 March 2017.

This report is required by Annex XV of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") making reference to Annex I item 13.2 and is given for the purpose of complying with that rule and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the "Directors") to prepare the Projected Financial Information in accordance with the requirements of the Prospectus Directive Regulation.

It is our responsibility to form an opinion as required by the Prospectus Directive Regulation as to the proper compilation of the Projected Financial Information and to report that opinion to you.

Save for any responsibility arising under art. 61 of the Law of 16 June 2006 to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Annex XV of the Prospectus Directive Regulation making reference to Annex I item 23.1, consenting to its inclusion in the registration document.

Basis of Preparation of the Projected Financial Information

The Projected Financial Information has been prepared on the basis stated on pages 52 to 55 of the 2016 Annual Report and is based on a forecast for the 12 months to 31 December 2017. The Projected Financial Information is required to be presented on a basis consistent with the accounting policies of the Group.

Deloitte Bedrijfsrevisoren / Réviseurs d'Entreprises
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /
Société civile sous forme d'une société coopérative à responsabilité limitée
Registered Office: Gateway Building, Luchthaven Nationaal 1 J, B-1930 Zaventem
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

Member of Deloitte Touche Tohmatsu Limited

Basis of opinion

We conducted our work in accordance with the International Standard on Assurance Engagement 3400 "The Examination of Prospective Financial Information" ("ISAE 3400") issued by the International Auditing and Assurance Standards Board ("IAASB"). Our work included evaluating the basis on which the historical financial information included in the Projected Financial Information has been prepared and considering whether the Projected Financial Information has been accurately computed based upon the disclosed assumptions and the accounting policies of the Group. Whilst the assumptions upon which the Projected Financial Information are based are solely the responsibility of the Directors, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors which, in our opinion, are necessary for a proper understanding of the Projected Financial Information have not been disclosed or if any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Projected Financial Information has been properly compiled on the basis stated.

Since the Projected Financial Information and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Projected Financial Information and differences may be material.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside Belgium, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the Projected Financial Information has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Group.

Declaration

For the purposes of art. 61 of the Law of 16 June 2006, we are responsible for this report as part of the Registration Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the registration document in compliance with Annex XV of the Prospectus Directive Regulation making reference to Annex I item 13.2.

Yours faithfully



DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Bernard De Meulemeester

HEALTHCARE REAL ESTATE



ARE

Cofinimmo has a portfolio in four countries consisting of 135 assets, as varied as nursing homes, medical office buildings, acute care clinics, and sport and wellness centres. Today, Cofinimmo is one of the major health care real estate investors in continental Europe, a position the Group intends to strengthen over the coming years.

HEALTHCARE REAL ESTATE: A GROWTH MARKET FOR THE GROUP



45 %
OF THE OVERALL
PORTFOLIO
at 31.12.2016



1,500
MILLION EUR
FAIR VALUE OF THE
PORTFOLIO
at 31.12.2016



99 %
OCCUPANCY
RATE
at 31.12.2016



135
ASSETS
at 31.12.2016

MARKET CHARACTERISTICS¹

The healthcare real estate market is characterised by strong growth potential, a favourable legal environment and long-term leases with operators.

STRONG GROWTH POTENTIAL

■ Demographic trends and changes in lifestyles: an ageing population and a growing need for specialised care facilities

Population ageing is a growing trend in most European countries. The proportion of people aged 80 and over in Europe is set to reach 10 % of the total population by 2050. Although the number of independent seniors within this category is up, population ageing will nevertheless be accompanied by a considerable increase in the

number of dependent elderly. This situation will lead to a greater need for specialised healthcare facilities and, consequently, beds. It is estimated that between 2025 and 2030, the need for beds will rise by 45,000 in Belgium. The same trend is apparent in France with growth estimated at 36,000 additional beds. In addition, obsolete buildings will be rebuilt to provide over 110,000 beds.

■ Budgetary constraints: a search for less costly solutions for society

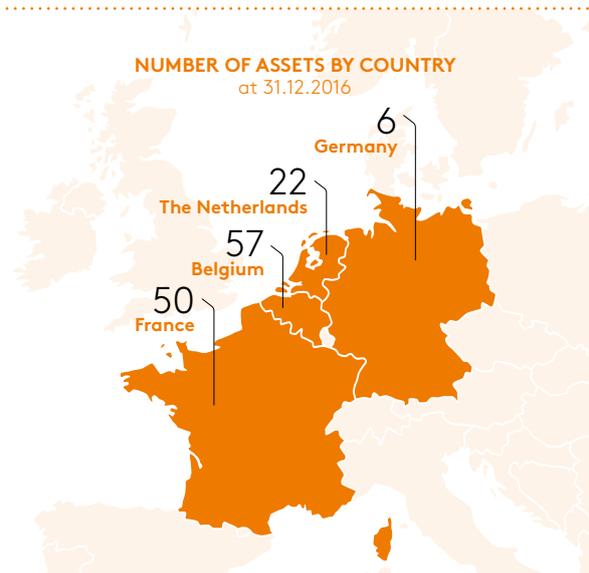
Healthcare spending also accounts for an increasing share of GDP: in Belgium, France, Germany and the Netherlands, the share is between 10 % and 12 %, depending on the country. Given a context of budget restrictions, private players are increasingly taking over from the public sector in this segment. There is also a growing trend to steer long-term patients and less complex cases to



12,378
BEDS
at 31.12.2016



713,800 m²
ABOVE-GROUND
FLOOR AREA
at 31.12.2016



¹ Sources : Cushman & Wakefield, EY, Healthcare Property, Savills.



Medical office building
De Waterlinie - Uithoorn (NL)

less technical and less expensive establishments. The 'Zelfstandige BehandelCentra'  segment, or medium-sized private clinics specialising in less complex medical disciplines (dermatology, ophthalmology, orthopaedics, etc.), is expanding rapidly in the Netherlands.

■ Professional healthcare operators

There are three types of operators in the healthcare sector: public operators, non-profit sector operators and private operators. The breakdown in market share between these various players varies from one country to the other. Belgium has the most balanced situation in the nursing and care homes segment

with each type of operator representing a third of the market. Conversely, the non-profit sector has a practical monopoly in the Netherlands. Germany and France have intermediary situations.

There is significant fragmentation in the private sector with many players operating a single facility. However, there is a move towards consolidation in Belgium and France and, more recently in Germany. The most striking example is the 2014 merger of French operators Korian and Medica, followed by acquisitions in other countries, which resulted in the joint management of over 71,500 beds spread over 710 sites in four countries. Consolidation ensures operators a better distribution of risks, easier access to financing, more regular contact with public authorities and certain economies of scale.



Rehabilitation clinic
Kaiser Karl - Bonn (DE)

A FAVOURABLE LEGAL ENVIRONMENT

Healthcare financing is highly regulated given that the public sector is involved. This is notably the case for the nursing and care home market. In Belgium and France, for example, opening or expanding a nursing and care home requires prior authorisation to operate a given number of beds. This authorisation is issued by the public authorities. As they finance up to 50 % of housing and care costs, the number of authorisations granted per geographical zone is limited given the needs of each area and the budget available. While this limits the growth potential of certain players in a context of budget restrictions, the latter also provide a barrier to entry and protection for operators already active in the market.

LONG-TERM LEASES WITH OPERATORS

One of the main characteristics of the healthcare real estate sector, and one of the main attractions for investors, is the long length of the leases signed with operators: The initial lease length is generally 12 years in France, 15 or 20 years in the Netherlands, 25 years in Germany and 27 years in Belgium. Rents are fixed (that is, they are not

tied to resident occupancy rates) and indexed. Indexing is usually annual and based on the consumer price index. However, in Germany, indexing may only be implemented once a given index threshold is reached and/or according to a given index percentage.

Given the above, healthcare real estate is attracting a growing number of investors. Over 13 billion EUR were invested (construction and purchases) in healthcare real estate in Europe between 2007 and 2014. The trend is strengthening with, nevertheless, significant differences in prices and in yields depending on the country.

In the Benelux, the majority of investment in healthcare real estate has been made in nursing and care homes. Other healthcare assets (rehabilitation clinics, psychiatric clinics, hospitals, etc.) account for the majority of investment in Germany and France.

The split between sale and leaseback transactions and traditional investments has changed over the past seven years: in 2007, the two types of transactions split the investment market equally. By 2016, the big majority of transactions were 'traditional investments'.

HEALTHCARE REAL ESTATE STRATEGY

Cofinimmo's priority strategic goal is to expand its healthcare real estate portfolio at a pace compatible with the potential to generate yields at a sufficient level and with its ability to acquire or build functional buildings of excellent technical quality. Concretely, given the opportunities seen in the market, the Group expects the sector to account for 50 % of its total portfolio by the end of 2019.

NEW MARKETS

(GERMANY AND THE NETHERLANDS):

- Asset acquisitions
- Development projects

ESTABLISHED MARKETS

(BELGIUM AND FRANCE):

- (Re)development projects
- Asset arbitrage

DIVERSIFICATION:

- By country
- By care speciality
- By operator

SUSTAINABLE AND SOCIALLY RESPONSIBLE DEVELOPMENT

The four countries in which Cofinimmo has invested in healthcare assets are at different stages of development. On the operator side, the Belgian and French markets have seen the growth of large operator groups with an international presence over the past years. In the Netherlands and Germany, operators are generally smaller and manage one or a few facilities. However, concentration has accelerated in Germany over the past four years. On the investment side, healthcare assets have been very popular in Belgium and France, and more recently in Germany,

resulting in the compression of initial real estate yields. There is less competition in the Netherlands, especially for smaller assets, and many of the operators are non-profits.

In **'new' markets** like Germany and the Netherlands, the Group's strategy is to both acquire assets and to develop others for operators.

In **more mature markets** like Belgium and France, the strategy consists in, on one hand, (re) developing assets and, on the other, taking advantage of investor appetite for this type of asset for arbitrage. Cofinimmo is also

actively **diversifying its portfolio** to improve its risk profile. Lastly, all healthcare real estate investments are made in a **sustainable and socially responsible way**.



Medical office building
Oranjeplein - Goirle (NL)

ASSET ACQUISITIONS

In addition to the usual due diligence reviews, each healthcare real estate asset studied by the Group is rated on the basis of a number of different factors:

- **intrinsic qualities:** size of rooms and other areas, terrace or garden, light, functionality for residents/patients and care staff, etc.;
- **energy performance:** technical facilities, insulation, etc.;
- **operator-tenant:** experience level, care quality reputation, financial solidity, growth goals, etc.;
- **location:** vehicle access, public transport, local taxes, etc.;
- **local environment:** presence of shops, agreeable view, standard of living of the region's residents, similar care offerings nearby, future evolution of demographics etc.

Initial rental yields expected to amount to minimum 5.5 %.

• • •
Initial rental yields expected upon acquisitions amount to minimum 5.5 %.

• • •

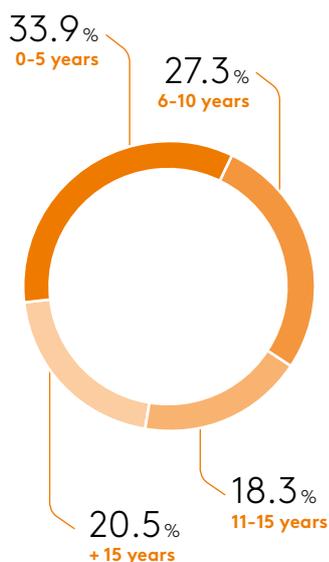
COMMITTED INVESTMENT PIPELINE IN HEALTHCARE REAL ESTATE ¹

at 31.12.2016

Building	Operator	Type of work	Number of beds (addit.)	Area (addit.)	Work completion (estimated)
Belgium					
De Nootelaer Keerbergen	Senior Living Group (Korian Group)	Renovation and extension	+2	+500 m ²	Q4 2017
Woluwe 106-108 Brussels	Vivalto	Conversion of office building to nursing and care home	151	8,422 m ²	Q4 2017
Zonnewende Aartselaar	Senior Living Group (Korian Group)	Renovation and extension	+13 service flats	+3,500 m ²	Q4 2018
France					
Domaine de Vontes Esvres-sur-Indre	Inicéa	Renovation and extension	+60	+2,214 m ²	Q2 2019
The Netherlands					
Bavel	Martha Flora	New construction	22	2,198 m ²	Q1 2017
Plataan Heerlen	Sevagram	Renovation	133	14,700 m ²	Q4 2017
Germany					
Brühl Chemnitz	Azurit	Renovation and extension	+14	+222 m ²	Q2 2018


DISTRIBUTION OF THE CONSOLIDATED PORTFOLIO BY AGE OF ASSETS

at 31.12.2016 – at fair value

**(RE)DEVELOPMENT PROJECTS**

Cofinimmo can help healthcare operators grow thanks to its real estate expertise and an integrated approach (one-stop shopping). The services offering provided ranges from simple financing to larger-scale projects which include design, construction and delivery of new projects. Cofinimmo has an experienced team which includes financial, technical and legal expertise. All of the staff are up-to-date with the latest developments in healthcare real estate.

Over the past ten years, the Group has assisted healthcare facilities operators with over 50 asset renovation, construction and extension projects. In addition to gaining the loyalty of operator-tenants, the (re)development activity ensures that the assets are maintained at a certain quality level and it creates value.

¹ All projects are pre-leased and have been accounted for in the financial year 2017 forecasts (see chapter 'Forecasts 2017' in this Annual Financial Report).



Care and rehabilitation clinic Caux du Littoral - Néville (FR)



Over the past ten years, the Group has assisted healthcare facilities operators with over 50 asset renovation, construction and extension projects.



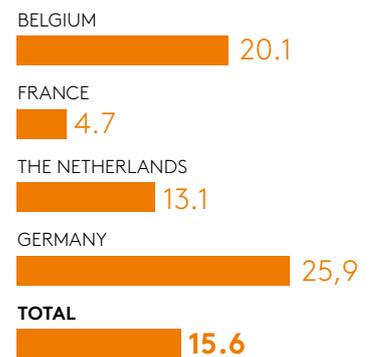
ASSET ARBITRAGE

Cofinimmo initiated a selective asset arbitrage policy for its most mature markets, i.e. Belgium and France, three years ago. The policy consists in selling non-strategic assets and reinvesting the funds in other assets which better match the Group’s vision. This enables it to take advantage of the growing appetite of certain investors for this

type of asset, while optimising the composition of the portfolio. The criteria used to make a sale decision include the size of the asset, its age, its location, its operation and the residual length of the lease.



WEIGHTED AVERAGE RESIDUAL LEASE LENGTH PER COUNTRY UNTIL FIRST BREAK OPTION at 31.12.2016 - in number of years





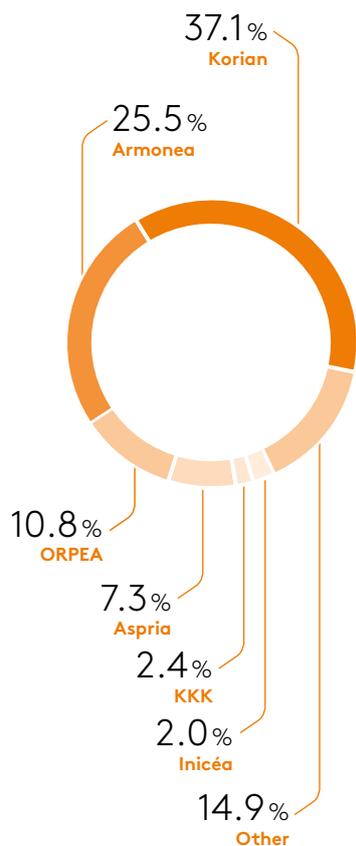
DISTRIBUTION OF THE CONSOLIDATED PORTFOLIO BY COUNTRY

at 31.12.2016 - at fair value



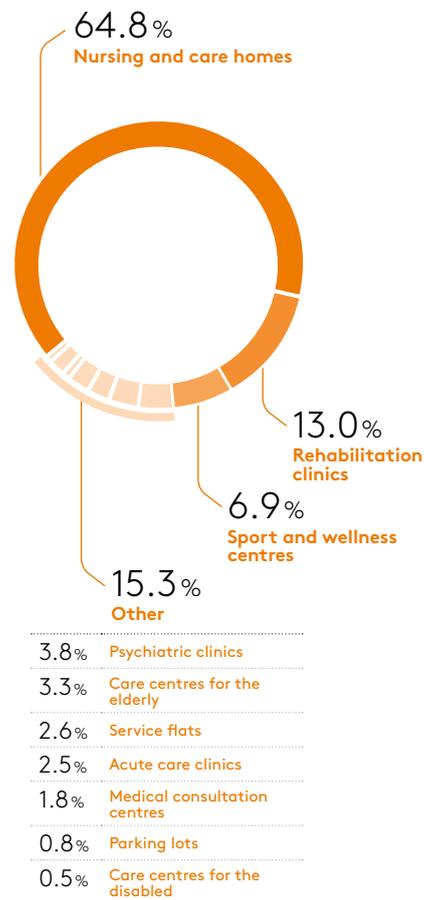
DISTRIBUTION OF THE CONSOLIDATED PORTFOLIO BY OPERATOR-TENANT

at 31.12.2016 - in contractual rents



DISTRIBUTION OF THE CONSOLIDATED PORTFOLIO BY TYPE OF ASSET

at 31.12.2016 - at fair value



DIVERSIFICATION

Cofinimmo is actively diversifying its portfolio to mitigate the risks related to its investments in healthcare real estate. The diversification is taking place at three levels:

- **by country:** the Group currently holds healthcare assets in Belgium, France, the Netherlands and Germany;
- **by operator-tenant:** Cofinimmo has xx healthcare operators and care service providers in its client-tenant database;
- **by asset type:** the Group's healthcare real estate portfolio includes nursing and care homes, **service flats** , rehabilitation clinics, psychiatric clinics, medical consultation centres, care centres for the elderly and the disabled, acute care clinics and sport and wellness centres.

This enables the Group to avoid becoming overly dependent on a given financing or social security system.

Cofinimmo periodically receives an operations financial data report from the operators of each site it owns. This enables it to assess the financial sustainability of each operation and, particularly, the coverage of the lease by the operations cash flow and/or the

site's free cash flow. A comparison of the prices paid by residents/patients for housing and care situations at each operation compared to neighbouring sites and provides an appreciation of the risk associated with acquiring new units.



Nursing and care home
Tillens Residence - Brussels (BE)

SUSTAINABLE DEVELOPMENT

The role that Cofinimmo can play in terms of sustainable development in the daily management of its healthcare assets is fairly limited. Most of its assets are managed virtually autonomously by operator-tenants who decide on the type of upkeep and maintenance work to be done. However, Cofinimmo consolidates all available data about energy consumption in its buildings in its analytical accounting system in order to raise operator awareness.

Conversely, Cofinimmo's decisions and actions regarding the management of the (re) development of healthcare real estate can have a significant impact on sustainable development. First, because the Group consistently

works to provide the best possible response to changing needs in the housing and care of vulnerable or dependent persons by developing innovative and comfortable buildings to measure. Next, because Cofinimmo transforms the urban landscape responsibly by paying special attention to aesthetics and the building mix in neighbourhoods. Lastly, because the company promotes the use of modern techniques and sustainable materials to reduce the carbon footprint of the buildings it develops. As a result, Cofinimmo fully assumes its social and environmental responsibilities.



2016 PROJECTS IN GERMANY

47.4
MILLION EUR
INVESTMENTS
IN 2016

INITIAL GROSS
RENTAL YIELD
BETWEEN

5.9 %
AND
7.3 %



KAISER KARL KLINIK BONN

Acquisition of a rehabilitation clinic
in operation

Year built/renovated
(extension): 1996 (2013)

Surface area
(above-ground): 15,600 m²

Number of beds: 150

Investment amount: 30.0 million EUR

Operator: Eifelhöhen-Klinik AG

Lease: 25 years - 'Dach und
Fach'



SENIOREN- RESIDENZ CALAU CALAU

Acquisition of a newly built nursing
and care home

Surface area
(above-ground): 4,600 m²

Number of beds: 81 (+20 places in daycare
centres)

Investment amount: 9.1 million EUR

Operator: MED Gesellschaft für
Altenpflege mbH

Lease: 25 years - 'Dach und Fach'



SENIOREN- ZENTRUM BRÜHL CHEMNITZ

Acquisition a nursing and care home
in operation

Year built/renovated
(extension): 2007

Surface area
(above-ground): 6,700 m²

Number of beds: 94 (+17 places in service
flats)

Investment amount: 8.8 million EUR

Operator: Azurit Rohr GmbH -
Natürlich Leben im Alter

Lease: 25 years - 'Dach und Fach'



2016 PROJECTS IN THE NETHERLANDS

45.2
MILLION EUR
INVESTMENTS
IN 2016

INITIAL GROSS
RENTAL YIELD
BETWEEN

6.5 %
AND
7.5 %

1 ORANJE- PLEIN GOIRLE

Acquisition of a fully renovated medical office building

Surface area (above-ground):	1,850 m ²
Investment amount:	4.5 million EUR
Tenants:	medical and paramedical professionals
Weighted average residual lease length:	7 years
Type of lease:	Double net ↓

2 PARKING AMPHIA BREDA

Completion of parking lot construction work at the hospital

Number of parking spots:	900
Investment amount:	9.7 million EUR
Work timing:	Q1 2016 – Q3 2016
Operator:	Stichting Amphia
Lease:	30 years – Double net

3 ALPHEN AAN DEN RIJN

Delivery of construction works of care centre for the disabled

Surface area (above-ground):	2,000 m ²
Number of beds:	24
Investment amount:	2,5 million EUR
Timing des travaux:	Q2 2015 - Q3 2016
Operator:	Philadelphia Zorg
Lease:	15 years – Double net

4 PIUSHAVEN TILBURG

Acquisition of a medical office building in operation

Year built/renovated:	2011
Surface area (above-ground):	2,250 m ²
Investment amount:	6.0 million EUR
Tenants:	medical and paramedical professionals
Weighted average residual lease length:	7.5 years
Type of lease:	Double net

5 WATERLINIE UITHOORN

Acquisition of a medical consultation centre in operation

Year built/renovated:	2013
Surface area (above-ground):	3,900 m ²
Investment amount:	9,4 million EUR
Tenants:	medical and paramedical professions
Weighted average residual lease length:	9 years
Type of lease:	Double net

6 LEIDEN LEIDEN

Acquisition of a medical office building in operation

Year built/renovated:	2012
Surface area (above-ground):	2,000 m ²
Investment amount:	3.3 million EUR
Tenants:	medical and paramedical professions
Weighted average residual lease length:	5.5 years
Type of lease:	Double net



2016 PROJECTS IN BELGIUM

5.6
MILLION EUR
INVESTMENTS
IN 2016

INITIAL GROSS
RENTAL YIELD
BETWEEN

5.9 %
AND
6.5 %



MILLEGEM RANST

Completion of extension work for a nursing and care home

Additional surface area (above-ground): +1,440 m²

Number of additional beds: +29

Investment amount: 2.7 million EUR

Work timing: Q2 2015 – Q2 2016

Operator: Armonea

Lease: 27 years – Triple net



NOOTELAER KEERBERGEN

Signature of an agreement for the renovation and extension of a nursing and care home

Additional surface area (above-ground): +500 m²

Number of additional beds: +2

Investment amount: 2.7 million EUR

Work timing: Q1 2017 – Q4 2018

Operator: Senior Living Group (Korian Group)

Lease: 27 years – Triple net



ZONNEWENDE AARTSELAAR

Signature of an agreement for the renovation and extension of a nursing and care home

Additional surface area (above-ground): +3,500 m²

Number of additional beds: +13 service flats

Investment amount: 6.6 million EUR

Work timing: Q4 2016 – Q4 2018

Operator: Senior Living Group (Korian Group)

Lease: 20 years – Triple net



WOLUWE 106-108 WOLUWÉ-SAINT-LAMBERT/ ST-LAMBRECHTS- WOLUWE (BRUSSELS)

Start of reconversion work to transform an office building into a nursing and care home

Surface area (above-ground): 7,000 m²

Number of beds: 151

Investment amount: 13 million EUR

Work timing: Q3 2016 – Q4 2017

Operator: Vivalto

Lease: 27 years – Triple net



2016 PROJECTS IN FRANCE

6.2
MILLION EUR
INVESTMENTS
IN 2016

INITIAL GROSS
RENTAL YIELD
BETWEEN

6.1 %
AND
7.5 %



1 DOMAINE DE VONTES EVRES-SUR-INDRE

Signature of an agreement for the renovation and extension of a care and rehabilitation clinic **SSR** ⬇️

Additional surface area (above-ground): +2,214 m²

Number of additional beds: +60

Investment amount: 6.8 million EUR

Work timing: Q3 2016 – Q2 2019

Operator: Inicéa

Lease: 12 years – Double net



2 LES LUBÉRONS LE PUY SAINTE RÉPARADE

Acquisition of the renovation and extension work for an **EHPAD** ⬇️

Surface area (above-ground): 6,400 m²

Number of beds: 108

Investment amount: 3.9 million EUR

Operator: Korian

Lease: 12 years – Double net



3 WILLIAM HARVEY SAINT MARTIN D'AUBIGNY

Acquisition of the renovation and extension work for a care and rehabilitation clinic **SSR**

Surface area (above-ground): 5,100 m²

Number of beds: 70

Investment amount: 2.1 million EUR

Operator: Korian

Lease: 12 years – Double net



4 CAUX DU LITTORAL NÉVILLE

Delivery of renovation and extension work for a **SSR**

Surface area (above-ground): 3,230 m²

Number of beds: 60

Investment amount: 5.2 million EUR

Work timing: Q3 2014 – Q1 2016

Operator: Handra

Lease: 12 years – Triple net

OFFICE





ICES

77

Cofinimmo has been a major player in the Brussels office market for over 30 years. The company relies on the experience it has accumulated in the sector to proactively and dynamically manage its portfolio of 85 office buildings: rental management, upgrades to meet the requirements of 'new working methods', a renovation and reconversion programme and asset arbitrages are carried out with a long-term outlook.

OFFICES: DYNAMIC MANAGEMENT OF WORK SPACES



38%
OF THE OVERALL
PORTFOLIO
at 31.12.2016



1,287
MILLION EUR
FAIR VALUE OF THE
PORTFOLIO
at 31.12.2016



89%
OCCUPANCY
RATE
at 31.12.2016

MARKET CHARACTERISTICS¹

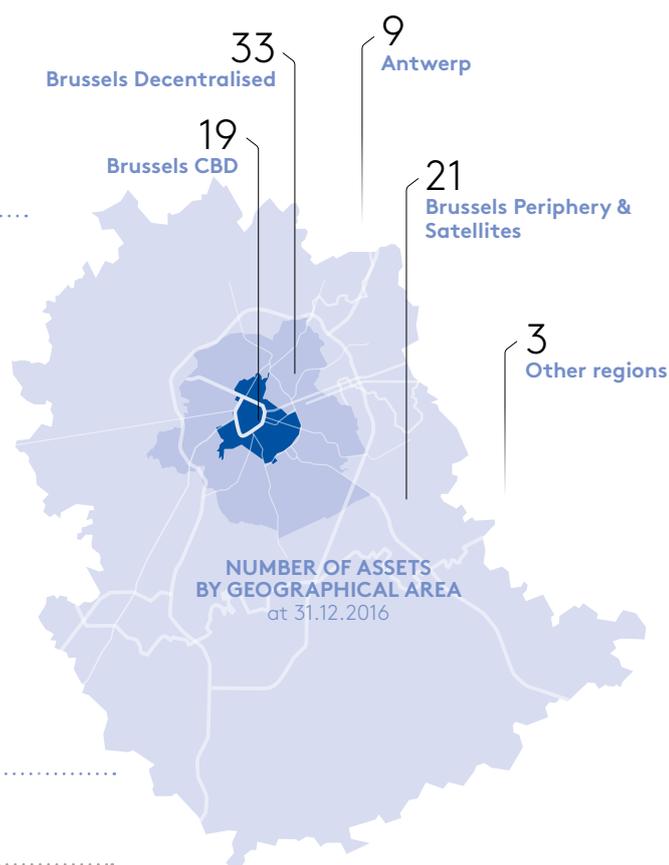
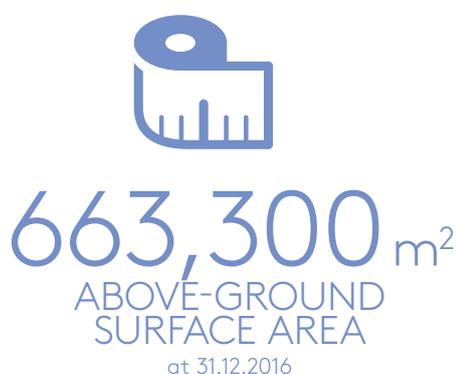
BRUSSELS OFFICE MARKET SUB-SECTORS

The Brussels office market consists of several sub-sectors. The four largest are often grouped together under the heading 'Central Business District' (CBD).

- **Brussels City Centre:** the historical heart of the city
Occupants: Belgian public authorities and medium-size and large private Belgian companies.
- **Leopold District:** European district
Occupants: European institutions and the delegations and non-profits working with them.
- **Brussels North:** business area
Occupants: Belgian national and regional public authorities, semi-public and large private companies.
- **Louise District:** high-end district, mixed use (residential and offices)
Occupants: law firms, embassies and medium-size private companies.
- **Brussels Decentralised:** the rest of the 19 municipalities of the Brussels-Capital Region, primarily residential
Occupants: medium-size and large private companies
- **Brussels Periphery & Satellites:** the area adjoining the Brussels-Capital Region, the Ring and the national airport
Occupants: private companies of all sizes.



Immeuble de bureaux West-end - Bruxelles (BE)



¹ Sources: CBRE, Cushman & Wakefield, Jones Lang Lasalle.



Office building Loi 34 - Brussels (BE)

THE BRUSSELS OFFICE RENTAL MARKET

DEMAND

Rental demand in the Brussels office market reached 454,000 m² in 2016, the highest level since 2010, and an increase of 50 % compared to 2015. This remarkable performance was primarily the result of transactions with public (Belgian and European) authorities which on their own represented more than 40 % of the **take-up** .

Furthermore, type A¹ buildings were most in demand: 185,000 m² have been leased in new or renovated buildings.

OFFERING

During the 2016 fiscal year, 240,000 m² of new office space was delivered to the Brussels market. Very few of the investments, only

86,000 m² of this surface space, were speculative investments and 15,000 m² are vacant at the end of 2016. Another 250,000 m² are expected on the market in 2017, of which 218,000 m² are pre-leased.

VACANCY

Rental vacancy in the Brussels office market stood at 9.2 % at the end of 2016, falling from 9.9 % at 31.12.2015. The decrease observed since 2010, can be explained, on one hand, by the low number of new speculative buildings brought to market and, on the other, by the reconversion of office buildings for other uses (residential, hotels, nursing homes, etc.).

There are significant disparities between the different neighbourhoods. The Centre and Leopold districts have a vacancy rate of 5.3 % whereas the periphery, west of Brussels and the airport area, are having vacancy rates above 18.5 %. In addition, there are

disparities between different types of buildings with type A buildings being most in demand.

THE BRUSSELS OFFICE INVESTMENT MARKET

In 2016, 1.5 billion EUR were invested in the office sector in Brussels.

The prime yield fell for office space in Brussels. It was 4.75 % at the end of 2016 for assets rented on a 3/6/9 lease and below 4 % for assets with a long-term lease.

¹ Type A: new construction or renovation based on the latest standards, including sub-leased space in new/renovated buildings which were not previously occupied.

OFFICES STRATEGY

Cofinimmo's strategic objective in the office sector is to create value via proactive rental management which takes into account 'new working methods', a forward-looking renovation and reconversion programme and thought-through arbitrage policy. In practice, the Group would like to optimise the composition of its portfolio in terms of the age, size and location of assets.

LOCAL, PROACTIVE OPERATIONAL AND COMMERCIAL MANAGEMENT

Cofinimmo works to build long-term relationships with its tenants. Office buildings are, therefore, **managed in-house**. The sales team in particular is responsible for the rental management of the portfolio which is enhanced by innovative solutions, including Flex Corners® and Lounges®, which meet the current needs of tenants.

The Brussels office market is a two-speed market. Central locations are highly valued by both tenants and investors. At 31.12.2016, the rental vacancy rate was 6 % in the CBD, with yields reaching 4.75 % for buildings with 3/6/9 leases. In **decentralised locations**, on the other hand, the vacancy rate ranged from 11 % to 19 %, depending on the area, and investor demand was weaker. Given this, the Group adjusts its strategy by district.

In the **central locations**, renovations and reconstruction are intended to optimise the composition of the portfolio and meet strong rental demand. In the

CENTRAL LOCATIONS:

renovation and rebuilding to maintain a high-quality portfolio

DECENTRALISED LOCATIONS:

conversions for alternate uses

SELECTIVE ARBITRAGE OF ASSETS

decentralised areas, Cofinimmo implements innovative solutions to attract tenants and, when an office building becomes vacant and is at the end of its technical life, the Group plans its conversion for an alternative use.

In addition, the Group applies a **selective asset arbitrage policy** to take advantage of investor appetite for certain types of assets and/or to optimise the composition of its portfolio.

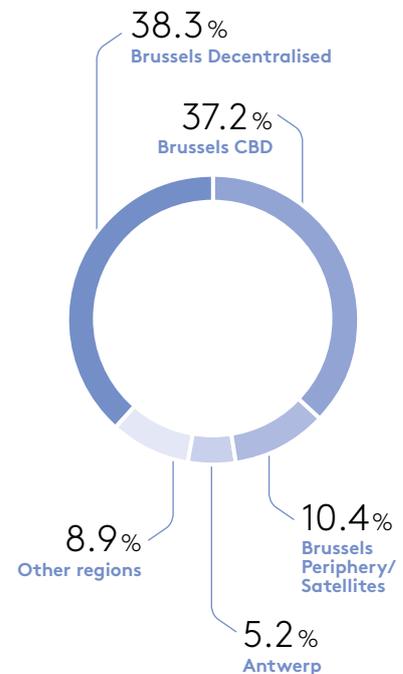
Lastly, as a major player in the Brussels office market, Cofinimmo strives to set an example by managing its office portfolio in a **sustainable and socially responsible** way.

SUSTAINABLE AND SOCIALLY RESPONSIBLE DEVELOPMENT



GEOGRAPHICAL BREAKDOWN OF THE CONSOLIDATED PORTFOLIO

at 31.12.2016 – at fair value



PROXIMITY TO CLIENTS

Cofinimmo works to build close and sustainable relationships with its tenants to ensure client satisfaction and loyalty. Building management is handled entirely in-house, that is, by Cofinimmo employees. The size of the office portfolio, which is in excess of a billion EUR, enables the Group to have a complete human and technical management platform and to manage the costs.

The technical teams consist of industrial and civil engineers, architects and interior designers who supervise upgrade, maintenance and renovation work. The Service Desk is accessible 24/7 and is responsible for organising the response to requests for service and repairs. The sales teams are in regular contact with clients to meet their flexibility requirements. The administrative and accounting teams invoice rents and provide a breakdown of charges and taxes. The legal department prepares leases and monitors any disputes in progress.

PROACTIVE RENTAL MANAGEMENT

The rental vacancy risk faced by Cofinimmo each year involves an average of 10 % to 15 % of its office portfolio. A commercial strategy based on a close relationship with clients results in a continued high occupancy level and positive operating margin growth. The commercial strategy is rounded out by the implementation of innovative solutions intended to meet the needs of tenants in terms of work space flexibility, mobility and diversity. The upgrading of roofs and of the areas surrounding the buildings and the development of the Flex Corners® and Lounges® concepts are examples of this.

UPGRADING OF ROOFS AND OF THE AREAS SURROUNDING THE BUILDINGS

Cofinimmo builds roof terraces to provide its clients with outdoor spaces which can be used as leisure or meeting areas and to hold events. A pilot project was carried out during the renovation of the Guimard 10-12 property (Brussels CBD). Cofinimmo also strives to optimise the use of gardens and the areas surrounding its office buildings by providing larger parking areas, food truck areas, petanque courts and pedestrian walkways. Beautification projects were carried out at the Park Hill site (Diegem) and Paepsem Business Park site (Anderlecht).

FLEX CORNER® BY COFINIMMO

This innovative concept enables clients looking for smaller office spaces to lease a private space in an office block equipped with shared infrastructure (kitchenette, lounge, meeting rooms). Leases are offered on a monthly basis and include rental, taxes and charges for both the private space and the shared areas. The contracts are drawn up for a length of time corresponding to the client's needs. A 'Customise Your Lease' option is also available, making it possible for tenants to establish their own lease period based on contractual terms suited to their needs. Three pilot projects were inaugurated in 2016, in the Paepsem Business Park (Anderlecht), Park Lane (Diegem) and The Gradient building (Woluwe-Saint-Pierre/St.-Pieters-Woluwe).

THE LOUNGE® BY COFINIMMO

Cofinimmo also finalised its first 'Lounge® by Cofinimmo' in 2016, at the Park Lane in Diegem. The Group provides tenants and their visitors with modern, inspiring and comfortable shared spaces that include catering, meeting, networking and relaxation areas.

The spaces are managed on-site by the Cofinimmo 'Community Manager'. The concept meets the growing need for a range of different types of work spaces.



Office building Park Lane C - Diegem (BE)

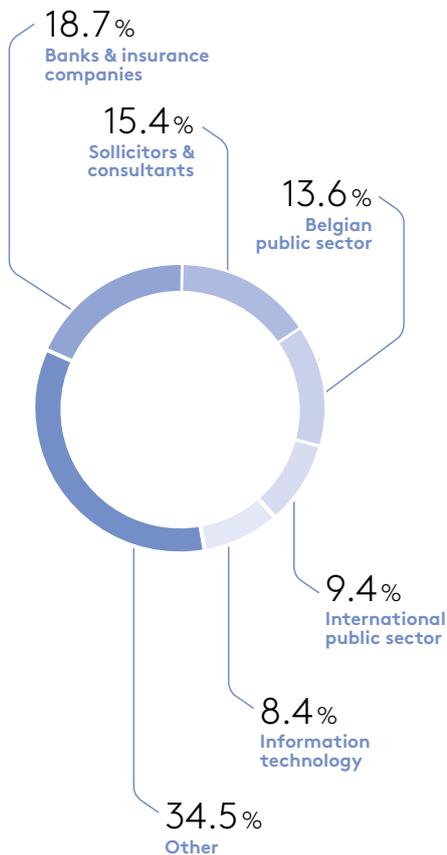
Cofinimmo's office occupancy rate was 88.8 % at 31.12.2016, compared to 90.8 % for the Brussels office market overall¹.



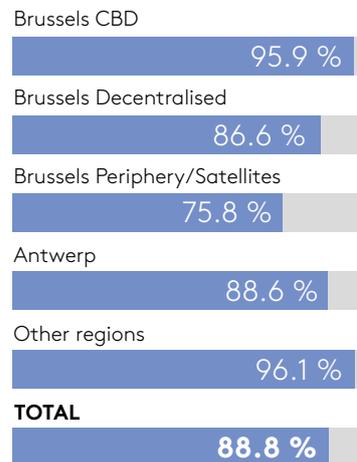
Office building Montoyer 10 – Brussels (BE)



BREAKDOWN OF THE CONSOLIDATED PORTFOLIO BY TENANTS' ACTIVITY SECTOR
at 31.12.2016 – at fair value



OCCUPANCY RATE BY GEOGRAPHICAL AREA
at 31.12.2016



New leases and renegotiated leases were signed for a total of over 63,250 m² of office space during 2016. The largest transactions were for the Loi 57, Omega Court and The Gradient buildings. The weighted average residual duration² of the Cofinimmo office portfolio was 3.9 years at 31.12.2016.

In addition, 61 % of rental vacancy risk was secured. Of the 77,100 m² with the potential to become vacant in 2016:

- 42 % were not vacated and were not renegotiated;
- 15 % were not vacated but were renegotiated;
- 4 % were vacated and re-leased.

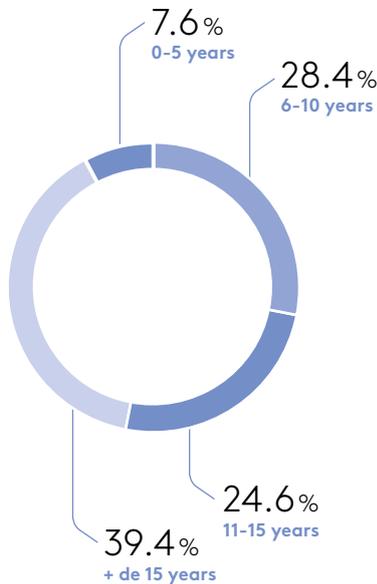
The average reversion rate of leases under renegotiations and new leases was -7 % in 2016.

¹ Source: Cushman & Wakefield.

² Until tenant's early termination option.



BREAKDOWN OF THE CONSOLIDATED PORTFOLIO BY AGE OF THE PROPERTIES
at 31.12.2016 – at fair value



REDEVELOPMENT PROJECTS

Cofinimmo's in-house technical teams, consisting of industrial and civil engineers, architects and interior designers, are responsible for redevelopment projects including renovations, reconstruction and reconversions. The projects are part of a long-term programme to optimise the composition of the portfolio, create value and, generally, responsibly transform the urban landscape.



Office building Belliard 40 - (atrium project) - Brussels (BE)

SELECTIVE ARBITRAGE OF ASSETS

Cofinimmo has implemented a selective arbitrage policy for its office buildings while maintaining its portfolio above a billion EUR which is compatible with the need for a complete management platform. The goal is to take advantage of investor appetite for certain types of assets (currently assets located in central areas and leased for the long term) or to optimise the composition of the portfolio in terms of age, size, location and the rental situation of the buildings. The funds collected are reinvested in assets for which Cofinimmo believes it can create value via a higher occupancy level, suitable upgrades and, over time, extensive renovation work followed by new leases.

OFFICE INVESTMENT PIPELINE ¹
at 31.12.2016

Building	Type of work	Area	Work completion (estimated)
Arts 19H	Demolition and redevelopment of offices	8,600 m ²	Q2 2019
Belliard 40	Demolition and redevelopment of offices	20,000 m ²	Q1 2018
Bourget 40	Renovation	14,250 m ²	Q2 2019
Serenitas	Complete renovation of building B and partial renovation of building C	10,274 m ²	Q2 2020
Souverain 23	Conversion to residential	23,000 m ²	Q4 2021
Tenreuken	Construction of flats	11,800 m ²	Q3 2019
The Gradient	Renovation of floor +4	2,900 m ²	Q2 2017
The Gradient	Development of Lounge® by Cofinimmo	1,050 m ²	Q2 2017
The Gradient	Renovation of floor +6	1,455 m ²	Q4 2017

¹ All projects have been accounted for in the fiscal year 2017 forecasts (see the chapter 'Forecasts 2017' in this Annual Financial Report).



'Obtaining an environmental certificate meets a dual objective: on one hand, to improve the commercial competitiveness of the buildings and, on the other, to implement a continuous improvement process for the environmental performance of the assets.'



SUSTAINABLE DEVELOPMENT

One of the primary goals of Cofinimmo's daily management of its office portfolio consists in implementing a sustainable environmental approach.

Raising the awareness of tenants about their energy consumption and the signing of agreements with green energy providers are intended to reduce the environmental footprint of the buildings.

Cofinimmo has been using energy data management software for a number of years. It collates all the consumption data for all of the common areas of offices managed by Cofinimmo, as well as private consumption data provided by tenants on a voluntary basis. The tool enables the identification of potential sources of savings and measurement of the impact of investments made. Cofinimmo also continued to install remote meters in 2016, bringing to 46 the number of buildings connected to the energy accounting software package in real time.

Cofinimmo has received a Building Energy Performance (PEB ¹) certificate for 47 of its office buildings, i.e. 48 % of its office portfolio in terms of area. The certificates include the energy performance coefficients PEB and CO₂ emissions of the buildings. They are prepared by approved companies as the assets are sold or leased. Of

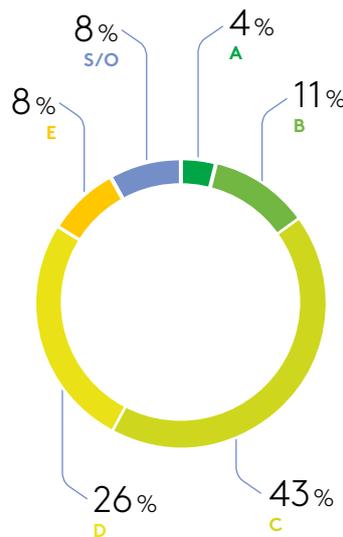
the buildings certified, 91 % have energy performances in excess of the current average of buildings in Brussels, which is between D and E².

In addition, Cofinimmo is pursuing its BREEAM certification policy, giving preference to buildings being sold. BREEAM certifies the sustainability of new and existing buildings. The technical characteristics analysed include energy performance as well as other aspects including health and well-being. At 31.12.2016, 49,906 m² of Cofinimmo's offices were BREEAM certified, i.e. 6 % of its office and PPP portfolio ( see page 29 of the Sustainable Development Report 2016).

The decisions taken and actions implemented by Cofinimmo to manage re(development) projects can also have a significant impact on sustainable development. The Group strives to meet the changing needs of office tenants in terms of the flexibility, mobility and range of different types of work spaces required. In addition, it works to transform the urban landscape responsibly by paying special attention to aesthetics and the building mix in neighbourhoods. Lastly, the company promotes the use of modern techniques and sustainable materials to reduce the carbon footprint of the buildings it develops and also recycles worksite waste.



BREAKDOWN OF COFINIMMO'S OFFICE PROPERTIES BEING PEB CERTIFIED THROUGH RECEIVED RATING at 31.12.2016



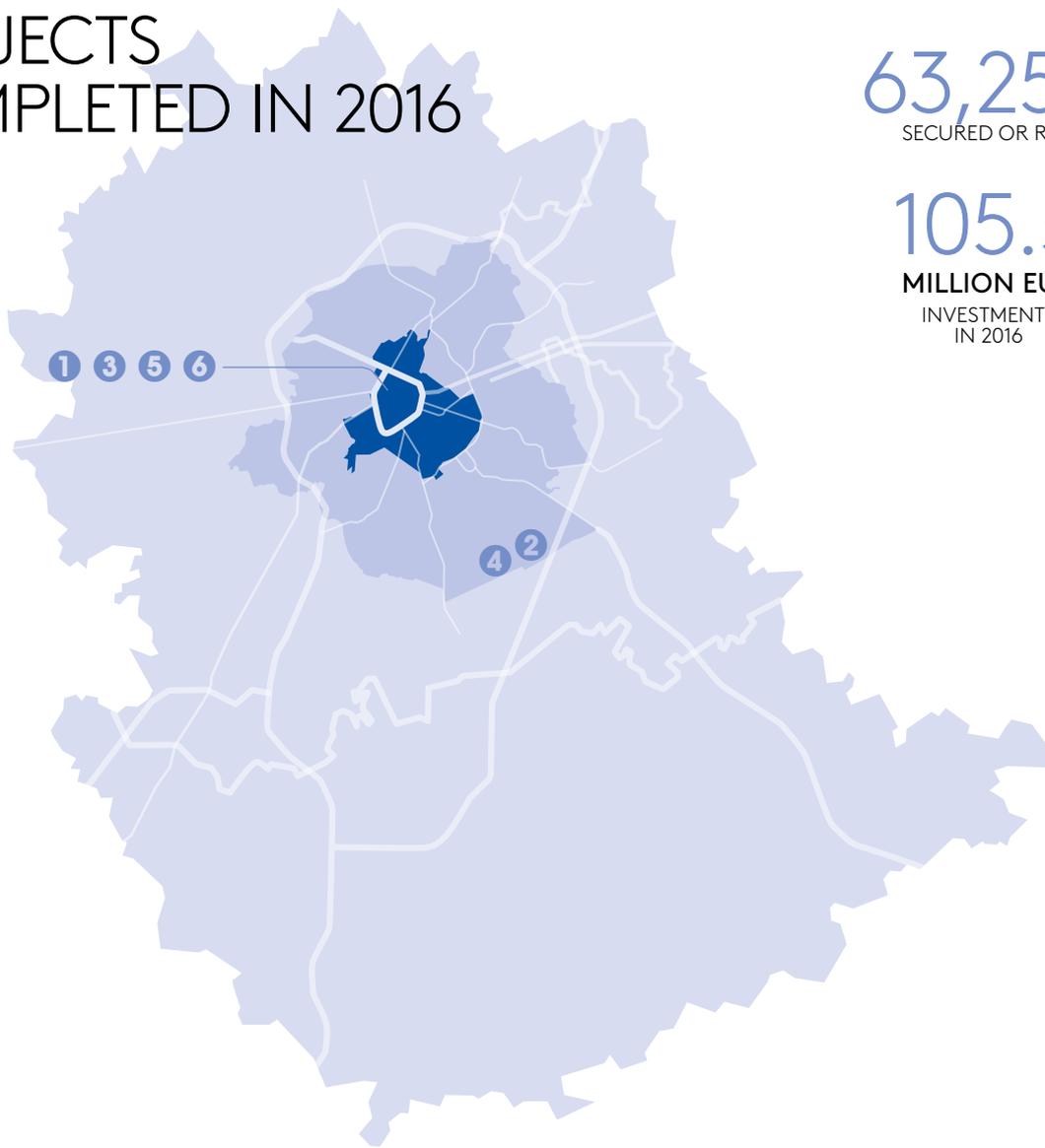
¹ The certificate is compulsory in Brussels and will be in Flanders and Wallonia starting in 2019.

² Source: **Brussels Environment** 

PROJECTS COMPLETED IN 2016

63,250 M²
SECURED OR RENTED

105.5
MILLION EUR
INVESTMENTS
IN 2016



1 GUILMARD 10-12

Sales completed for the fully renovated office building

Surface area (above-ground): 10,400 m²

Work timing: Q4 2014 – Q3 2015

Investment amount: 14.8 million EUR



2 SOUVERAIN 25

Signature of a conditional sales agreement for the building

Date of sale: after issue of the permits required to redevelop the building and, at the earliest, by 02.08.2017 (end of lease of current tenant AXA)

Year built/renovated: 1970

Surface area (above-ground): 38,500 m²



ARTS 46

Acquisition of a building in use

Acquisition date: 26.05.2016

Year built/renovated: 2009

Surface area (above-ground): 11,500 m²

Investment amount: 31 million EUR

Rental yield on acquisition: 6.2 %

Rental yield if 100 % occupied: 7.5 %



SOUVERAIN 24

Delivery of building renovation works

Surface area (above-ground): 3,900 m²

Work timing: Q2 2015 - Q1 2016

Investment amount: 1.9 million EUR



LOI 34, MONTOYER 10, SCIENCE 41 AND SOUVERAIN 280

Acquisition of a portfolio of four buildings in operation

Acquisition date: 05.08.2016

Year built/renovated: between 1976 and 2005

Surface area (above-ground): 23,000 m²

Investment amount: 57.9 million EUR

Rental yield on acquisition: 6.4 %

Rental yield if 100 % occupied: 7.4 %



ARTS 19H

Acquisition of permits to redevelop the property: demolition of existing building and construction of eight store fully transparent building looking out over rue Joseph II/Jozef II-straat and with roof terrace.

Surface area (above-ground): 8,600 m²

Work timing: Q2 2017 - Q2 2019

Investment amount: between 22 and 25 million EUR VAT included

PROPERTY OF DISTRIBUTION NETWORKS

Cofinimmo's property of distribution networks portfolio includes a portfolio of pubs/restaurants leased to the AB InBev brewery group (Pubstone) and a portfolio of insurance services agencies leased to the MAAF insurance company (Cofinimur I). The portfolios were acquired through sale and leaseback transactions and generate stable long-term revenue.



Pub/restaurant Korenmarkt – Mechelen (BE)

MARKET CHARACTERISTICS

Since they are rented under a master lease to a single tenant, the assets comprising the Cofinimmo property of distribution networks portfolios are not comparable to traditional retail assets. There is no 'market', in the traditional sense, for this type of portfolios which were acquired through sale and leaseback transactions.

STRATEGY

The main characteristics sought for the property of distribution networks portfolios are their acquisition at a good price as part of sale & leaseback transactions, their usefulness as a sales network for the tenant, the granularity of risk they carry and the potential to optimise their composition over time.

SALE & LEASEBACK TRANSACTIONS

The selling price per square metre requested by the seller is generally reasonable given that it is for buildings leased to the seller. They are responsible for paying rent after the sale.

OPTIMISATION OF THE POINT-OF-SALE NETWORK FOR THE TENANT'S BUSINESS

The buildings are required for the tenant's business due to their location and are leased for the long term. The potential for releasing them at the end of the lease is, therefore, high for most of them.

CAPITAL RISK GRANULARITY

In the event that the tenants leave, a significant portion of the properties can be sold as shops or for housing to local investors, whether professionals or not, given that the amounts to be invested are often available to this type of investor.

SUPPORT FOR TENANTS FOR THE MANAGEMENT, DEVELOPMENT AND RENOVATION OF THE ASSETS

The tenant company and Cofinimmo maintain an ongoing dialogue to increase the geographical scope of their sales network. The buildings with leases that won't be renewed on expiration or which require renovation work in the medium term can also be identified in advance. In addition, Cofinimmo can acquire new buildings the tenant wishes to include in his/her network.



13%

OF THE OVERALL
PORTFOLIO ¹



426

MILLION EUR

FAIR VALUE OF THE
PORTFOLIO ¹



98%

OCCUPANCY
RATE ¹

14 years
RESIDUAL
LEASE LIFE ¹



349,000 m²

ABOVE-GROUND
SURFACE AREA ¹



¹ at 31.12.2016

PUBSTONE: PUBS AND RESTAURANTS

Under the terms of a property partnership, Cofinimmo acquired an entire portfolio of pubs/restaurants at the end of 2007. It was previously owned by Immobrew SA/NV, a subsidiary of AB InBev, and has since been renamed Pubstone SA/NV. The premises are leased back to AB InBev under a commercial lease for an initial average term of 23 years. AB InBev retains an indirect stake of 10 % in the Pubstone organisation (² see chart on pages 244 and 245). Cofinimmo assumes no risk with respect to the commercial operation

of the pubs and restaurants, but handles the structural maintenance of the roofs, walls, façades and outside woodwork. On expiry of the lease, AB InBev has the option of renewing under the same conditions or of returning the vacated premises.

In Belgium, the internal Pubstone team consists of eight people, excluding support services, working in portfolio management, (Property and Project Management). There are three team members in the Netherlands.

PROJECTS COMPLETED IN 2016

SALE OF 30 PUBS/RESTAURANTS

In 2016, Cofinimmo sold 30 pubs/ restaurants (26 located in Belgium and four in the Netherlands) vacated by AB InBev for a gross total amount of 7.3 million EUR. This is more than the investment value of the assets as determined by the independent real estate expert on 31.12.2015.

TECHNICAL WORK AND RENOVATION PROJECTS

In 2016, Property and Project Management operational teams carried out 340 technical interventions on the pubs et restaurants portfolio (278 in Belgium and (62 in the Netherlands). They also managed 275 renovation projects (169 in Belgium and 106 in the Netherlands) for a total of 4.2 million EUR (3.5 million EUR in Belgium and 0.7 million EUR in the Netherlands). This consisted primarily of exterior painting, woodwork and roofing.

MAIN RENOVATION PROJECTS IN 2016

Property	Type of work
Belgium	
Rue Saint Michel/St-Michielsstraat 16 Brussels	Roofing, façade and outside woodwork
The Netherlands	
Karrenstraat 22 - Den Bosch	Roofing and exterior painting
Stratumseind 47 - Eindhoven	Roofing and exterior painting
Markt 16 - Valkenswaard	Roofing and exterior painting

COFINIMUR I: INSURANCE AGENCIES

In December 2011, in partnership with Foncière ATLAND, Cofinimmo SA/SA acquired a portfolio of commercial agencies from the MAAF Group for its Cofinimur I SA subsidiary. Cofinimur I issued mandatory convertible bonds (MCB) to finance part of the acquisition of the agencies (see page 48 of the 2011 Annual Financial Report). The agencies, which are operated by MAAF employees, are leased to the insurer for an initial average period of 9.7 years.

Cofinimmo has managed the Asset and Property Management work for the entire portfolio since 01.01.2017, which was previously handled by a third party.

In Paris, the in-house Cofinimur I team consists of four people responsible for managing the portfolio.



4%
OF THE OVERALL
PORTFOLIO ¹



127
MILLION EUR
FAIR VALUE OF THE
PORTFOLIO ¹



98%
OCCUPANCY
RATE ¹

5 years
RESIDUAL
LEASE LIFE ¹



59,500 m²
ABOVE-GROUND
SURFACE AREA ¹

PROJECTS COMPLETED IN 2016

SALE OF AN INSURANCE AGENCY

The Cofinimmo Group sold a Cofinimur I portfolio insurance agency for 0.1 million EUR gross during 2016. This is more than the investment value of the asset as determined by the independent real estate expert on 31.12.2015.

RENOVATION AND CONSTRUCTION PROJECTS

In 2016, the MAAF Group renovated about 15 insurance agencies fulfilling its contractual obligations. In addition, on behalf of Cofinimur I, Foncière ATLAND carried out the construction of two new agencies, which have been leased to MAAF/GMF for at least nine years. The total amount of the investment has been 0.2 million EUR in 2016.

MAIN RENOVATION PROJECTS IN 2016

Property	Type of work
Redon	Demolition of existing agency and construction of new agency
Meyzieu	Construction of new agency

NUMBER OF ASSETS ¹



279
France

¹ at 31.12.2016

PUBLIC-PRIVATE PARTNERSHIPS

Cofinimmo invests in special-use buildings in Belgium via Public-Private Partnerships (PPP). It contributes to the renovation and improvement of public and semi-public real estate assets in this way. To date, the PPP portfolio consists of six assets in operation.



Prison - Leuze-en-Hainaut (BE)

Cofinimmo strives to meet the specific needs of public authorities and provides its real estate and financial expertise for long-term partnerships. They are the subject of public contracts.

Cofinimmo is in charge of studying the economic and technical life cycle of the projects. The analysis identifies the best compromise between initial investment and future expenses, for both maintenance costs and replacement and repair costs.

Cofinimmo bears no construction risk in this type of property investment. This is the responsibility of an appointed general contractor,

with whom it agrees to a flat fee payable upon delivery of the building.

Cofinimmo supervises the quality and execution of the construction work. It is also responsible for upkeep and maintenance throughout the tenancy, which is usually under a long-term lease (emphytheusis) or a financial lease. At the end of the lease, the public authority either has the option of purchasing the property or is transferred the ownership free of charge. Cofinimmo therefore does not have perpetual ownership of these properties (78 million EUR on 31.12.2016).

ASSETS IN THE COFINIMMO PPP

PORTFOLIO IN OPERATION at 31.12.2016

Property	Area (in m ²)
Courthouse Antwerp	72,131
Prison Leuze-en-Hainaut	28,316
Fire station Antwerp	23,585
Police station HEKLA Zone	4,805
Student housing Nelson Mandela Brussels	8,088
Police station Dendermonde	9,645
Student housing Depage Brussels	3,196

Student housing Nelson Mandela – Brussels (BE)



MANAGEMENT OF FINANCIAL RESOURCES

FINANCIAL STRATEGY

In Cofinimmo's case, the market risks with the potential to cause fluctuations in financial results are confined to liquidity, counterparty and interest rate changes, as well as to currency risk, occasionally and to a very limited degree.

Cofinimmo's financial strategy consists in optimising financing conditions while limiting liquidity, counterparty and interest rate change risks.

The strategy notably consists of (➔ see 'Strategy' chapter of this Annual Financial Report):

- diversification of financing sources;
- regular access to capital markets;
- debt ratio close to 45 %;
- optimisation of the duration and cost of financing.

DIVERSIFICATION OF FINANCING SOURCES

The Group uses bank loans, convertible and non-convertible bonds, Green and Social Bonds and long- and short-term commercial paper for its financing. In addition, it works closely with about ten banking partners with excellent financial ratings.

REGULAR ACCESS TO CAPITAL MARKETS

Cofinimmo has also used capital increases, optional dividends in

shares, sales of treasury shares, contributions in kind, issues of preference shares, 'traditional' bonds (non-convertible), convertible bonds and 'Green and Social Bonds' to raise capital in the past.

DEBT RATIO CLOSE TO 45 %

The debt ratio is defined as the relationship between financial and other debt and total assets. The legal debt limit authorised for RRECs is 65 %. The terms and conditions of the Group's credit lines enable it to carry a maximum debt ratio of 60 %. However, Cofinimmo's financial policy consists in maintaining a level of financial debt calibrated to the quality and diversification of its assets and the length of their leases. The debt level considered appropriate for the current portfolio is 45 %. At 31.12.2016, it stood at 43.7 %.



CHALLENGES

This choice includes prudent interest rate hedging measures: the Group partially hedges its floating rate debt with Interest Rate Swaps (IRS). The goal is to secure about 80 % of overall debt for the five following years, then 50 % thereafter.

Cofinimmo uses a global approach (macro hedging) to protect its variable rate debt against rate increases. As a result, it does not hedge each variable-rate line of credit individually.

OPTIMISATION OF THE DURATION AND COST OF FINANCING

Cofinimmo actively manages its liabilities by evenly spreading the due dates of its loans and by refinancing, at the latest one year in advance, any maturing debt. Given this approach, Cofinimmo is careful to optimise the cost of debt while ensuring diversification of its

financing sources and monitoring the average maturity of its debt.

In addition, as part of its overall policy, Cofinimmo does not grant mortgages and does not provide any other guarantees to its creditors, with the exception of those listed on page 238 and 239.

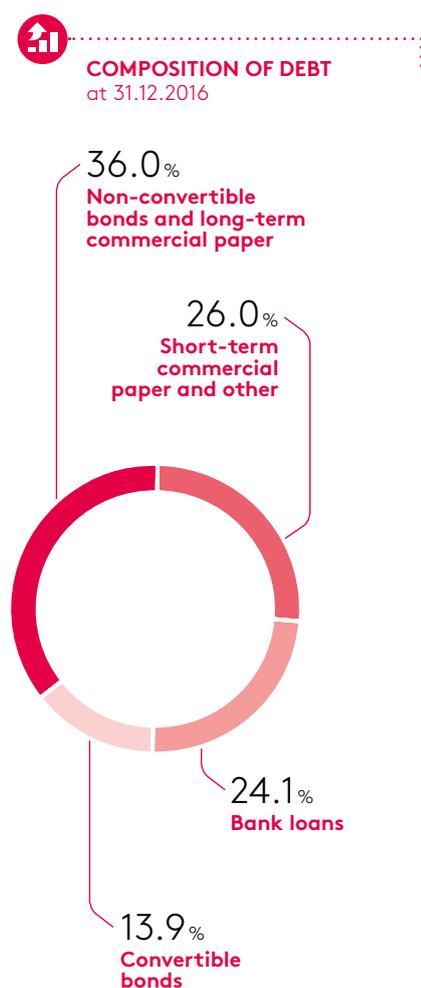
Group debt and confirmed lines of credit are not subject to any early repayment clauses, or changes in margin, related to the company's financial rating. They are generally subject to conditions related to:

- compliance with RREC legislation;
- compliance with debt ratio levels and hedging of financial charges by the cash flow;
- the fair value of the real estate portfolio.

The ratios were met at 31.12.2016 and throughout the 2016 financial year. No default of payment on borrowing contracts, nor violations of terms of

these same contracts are expected in the 12 coming months.

DEBT STRUCTURE



CONSOLIDATED FINANCIAL DEBTS

At 31.12.2016, the Cofinimmo Group's current and non-current consolidated financial debt was 1,528.8 million EUR. It consisted of the following:

BOND MARKET

- 448,8 million EUR in non-convertible bond loans:

Issuing company	Nominal amount (x 1,000,000 EUR)	Issue price	Coupon	Issue date	Maturity date
Cofinimmo SA/NV	140.0	100 %	3.598 %	26.07.2012	07.02.2020
Cofinimmo SA/NV	50.0	100 %	2.78 %	23.10.2013	23.10.2017
Cofinimmo SA/NV	190.0	100 %	1.929 %	25.03.2015	25.03.2022
Cofinimmo SA/NV	70.0	99.609 %	1.70 %	26.10.2016	26.10.2026

- 54,9 million EUR in non-convertible Green and Social Bonds:

Issuing company	Nominal amount (x 1,000,000 EUR)	Issue price	Coupon	Issue date	Maturity date
Cofinimmo SA/NV	55.0	99.941 %	2.00 %	09.12.2016	09.12.2024

- 213,0 million EUR in bond loans convertible into Cofinimmo shares:

Issuing company	Nominal amount (x 1,000,000 EUR)	Issue price	Conversion price	Coupon	Issue date	Maturity date
Cofinimmo SA/NV	219.3	100 %	146.00 EUR	0.1875 %	15.09.2016	15.09.2021

The bonds are valued at market value on the balance sheet.

- 432.5 million EUR in commercial paper, of which 386.5 million EUR with an initial duration of less than one year and 46.0 million EUR with an initial duration longer than three years;
- 3.5 million EUR corresponding to the present value of the minimum coupon of Mandatory Convertible Bonds (MCB) issued by Cofinimur I in December 2011.

BANK FACILITIES

Cofinimmo has confirmed, long-term credit lines in the amount of 1,269.0 million EUR. After deduction of the debt drawn and commercial paper under one year, there is a remaining balance of 673.5 million EUR for refinancing loans coming due and the financing of new investments.

At 31.12.2016, the debt drawn on credit lines consisted of:

- 368.7 million EUR in bilateral, syndicated medium- and long-term bank loans, with an initial maturity of five to ten years, contracted with ten banks;
- 7.4 million EUR in other loans and advances (primarily account debits and rental deposits received).

DEBT MATURITY

CURRENT FINANCIAL DEBT

At 31.12.2016, Cofinimmo's current financial debt was 558.2 million EUR, of which:

- 386.5 million EUR in commercial paper with a duration of less than one year, of which 297 million EUR with a duration greater than 95 days. Short-term commercial paper issues are fully hedged by liquidity on confirmed long-term lines of credit. Cofinimmo also benefits from the attractive cost of this type of short-term financing programme while ensuring its refinancing in the event that the placement of new commercial paper becomes more costly or unworkable.
- 50.0 million EUR bonds issues in 2013;
- 121.0 million EUR for drawdowns on credit lines maturing in 2017;
- 0.7 million EUR in other loans (primarily account debits).

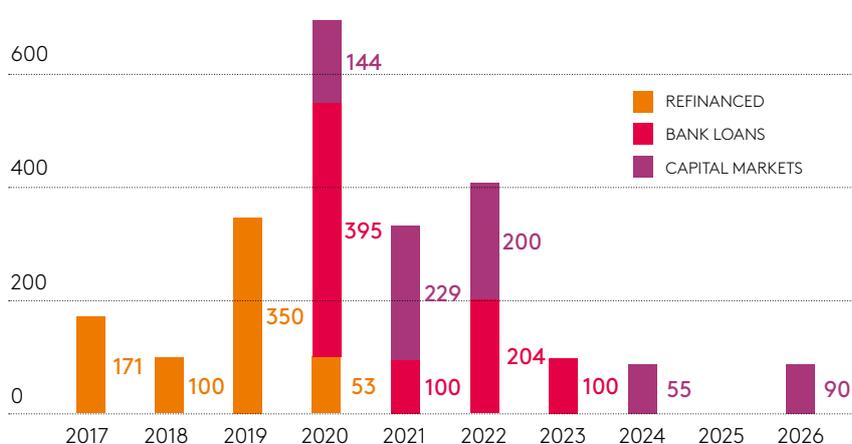
The liquidity of Cofinimmo's confirmed lines of credit was 1,060.0 million EUR at 31.12.2016. After deduction of the full hedging of the outstanding short-term commercial paper (386.5 million EUR), the refinancing of lines of credit maturing in 2017 (171.0 million EUR), 2018 (100.0 million EUR) and 2019 (350.0 million EUR) is already entirely hedged.

The weighted average maturity of Cofinimmo's financial commitments changed from 5.3 years at 31.12.2015 to 4.8 years at 31.12.2016. The calculation excludes short-term commercial paper maturities which are entirely hedged by tranches available on long-term credit lines. It does not take into account the maturities for which refinancing is already in place.

Confirmed long-term loans (credit lines, bonds, commercial paper over one year and term loans), which totalled 2,198.9 million EUR at 31.12.2016, will come due consistently through 2026. Maximum 27 % of the outstanding amount matures in a single year, in this case 2020.



SCHEDULE OF LONG-TERM FINANCIAL COMMITMENTS
at 31.12.2016 (x 1,000,000 EUR)



AVERAGE COST OF DEBT AND INTEREST RATE HEDGING

The average cost of Cofinimmo debt, including bank margins, was 2.4 % for 2016, compared to 2.9 % for the 2015 financial year ([see Note 16](#)).

Given the persistence of low interest rates in 2016, Cofinimmo restructured its Interest Rate Swaps (IRS) in early November 2016. The restructuring resulted in an expense of 44 million EUR, but will lead to a decrease in interest charges in future years.

In practice, the restructuring of IRS in 2016 implies that:

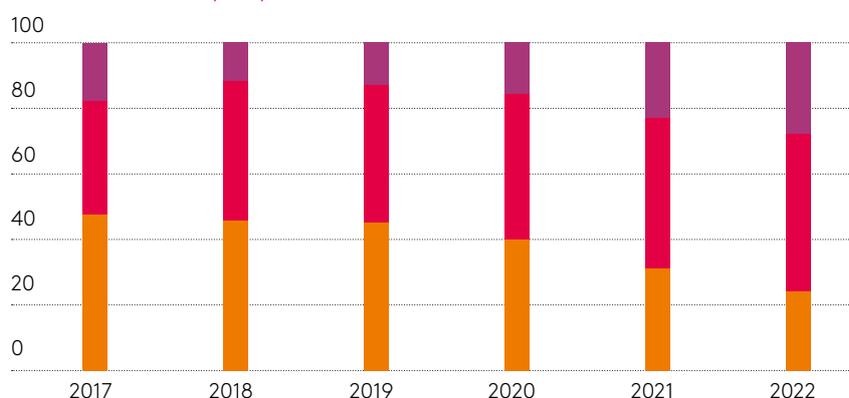
- **for 2017:** hedging remains unchanged;
- **for 2018 to 2020:** the notional amounts hedged and strike rates have been revised downward;
- **for 2021 and 2022:** the notional amounts hedged remain unchanged, but strike rates have been revised downward;
- **for 2023 to 2025:** new IRS hedging has been put in place.

At 31.12.2016, the distribution of fixed-rate debt, of the floating-rate debt hedged and the floating-rate debt not hedged was as follows

([see Note 24](#)).

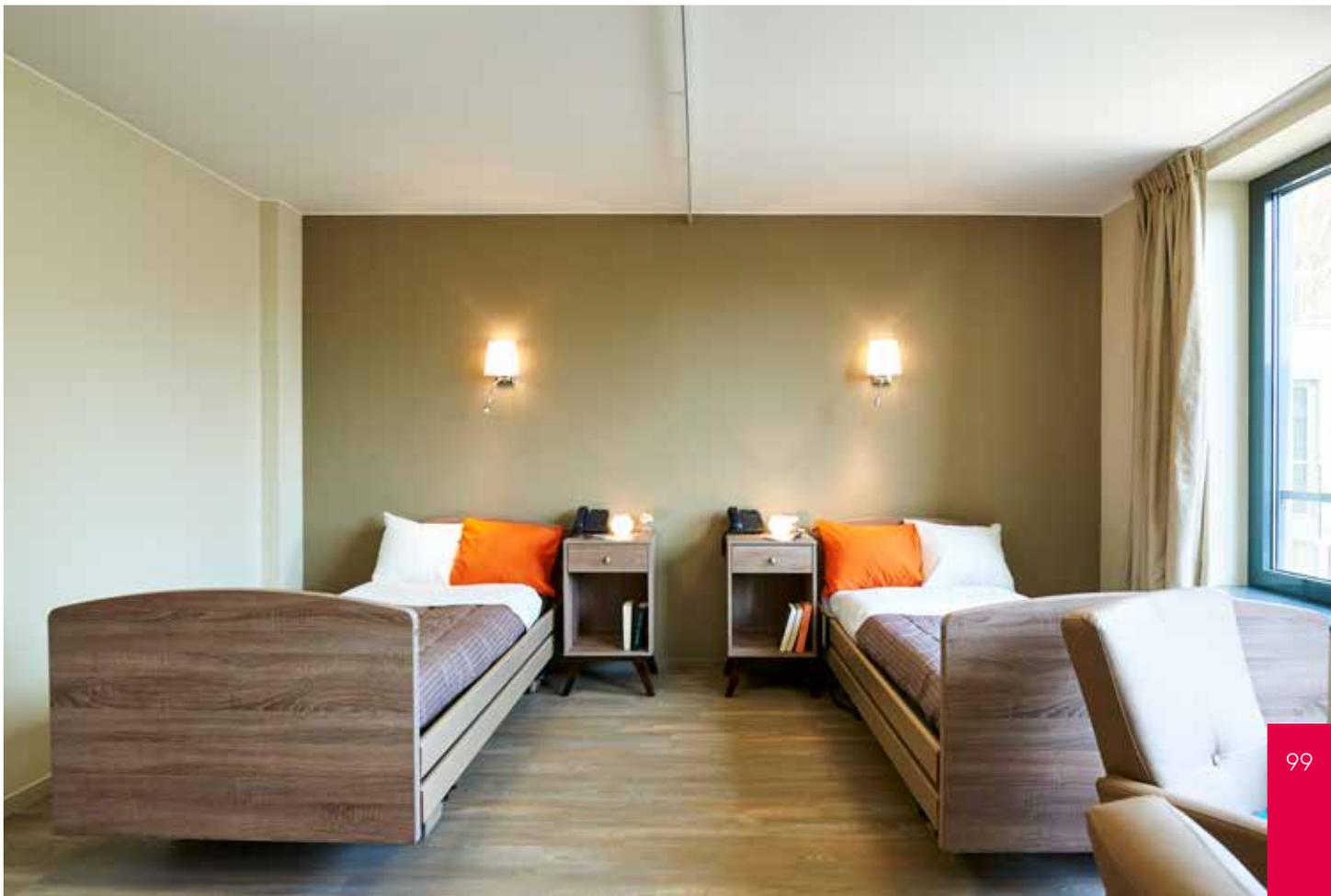


DISTRIBUTION OF FIXED-RATE DEBT, OF THE FLOATING-RATE DEBT HEDGED AND OF THE FLOATING-RATE DEBT NOT HEDGED
at 31.12.2016 (in %)



At 31.12.2016, the anticipated interest rate risk was hedged at over 75 % through 2021. However, Cofinimmo's result is sensitive to changes in interest rates ([see 'Risk factors' chapter of this Annual Financial Report](#)).

■ FIXED-RATE DEBT
■ FLOATING-RATE DEBT HEDGED
■ FLOATING-RATE DEBT NOT HEDGED



Nursing and care home Tillens Residence -
Brussels (BE)

FINANCIAL RATING

Cofinimmo has received a long- and short-term financial rating from the Standard & Poor's rating agency since 2001. In 2016, Standard & Poor's confirmed the company's BBB/stable outlook rating for the long term and A-2 for the short term. In addition, Cofinimmo's liquidity was raised to 'strong'.

CURRENCY RISK HEDGING

In 2016, Cofinimmo signed a sales contract for a building in foreign currencies. The sale is conditioned on the buyer obtaining administrative authorisations. In order to hedge against changes in the currency exchange rate against the euro, Cofinimmo contracted two sales options of these currencies for euros which guarantee a minimum price for the property in euros, with a cap on the maximum euro amount.

FINANCING TRANSACTIONS IN 2016

Cofinimmo continued to strengthen its financial resources and its balance sheet structure in 2016 in order to meet its investment commitments. The financing transactions over the financial year enabled the Group to further diversify its financing sources, reduce the cost of debt and extend maturities.

ISSUE OF 20 MILLION EUR IN COMMERCIAL PAPER

Cofinimmo made two investments in long-term commercial paper in the first quarter of 2016:

- one placement of 10 million EUR for 10.5 years at a fixed rate of 2.15 %;
- a second placement of 10 million EUR for 10 years with a floating rate of Euribor 3M +148 bps.

RENEWAL OF A 100 MILLION EUR LINE OF CREDIT

A line of credit of 100 million EUR was renewed during the first quarter of 2016 for a period of seven years.

ISSUE OF NEW CONVERTIBLE BONDS AND BUYBACK OF EXISTING CONVERTIBLE BONDS

In September 2016, Cofinimmo bought back convertible bonds issued in 2013 and concurrently issued new convertible bonds.

■ Buyback of convertible bonds issued in 2013

Cofinimmo bought back 173.8 million EUR accounting for approximately 91.08 % of the nominal amount of the convertible bonds issued in 2013 (2018 maturity, 2.0 % coupon). It previously purchased 8.65 % of the same issue. The cash purchase price was set at 131.43 EUR, the closing price of existing bonds on the day prior to the transaction launch date, adjusted for certain technical elements plus a 1.50 %

contribution premium. The convertible bonds maturing in 2018 bought back or already held by Cofinimmo were cancelled after payment of the transaction.

■ Issue of 219.3 million EUR in new convertible bonds

The non-guaranteed and unsubordinated convertible bonds issued by Cofinimmo have a five-year maturity and a 0.1875 % coupon payable annually in arrears. The initial conversion price was set at 146.00 EUR, implying a premium of 27.41 % compared to a reference price equal to the weighted average price of the volume of the company's ordinary shares on Euronext Brussels the day the transaction was launched. The face value of each bond is equal to the initial conversion price. The conversion price will be subject to adjustments defined in the issue prospectus.¹ The total amount of the offer was 219.3 million EUR.

¹ This prospectus is available on the company website at www.cofinimmo.com.

• • •
Cofinimmo is the first European
real estate company issuing
'Green and Social Bonds'.
• • •

PRIVATE PLACEMENT OF 70 MILLION EUR IN NON- CONVERTIBLE BONDS

At the end of October 2016, Cofinimmo successfully closed a private, 10-year bond investment in the nominal amount of 70 million EUR, with a fixed coupon of 1.70 %. The transaction was placed with a single European institutional investor.

PRIVATE PLACEMENT OF GREEN AND SOCIAL BONDS IN THE AMOUNT OF 55 MILLION EUR

In early December 2016, Cofinimmo successfully closed the private placement of its first issue of Green and Social Bonds in the amount of 55 million EUR with a maturity of eight years and a 2.00 % fixed coupon. The bonds were placed with institutional investors. Cofinimmo is the first European property company to issue 'Green and Social Bonds'.

The funds raised will be used to (re) finance buildings recently delivered, renovated or under construction: on

one hand, environmental projects for offices with an environmental and sustainable BREEAM or BREEAM In-Use certificate (minimum Very Good) and, on the other, social projects for healthcare assets dedicated to housing for vulnerable or dependent persons with specific care needs.

The project received an outside opinion from the Vigeo Eiris ESG (Environmental, Social and Governance) research and services company regarding its compliance with Green Bond Principles 2016 and the Guidance for Issuers of Social Bonds of the International Capital Market Association (ICMA), as well as regarding environmental and social uses and the responsible nature of the issue.

SUSTAINABLE REAL ESTATE STR

Cofinimmo incorporates social and environmental requirements in its overall strategy. Its mission as a real estate company is to provide its clients-tenants with buildings which are both highly functional for their business activities and well-being and environmentally sustainable. This approach guarantees a quality investment for shareholders and an attractive, long-term financial return.

SUSTAINABLE DEVELOPMENT GOALS



NO POVERTY



ZERO HUNGER



GOOD HEALTH &
WELL-BEING



QUALITY
EDUCATION



GENDER
EQUALITY



CLEAN WATER &
SANITATION



AFFORDABLE &
CLEAN ENERGY



DECENT WORK
& ECONOMIC
GROWTH

SUSTAINABLE DEVELOPMENT STRATEGY

SUSTAINABLE DEVELOPMENT STRATEGY ...

- Improve the environmental footprint of the company and its portfolio;
- Ensure the safety and well-being of occupants;
- Select socially responsible projects.

... IN LINE WITH THE SUSTAINABLE GOALS OF THE UNITED NATIONS

Cofinimmo has aligned its sustainable development strategy with the objectives of the United Nations 2030 Sustainable Development Goals (SDG). Cofinimmo's goal is to provide a wider framework for company activities and contribute to the universal action of the United Nations to bring about a better world.

Since 2014, Cofinimmo has a separate sustainability report which pursues the details of its sustainable development strategy and realisations.

The KPIs, environmental goals and the statutory auditor's report on the environmental indicators can be consulted on the company website (www.cofinimmo.com/sustainable-development/).

Of the 17 United Nations' goals, some are relevant for real estate companies. They include:



INDUSTRY, INNOVATION & INFRASTRUCTURE



REDUCE INEQUALITIES



SUSTAINABLE CITIES & COMMUNITIES



RESPONSIBLE CONSUMPTION & PRODUCTION



CLIMATE ACTION



LIFE BELOW WATER



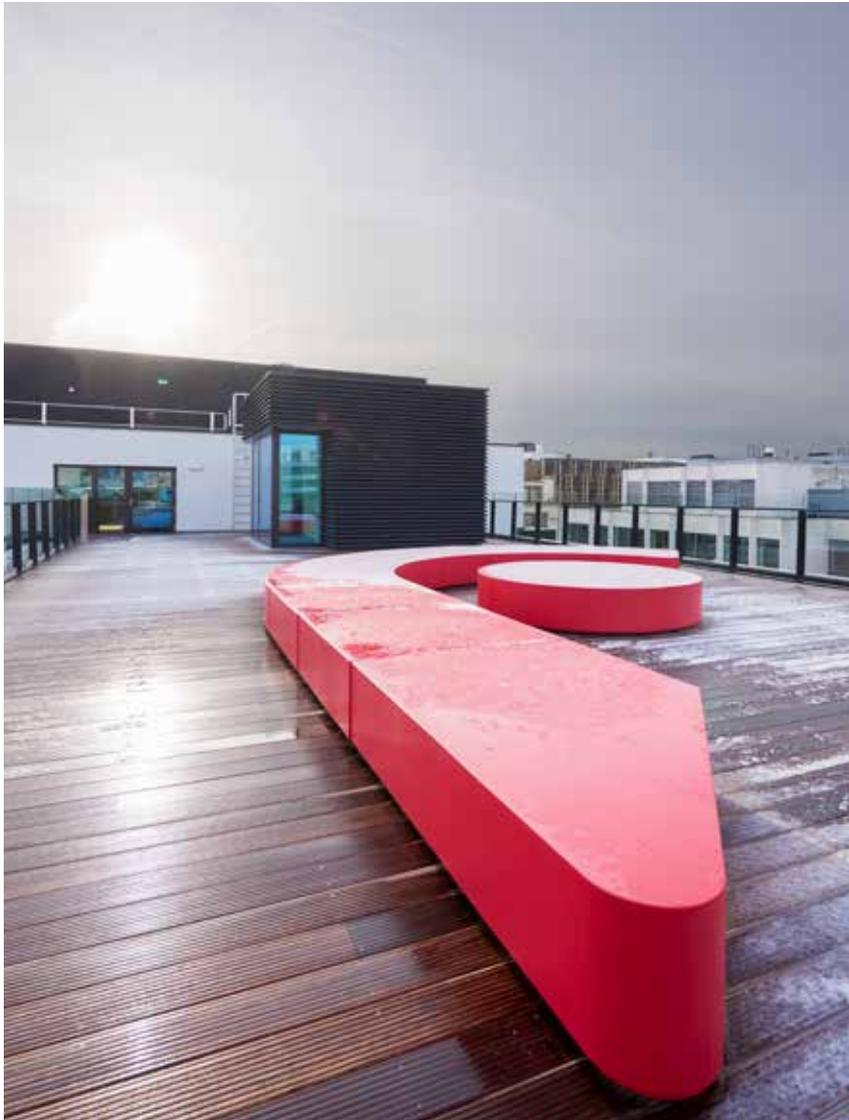
LIFE ON LAND



PEACE, JUSTICE & STRONG INSTITUTIONS



PARTNERSHIPS FOR THE GOALS



Office building Guimard 10-12 - Brussels (BE)
- Landscaped roof terrace



INNOVATION AND INFRASTRUCTURE

Cofinimmo must ensure the economic sustainability of its assets by taking into account the company's evolution in terms of the application of sharing economy principles, changing technologies, urban growth, etc.

It provides its clients-tenants with innovative solutions for the use of its properties and uses new, more sustainable materials and construction and renovation methods to create opportunities for growth and to extend the life of its existing assets. By meeting the current and future needs of clients-tenants in the best possible way, it seeks to reduce rental vacancy while extending the life cycle of its buildings.

PROJECTS COMPLETED IN 2016



Building Information Modelling



March: Opening of the first Flex Corner® in The Gradient building



August: Opening of the second Flex Corner® in the Paepsem Business Park



November: Opening of the first Lounge® by Cofinimmo in the Park Lane Business Park



SUSTAINABLE CITIES AND COMMUNITIES

Cofinimmo believes that the sustainable development of cities is possible by achieving urban equilibrium. Single-purpose neighbourhoods must gradually disappear to make room for mixed-use areas where office space, residential buildings, shops and green spaces all co-exist. The company is contributing to the creation of mixed-use neighbourhoods via the conversion of empty office buildings into residential buildings or nursing homes. The mix revitalises neighbourhoods thanks to the interaction of the various uses. Other positive effects include increased safety, better mobility thanks to limited travel requirements and the well-being of residents.

Cofinimmo pays particular attention to mobility which has a direct impact on accessibility and, therefore, on the appeal of buildings. Increased vehicle traffic makes moving around cities more difficult and creates nuisances for residents

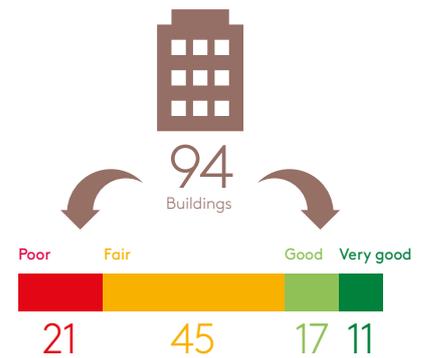
in terms of greater air pollution and noise. Cofinimmo is contributing to mobility in the city by the choice of its building locations, the number of parking spaces provided, infrastructure for cyclists and proximity to public transport. Cofinimmo assesses the accessibility of its office buildings via public transport, tests car sharing solutions for its tenants and is planning to pool the use of some parking spaces.

Cofinimmo also pays particular attention to the aesthetic aspects of the buildings it (re)develops. It seeks harmony in the city by promoting the construction of iconic buildings which are real landmarks and contribute to the city's image and, to a certain extent, to the growth of tourism.



ACCESSIBILITY OF OFFICE BUILDINGS VIA PUBLIC TRANSPORT

at 31.12.2016



PROJECTS COMPLETED IN 2016



September: Start of conversion work to transform the office building at Woluwe 106-108 into a care and nursing home



May: Remodelling of the Park Hill garden



August: Remodelling of the Paepsem Business Park garden



ACTION FOR THE CLIMATE

Actions undertaken by Cofinimmo to limit its activities' environmental impact aim first and foremost to improve the buildings' energy performance and to reduce energy consumption in use, resulting in lower CO₂ emissions.

By anticipating changes in legislation insofar as possible, Cofinimmo has been gradually transforming its buildings into 'nearly zero energy' or passive buildings. In accordance with the European Directive, all new or extensively renovated buildings in Europe will be required to meet passive standards by 2020. Cofinimmo is already implementing these changes today. In addition to meeting its consumption reduction objectives, this also provides it with a competitive advantage. The buildings provide occupants

with both more comfort and lower charges.

In addition, when it undertakes the large-scale redevelopment of office buildings, Cofinimmo targets a minimum BREEAM certification of 'Very Good'. This enables it to pursue its dual objective of, on one hand, continuously improving the environmental performance of its buildings and, on the other, increasing their commercial competitiveness.

Cofinimmo emphasises consumption monitoring as soon as the buildings enter into use.

It has gradually equipped its buildings with remote meters since 2014. The recording and analysis of consumption in real time enables the identification of energy-hungry equipment and better energy cost control.

Moreover, thanks to an ongoing dialogue with tenants, the company is able to complete energy consumption information for the buildings for which it no longer provides operations management, i.e. private consumption in all business sectors. Cofinimmo takes the dialogue further with certain tenants, signing a 'Green Charter' intended to implement joint action to reduce the energy consumption of buildings.

Cofinimmo is ISO 14001:2004 certified since 2008 for its office buildings' Property Management and its Project Management activities. It enables to offer a continuity in the activities aimed at reducing energy consumption from the moment of construction to the daily property management.

PROJECTS COMPLETED IN 2016

Nursing and care home Tillens Residence - Brussels (BE) - therapeutic garden

Monitoring of 64 % of consumption data for healthcare real estate

Monitoring of 2 % of consumption data for distribution network properties

Receipt of two BREEAM certificates and one BREEAM In-Use certificates

Renovation of 0.4 % of the total portfolio (excluding new construction and acquisitions)



DIALOGUE WITH THE HEALTHCARE SECTOR

As part of its ongoing dialogue with stakeholders, Cofinimmo decided in 2016 to take a closer look at the sustainable development strategies of healthcare sector establishments. Exploratory meetings held with the managers of establishments in Belgium, France, the Netherlands and Germany provided a more extensive and detailed view of social responsibility commitments and practices in the sector.

The meetings focused on three topics (People, Planet, Profit) and revealed a unanimous approach to timing.

1. PEOPLE

Healthcare companies put people at the heart of their business. This isn't merely a statement of intent, but the primary field of action of the healthcare sector's sustainable development strategy. The CSR strategy consists first and foremost of responsible action with respect to residents and staff.

All institutions are committed to implementing proactive compassionate care policies for the prevention of ill-treatment, support for persons suffering from Alzheimer's disease and related problems, the quality of life in nursing homes, the promotion of non-medication drug treatment, etc. It's crucial that the services provided be adapted to each individual.

The success of the compassionate care mission is primarily based on the quality, know-how and involvement of staff with the

patients. Staff well-being is also addressed and includes initiatives such as professional development, the supply of equipment to facilitate activities and safety, etc.

Special care is taken with the living environment, the conviviality of the different areas (common areas, restaurant, green space) and building accessibility, which are all important.

2. PROFIT

Managers are also concerned with their financial responsibilities. Cost control is a major item given the budget streamlining with which they have been confronted for several years. However, this is 'good management' matter rather than a CSR strategy.

Cost-cutting efforts are all directed at quick gains (reductions in energy and water consumption, waste reduction) for which simple consumption monitoring and analysis tools are deployed.

However, monitoring and analysing consumption is not sufficient to reduce costs significantly. In order

to improve building performance, operators must have the benefit of technical and real estate know-how.

3. PLANET

While the environment is the most representative field of action of CSR strategies, it isn't the primary concern of healthcare establishment managers. The environmental footprint is not the most important challenge for these institutions.

CONCLUSION

The study confirmed the difficulties facing healthcare operators when they try to match a quality care policy with an energy and environmental performance improvement programme for buildings given that the financial resources that can be allocated to the projects are limited.

Cofinimmo positions itself as an adviser in sustainable construction and the search for innovative solutions to gradually improve assets at a pace and within the budgets acceptable to operators.



Parking building of the hospital Amphia
Breda (NL)

TRANSPARENT COMMUNICATION

Cofinimmo publishes all of its sustainable development activities and projects via several complementary media.

It has published a separate sustainable development report based on **GRI** ¹ guidelines since 2015. In 2016, the Royal Institute of Company Auditors awarded its prize for best Belgian sustainable development report 2015 in the 'large company' category to Cofinimmo.

Key performance indicators based on **EPRA** ² (EPRA sBPR) recommendations are provided on the website. A dashboard describes the objectives for the year under way as well as those for previous and future years.

Cofinimmo also participates in independent sustainable development rating surveys. The scores are available on the company website.



Awards for Best Belgian
Sustainability Reports

	2013 score	2014 score	2015 score	2016 score	
	Silver	Gold	Gold	Gold	www.epra.com
	38	45	57	53	www.gresb.com
	81C	89C	96C	B^e	www.cdp.net
			EE+	EE+	www.standardethics.eu

¹ Sustainability reporting guidelines according to the Global Reporting Initiative (www.globalreporting.org).

² New CDP rating system (A to D-) since 2016.

AN EXAMPLE OF DIVERSITY TO EMULATE

Diversity (cultural, generational, linguistic, gender, etc.) and equal opportunity are deeply rooted in Cofinimmo's corporate culture. It was one of the first Brussels-based companies to receive the 'diversity' label in 2010. The company must commit to and implement a long-term diversity plan to obtain the label. The plan implemented must consist of two parts: an inventory of the company's diversity and proposals for measures and actions to improve it. The label is valid for two years and was renewed in 2014 and December 2016.

REMUNERATION

The remuneration provided by Cofinimmo to its employees is in line with that of the market for similar positions. The salary envelope is set based on identical criteria for each employee and takes into account an objective classification of job duties. It includes an insurance plan, a profit-sharing scheme and, since 2009, a non-recurring bonus tied to company results. The profit-sharing scheme totalled 397,590 EUR in 2016. The members of the Executive Committee and Group Management are entitled to a stock option plan. Stock options were granted in the fair value amount of 200,860 EUR in 2016 (➔ see Note 44).



Diversity promotes new points of view and better exchanges between people and results in the creation of innovative solutions in the different business areas.



DIVERSITY AT COFINIMMO at 31.12.2016



SENIORITY



AGE



NATIONALITY





CORPORATE GOVERNANCE STATEMENT

Cofinimmo applies the strictest corporate governance standards and continuously assesses its methods against the principles, procedures and requirements in effect in this field.



NANANCE

REFERENCE CODE

This governance statement is included in the provisions of the 2009 **Belgian Corporate Governance Code**  ('Code 2009') and of those of the Law of 06.04.2016 amending the Company Code. The Royal Decree of 06.06.2010 confirmed Code 2009 as the only code applicable. The Code is available on the Belgian Official Gazette (Moniteur Belge/ Belgisch Staatsblad) website and at www.corporategovernancecommittee.be.

The Board of Directors states that, to its knowledge, its corporate governance practice complies fully with Code 2009.

The company's Corporate Governance Charter can be viewed on its Internet site at www.cofinimmo.com. It was last updated on 10.11.2016.

INTERNAL CONTROL AND RISK MANAGEMENT

In accordance with the rules of Corporate Governance and the laws applicable to public Regulated Real Estate Companies, Cofinimmo has implemented a risk management and internal control process.

To do so, the Company has selected the Enterprise Risk Management (ERM) model developed by COSO (Committee of Sponsoring Organisations of the Treadway Commission) as its frame of reference. COSO (www.coso.org) is a private sector organisation. Its goal is to promote quality improvements in financial reporting via the application of business ethics rules, an effective internal control system and enterprise governance rules.

The ERM model consists of six components:

- the internal environment;
- the setting of objectives and risk appetite;
- identification, analysis and control of risks;
- control activities;
- information and internal communication;
- surveillance and monitoring.

THE INTERNAL ENVIRONMENT

The concept of internal environment includes the company's vision, integrity, ethical values, personal skills, the way in which the Executive Committee assigns authority and responsibilities and organises and trains its staff, all under the control of the Board of Directors.

The Cofinimmo business culture incorporates risk management at various levels based on:

- corporate governance rules and the existence of an Audit Committee, a Nomination, Remuneration and Corporate Governance Committee entirely composed of Independent Directors as meant by Article 526ter of the Company Code, an Internal Auditor, a Risk Manager, a Management Controller and a Compliance Officer;
- the Executive Committee's integration of the notion of risk for any investment, transaction or commitment with a significant potential impact on the company's objectives;
- the existence of a Code of Conduct dealing with conflicts of interest, professional secrecy, rules governing the buying and selling of shares, prevention of misuse of corporate funds, acceptance of business gifts, communication and respect for individuals;
- adherence to task separation principles and the application of rules regarding delegation of powers clearly established at all levels of the company;
- the application of strict criteria for human resources management, particularly selection, staff recruitment rules, training policy, periodic performance assessment procedures and setting of annual targets;
- the monitoring of procedures and the formalisation of processes.

External players are also involved in this risk control environment. They include, in particular, the Financial Services and Markets Authority, company auditors,

legal consultants, independent real estate experts, banks, the Standard & Poor's credit rating agency, financial analysts and shareholders.

THE SETTING OF OBJECTIVES AND RISK APPETITE

Strategy is defined annually by the Board of Directors on the basis of a proposal from the Executive Committee. It is then translated into operating, compliance and reporting objectives. These apply at all of the company's operating levels, from the most global level to their implementation in functional units.

A budget, which translates the company's objectives into figures, is drawn up annually and reviewed every quarter. It includes forecast revenue items such as rents for the year as well as costs linked to the management and development of the property portfolio and financial costs linked to the business financing structure. The budget is validated by the Executive Committee then submitted to the Board of Directors for approval.

IDENTIFICATION, ANALYSIS AND MANAGEMENT OF RISKS

This point includes the identification of risks, their analysis and the measures chosen to respond to them in an effective manner.

An overall in-depth risk analysis of the company is carried out periodically in collaboration with all levels of the organisation, each for its respective areas of competence. The analysis is carried out on the basis of the strategic choices and of the legal and environmental constraints within which the company operates. It begins with the identification

of potential risks, their probability of occurrence and their impact on objectives viewed from different angles: financial, legal, operational, counterparty, property and reputation. The analysis is then formalised in a document presented and discussed at an Executive Committee meeting. It is updated throughout the year according to the changes in business activities and new commitments made, taking into account the lessons of the past. Once a year, it is also submitted to the Audit Committee which uses it to, among other things, decide on the audit assignments entrusted to the Internal Auditor.

Furthermore, each major project undergoes an analysis of specific risks based on an organised framework to improve the quality of information used in the decision-making process.

CONTROL ACTIVITIES

Controls are implemented in the various Cofinimmo departments in response to the risks identified:

- **at the financial level:** the difference between the estimated budget and the realised result are reviewed quarterly by the Executive Committee, the Audit Committee and the Board of Directors;
- **at the credit risk level:** the solvency of the most important clients without a financial rating is analysed annually by the financial department. Likewise, the amounts and validity of the rental guarantees established by all tenants are checked quarterly by the operational teams;
- **at the rental level:** half-yearly analysis of rental vacancy, lease terms and risks and opportunities in terms of rental revenue;
- **at the accounting level:** the use of ERP (Enterprise Resource Planning, that is, an integrated management software package), i.e. SAP, includes a number of automatic checks. SAP covers all accounting and financial aspects, as well as all data related to the real estate business (i.e. monitoring of rental contracts, rent invoices, statements of charges, orders, purchases, work site budget monitoring, etc.);
- **at the treasury level:** the use of a range of financing sources and banks and the spreading of maturities limits the risk of refinancing concentration;
- interest rate risk is limited by the application of a hedging policy via Interest Rate Swaps (IRS);
- the use of cash flow software facilitates the day-to-day monitoring of cash flow positions and **cash-pooling**  operations;

- the dual signature principle is applied within the limits of delegations of power for commitments to third parties, whether this involves asset acquisitions, rental transactions, orders of any type, approvals of invoices and payments;
- the use of workflow software at the different stages of business activity (leasing), strengthens the controls at the key stages of the process;
- the register and movements of the COFB, COFP1 and COFP2 registered shares are recorded in a secure IT application (Capitrack programme), developed and supplied by Belgium's central depository Euroclear.

INFORMATION AND INTERNAL COMMUNICATION

Information and communication between the various levels of the company and the information they disseminate is based on work meetings and on reporting:

- the Management Report, drawn up quarterly by the Consolidation & Reporting entity, details the situation of the income statement and the balance sheet, the key performance indicators, the acquisitions/sales situation and their impact on the results. It also includes an inventory of assets, project progress and cash flow positions. It is distributed to management, department heads and key individuals. It is discussed in detail by the Executive Committee, the Audit Committee and the Board of Directors;
- each department also periodically draws up specific reports about its own activities;
- the Management Board meets weekly to discuss important issues dealing with the functioning and activities of the company (investments and divestments, treasury, staff etc.);

- the Executive Committee, comprising four members of the Board of Directors and people responsible for the operational entities, also meets weekly. It reviews in more detail property investments and divestments, construction and rental matters.

A report is created for each meeting with, if necessary, an action plan for the implementation of the decisions taken at the meeting.

During the course of the year, the Executive Committee invites each head of department to present an update on the evolution of their business activities.

The company also has an Internal Auditor whose assignments cover the various procedures. The results of the audits are submitted to the Audit Committee, which ensures implementation of the recommendations, and to the Board of Directors.

SURVEILLANCE AND MONITORING

A closing is carried out each quarter using the same procedures as at the end of the financial year. Consolidated accounts are drawn up at this time. Key indicators are calculated and analysed. The data is collected in the Management Report referred to in the point above. All data are discussed and analysed by the Executive Committee and Board of Directors.

Each department also collects relevant information at its own level, which is analysed quarterly and compared to the objectives set for the year.

SHAREHOLDING STRUCTURE

at 31.12.2016^①

The Board of Directors declares that the above-mentioned shareholders have identical voting rights.

	Number of ordinary shares	%	Number of preference shares	%	Total number of shares (voting rights)	%
Crédit Agricole Group	1,068,286	5.25	0	0.00	1,068,286	5.08
Cofinimmo Group (own shares) ^②	44,864	0.22	0	0.00	44,864	0.22
Free Float ^③	19,232,487	94.53	685,553	100.00	19,918,040	94.70
Number of shares issued	20,345,637	100.00	685,553	100.00	21,031,190	100.00

① Situation based on the transparency declarations received by virtue of the Law of 02.05.2007. Any changes notified since 31.12.2016 have been published according to the provisions of the above-mentioned Law and can be consulted on the company's website at www.cofinimmo.com.

② The voting rights attached to the own shares held by the Cofinimmo Group have been suspended.

③ This calculation of the free float, generally used by Euronext, includes all shareholders individually holding less than 5 % of the capital.

DECISION-MAKING BODIES

BOARD OF DIRECTORS

CURRENT COMPOSITION

According to the general principles governing the composition of the Board, as adopted on a proposal by the Nomination, Remuneration and Corporate Governance Committee, the Board currently comprises 13 Directors, including (i) nine Non-Executive Directors, eight of whom are independent as meant by Article 526ter of the Company Code, and one representing one shareholder, and (ii) four Executive Directors (members of the Executive Committee).



MR. ANDRÉ BERGEN

Chairman of the Board of Directors, Independent Director, Chairman of the Nomination, Compensation and Corporate Governance Committee

- **Gender:** M
- **Nationality:** Belgian
- **Year of birth:** 1950
- **Start of term:** 30.04.2010
- **Last renewal:** 08.05.2013
- **End of term:** 10.05.2017
- **Current position:** Company director (Coupure R 164 Q, 9000 Ghent)
- **Current offices:** Delta Lloyd (Amsterdam), Sapient Investment Managers (Cyprus), Aspria Holding (London), and several offices in Cofinimmo Group subsidiaries
- **Previous offices:** Zuhair Fayez Partners (Saudi Arabia), Euronext SA/NV (the Netherlands), Recticel SA/NV, Vlaams Netwerk van Ondermijnen (VOKA), KBC Group, NYSE Euronext (USA), Ahlers SA/NV, Banque/Bank NIBC (the Netherlands), Festival van Vlaanderen (Ghent)



MR. JEAN-EDOUARD CARBONNELLE

Chief Executive Officer

- **Gender:** M
- **Nationality:** Belgian
- **Year of birth:** 1953
- **Start of term:** 30.04.1999
- **Last renewal:** 11.05.2016
- **End of term:** 09.05.2018
- **Current position:** Chief Executive Officer (CEO) of Cofinimmo SA/NV (boulevard de la Woluwe/Woluwedal 58, 1200 Brussels)
- **Current offices:** several offices in Cofinimmo Group subsidiaries, Société d'Habitations de Tournai SA/NV, European Public Real Estate Association (EPRA), EPRA Taxation Committee, Union Professionnelle du Secteur Immobilier (UPSII/BVS), Société Royale d'Économie Politique de Belgique ASBL/VZW
- **Previous offices:** -/-



MR. OLIVIER CHAPELLE

Independent Director, member of the Nomination, Compensation and Corporate Governance Committee

- **Gender:** M
- **Nationality:** Belgian
- **Year of birth:** 1964
- **Start of term:** 11.05.2016
- **Last renewal:** -/-
- **End of term:** 13.05.2020
- **Current position:** Chief Executive Officer (CEO) of Recticel SA/ NV (avenue des Olympiades/ Olympiadenlaan 2, 1040 Brussels)
- **Current offices:** Guberna, Fédération des Entreprises Belges (FEB/VBO)
- **Previous offices:** Amcham, essenscia



MR. XAVIER DE WALQUE

Independent Director, Chairman of the Audit Committee

- **Gender:** M
- **Nationality:** Belgian
- **Year of birth:** 1965
- **Start of term:** 24.04.2009
- **Last renewal:** 11.05.2016
- **End of term:** 13.05.2020
- **Current position:** Member of the Executive Committee and Chief Financial Officer of Cobepa SA/ NV (rue de la Chancellerie 2/1, 1000 Brussels)
- **Current offices:** several offices in Cobepa Group subsidiaries (Cobepa Nederland, Cobepa North America, Cosylva, Financière Cronos, Puccini Partners, lbel, Mascagna, Mosane, Sofiréal, Sophielux 1, Sophielux 2, Sophinvest, Ulran), JF Hillebrand AG, AG Insurance, Sapec, Degroof Equity
- **Previous offices:** Cobib, Cobic, Cobsos, Groupement Financier Liégeois, Kanelium Invest, SGS Holdings



MR. CHRISTOPHE DEMAIN

Independent Director

- **Gender:** M
- **Nationality:** Belgian
- **Year of birth:** 1966
- **Start of term:** 14.05.2014
- **Last renewal:** 11.05.2016
- **End of term:** 10.05.2017
- **Current position:** Chief Investment Officer of Belfius Insurance SA/NV (avenue Galilée/ Galileilaan 5, 1210 Brussels)
- **Current offices:** Retail Estates SA/NV, LFB, Legros-Renier - Les Amarantes Seigneurie de Loverval SA/NV, Coquelets SA/NV, Auxipar SA/NV, Elantis SA/NV, Immo Malvoz SPRL/BVBA, Immo Zeedrift SA/NV, First Retail International SA/NV1&2, Rekode SA/NV
- **Previous offices:** Banque Transatlantique Belgium, AXA Private Management



MR. XAVIER DENIS

Executive Director

- **Gender:** M
- **Nationality:** Belgian
- **Year of birth:** 1972
- **Start of term:** 29.04.2011
- **Last renewal:** 13.05.2015
- **End of term:** 08.05.2019
- **Current position:** Chief Operating Officer (COO) of Cofinimmo SA/ NV (boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels)
- **Current offices:** several offices in Cofinimmo Group subsidiaries, Denis Intérieur SA/NV, European Quarter Area Management Association (EQuAMA)
- **Previous offices:** -/-



MR. JÉRÔME DESCAMPS

Executive Director

- **Gender:** M
- **Nationality:** French
- **Year of birth:** 1967
- **Start of term:** 13.05.2015
- **Last renewal:** -/-
- **End of term:** 08.05.2019
- **Current position:** Chief Financial Officer (CFO) of Cofinimmo SA/ NV (boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels)
- **Current offices:** several offices in Cofinimmo Group subsidiaries
- **Previous offices:** Altraplan Luxembourg, Private Estate Life, Saphir II, Société de la Tour Eiffel



MR. MAURICE GAUCHOT

Independent Director, member of the Nomination, Compensation and Corporate Governance Committee

- **Gender:** M
- **Nationality:** French
- **Year of birth:** 1952
- **Start of term:** 11.05.2016
- **Last renewal:** -/-
- **End of term:** 13.05.2020
- **Current position:** Company director (16 avenue Pierre I^{er} de Serbie, 75116 Paris, France)
- **Current offices:** Codic SA/NV
- **Previous offices:** CBRE Holding France



MRS. DIANA MONISSEN

Independent Director

- Gender: F
- Nationality: Dutch
- Year of birth: 1955
- Start of term: 11.05.2016
- Last renewal: -/-
- End of term: 13.05.2020
- Current position: Chief Executive Officer (CEO) of the Princess Maxima Centrum voor Kinderoncologie (Lundlaan 6, 3584 EA Utrecht, the Netherlands)
- Current offices: Culturele Hoofdstad, MC Slotervaat
- Previous offices: -/-



MRS. INÈS ARCHER-TOPER

Independent Director, member of the Audit Committee

- Gender: F
- Nationality: French
- Year of birth: 1957
- Start of term: 08.05.2013
- Last renewal: -/-
- End of term: 10.05.2017
- Current position: Partner of Edmond de Rothschild Corporate Finance SA (47 rue du Faubourg Saint Honoré, 75401 Paris cedex 08, France)
- Current offices: Aina Investment Fund (Luxembourg) and Orox Asset Management SA (Switzerland), two entities of Edmond de Rothschild Group, Gecina SA (France), Lapillus OPCI
- Previous offices: Segro PLC SA (United Kingdom), Axcior Immo and Axcior Corporate Finance SA (France)



MRS. FRANÇOISE ROELS

Executive Director

- Gender: F
- Nationality: Belgian
- Year of birth: 1961
- Start of term: 27.04.2007
- Last renewal: 08.05.2013
- End of term: 10.05.2017
- Current position: Secretary General & Group Counsel of Cofinimmo SA/NV (boulevard de la Woluwe/Woluwedal 58, 1200 Brussels)
- Current offices: several offices in Cofinimmo Group subsidiaries, EPRA Regulatory Committee, Women on Board ASBL/VZW
- Previous offices: Euroclear Pension Fund



MR. ALAIN SCHOCKERT

Director representing the shareholder Banque Degroof Petercam, member of the Nomination, Remuneration and Corporate Governance Committee

- **Gender:** M
- **Nationality:** Belgian
- **Year of birth:** 1950
- **Start of term:** 27.04.2007
- **Last renewal:** 08.05.2013
- **End of term:** 10.05.2017
- **Current position:** Chief Executive Officer of Banque Degroof Petercam SA/NV (rue de l'Industrie/Nijverheidsstraat 44, 1040 Brussels)
- **Current offices:** several offices in Degroof Petercam subsidiaries (Banque Degroof Petercam SA, Banque Degroof Petercam Luxembourg SA, Degroof Petercam Corporate Finance SA/NV, Degroof Equity SA/NV)
- **Previous offices:** -/-



MRS. KATHLEEN VAN DEN EYNDE

Independent Director, member of the Audit Committee

- **Gender:** F
- **Nationality:** Belgian
- **Year of birth:** 1962
- **Start of term:** 13.05.2015
- **Last renewal:** -/-
- **End of term:** 08.05.2019
- **Current position:** Director, member of the Executive Committee of Allianz Benelux SA/NV and CIO of Life & Healthcare (rue de Laeken 35, 1000 Brussels)
- **Current offices:** several offices in Allianz Group subsidiaries in the Netherlands (Allianz Nederland Groep NV, Allianz Nederland Levensverzekering NV, Allianz Nederland Asset Management BV)
- **Previous offices:** AZ Benelux SA/NV, Asourcard, Allianz Benelux SA/NV

• • •

Cofinimmo directly and indirectly sponsors the EREF 'Women on Board' aiming to promote the presence of women in Boards of Directors.

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Directors are appointed for a maximum of four years by the General Shareholders' Meeting and may be dismissed in the same way at any time. They are re-electable.

The Independent Directors strictly comply with the independence criteria set out in Article 526ter of the Belgian Company Code and Appendix A of the 2009 Corporate Governance Code.

Under the Law of 28.07.2011 on ensuring the presence of women on the Boards of Directors of listed companies, the Board of Directors has examined the future evolution of its composition. The goal is to ensure that at least one third of the Board members are of the opposite sex from the other members, pursuant to this Law.

The Board of Directors has established a very concrete action plan concerning the renewal of terms of office to ensure the appointment of women to the Board before the end of 2017. The Ordinary General Meeting of 11.05.2016 approved the appointment of Diana Monissen as Independent Director as meant by Article 526ter of the Company Code. The number of women on the Board increased from three to four and, in accordance with Article 518bis § 1 of the Company Code which stipulates that at least one third of the members of the Board of Directors must be of a different gender

than the other members and that, for the application of this provision, the minimum required number is rounded to the closest whole number, the company already complies with the Company Code given that the provision goes into effect on 01.01.2018.

In addition, subject to the approval of the Ordinary General Meeting of 10.05.2017 and of the FSMA, the appointment of Mrs. Cécile Scalais to replace Christophe Demain will increase the number of women on the Board from four to five, exceeding a third of its members. In addition, the Board of Directors decided in 2016 that the future composition of the Board of Directors must reflect parity between men and women.

Cofinimmo directly and indirectly sponsors the activities of the Women on Board non-profit which works to promote the presence of women on Boards of Directors. Mrs. Françoise Roels, member of Cofinimmo's Executive Committee, is one of the founding members of this non-profit and has been its chair since May 2016.

TERMS COMPLETED DURING 2016:

MR. CHEVALIER VINCENT DOUMIER (term ended 11.05.2016)

Independent Director, member of the Audit Committee

- **Nationality** Belgian
- **Year of birth** 1955
- **Start of term** 28.04.2006
- **Last renewal** 27.04.2012
- **End of term** 11.05.2016
- **Current position** Company director
- **Current offices** BDG & Associés Inc. Montréal (Canada), Codic International SA/NV, Cofir SA/NV, Comensia SCRL/CVBA, Food Impact SA/NV, Sopartec SA/NV, CIT Blaton SA/NV, Seneq SA/NV, Belgian Land SA/NV, Les Petits Riens ASBL/VZW, Ceran SA/NV
- **Previous offices** Compagnie du Bois Sauvage SA/NV, Neuhaus Holding, Ceran ILC, Ter Beke SA/NV, Banque Degroof SA/NV, Recticel SA/NV, Compagnie Financière du Château SA/NV, Fauchon Group, Trade Credit Re Insurance Company (TCRé) SA/NV, Nanocyl SA/NV, Centre Interdiocésain ASBL/VZW, John Berenberg Gossler & Co KG (Germany)

MR. BAUDOUIN VELGE (term ended 11.05.2016)

Independent Director, member of the Nomination, Compensation and Corporate Governance Committee

- **Nationality** Belgian
- **Year of birth** 1955
- **Start of term** 28.04.2006
- **Last renewal** 27.04.2012
- **End of term** 11.05.2016
- **Current position** Managing Partner of Interel SA (rue du Luxembourg 22-24, 1000 Brussels)
- **Current offices** Bekaert SA/NV, BECI, Banque Medirect, Fondation Bernhein, École pour le Management (EPM) SA/NV, Brussels Metropolitan Region
- **Previous offices** BT Belux SA/NV, EuroCommerce AISBL/IVZW, FEDIS ASBL/VZW, Fédération des Entreprises Belges (FEB) ASBL/VZW

MR. GAËTAN HANNECART (term ended 11.05.2016)

Independent Director, Chairman of the Nomination, Compensation and Corporate Governance Committee

- **Nationality** Belgian
- **Year of birth** 1964
- **Start of term** 28.04.2006
- **Last renewal** 27.04.2012
- **End of term** 11.05.2016
- **Current position** CEO and Chairman of the Executive Committee of Matexi SA/NV (Franklin Rooseveltlaan 180, 8790 Waregem)
- **Current offices** several offices in Matexi Group subsidiaries (Ankor Invest SA/NV, Matexi Real Estate Finance SA/NV, De Burkel SA/NV, Duro Home Holding SA/NV, Entro SA/NV, Familo SA/NV, Hooglatem SA/NV, Immo Vilvo SA/NV, Matexi SA/NV, Matexi Brabant Wallon SA/NV, Matexi Brussels SA/NV, Matexi Group SA/NV, Matexi Luxembourg SA/NV, Matexi Projects SA/NV, Matexi Brabant Flamand SA/NV, Matexi Antwerpen SA/NV, Matexi Hainaut SA/NV, Matexi Liège SA/NV, Matexi Limburg SA/NV, Matexi Namur SA/NV, Matexi Oost-Vlaanderen SA/NV, Matexi West-Vlaanderen SA/NV, Renoplan SA/NV, Quaerocq SCRL/CVBA/, SDM SA/NV, Sibomat SA/NV, Tradiplan SA/NV, Matexi City Development SA/NV, Wilma Project Development Holding SA/NV, Zennebroeck SA/NV, Zenneveen SA/NV, Nimmobo SA/NV, Vauban SA/NV, Campagne du Petit Baulers SA/NV, Coogee SA/NV, Galerie des Carmes SA/NV, Vilvoorde Development SA/NV, I-Dyle SA/NV, I-Dyle Construct SA/NV), Real Dolmen SA/NV, Louis Delhaize Group, N-Side, Union Professionnelle du Secteur Immobilier (UPS), YouthStart, Itinera Institute ASBL/VZW, Vicinia ASBL/VZW, KUL Sénat, Harvard Business School Alumni Board, Guberna
- **Previous offices** Kempense Bouwwerken SA/NV, Home Invest Belgium SA/NV, Flemish government Urban Planning Consultation Council

DIRECTOR RENEWALS AND APPOINTMENTS

The Ordinary General Meeting of 11.05.2016 approved the appointments of Mr. Olivier Chapelle, Mr. Maurice Gauchot and Mrs. Diana Monissen as Independent Directors as meant by Article 526ter of the Company Code. Their term will end on 13.05.2020.

The Ordinary General Meeting of 11.05.2016 also approved the renewal of the term of Mr. Jean-Edouard Carbonnelle, as Executive Director with a term ending on 09.05.2018, and of Christophe Demain as Independent Director as meant by Article 526ter of the Company Code with a term ending on 10.05.2017.

For personal reasons, Mr. André Bergen does not wish his term to be renewed at the next Ordinary General Meeting. Consequently, and subject to approval by the FSMA, the Board of Directors will propose the following to the Ordinary General Meeting of 10.05.17:

- renewal of the term of Mrs. Françoise Roels as Executive Director and member of the Executive Committee. If she is approved, her term of office will expire on 12.05.2021;
- renewal of the term of Mrs. Inès Archer-Toper as Independent Director as meant by Article 526ter of the Company Code. If she is approved, her term of office will expire on 12.05.2021;
- appointment of Mrs. Cécile Scalais as Independent Director as meant by Article 526ter of the Company Code. If she is approved by the General Meeting and the FSMA, her term of office will expire on 12.05.2021;
- appointment of Mr. Jacques Van Rijckevorsel as Independent Director as meant by Article 526ter of the Company Code. If he is approved by the General Meeting and the FSMA, his term of office will expire on 12.05.2021;

Mr. Alain Schockert, representing the shareholder Banque Degroof Petercam, has held three consecutive terms. In application of Article 526ter 2° of the Company Code, his term cannot be renewed.

The Board of Directors would like to warmly thank Mr. Schockert and Mr. Bergen warmly for their contribution to the company's administration and growth.

In order to comply with the Charter of the Board of Directors which requires that the body consist of 12 members, and taking into account the proposals for appointments and renewals made to the Ordinary General Meeting of 10.05.2017, the appointment of a thirteenth director will not be proposed.

THE ROLE OF THE BOARD OF DIRECTORS

The role of the Board of Directors is to:

- set strategic guidelines for the company, either on its own initiative or as proposed by the Executive Committee;
- oversee the quality of management and its compliance with the chosen strategy;
- examine the quality of information provided to investors and the public;
- ensure that all the Directors, who are jointly and individually responsible for the interests of the company and for the development of Cofinimmo, are acting independently;
- deal with all matters for which it is legally responsible (approval of the strategy and budget, adoption of the annual, half-yearly and quarterly accounts, use of the authorised capital, approval of merger and demerger reports, convening of the Ordinary and Extraordinary General Meetings, organisation of the decision-making bodies and appointment of their members).

The rules on the functioning of the Board of Directors are summarised in the Charter of the Board of Directors which can be consulted on the company website at www.cofinimmo.com.

THE BOARD OF DIRECTORS' ACTIVITY REPORT

The Board of Directors must meet at least eight times a year. Special circumstances can require one or more additional Board meetings. The Board met ten times in 2016.

The members of the Board receive documents before each meeting enabling them to study the proposals made by the Executive Committee on which they will have to take a decision. Decisions are passed by a simple majority of votes. In the event of a tie vote, the Chairman's vote is decisive.

In addition to recurrent subjects, the Board also took decisions on various matters in 2016, including the following:

- review of the financing plan;
- review, examination and selection of guidelines for Cofinimmo's strategy and development;
- review of the Risk Management reference framework, Cofinimmo Group's Risk Assessment and the various assignments of the Internal Auditor;
- analysis and approval of investments, divestments and (re)development projects;
- the buyback of convertible bonds issued in 2013 (maturing in 2018);
- the issue of convertible bonds (maturing in 2021);
- the issue of bonds for environmental projects;
- the restructuring of interest rate hedging;
- the budget 2017;
- the absorption of the SPRL/BVBA Trias Bel Leopold I – T under the regime of Articles 676, 719 et seq. of the Company Code;
- review of the Enterprise Governance Charter;
- evaluation of the Executive Committee, setting of its objectives, the fixed and variable compensation of the Executive Committee members;
- the granting to foreign Non-Executive Directors living abroad of additional compensation of 1,000 EUR per Board or Committee meeting attended;
- the proposal to appoint Mr. Olivier Chapelle, Mr. Maurice Gauchot and Mrs. Diana Monissen as Independent Directors as meant by Article 526ter of the Company Code at the Ordinary General Meeting of 11.05.2016;
- the proposal to renew the terms of Mr. Christoph Demain and Mr. Xavier de Walque as Independent Directors as meant by Article 526ter of the Company Code at the Ordinary General Meeting of 11.05.2016;
- the proposal to renew the term of Mr. Jean-Edouard Carboneille as Executive Director and member of the Executive Committee at the Ordinary General Meeting of 11.05.2016;
- the proposal to appoint Mrs. Cécile Scalais and Mr. Jacques Van Rijckevorsel as Independent Directors as meant by Article 526ter of the Company Code at the Ordinary General Meeting of 10.05.2017, subject to FSMA approval;
- the proposal to renew the term of Mrs. Inès Archer-Topper as Independent Director as meant by Article 526ter of the Company Code at the Ordinary General Meeting of 10.05.2017;
- the proposal to renew the term of Mrs. Françoise Roels as Executive Director and member of the Executive Committee at the Ordinary General Meeting of 10.05.2017;
- the follow-up on the proposed action points as part of the 2015 self-assessment.

AUDIT COMMITTEE

CURRENT COMPOSITION

The Audit Committee is made up of three Directors, all independent as meant by Article 526ter of the Company Code. They are Xavier de Walque (Chairman), Mrs. Inès Archer-Toper and Mrs. Kathleen Van den Eynde. The Chairman of the Board of Directors and the members of the Executive Committee are not members of the Audit Committee. They attend the meetings but do not have the right to vote.

Thanks to their professional experience, the members of the Audit Committee have the required accounting and auditing skills – both individually and collectively – to guarantee the effective working of the Committee.

ROLE OF THE AUDIT COMMITTEE

The role of the Audit Committee is to examine:

- the process of compiling financial information;
- the effectiveness of the company's internal control and risk management mechanisms;
- the internal audit and its effectiveness;
- the statutory audit of the annual and consolidated accounts, including the questions and recommendations made by the auditor responsible for auditing the consolidated accounts;
- the independence of the auditor responsible for auditing the consolidated accounts, in particular with respect to the provision of additional services to the company.

The current composition of the Audit Committee and the tasks assigned to it fulfil the conditions imposed by the Law of 17.12.2008 concerning the creation of an Audit Committee in listed and financial companies. The Audit Committee's operating rules are detailed in the Audit Committee Charter which can be viewed on the website at www.cofinimmo.com.

AUDIT COMMITTEE ACTIVITY REPORT

The Audit Committee met on four occasions during 2016.

It addressed matters that fall within its mandate as defined in the Audit Committee Charter and the Law of 17.12.2008, to guarantee the accuracy and truthfulness of the reporting of Cofinimmo's annual and half-yearly accounts, the quality of internal and external audit and of the information provided to the shareholders.

The Audit Committee also addressed the following points:

- review of the recommendations made by the Auditor concerning internal audit procedures;
- assessment of the Cofinimmo Group's Risk Management framework;
- review of the internal assessment of assets;
- review of major risks;
- the restructuring of financial instruments;
- the Internal Auditor's reports on human resources and the management of real estate risks during the acquisition process;
- self-assessment.

NOMINATION, COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE

CURRENT COMPOSITION

The Nomination, Remuneration and Corporate Governance Committee is made up of four Directors, of which three are independent as meant by Article 526ter of the Company Code, and one represents one shareholder. They are Mr. André Bergen (Chairman), Mr. Olivier Chapelle, Mr. Maurice Gauchot and Mr. Alain Schockert. The members of the Executive Committee are not members of the Nomination, Remuneration and Corporate Governance Committee.

ROLE OF THE NOMINATION, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE

The role of the Nomination, Remuneration and Corporate Governance Committee is to assist the Board by:

- issuing recommendations for the composition of the Board of Directors and its Committees and for validating the independence of its members;
- helping to select, evaluate and appoint members of the Board and of the Executive Committee;
- helping to determine and apply the remuneration policy of the members of the Board of Directors and of the Executive Committee;
- drawing up a remuneration report;
- analysing and preparing recommendations on all matters related to corporate governance.

The current composition of the Nomination, Remuneration and Corporate Governance Committee and the tasks assigned to it fulfil the conditions of the Law of 06.04.2010, inserting an Article 526quater in the Company Code. The Nomination,

Remuneration and Corporate Governance Committee's operating rules are included in its charter. The charter can be viewed on www.cofinimmo.com.

ACTIVITY REPORT OF THE NOMINATION, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE

The Committee met three times in 2016.

The main topics covered were:

With respect to remuneration:

- review of the remuneration policy for the members of the Executive Committee;
- determination of the remuneration of the Executive Directors ensuring that it remains in line both with market levels and their duties;
- the company's remuneration policy;
- the preparation of a remuneration report.

With respect to the composition of the Board of Directors:

- the action plan to ensure that women make up at least one third of the members of the Board of Directors;

- the search process for three new Non-Executive Directors with analysis of the existing skills on the Board and those that need to be provided for the Non-Executive Directors whose term expires at the Ordinary General Meeting of 11.05.2016. The analysis resulted in the proposed appointment of Mr. Olivier Chapelle, Mr Maurice Gauchot and Mrs. Diana Monissen as Independent Administrators as meant by Article 526ter of the Company Code;
- the proposed renewal of the terms of office of Mr. Christophe Demain and Mr. Xavier de Walque as Independent Directors as meant by Article 526ter of the Company Code at the Ordinary General Meeting of 11.05.2016;
- the proposed renewal of the term of office of Mr. Jean-Edouard Carbonnelle as Executive Director and Member of the Executive Committee at the Ordinary General Meeting of 11.05.2016;
- the proposed appointment of Mrs Cécile Scalais and Mr. Jacques Van Rijckevorsel as Independent Directors as meant by Article 526ter of the Company Code at the Ordinary General Meeting of 10.05.2017, subject to FSMA approval;
- the proposed renewal of the term of office of Mrs. Inès Archer-Toper as Independent Director as meant by Article 526ter of the Company Code at the Ordinary General Meeting of 10.05.2017;
- the proposed renewal of the term of office of Mrs. Françoise Roels as

Executive Director and member of the Executive Committee at the Ordinary General Meeting of 10.05.2017.

With respect to corporate governance:

- review of the Enterprise Governance Charter.

With respect to its own operation:

- self-assessment.

EXECUTIVE COMMITTEE

CURRENT COMPOSITION

In accordance with Article 524bis of the Company Code, in addition to its Chairman Mr. Jean-Edouard Carboneille (CEO), the Executive Committee consists of three Executive Directors who are Mr. Xavier Denis (COO), Mr. Jérôme Descamps (CFO) and Mrs. Françoise Roels (Secretary General & Group Counsel).

Each member of the Executive Committee has a specific area of responsibility. The Committee meets weekly. It is responsible for the company's operational management.

In accordance with Article 14 of the **Law of 12.05.2014**  concerning Regulated Real Estate Companies, the members of the Executive Committee are effective directors as meant by this Article and are also responsible for the day-to-day running of the company.

The Executive Committee's operating rules are detailed in its charter. The charter can be viewed at www.cofinimmo.com.

ROLE OF THE EXECUTIVE COMMITTEE

Its role is to:

- propose the company strategy to the Board of Directors;
- execute the strategy retained by the Board of Directors, including its decisions of acquisition and disposal of properties or shares of real estate companies;
- carry out the day-to-day management of the company and report on these matters to the Board of Directors.



JEAN-EDOUARD CARBONNELLE

Chief Executive Officer

Mr. Jean-Edouard Carbonnelle joined Cofinimmo in November 1998 as Chief Financial Officer and was appointed Chief Executive Officer in 2012. Before that, he worked for the Société Générale Group of Belgium, first in the holding company and subsequently as Director and Chief Financial Officer of the Diamant Boart Group (abrasive tools) and lastly, briefly, as Investor Relations Manager at Union Minière (non-ferrous metals). He began his professional career in the department of industrial and mining projects at the World Bank. He is a graduate in Commercial Engineering (Solvay Business School - ULB 1976) and holds a Master of Business Administration (Wharton School - University of Pennsylvania 1977).

XAVIER DENIS

Chief Operating Officer

Mr. Xavier Denis joined Cofinimmo in 2002 as Head of Project Development and Area Manager. Before coming to Cofinimmo, he worked as an architect in London between 1996 and 2001 at Chapman Taylor and HOK Sport, which later became Populous. He has 15 years of experience in the technical, financial and commercial management of property projects and portfolios. He is a Civil Engineer Architect (Catholic University of Louvain 1996) and holds a Master of Business Administration (INSEAD 2002).

JÉRÔME DESCAMPS

Chief Financial Officer

Mr. Jérôme Descamps joined Cofinimmo in October 2014. He previously worked as Chief Financial Officer for Société de la Tour Eiffel, a SIIC (Société d'Investissement Immobilier Cotée) listed on Euronext Paris. Before that, he worked as Chief Financial Officer at the Awon Group (Soros Real Estate) and as Management Controller for ISM (a real estate company owned by GDF Suez, then by General Electric Capital). He is MRICS certified (member of the Royal Institute of Chartered Surveyors) and a graduate of the École Supérieure de Gestion de Paris (Finances).

FRANÇOISE ROELS

Secretary General & Group Counsel

Mrs. Françoise Roels joined Cofinimmo in August 2004. She is the head of the legal department and is in charge of the company's General Secretariat. She is responsible for Cofinimmo's compliance and risk management functions. She is also responsible for matters involving shareholders and relations with the Belgian financial supervisory authorities. She supervises the company's human resources and tax departments. Before coming to Cofinimmo, Françoise Roels worked for the law firm Loyens, for Euroclear/JP Morgan and for the Belgacom Group. She was responsible for tax affairs and Corporate Governance. She is a law graduate (RUG 1984), obtained a bachelor's degree in philosophy (RUG 1984) and holds a master's diploma in taxation (École Supérieure des Sciences Fiscales 1986).

PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

Under the direction of its Chairman, the Board of Directors conducts regular evaluations, at least every two or three years, of its size, composition and performance and of that of its Committees as well as its interaction with the Executive Committee. The four objectives of this analysis are to:

- appraise the functioning of the Board of Directors or the Committee concerned;
- ascertain that important matters are being prepared and discussed adequately;
- evaluate the actual contribution of each Director by their presence at Board of Directors and Committee meetings, and their constructive involvement in the discussions and decision-making;
- ascertain whether the current composition of the Board of Directors and the Committees is appropriate.

An evaluation of the Board and its Committees took place in 2015. It was carried out by means of a procedure established by the Chairman of the Board, the Secretary General and the Nomination, Remuneration and Corporate Governance Committee. The Board was evaluated with assistance from the ACCORD company. The goal was to make a more in-depth study of the following: the decision-making process, risk management, performance, composition, operation, the skills and abilities of the Board and its relationship with the committees. A detailed report highlighted the positive points and those that needed to be improved.

An action plan was implemented and is being followed by the Nomination, Remuneration and Corporate Governance Committee. The procedure enabled the Directors to raise issues that were not covered in the questionnaire. The replies and comments of the Directors are reviewed by the Nomination, Remuneration and Corporate Governance Committee which studies them and makes any necessary recommendations to the Board of Directors.

When a Director's term is up for renewal, the Board proceeds with an assessment of the Director under the guidance of, and with the contribution of the Nomination, Remuneration and Corporate Governance Committee. On this occasion, the Nomination, Remuneration and Corporate Governance Committee reviews the Board members' skills/experience grid and ensures that the Board's composition continues to be appropriate. The Nomination, Remuneration and Corporate Governance Committee then makes recommendations regarding the renewal of terms that are about to expire to the Board of Directors which decides whether to submit them to the General Meeting or not.

The Non-Executive Directors carry out an annual evaluation of their interaction with the Executive Committee. It is put on the agenda of a restricted Board of Directors meeting from which the members of the Executive Committee are absent.

MANAGEMENT

The Executive Committee is assisted by a team of managers. Each manager reports directly to one of the members of the Executive Committee and assumes a specific management responsibility.

Name	Position
Sébastien Berden	Head of Healthcare
Yeliz Bici	Head of Development
Chantal Cabuy	Chief Human Resources Officer
Hanna De Groot	Environmental Manager
Valérie De Vos	Head of Document Lifecycle Organisation
Ingrid Daerden	Head of Treasury & Project Financing (until 16.09.2016)
Steve Deraedt	Head of Information Technology
Andrée Doucet	Sr. Corporate Legal Officer
Ellen Grauls	Investor Relations Manager (until 31.12.2016) Head of External Communication & Investor Relations (since 01.01.2017)
Jimmy Gysels	Head of Business Unit Pubstone
Dirk Huysmans	Head of Offices Belgium
Valérie Kibieta	Head of External Communication & Investor Relations (until 31.12.2016) Head of Treasury & Project Financing (since 01.01.2017)
Stéphanie Lempereur	Head of Corporate Finance & Control
Pascale Minet	Head of Accounting
Valéry Smeers	Head of Tax
Domien Szekér	Head of Project Management
Jean Van Buggenhout	Head of Property Services & Corporate Social Responsibility
Caroline Vanstraelen	Corporate Legal Officer
Sophie Wattiaux	Corporate Legal Officer and Internal Auditor

RULES AND PROCEDURES

CONFLICT OF INTEREST RULES

In compliance with Article 523 of the Company Code, any member of the Board of Directors who, whether directly or indirectly, has a financial interest which conflicts with a decision or operation involving the Board of Directors, may not attend the proceedings of this Board.

Under certain specific circumstances, when there are transactions with competing interests between Banque/Bank Degroof Petercam and Cofinimmo, the situation could require the application of Article 523 of the Company Code and be classified as a potential conflict of interest for Mr. Alain Schockert, the Director appointed at the recommendation of Banque Degroof Petercam.

In the financial year 2016, one decision had lead to the application of Article 523 of the Company Code.

During the meeting of 04.02.2016, the Board of Directors deliberated on (i) the evaluation of the Executive Committee regarding its 2015 objectives, (ii) the 2016 fixed and 2015 variable remuneration of the Executive Committee, and (iii) the 2016 objectives of the Executive Committee.

In accordance with Article 523 of the Company Code, Mr. Jean-Edouard Carbonelle, Mr. Xavier Denis, Mr. Jérôme Descamps and Mrs. Françoise Roels abstained from participating at the deliberations and decisions on these agenda points.

Extract of the minutes of the Board of Directors of 04.02.2016.

"6. Nomination, Remuneration and Corporate Governance Committee (NRCGC) e.a. (decision)

6.1. The members of the Executive Committee leave the session.

6.2. Pursuant to Article 523 of the Company Code, the members of the Executive Committee, being Mr. Carbonnelle, Mr. Denis, Mr. Descamps and Mrs. Roels, announce they have indeed an interest of financial nature opposed to the interest of the company, about which the Auditor has been informed.

6.3. Mr. Hannecart reports on the NRCGC activities of 28 January.

6.4. After a thorough review of the performances and realisations of the Executive Committee in 2015, the Board discusses the salary package of the members of the Executive Committee.

6.5. Fixed remuneration 2016

6.5.1. On the proposal of the NRCGC, the Board decides to adopt the following salary review as from 01.01.2016:

Mr. X. Denis: 280,000 EUR/year versus 265,000 EUR/year;

Mrs. F. Roels: 280,00 EUR/year versus 275,000 EUR/year;

Mr. J. Descamps: 280,000 EUR/year versus 240,000 EUR/year;

[..]

6.6. Variable remuneration 2015

6.6.1. After a thorough review and through the recommendation of the NRCGC, the Board evaluates the performances of the Executive Committee as follows:

- the net result of core activities per share (25 %);
- the management of large-scale projects (25 %);
- the office occupancy rate (15 %);
- the cost/income ratio (10 %);
- other (25 %).

6.6.2. Result is a variable remuneration of 60 % (80 % of 75 %) of the fixed annual remuneration 2015.

[...]

6.6.3. Half of this variable remuneration is subject to the rules of the 'phantom stock plan' with a multi-year payment according to the rules of this plan.

6.6.4. Part of the other half will be granted as a pension promise as follows:

Mr. J. Carbonnelle: 104,790 EUR;

Mrs. F. Roels: 40,000 EUR.

6.6.5. The remaining balance will be paid in cash during the first quarter of 2016.

6.7. Objectives of the Executive Committee 2016

6.7.1. On the proposal of the NRCGC, the Board defines the 2016 objectives for the Executive Committee Comité as follows:

- the net result of core activities per share (25 %);
- the cost/income ratio (10 %);
- the office occupancy rate (15 %);
- the management of large-scale projects (25 %);
- other (25 %)

[...]"

During the financial year 2016, no decision nor opération has been the subject of the application of Article 524 of the Company Code.

Article 37 of the Law of 14.05.2014 relating to Regulated Real Estate Companies foresees specific provisions when the individual concerned by this Article (Director or shareholder of a subsidiary of the public or institutional RREC) intervenes as counter party in an operation with the RECC or with a company over which he/she exercises the control. During 2016, no transaction of this type occurred.

CODE OF CONDUCT

The Cofinimmo Code of Conduct explicitly stipulates that the members of the company bodies and of personnel must refrain from seeking from third parties, and refuse, any remuneration, in cash or in kind, or any personal advantages offered by reason of their professional association with the company.

REPORTING OF IRREGULARITIES

Cofinimmo has implemented a whistleblowing procedure to report irregularities which covers situations in which an employee of the company, and generally, any person working on behalf of the company, report a concern about an irregularity they have observed affecting or potentially affecting a third party, clients, suppliers, other members of the company, the company itself (its assets, results, or its reputation), its subsidiaries or the public interest.

ACQUISITION & SALE OF COFINIMMO SHARES (INSIDER TRADING 📌)

In accordance with the principles and values of the company, Cofinimmo has inserted a 'Dealing Code' 📌 in its Enterprise Governance Code containing the rules which must be followed by Directors and Designated Persons wishing to negotiate financial instruments issued by Cofinimmo and its subsidiaries. The Dealing Code specifically prohibits them from buying and selling Cofinimmo shares during the period running from the day after each quarter's closing date up until (and including) publication of the annual, half-yearly or quarterly results. As part of the implementation of the Belgian Corporate Governance Code at Cofinimmo, the rules of the Dealing Code have been aligned with Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16.04.2014 on market abuse, the fair presentation of investment recommendations and the reporting of conflicts of interest.

JUDICIAL AND ARBITRATION PROCEDURES

The Executive Committee of Cofinimmo declares that there is no government intervention, proceeding or arbitration procedure that could have a significant impact, or may have had such an impact in the recent past, on the financial position or profitability of the RREC. In addition, to the knowledge of the Executive Committee, there are no situations or facts which could give rise to such government intervention, proceeding or arbitration procedure.

COMPLIANCE OFFICER AND RISK MANAGEMENT

Françoise Roels, Secretary General & Group Counsel, is the Cofinimmo Compliance Officer. Her duties involve ensuring that the Code of Conduct as well as, more generally, all prevailing laws and regulations are complied with. She is also the company's Risk Manager within the Executive Committee and is responsible for identifying and managing events potentially affecting the organisation.

INTERNAL AUDIT

Sophie Wattiaux is responsible for Internal Audit. Her duties involve examining and assessing the smooth running, efficiency and relevance of the internal control system.

RESEARCH AND DEVELOPMENT

The Cofinimmo Group did not carry out any research and development activities during 2016, except for the construction and large-scale renovation projects which are mentioned in the sub-chapter 'Transactions and performances in 2016'.

POWER OF REPRESENTATION

Article 17 of the Articles of Association stipulates that the company must be represented in all its acts by two Directors or, within the limits of the powers conferred to the Executive Committee, by two members of that Committee acting jointly. The following persons (furthermore all directors) may, therefore, represent and validly commit the company for all acts and all

obligations with regard to all third parties or authorities, public or private, by the joint signature of two of them:

- Mr. Jean-Edouard Carbonnelle, Chief Executive Officer, Chairman of the Executive Committee;
- Mr. Xavier Denis, Executive Director, member of the Executive Committee;
- Mr. Jérôme Descamps, Executive Director, member of the Executive Committee;
- Mrs. Françoise Roels, Executive Director, member of the Executive Committee.

A specific delegation of powers is also organised by the Executive Committee under the notarial act of 01.02.2017, published in the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) of 17.02.2017 under numbers 17026096 and 17026097, for leases, works, loans, borrowings, credit facilities and collaterals, information and communication technologies, human resources, fiscal management, hedging operations, fund transfer operations and insurance operations.

COFINIMMO'S ARTICLES OF ASSOCIATION

Extracts from the Cofinimmo Articles of Association are published on pages 268 to 275 of this Annual Financial Report. The most recent revisions were made at the Extraordinary General Meetings of 06.01.2016 and 01.02.2017 and the Board of Directors' meetings of 12.01.2016, 07.04.2016, 02.05.2016, 05.10.2016, 25.11.2016, and 11.01.2017.

INFORMATION REQUIRED UNDER ARTICLE 34 OF THE ROYAL DECREE OF 14.11.2007¹

CAPITAL STRUCTURE²

Shares	Number	Capital (in EUR)	%
Ordinary (COFB)	20,345,637	1,090,294,297.12	96.74
Preference (COFP1)	395,048	21,170,071.08	1.88
Preference (COFP2)	290,505	15,567,757.59	1.38
Total	21,031,190	1,127,032,125.79	100.00

The share capital is 1,127,032,125.79 EUR and is divided into 21,031,190 fully paid up shares, each of which represents an equal share, of which 20,345,637 ordinary shares without par value and 685,553 preference shares without par value, that is, a series of 395,048 P1 preference shares and a series of 290,505 P2 preference shares. Each preference share carries a dividend payable by priority over the dividends payable on the ordinary shares. The gross annual amount of the priority dividend is 6.37 EUR per preference share.

Preference shares are convertible into ordinary shares at the option of their holders exercised in the cases referred to in Article 8.2 of the Articles of Association. Specifically, preference shares are convertible into ordinary shares, in one or more tranches, at the option of their holders exercised in the following cases:

- during the ten final calendar days of each calendar quarter;
- at any time during a period of one month following the notification of the implementation of the promise of sale referred to below; and,

- in the event of the company being liquidated, during a period starting 15 days after the publication of the liquidation decision and ending on the day before the General Meeting convened to conclude the liquidation process.

Conversion will occur at the rate of one ordinary share for one preference share. Conversion is deemed to take effect on the date the conversion application is sent. The conversion request must be addressed to the company by the holder of the preference shares by registered mail, indicating the number of preference shares for which conversion is requested. The holders of preference shares received a letter before 01.05.2009, the start of the first conversion opportunity, containing information on the procedure to be followed.

The subscription or acquisition of preference shares implies a commitment to sell the shares to a third party designated by the company ('**call option**'³) as of the 15th year (2019) following their issue, subject to the conditions and in accordance with the procedure defined in Article 8 of

¹ With regard to the obligations of financial instruments' issuers, admitted to trading on a regulated market. See also the Law of 01.04.2007 relating to tender offerings.

² At this report's cut-off date.

the Articles of Association. Lastly, the preference share has priority in the case of liquidation.

On 28.04.2011, the company issued **bonds convertible** into ordinary shares of the company, expiring on 28.04.2016. The issue was for 1,486,379 convertible bonds with a nominal value of 116.60 EUR for a total amount of 173,311,791.40 EUR. Requests were made for the conversion of the convertible bonds and, for the balance, were redeemed at their nominal value on their maturity date.

On 20.06.2013, the company issued **bonds convertible** into ordinary shares of the company, expiring on 20.06.2018. The issue was for 1,764,268 convertible bonds with a nominal value of 108.17 EUR for a total amount of 190,840,869.56 EUR. Cofinimmo bought back the 2013 convertible bonds in September 2016. The company bought back 173.8 million EUR accounting for approximately 91.08 % of the total nominal amount of the convertible bonds issued in 2013.

This percentage does not include the convertible bonds already held by Cofinimmo, i.e., 8.65 % of the total. The cash purchase price was set at 131.43 EUR, the closing price of existing bonds on the day prior to the transaction launch date, adjusted for certain technical elements plus a 1.50 % issue premium. The convertible bonds bought back or already held by Cofinimmo were cancelled after payment of the transaction.

On 15.09.2016, concurrently with the buyback of the convertible bonds issued on 20.06.2016, the company issued **bonds convertible** into ordinary shares with a maturity date of 15.06.2021. The issue was for 1,502,196 convertible bonds with a nominal value of 146.00 EUR for a total amount of 219,320,616.00. EUR The

convertible bonds enable their holders to receive ordinary Cofinimmo shares at a ratio of one for one. At the time of the conversion, however, the company will have the option of ceding the new and/or existing shares, of providing the new and/or existing shares, a cash payment, or a combination thereof. The parity of exchange will be partially adjusted in function of the level of the dividend beyond a certain threshold and according to the anti-dilution provisions customary for this type of issue. The conversion period is open, at any time, from 26.10.2016 until 06.09.2021.

Bondholders may exercise their conversion right for convertible bonds by submitting a duly completed notification of conversion in accordance with the procedure, mentioned in the prospectus issued for this purpose, together with the convertible bond to convert. The prospectus can be consulted on the company website at www.cofinimmo.com.

Notification forms are available from the Paying, Conversion and Domiciliary agent KBC Banque/Bank SA/NV. Bondholders were informed of the procedure in the transaction memo issued for this purpose. It can be consulted on the company website at www.cofinimmo.com.

A total of 1,502,196 bonds convertible into ordinary shares issued on 15.09.2016 are currently outstanding. If all outstanding bonds were converted, a maximum of 1,502,196 ordinary shares would be created, conferring the same number of voting rights.

STOCK OPTION PLAN

The members of the Executive Committee and the Management benefit from a stock option plan as explained on page 145 of this Annual Financial Report. In the event of a merger, (partial) demerger or division of shares of the company or other similar transactions, the number of outstanding options at the date of this transaction and their respective exercise prices may be adapted in line with the exchange rate applied to existing company shares. In this case, the Cofinimmo Board of Directors will determine the precise conditions for the adaptation. In the event of a change in control, the options accepted are deemed to be immediately and fully vested and become exercisable with immediate effect.

AUTHORISED CAPITAL

On 31.12.2016, the Board of Directors was empowered to increase the share capital in one or more tranches up to a maximum amount of:

1. 1,100,000,000.00 EUR, if the capital increase is an increase by subscription in cash with the option to exercise a preference subscription right for company shareholders; and of
2. 220,000,000.00 EUR for all other forms of capital increase not covered by point 1 above;

it being agreed that, in any event, the capital can never be increased as part of the authorised capital in excess of 1,100,000,000.00 EUR in total, on the dates and according to the procedures to be set by the Board of Directors, in accordance with Article 603 of the Company Code.

The authorisation was granted for a period of five years as of the publication on 03.02.2016 in the annexes of the Belgian Official Gazette (Moniteur Belge/

Belgisch Staatsblad) of the minutes of the Extraordinary General Meeting of 06.01.2016. This Meeting expressly authorised the Board of Directors to carry out one or more capital increases in the event of a takeover bid, following receipt by the company of the communication referred to in Article 607 of the Company Code. The authorisation does not restrict the powers of the Board of Directors to undertake transactions using authorised capital other than those covered in Article 607 of the Company Code.

As of 31.12.2016, the Board of Directors used this option for:

- a capital increase as part of the conversion of 514 bonds issued in 2011 and convertible into ordinary shares on 02.05.2016 in the amount of 27,973.25 EUR;
- the completion of a bond issue on 15.09.2016 for a maximum capital increase of 80,500,588.08 EUR;
- a capital increase as part of the conversion of 402 bonds issued in 2013 and convertible into ordinary shares on 25.11.2016 in the amount of 23,686.16 EUR;

such that the amount by which the Board of Directors could increase the capital subscribed for authorised capital was 1,019,499,411.92 EUR.

The Extraordinary General Meeting of 01.02.2017 granted the Board of Directors another authorisation for a period of five years as of the publication on 17.02.2017 in the annexes of the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) of the minutes of this Extraordinary General Meeting.

The Board of Directors was empowered to increase the share capital in one or more tranches up to a maximum of:

1. 1,127,000,000.00 EUR, if the increase in capital to be carried out is a capital increase by cash subscription:
 - with either the option to exercise a preferential subscription right for company shareholders as allowed for by Articles 592 et seq. of the Company Code;
 - or including an irrevocable allocation right for the company's shareholders as allowed for in Article 26, § 1 of the Law of 12.05.2014 on Regulated Real Estate Companies; and of
2. 225,000,000.00 EUR for all other forms of capital increases not covered by point 1 above;

it being agreed that, in any event, the capital can never be increased as part of the authorised capital in excess of 1,127,000,000.00 EUR total.

DECISION-MAKING BODIES

Directorships may be revoked at any time. In the event that one or more mandates are vacant, the remaining Directors will, at a meeting of the Board, be provisionally empowered to designate a replacement until the next General Meeting, which will hold the final election. There are no other rules for modifying the Articles of Association than those of the Company Code.

REPURCHASE OF SHARES

The Board of Directors is specially authorised, for a period of five years as of the publication of the minutes dated 10.01.2014 of the Extraordinary General Meeting held on 05.12.2013 to acquire, pledge or transfer Cofinimmo's own shares (even outside the stock exchange) on behalf of the company, at a unit price that may not be less than 85 % of the closing market price on the day preceding the date of the transaction (acquisition,

sale and pledge) and that may not be more than 115 % of the closing market price on the day preceding the date of the transaction (acquisition, pledge), without Cofinimmo holding more than 10 % of the total issued shares at any time. At 31.12.2016, Cofinimmo SA/NV held 44,864 own shares.

CONTRACTUAL TERMS OF THE MEMBERS OF THE EXECUTIVE COMMITTEE

The contractual terms of the Directors members of the Executive Committee are described on page 148 of this Annual Financial Report.

CHANGE OF CONTROL

The Ordinary General Meeting of 11.05.2016 approved the change of control clause governing the syndicated loan renewed on 05.11.2015. The Extraordinary General Meeting of 01.02.2017 approved the change of control clauses governing (i) the private placement of bonds on 26.10.2016 and (ii) the issue of convertible bonds on 15.09.2016.

REMUNERATION REPORT DRAWN UP BY THE NOMINATION, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE

This Remuneration Report complies with the provisions of the 2009 Corporate Governance Code and of Article 96 § 3, paragraph 2, of the Company Code, as introduced by the Law of 06.04.2010.

INTERNAL PROCEDURES

NON-EXECUTIVE DIRECTORS

The principle of continuity with the past has been maintained. The policy adopted by the Ordinary General Meeting of 28.04.2006 on the proposal of the Board of Directors and the Nomination, Remuneration and Corporate Governance Committee remains in effect.

In 2015, the Nomination, Remuneration and Corporate Governance Committee carried out a comparison with the remuneration of the Non-Executive Directors of other Belgian listed companies of similar size. The aim was to ensure that remuneration was still appropriate and in line with market practice taking into account the company's size, its financial situation and position within the Belgian economic environment, and the level of responsibility assumed by the Directors. Based on the recommendation of the Nomination, Remuneration and Corporate Governance Committee, the Board of Directors decided that the remuneration policy adopted by the Ordinary General Meeting of 28.04.2006 could be maintained.

The Ordinary General Meeting of 11.05.2016 decided to grant the Non-Executive Directors residing in other countries a fixed amount of 1,000 EUR each time they travel to attend a Board and/or Committee meeting. The amount covers the additional time they dedicate to their office compared to that spent by Directors living in Belgium. Note that travel expenses continue to be reimbursed based on receipts.

MEMBERS OF THE EXECUTIVE COMMITTEE

The service contracts concluded (i) in 2007 with the Secretary General and the current Chief Executive Officer, (ii) in 2011 with the Chief Operating Officer, and (iii) in 2014 with the Chief Financial Officer, were applied.

The remuneration of Executive Committee members is determined by the Board of Directors based on the recommendations of the Nomination, Remuneration and Corporate Governance Committee. This Committee analyses the remuneration policy applicable to the members of the Executive Committee annually and checks whether it needs to be changed in order to attract, retain and motivate them, within reasonable limits given the size of the company. The overall remuneration level, as well as the breakdown of its various components and their terms and conditions are analysed.

The analysis includes a comparison with the remuneration policies applicable to the Executive Committee members of other listed and unlisted real estate companies, as well as those of non-real estate companies of a similar size.

The experience of other Board members in this matter is also taken into consideration. Every year, the Nomination, Remuneration and Corporate Governance Committee carries out a summary comparison of remuneration levels. The benchmarking analysis aims to ascertain the remuneration of Executive Committee members is in line with market practices.

The Nomination, Remuneration and Corporate Governance Committee also ensures that the target setting procedure determining variable remuneration is in line with the company's risk appetite. The Nomination, Remuneration and Corporate Governance Committee submits the results of its analysis and any reasoned recommendations to the Board of Directors for a decision.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The remuneration of the Non-Executive Directors is determined by the General Meeting on the proposal of the Board of Directors and according to the recommendation of the Nomination, Remuneration and Corporate Governance Committee.

In accordance with the decision of the General Meeting of 28.04.2006, the remuneration consisted of:

- on one hand, base remuneration of 20,000 EUR for membership on the Board of Directors, 6,250 EUR for membership on a Committee and 12,500 EUR for chairing a Committee;

- and, on the other, Directors' attendance fees of 2,500 EUR per session for participating in the meetings of the Board of Directors, and 700 EUR per session for participating in the meetings of Board Committees.

The remuneration of the Chairman of the Board is set at 100,000 EUR per annum for all responsibilities, both on the Board of Directors and Board Committees.

Non-Executive Directors do not receive performance-related remuneration.

In order to align the interests of the Non-Executive Directors with those of the shareholders, it was agreed during the Board of Directors meeting of 24.03.2016 that a mechanism would be implemented for Directors who do not hold Cofinimmo shares, enabling them to hold a certain number of shares during their term. The mechanism consists in paying part of their remuneration in company shares. The remuneration in shares is for the first 20,000 EUR payable either to a new Non-Executive Director for the first exercise of their office or to a Non-Executive Director already in place and, in either case, for the 2016 financial year. The shares are entered in the registered securities register in the name of each Non-Executive Director and must be the subject of an unavailability agreement through the date of the end of the last term, for any reason whatsoever. The dividends allocated during the unavailability period (for the financial year beginning on January 1st of the year of the General Meeting following registration in the register) will be paid at the same time as those of the other shareholders.

ATTENDANCE AND REMUNERATION OF NON-EXECUTIVE DIRECTORS

	Attendance at Board of Directors' meetings	Attendance at Nomination, Remuneration and Corporate Governance Committee meetings	Attendance at Audit Committee meetings	Total remuneration (in EUR)	Number of shares held at 31.12.2016
André Bergen	9/10	3/3	2/4	100,000 (fixed remuneration)	0
Christophe Demain	9/10	-/-	-/-	42,500	0
Xavier de Walque	10/10	-/-	4/4	60,300	500
Olivier Chapelle (Term started on 11.05.2016 and member of the Nomination, Remuneration and Corporate Governance Committee since June 2016)	2/5	1/1	-/-	20,492	300
Chevalier Vincent Doumier (Term ended 11.05.2016)	5/5	-/-	2/2	24,838	257
Maurice Gauchot (Term started on 11.05.2016 and member of the Nomination, Remuneration and Corporate Governance Committee since June 2016)	5/5	1/1	-/-	31,992	192
Gaëtan Hannecart (Term ended 11.05.2016)	3/5	2/2	-/-	22,442	0
Diana Monissen (Term started on 11.05.2016)	5/5	-/-	-/-	29,167	124
Inès Archer-Toper	9/10	-/-	4/4	55,550	141
Alain Schockert (Member of the Nomination, Compensation and Corporate Governance Committee since June 2016)	9/10	1/1	-/-	46,325	0
Kathleen Van den Eynde (Member of the Audit Committee since June 2016)	8/10	-/-	1/2	43,825	0
Baudouin Velge (Term ended 11.05.2016)	5/5	2/2	-/-	24,838	0

EXECUTIVE DIRECTOR REMUNERATION

The remuneration package of Executive Committee members comprises the following elements:

- fixed remuneration;
- variable remuneration, including variable remuneration in cash and a bonus stock plan (phantom stock unit plan);
- a stock option plan;
- a savings and provident scheme, pension promises and other benefits.

FIXED REMUNERATION

The fixed remuneration of Executive Committee members is determined according to their individual duties and skills. It is allocated independently of any result. It is not indexed. It covers their services as members of the Board of Directors and their attendance at the various Committee meetings. Mr. Jean-Edouard Carbonnelle, Mr. Xavier Denis, Mr. Jérôme Descamps and Mrs. Françoise Roels attend the meetings of the Audit Committee and Françoise Roels attends the meetings of the Nomination, Remuneration and Corporate Governance Committee, but they are not members of these committees.

VARIABLE REMUNERATION

Variable remuneration is intended to compensate the collective and individual contributions of the members of the Executive Committee. Its amount is determined based on the effective achievement of financial and qualitative objectives set and assessed annually by the Board of Directors on the proposal of the Nomination, Remuneration and Corporate Governance Committee. The objectives are set according to criteria weighted by importance and approved by the Board of Directors on the proposal of the Nomination, Remuneration and

Corporate Governance Committee. In principle (target), variable remuneration is 50 % of fixed annual remuneration, but can be higher, without ever exceeding 75 %. Variable remuneration is only paid when the budget has been attained up to at least 80 %.

The analysis of the degree of achievement of the financial criteria is done on the basis of accounting and financial data analysed by the Audit Committee. The Nomination, Remuneration and Corporate Governance Committee calculates what the variable remuneration could be based on the degree of achievement of the objectives. The calculation only serves as a guideline for setting the final variable remuneration. Indeed, it will also take into account the specific situation of the company and of the market in general. The Nomination, Remuneration and Corporate Governance Committee draws up a variable remuneration proposal and submits it to the Board of Directors, which in turn assesses the work of the Executive Committee, then determines the amount of variable remuneration to be granted.

There are no provisions concerning the recovery right of variable remuneration paid based on inaccurate financial data other than those in the Civil Code, that is, in application of the principle of undue payment.

The performance assessment criteria for the 2016 financial year were:

- the net result from the core activities per share (25 %);
- the management of large-scale projects (25 %);
- the office occupancy rate (15 %);
- the cost/income ratio (10 %);
- other (25 %).

The Nomination, Remuneration and Corporate Governance Committee has assessed the achievement of the 2016 objectives by the members of the Executive Committee and proposed to the Board of Directors variable remuneration of 62.25 % of the fixed annual remuneration. The proposal has been accepted by the Board of Directors.

From the 2013 financial year on, and in strict application of the Law of 06.04.2010, the Board of Directors decided to grant half of the variable remuneration in cash and the other half in the form of a 'phantom stock unit plan' spread over time. The plan involves making a cash payment, over three years, of the equivalent value of Cofinimmo ordinary shares fictitiously awarded free of charge.

At the meeting of 09.02.2017, the Board of Directors decided (i) to spread the allocation of the remuneration for 2016 over a period of three years and, (ii) for half of the variable remuneration, to make the amount finally attributed in

2018 and 2019 dependent on changes in the price of the Cofinimmo ordinary share since 09.02.2017 (provisional allocation). The variable remuneration will be spread over three years. Therefore, 50 % of the variable remuneration will be paid in 2017, 25 % will be definitively allocated in February 2018 and the last 25 % definitively allocated in February 2019.

In order to be able to determine the amount of variable remuneration to finally allocate in 2018 and 2019, half of the variable remuneration as determined on 09.02.2017 is fictitiously converted into a number of ordinary shares (stock units) by dividing it by the market fair value of the share on that date. The units will be converted into a cash amount at the time of final allocation. This amount is determined by multiplying the predetermined number of shares by the market fair value of the ordinary share of the company on the final allocation date, increased by the gross dividend allocated since the provisional allocation date.

The Board of Directors may decide or

PHANTOM STOCK UNIT PLAN

Phantom stock unit plan	2016 scheme ¹		2015 scheme ²		2014 scheme ³	
	Number of stock units	Amount payable in 2017	Number of stock units	Amount payable in 2017	Number of stock units	Amount payable in 2016
Jean-Edouard Carbonnelle	1,034	60,023	1,086	60,023	917	47,323
Xavier Denis	829	45,537	824	45,537	643	33,192
Jérôme Descamps	829	41,241	746	41,241	158 ⁴	8,129
Françoise Roels	829	47,256	855	47,256	709	36,579

¹ The fair value of the ordinary share on the provisional allocation date of 09.02.2017, being 105.13 EUR.

² The fair value of the ordinary share on the provisional allocation date of 04.02.2016, being 96.53 EUR and the fair value of the ordinary share on the final allocation date of 01.03.2017, being 105.084 EUR; the amount payable in 2017 is increased with the gross dividend attributed since the provisional allocation date.

³ The fair value of the ordinary share on the provisional allocation date of 05.02.2015, being 104.74 EUR and the fair value of the ordinary share on the final allocation date of 01.03.2016 and of 01.03.2017, being respectively 97.70 EUR and 105.084 EUR; the amount payable in 2016 and 2017 is increased with the gross dividend attributed since the provisional allocation date.

⁴ Start of the term on 01.10.2014.

not to attribute a part of the variable remuneration to a unilateral pension promise.

A detailed description of the phantom stock unit plan can be seen in Appendix I of the Corporate Governance Charter, which is available on the company's website at www.cofinimmo.com.

The granting of variable remuneration for the 2017 financial year will depend on the achievement of the following key objectives:

- the net result from the core activities per share (15 %);
- the management of large-scale projects (25 %);
- the office occupancy rate (20 %);
- the cost/income ratio (15 %);
- other (25 %).

NUMBER OF SHARES HELD at 31.12.2016

Jean-Edouard Carbonnelle	679
Xavier Denis	800
Jérôme Descamps	0
Françoise Roels	0

STOCK OPTION PLAN

The stock option plan was offered for the first time in 2006. Its main objective is to encourage the maximisation of Cofinimmo's long-term value by linking management's interests to those of the shareholders and to thereby strengthen the long-term outlook.

Stock options are granted to the members of the Executive Committee on a discretionary basis. No objective is set in this respect. The Board of Directors considers that this remuneration is not variable remuneration as meant by the Law of 06.04.2010. The exercise period for options is ten years as of the date of the offer.

On the recommendation of the Nomination, Remuneration and Corporate Governance Committee, the Board of Directors decided in its session of 11.06.2009 to extend the exercise period for options granted in 2006, 2007 and 2008 by five years, in application of the Economic Stimulus Law (Loi de Relance Économique/Wet van de Economische Heropleving) of 27.03.2009.

STOCK OPTIONS GRANTED AND ACCEPTED ¹

	2016 scheme	2015 scheme	2014 scheme	2013 scheme	2012 scheme	2011 scheme	2010 scheme	2009 scheme	2008 scheme	2007 scheme	2006 scheme
Jean-Edouard Carbonnelle	2,050	2,050	2,050	1,600	1,600	1,350	1,350	1,350	1,350	1,350	1,350
Xavier Denis	0	0	0	0	-/-	-/-	-/-	-/-	-/-	-/-	-/-
Jérôme Descamps	1,600	1,600	-/-	-/-	-/-	-/-	-/-	-/-	-/-	-/-	-/-
Françoise Roels	1,600	1,600	0	0	1,600	1,350	1,000	1,000 ²	1,000	1,000	1,000

¹ -/- means the individual was not yet a member of the Executive Committee on the day the stock options have been granted.

² Mrs. Françoise Roels has exercised in 2016 the options initially granted and accepted in 2009.

Stock options can only be exercised after the expiry of the third calendar year following the year in which the stock options are granted. If the options have not been exercised at the end of the period of exercise, they become null and void ipso facto. In the event of the voluntary or involuntary departure (excluding premature termination for serious reasons) of a beneficiary, the stock options accepted and vested can be exercised through the initial termination of the plan. Options which have not been vested are cancelled. In the event of involuntary departure of a beneficiary for serious reasons, the stock options accepted, vested or not, but as yet not exercised, are cancelled.

The conditions governing the acquisition and exercise of options in the event of departure, whether voluntary or involuntary, will apply without prejudice to the powers of the Board of Directors to make modifications to the provisions in favour of the beneficiary, based on objective and relevant criteria. The shares which may be acquired in connection with the exercise of the options are listed on Euronext Brussels. They are of the same type and carry the same rights as

the Cofinimmo ordinary shares existing at the time of the offering. The shares are registered.

A detailed description of the stock option plan can be seen in Appendix I of the Corporate Governance Charter, which is available on the company's website at www.cofinimmo.com.

Cofinimmo applies the IFRS 2 standard recognising the fair value of the stock options on the date that they were granted (i.e. three years) according to the progressive acquisition method as vesting occurs.

SAVINGS AND PROVIDENT SCHEME

The savings and provident scheme is designed to reduce, insofar as possible, the difference in income beneficiaries receive before and after retirement. The extra pensions are financed exclusively from Cofinimmo contributions. The members of the Executive Committee benefit from a defined contribution group insurance plan taken out with an insurance company.

The group insurance provides for (i) payment of a lump sum benefit to the insured person on reaching retirement

CHARACTERISTICS OF STOCK OPTIONS OFFERED TO THE MEMBERS OF THE EXECUTIVE COMMITTEE

	Exercise deadline	Exercise price	Fair value on date of granting
2006 scheme	13.06.2021	129.27 EUR	26.92 EUR
2007 scheme	12.06.2022	143.66 EUR	35.79 EUR
2008 scheme	12.06.2023	122.92 EUR	52.47 EUR
2009 scheme	11.06.2019	86.06 EUR	51.62 EUR
2010 scheme	13.06.2020	93.45 EUR	44.50 EUR
2011 scheme	13.06.2021	97.45 EUR	45.29 EUR
2012 scheme	13.06.2022	84.85 EUR	41.07 EUR
2013 scheme	16.06.2023	88.12 EUR	49.59 EUR
2014 scheme	16.06.2024	88.75 EUR	34.33 EUR
2015 scheme	30.06.2025	95.03 EUR	30.68 EUR
2016 scheme	30.06.2026	108.44 EUR	29.43 EUR

age, (ii) payment of a lump sum death benefit, in the event that the insured person dies before retirement age, to the beneficiaries of the insured person (plus an additional sum in the case of death due to an accident), (iii) payment of an invalidity benefit in the case of accident or illness (other than work related), and (iv) exemption from insurance premiums in the case of accident or illness.

The group insurance takes the form of a life policy and 'temporary death one year' cover. This is recalculated annually and guarantees a death benefit equal to, at the choice of the beneficiary, 0 - 0.5 - 1 - 1.8 - 2.7 - 3.6 or 4.5 times the reference remuneration (i.e. the total sum of fixed remuneration allocated regularly plus an end-of-year bonus). The overall annual budget is first assigned to the 'Death' constituent and the remainder to the 'Retirement' constituent. Liquidation at term may take place, at the discretion of the beneficiary, in the form of a lump sum or annuity.

In addition, the members of the Executive Committee have access to an 'individual pension commitment' insurance plan intended exclusively to pay a life insurance benefit or death benefit.

OTHER BENEFITS

The annual costs of medical cover come to 3,652 EUR for the CEO and to 6,424 EUR for the other members of the Executive Committee. Cofinimmo provides each with a company car whose annual cost for the company does not exceed 15,000 EUR (excluding fuel). The company reimburses them for all professional expenses incurred to carry out their duties. Executive Committee members also have a mobile phone at their disposal. The remuneration allocated to Executive Committee members covers all of their duties within the Cofinimmo Group.

REMUNERATION OF EXECUTIVE DIRECTORS FOR THE 2016 FINANCIAL YEAR

(in EUR)	CEO ¹	Other members of the Executive Committee ²
Fixed remuneration	349,300	840,000
Variable remuneration for the financial year		
Total amount	209,580	495,000
In cash/in pension promises	104,790	247,500
In stock units	104,790	247,500
Savings and provident scheme	62,000	186,000
Other benefits ³	23,977	65,386
Total remuneration	644,857	1,586,386

¹ In status of independent, total cost for the company.

² In status of independent, total cost for the company.

³ Medical coverage, company car, mobile phone, other insurances, own expenses.

CONTRACTUAL TERMS OF THE MEMBERS OF THE EXECUTIVE COMMITTEE

The company has concluded a service contract for an indefinite period with Director members of the Executive Committee with a view to entrusting them with responsibility for day-to-day management. The Directors have self-employed status and accomplish their duties in the absence of any form of subordination and with full autonomy and independence. However, they are guided in the performance of their duties by the guidelines and strategic decisions adopted by the Board of Directors and by compliance with the rules governing the responsibilities and operation of the Executive Committee.

As regards the contracts concluded with Mr. Jean-Edouard Carbonnelle and Mrs. Françoise Roels, respectively, they may be terminated subject to an advance notice of 24 months when the company initiates the termination or an advance notice of three months in the event that a Director member of the Executive Committee initiates the termination, or else by payment of an equivalent indemnity calculated on the basis of the emoluments prevailing at the time of termination. In the event that the company is the subject of a takeover and where, within a five-year period dating from this takeover, their contract is terminated or the scope of their responsibilities reduced, Cofinimmo will pay them an indemnity equivalent to 36 months of their remuneration. Article 9 of the Law of 06.04.2010 states

that the indemnity is limited to 12 or, in some cases, 18 months. However, the Nomination, Remuneration and Corporate Governance Committee notes that these terms were fixed in management agreements signed with the above-mentioned Directors members of the Executive Committee in 2007. The approval of the General Meeting is therefore not required on this point, in accordance with the same Article.

The service contracts concluded in June 2011 with Mr. Xavier Denis and in August 2014 with Mr. Jérôme Descamps are in line with the provisions of the Law of 06.04.2010. They stipulate that the contract can be terminated subject to a 12-month advance notice when the company initiates the termination or a three-month advance notice in the event that Mr. Xavier Denis or Mr. Jérôme Descamps initiate the termination, or else by payment of an equivalent indemnity calculated on the basis of the emoluments prevailing at the time of termination.

Should the Directors members of the Executive Committee be unable to carry out their duties for reasons of incapacity (illness or accident), Cofinimmo will continue to pay them the fixed portion of their emoluments for a period of two months dating from the first day of incapacity. Thereafter, they will receive an incapacity allowance (paid by an insurance company) equal to 70 % of their total remuneration.

OTHER PARTIES INVOLVED

CERTIFICATION OF ACCOUNTS

The auditor appointed by the General Meeting of Shareholders must:

- certify the annual accounts and review the half-yearly accounts, as for any limited liability company;
- as the company is a RREC, prepare special reports at the request of the Financial Services and Markets Authority (FSMA).

The company auditor is SC s.f.d. SCRL/ CVBA Deloitte, Reviseurs d'Entreprises/ Bedrijfsrevisoren, represented by Mr. Frank Verhaegen, an auditor certified by the Financial Services and Markets Authority (FSMA), with registered office at Brussels Airport, Gateway building, Luchthaven Nationaal 1 J, 1830 Zaventem. Mr. Frank Verhaegen was replaced by Mr. Bernard de Meulemeester on 01.01.2017.

The auditor, Deloitte, Reviseurs d'Entreprises/Bedrijfsrevisoren, received fixed remuneration of 124,935 EUR (excluding VAT) for reviewing and certifying Cofinimmo's statutory and

consolidated accounts. Its fees for certifying the accounts of Cofinimmo's statutory subsidiaries came to 113,395 EUR (excluding VAT). This amount includes the auditor's fees for certifying the accounts of the Group's French subsidiaries. The fees paid to the Deloitte Group for tax research and support assignments was 149,000 EUR (excluding VAT) during the financial year. They were primarily for verifying the economic and financial data for acquisitions as meant by Article 133 § 7 of the Company Code. The auditor has confirmed compliance with the one-to-one rule for 2016.

REAL ESTATE EXPERTISE

The real estate experts designated by the Group to certify the overall value of its property portfolio are:

- Cushman & Wakefield;
- PricewaterhouseCoopers;
- Jones Lang LaSalle.

TERMS OF OFFICE OF THE REAL ESTATE EXPERTS
at 01.01.2017

Segment	Number of assets under mandate	Location	Natural persons	Start of term	End of term
Cushman & Wakefield					
Offices	43	Belgium	Emeric Inghels	01.01.2017	31.12.2019
Healthcare real estate	30	Belgium	Emeric Inghels	01.01.2017	31.12.2019
Healthcare real estate	44	France	Jérôme Salomon	01.01.2017	31.12.2019
Property of distribution networks - Cofinimur I	279	France	Jean-Philippe Carmarans	01.01.2015	31.12.2017
Property of distribution networks - Pubstone	240	The Netherlands	Leopold Willems	01.01.2017	31.12.2019
Property of distribution networks - Pubstone	766	Belgium	Emeric Inghels	01.01.2017	31.12.2019
PricewaterhouseCoopers					
Offices	17	Belgium	Ann Smolders and Jean-Paul Ducarme	01.01.2017	31.12.2019
Healthcare real estate	27	Belgium	Ann Smolders and Jean-Paul Ducarme	01.01.2017	31.12.2019
Healthcare real estate	22	The Netherlands	J. H. Elink Schuurman	01.01.2015	31.12.2017
Healthcare real estate	6	Germany	Dirk Hennig	01.01.2015	31.12.2017
Jones Lang LaSalle					
Offices	28	Belgium	Rod Scrivener	01.01.2017	31.12.2019
Healthcare real estate	6	France	Aurélie Valencia	01.01.2017	31.12.2019

The **Cushman & Wakefield Group** handles property valuation for most of the portfolio via its subsidiaries in Belgium, France and the Netherlands.

- In Belgium, valuation is entrusted to Cushman & Wakefield SA/NV (with registered office located at chaussée de La Hulpe 166, 1170 Brussels). It is registered with the Brussels companies register under No. 0422 118 165 and is represented by Mr. Emeric Inghels.
- In France, valuation is carried out by Cushman & Wakefield DTZ Valuation France SA (with registered office located at 77 Esplanade Général de Gaulle, 92081 Paris La Défense cedex, France). It is registered with the Nanterre companies register under No. 332 11 574 and is represented by Mr. Jean-Philippe Carmarans, Mr. Philippe Dorion or Mr. Jérôme Salomon, depending on the portfolio being valued.
- In the Netherlands, valuation is

carried out by DTZ Zadelhoff BV (with registered office located at Parnassusweg 803, 1082 LZ Amsterdam, The Netherlands). It is registered under No. KVK 33174864 and represented by Mr. Leopold Willems.

PricewaterhouseCoopers is responsible for the property valuation of offices and healthcare real estate.

- In Belgium, valuation is carried out by PricewaterhouseCoopers Enterprise Advisory SCRL/CVBA (with registered office located at boulevard de la Woluwe/Woluwedal 18, 1932 Sint-Stevens-Woluwe, Belgium). It is registered with the Brussels companies register under No. 0415 622 333 and is represented by Mrs. Ann Smolders and Mr. Jean-Paul Ducarme.
- In the Netherlands, valuation is carried out by PricewaterhouseCoopers Belastingadviseurs NV (with registered office located at Thomas R.

Malthusstraat 5, 1066 JR Amsterdam, The Netherlands). It is registered under No. NL 34180284 and is represented by Mr. J. H. Elink Schuurman.

- In Germany, valuation is carried out by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungs-gesellschaft (with registered office located at Lise-Meitner-Straße 1, 10589 Berlin, Germany). It is registered under No. HRB 44845 and is represented by Mr. Dirk Hennig.

Jones Lang LaSalle is responsible for the valuation of offices in Belgium and healthcare real estate in France.

- In Belgium, valuation is carried out by Jones Lang LaSalle SPRL/BVBA (with registered office located at avenue Marnix/Marnixlaan 23, 1000 Brussels). It is registered with the Brussels companies register under No. 0403 376 874 and is represented by Mr. Rod Scrivener.
- In France, valuation is carried out by Jones Lang LaSalle Expertises SAS (with registered office located at 40-42 rue la Boétie, 75008 Paris, France). It is registered with the Paris companies register under No. 444 628 150 and is represented by Mrs. Aurélie Valencia.

In accordance with Article 47 of the Royal Decree of 12.05.2014 on RRECs, the real estate experts carry out a valuation of all of the properties in the portfolio of the public RREC and its subsidiaries at the end of each financial year. The valuation determines the carrying value of the property assets in the balance sheet. Furthermore, at the end of each of the first three quarters of the year, the experts update the overall valuation made at the end of the previous financial year, based on market developments and the nature of the properties concerned. Lastly, in accordance with the provisions of Article 47 of the same Royal Decree, any property which is to be acquired or disposed of by the RREC (or a company which it controls) is valued by the experts before the transaction. The transaction must be carried out at the value determined by the experts when the other party is a financial sponsor of the RREC (Cofinimmo does not have such a

financial sponsor), or any company with which the public RREC is related or linked by participating interests or when any of the above-mentioned parties gains any advantage from the transaction.

The valuation of a property consists of determining its value on a specific date, i.e., the price at which the property is likely to be exchanged between purchasers and sellers who are duly informed and wish to carry out such a transaction, without any account being taken of any special advantage between them. This value is known as the 'investment value' when it corresponds to the total price payable by the purchaser, including, where appropriate, the registration duties or VAT (if the acquisition is subject to VAT).

The fair value, as meant by IAS/IFRS accounting principles, can be obtained by deducting from the investment value an appropriate portion of the registration duties and/or VAT, constituting transaction costs.

Transactions other than sales may lead to the mobilisation of the portfolio, or a portion thereof, as illustrated by the operations carried out by Cofinimmo since it acquired the status of RREC (formerly Sicafi/Bevak).

The experts' valuation depends on the following criteria:

- location;
- age and type of building;
- state of repair and level of comfort;
- architectural appearance;
- gross/net surface area ratio;
- number of parking spaces;
- rental conditions; and
- for healthcare real estate, the ratio of rents/operating cash flow before rents.

The remuneration of the real estate experts, calculated quarterly on the basis of a fixed lump sum plus a fixed fee, was 1,027,960 EUR (including VAT) in 2016 and distributed as follows: 640,140 EUR for Cushman & Wakefield, 282,378 EUR for PriceWaterhouseCoopers and 105,442 EUR for Jones Lang LaSalle.

PROPERTY REPORT

OVERVIEW OF THE REAL ESTATE PORTFOLIO PER SEGMENT

at 31.12.2016

Segment	Acquisition price (x 1,000,000 EUR)	Insured value ^① (x 1,000,000 EUR)	Fair value (x 1,000,000 EUR)	Gross rental yield
Healthcare real estate	1,253	214	1,500	6.13 %
Offices	1,606	1,539	1,286	8.15 %
Property of distribution networks	530	22	553	6.34 %
Other	21	21	27	7.04 %
Total	3,410	1,796	3,366	6.92 %

OVERVIEW OF THE TOP 10 INVESTMENT PROPERTIES

at 31.12.2016

Property	Address	Year of construction/last renovation	Year of acquisition	Super-structure (in m ²)	Contractual rents (x 1,000 EUR)	Occupancy rate ^②	Estimated Rental Value (ERV) ^③ (x 1,000 EUR)	Share of consolidated portfolio at fair value
Egmont I Brussels	Rue du Pépin/Pepijnstraat 36 1000 Brussels	1997	2004	36,616	3,527	100 %	3,527 ^④	2.1 %
Souverain 23-25 Brussels	Boulevard du Souverain/ Vorstlaan 23-25 1170 Brussels	S25: 1970 S23: 1987	2000	56,891	11,938	100 %	11,573	2.1 %
Bourget 42 Brussels	Avenue du Bourget/ Bourgetlaan 42 1130 Brussels	2001	2002	25,746	3,028	67 %	4,051	1.5 %
La Rasante Brussels	Rue Sombre/ Donkerstraat 56 1200 Brussels	2004 (2012)	2007	7,196	2,580	100 %	2,580	1.4 %
Guimard 10-12 Brussels	Rue Guimard/ Guimardstraat 10-12 1000 Brussels	1980 (2015)	2004	10,410	2,428	100 %	2,444	1.3 %
Georgin 2 Brussels	Avenue Jacques Georgin/ J. Geoguinstraat 2 1030 Brussels	2007	2007	17,439	3,193	100 %	2,754	1.3 %
Albert 1^{er} 4 Charleroi	Rue Albert 1 ^{er} 4 6000 Charleroi	1967 (2005)	2005	19,189	2,755	100 %	2,712	1.3 %
Damiaan Tremelo	Pater Damiaanstraat 39 3120 Tremelo	2003 (2014)	2008	20,274	2,518	100 %	2,210	1.2 %
The Gradient Brussels	Avenue de Tervueren/ Tervurenlaan 270-272 1150 Brussels	1976 (2013)	1997	19,579	2,978	78 %	3,363	1.1 %
Serenitas Brussels	Avenue Van Nieuwenhuysse/ Van Nieuwenhuyselaan 2-6 1160 Brussels	1995	2000	19,823	3,239	87 %	3,172	1.1 %
Autres				1,568,449	186,628	95 %	194,153	85.6 %
Total				1,801,612	224,812	94 %	232,539	100 %

^① Excluding for vacant buildings, this amount does not include the insurances taken during works, nor those that are borne by the occupant as stated in the contract (i.e. for the nursing homes in Belgium and in France, the pubs of the Pubstone portfolio as well as some office buildings), nor those related to lease finance contracts. Furthermore, this amount does not include the MAAF buildings-related insurances (first rank insurance on all the freehold properties and second rank on the co-owned properties) which are covered for the value of their reconstruction.

^② The occupancy rate is calculated as follows: contractual rents divided by contractual rents + ERV (Estimated Rental Value) on unlet spaces.

^③ The determination of the Estimated Rental Value takes into account the market data, the property's location, its quality, the number of beds for healthcare assets and, if available, the tenant's financial data and for the healthcare assets, the number of beds.

^④ Writeback of lease payments sold and discounted.

The rental situation of buildings under a finance lease contract for which the lessees benefit from a purchase option at the end of the lease is described hereunder :

INVENTORY OF BUILDINGS EXCLUDING INVESTMENT PROPERTIES

at 31.12.2016

Property	Superstructure (in m ²)	Contractual rents ¹ (x 1,000 EUR)	Occupancy rate ²	Tenant
Financial assets under finance leases				
Courthouse Antwerp	72,132	1,412	100 %	Building Agency (Belgian Federal State)
Firestation Antwerp	23,585	196	100 %	City of Antwerp
Police station HEKLA zone	4,805	646	100 %	Federal police
Student housing Depage Brussels	3,196	81	100 %	ULB - Brussels University
Student housing Nelson Mandela Brussels	8,088	1,179	100 %	ULB - Brussels University
Prison Leuze-en-Hainaut	28,316	756	100 %	Building Agency (Belgian Federal State)
Assets held in joint ventures				
EHPAD Les Musiciens Paris	4,264	1,338	100 %	ORPEA

OVERVIEW OF THE PROPERTY PORTFOLIO

The table hereafter includes:

- the properties for which Cofinimmo receives rents;
- the properties with rents wholly or partially assigned to a third party, and with Cofinimmo retaining the ownership and the residual value³;
- the various projects and renovations in progress.

It does not include the properties held by subsidiaries of the Group accounted for under the equity consolidation method.

All the properties of the consolidated portfolio are held by Cofinimmo SA/NA, with the exception of those asterisked which are wholly or partially held by one of its subsidiaries (→ see Note 43).

¹ Dealing with the part of the rent not disposed of, varying from 4 % to 100 % depending on the properties.

² The occupancy rate is calculated as follows: contractual rents divided by contractual rents + ERV (Estimated Rental Value) on unlet spaces.

³ For these buildings, the 'Contractual rents' section resumes the replenishment of the ended and discounted rents and, if applicable, the part of the rents not disposed of (→ see Note 21).

Property	Year of construction/last renovation/extension	Super-structure (in m ²)	A Contractual rents (x 1,000 EUR)	C=A/B ¹ Occupancy rate	B Rents + ERV on unlet premises (x 1,000 EUR)	Estimated Rental Value ² (x 1,000 EUR)
HEALTH CARE REAL ESTATE		706,793	92,882	99 %	93,614	95,733
Belgium		378,225	49,333	100 %	49,333	47,192
Operator: Anima Care		6,752	711	100 %	711	711
ZEVENBRONNEN - WALSHOUTEM	2001 (2012)	6,752	711	100 %	711	711
Operator: Armonea		197,842	23,728	100 %	23,728	23,666
BINNENHOF - MERKSPLAS	2008	3,775	436	100 %	436	436
DAGERAAD - ANVERS	2013	5,020	852	100 %	852	852
DE WYNGAERT - ROTSELAAR	2008 (2010)	6,878	782	100 %	782	782
DEN BREM - RIJKEVORSEL	2006 (2015)	5,408	704	100 %	704	704
DOMEIN WOMMELGHEEM - WOMMELGEM	2002	6,836	774	100 %	774	774
DOUCE QUIÉTUDE - AYE	2007	4,635	450	100 %	450	450
EUROSTER - MESSANCY	2004	6,392	1,181	100 %	1,181	1,181
HEIBERG - BEERSE	2006 (2011)	13,568	1,405	100 %	1,405	1,405
HEMELRIJK - MOL	2009	9,362	1,018	100 %	1,018	1,018
HENRI DUNANT - EVERE (BRUSSELS)	2014	8,570	1,191	100 %	1,191	1,191
HEYDEHOF - HOBOKEN	2009	2,751	353	100 %	353	353
HOF TER DENNEN - VOSSelaar*	1982 (2008)	3,279	458	100 %	458	458
LA CLAIRIÈRE - WARNETON	1998	2,533	266	100 %	266	266
LAARSVELD - GEEL	2006 (2009)	5,591	857	100 %	857	857
LAARSVELD SERVICEFLATS - GEEL	2009	809	59	100 %	59	59
LAKENDAL - AALST*	2014	7,894	797	100 %	797	819
LE CASTEL - JETTE (BRUSSELS)	2005	5,893	491	100 %	491	491
LE MÉNIL - BRAINE-L'ALLEUD	1991	5,430	586	100 %	586	586
LES TROIS COURONNES - ESNEUX	2005	4,519	547	100 %	547	547
L'ORCHIDÉE - ITTRE	2003 (2013)	3,634	573	100 %	573	573
L'ORÉE DU BOIS - WARNETON	2004	5,387	576	100 %	576	576
MILLEGHEM - RANST	2009 (2016)	8,383	958	100 %	958	958
NIEUWE SEIGNEURIE - RUMBEKE*	2011 (2015)	5,079	738	100 %	738	738
NETHEHOF - BALEN	2004	6,471	637	100 %	637	637
NOORDDUIN - KOKSIJDE	2015	6,440	845	100 %	845	822
RÉSIDENCE DU PARC - BIEZ	1977 (2013)	12,039	650	100 %	650	650
SEBRECHTS - MOLENBEEK-ST-JEAN/ST-JANS-MOLENBEEK (BRUSSELS)	1992	8,148	1,060	100 %	1,060	1,060
T'SMEEDESHOF - OUD-TURNHOUT	2003 (2012)	15,191	1,927	100 %	1,927	1,927
TILLENS - UCCLÉ/UKKEL (BRUSSELS)	2015	4,960	1,046	100 %	1,046	985
VOGELZANG - HERENTALS	2009 (2010)	8,044	963	100 %	963	963
VONDELHOF - BOUTERSEM	2005 (2009)	4,923	548	100 %	548	548
Operator: Aspria		7,196	2,580	100 %	2,580	2,580
LA RASANTE - WOLUWE-ST-LAMBERT/ST-LAMBRECHTS-WOLUWE (BRUSSELS)	2004 (2012)	7,196	2,580	100 %	2,580	2,580
Operator: Calidus		6,063	737	100 %	737	737
WEVERBOS - GENTBRUGGE	2011	6,063	737	100 %	737	737
Operator: Le Noble Age		6,891	1,166	100 %	1,166	1,021
PARKSIDE - LAEKEN/LAKEN (BRUSSELS)	1990 (2013)	6,891	1,166	100 %	1,166	1,021
Operator: ORPEA Belgium		24,775	3,445	100 %	3,445	2,942
L'ADRET - GOSSELIES	1980	4,800	461	100 %	461	385
LINTHOUT - SCHAARBEEK/SCHAARBEEK (BRUSSELS)	1992	2,837	452	100 %	452	404
LUCIE LAMBERT - BUIZINGEN	2004	8,314	1,453	100 %	1,453	1,159
RINSDELLE - ETTERBEEK (BRUSSELS)	2001	3,054	543	100 %	543	484
TOP SENIOR - TUBIZE	1989	3,570	361	100 %	361	355
VIGNERON - RANSART	1989	2,200	174	100 %	174	155

¹ The occupancy rate is calculated as follows: contractual rents divided by contractual rents + ERV (Estimated Rental Value) on unlet spaces.

² The determination of the Estimated Rental Value takes into account the market data, the property's location, its quality, the number of beds for healthcare assets and, if available, the tenant's financial data and for the healthcare assets, the number of beds.

Property	Year of construction/last renovation/extension	Super-structure (in m²)	A Contractual rents (x 1,000 EUR)	C=A/B Occupancy rate	B Rents + ERV on unlet premises (x 1,000 EUR)	Estimated Rental Value (x 1,000 EUR)
Operator: Senior Living Group (Korian Group)		128,706	16,966	100 %	16,966	15,535
ARCUS - BERCHEM-ST-AGATHE/ST-AGATHA-BERCHEM (BRUSSELS)	2008 (2009)	10,719	1,785	100 %	1,785	1,576
BETHANIE - SAINT-SERVAIS	2005	4,780	490	100 %	490	422
DAMIAAN - TREMELO	2003 (2014)	20,274	2,518	100 %	2,518	2,210
LA CAMBRE - WATERMAEL-BOITSFORT/WATERMAAL-BOSVOORDE (BRUSSELS)	1982	13,023	1,891	100 %	1,891	1,694
NOOTELAER - KEERBERGEN	1998 (2011)	1,528	219	100 %	219	194
PALOKE - MOLENBEEK-ST-JEAN/ST-JANS-MOLENBEEK (BRUSSELS)	2001	11,262	1,310	100 %	1,310	1,183
PRINSENPARK - GENK	2006 (2013)	11,035	1,355	100 %	1,355	1,346
PROGRÈS - LA LOUVIÈRE*	2000	4,852	494	100 %	494	434
ROMANA - LAEKEN/LAKEN (BRUSSELS)	1995	4,375	858	100 %	858	816
SEIGNEURIE DU VAL - MOUSCRON	1995 (2008)	6,797	1,128	100 %	1,128	972
TEN PRINS - ANDERLECHT (BRUSSELS)	1972 (2011)	3,342	516	100 %	516	476
VAN ZANDE - MOLENBEEK-ST-JEAN/ST-JANS-MOLENBEEK (BRUSSELS)	2008	3,463	408	100 %	408	353
ZONNETIJ - AARTSELAAR	2006 (2013)	7,817	808	100 %	808	785
ZONNEWELDE - KEERBERGEN	1998 (2012)	6,106	747	100 %	747	715
ZONNEWELDE - RIJMENAM	2002	9,644	1,401	100 %	1,401	1,331
ZONNEWENDE - AARTSELAAR	1978 (2013)	9,689	1,036	100 %	1,036	1,028
FRANCE		216,622	25,626	97 %	26,326	31,003
Operator: Handra		3,230	404	100 %	404	600
CAUX DU LITTORAL - NÉVILLE*	1959 (2016)	3,230	404	100 %	404	600
Operator: Inicéa		18,295	1,885	100 %	1,885	2,475
CHAMPGAULT - ESVRES-SUR-INDRE*	1972 (1982)	2,200	169	100 %	169	150
DOMAINES DE VONTES - EVRES-SUR-INDRE*	1967	6,352	210	100 %	210	750
HORIZON 33 - CAMBES*	1972 (2009)	3,247	347	100 %	347	375
PAYS DE SEINE - BOIS-LE-ROY*	2004 (2010)	6,496	1,159	100 %	1,159	1,200
Operator: Korian		154,115	17,451	96 %	18,151	22,693
ASTREE - SAINT-ÉTIENNE*	2006	3,971	417	100 %	417	500
AUTOMNE - REIMS*	1990	4,203	621	100 %	621	621
AUTOMNE - SARZEAU*	1994	2,482	425	100 %	425	425
AUTOMNE - VILLARS-LES-DOBES*	1992	2,889	393	100 %	393	393
BROCELIANDE - CAEN*	2003	4,914	687	100 %	687	700
BRUYÈRES - LETRA*	2009	5,374	717	100 %	717	717
CANAL DE L'OURCQ - PARIS*	2004	4,550	873	100 %	873	925
CENTRE DE SOINS DE SUITE - SARTROUVILLE*	1960	3,546	359	100 %	359	975
CHATEAU DE LA VERNÈDE - CONQUES-SUR-ORBIEL*	1992 (1998)	3,789	495	100 %	495	900
DEBUSSY - CARNOUX-EN-PROVENCE*	1996	3,591	355	100 %	355	355
ESTRAIN - SIOUVILLE-HAGUE*	1976 (2004)	8,750	656	100 %	656	1,500
FRONTENAC - BRAM*	1990 (2014)	4,019	294	100 %	294	350
GLETEINS - JASSANS-RIOTTIER*	1990 (1994)	2,500	256	100 %	256	375
GRAND MAISON - L'UNION*	1992 (2009)	6,338	738	100 %	738	800
L'ERMITAGE - LOUVIER*	2007	4,013	460	100 %	460	450
LE CLOS DU MURIER - FONDETTES*	2008	4,510	558	100 %	558	500
LE JARDIN DES PLANTES - ROUEN*	2004	3,000	258	100 %	258	460
LES AMARANTES - TOURS*	1996	4,208	462	100 %	462	700
LES HAUTS D'ANDILLY - ANDILLY*	2008	3,069	476	100 %	476	400
LES HAUTS DE JARDY - VAUCRESSON*	2008	4,373	694	100 %	694	950
LES HAUTS DE L'ABBAYE - MONTVILLIERS*	2008	4,572	506	100 %	506	600
LES JARDINS DE L'ANDELLE - PERRIERS-SUR-ANDELLE*	2009	3,348	429	100 %	429	350
LES LUBERONS - LE PUY-SAINTE-RÉPARADE*	1990 (2016)	6,414	663	100 %	663	700
LES OLIVIERS - LE PUY-SAINTE-RÉPARADE*	1990	4,130	456	100 %	456	630

Property	Year of construction/last renovation/extension	Super-structure (in m ²)	A Contractual rents (x 1,000 EUR)	C=A/B Occupancy rate	B Rents + ERV on unlet premises (x 1,000 EUR)	Estimated Rental Value (x 1,000 EUR)
MEUNIERES - LUNEL*	1988	4,275	694	100 %	694	500
MONTTRIBAT - MONFORT-EN-CHALOSSE*	1972 (1999)	5,364	606	100 %	606	580
OLIVIERS - CANNES LA BOCCA*	2004	3,114	407	100 %	407	407
POMPIGNANE - MONTPELLIER*	1972	6,201	829	100 %	829	950
PONT - BEZONS*	1988 (1999)	2,500	206	100 %	206	700
ROUGEMONT - LE MANS*	2006	5,986	401	100 %	401	700
SAINT GABRIEL - GRADIGNAN*	2008	6,274	738	100 %	738	830
SAINTE BAUME - NANS-LES-PINS*	1970 (2002)	5,100	0	0 %	700	700
VILLA EYRAS - HYÈRES*	1991	7,636	647	100 %	647	800
WILLIAM HARVEY - SAINT-MARTIN-D'AUBIGNY*	1989 (2016)	5,112	675	100 %	675	1,250
Operator: Mutualité de la Vienne		1,286	113	100 %	113	95
LAC - MONCONTOUR*	1991	1,286	113	100 %	113	95
Operator: ORPEA France		39,696	5,773	100 %	5,773	5,140
BELLOY - BELLOY*	1991 (2009)	2,559	445	100 %	445	350
CUXAC - CUXAC-CABARDES*	1989	2,803	392	100 %	392	170
HAUT CLUZEAU - CHASSENEUIL*	2007	2,512	394	100 %	394	330
HELIO MARIN - HYÈRES*	1975	12,957	1,723	100 %	1,723	1,450
LA JONCHÈRE - RUEIL-MALMAISON*	2007	3,731	759	100 %	759	875
LA RAVINE - LOUVIERS*	2000 (2010)	3,600	631	100 %	631	550
LA SALETTE - MARSEILLE*	1956	3,582	597	100 %	597	525
LAS PEYRÈRES - SIMORRE*	1969	1,895	154	100 %	154	100
LE CLOS SAINT SÉBASTIEN - SAINT-SÉBASTIEN-SUR-LOIRE*	2005	3,697	549	100 %	549	630
VILLA NAPOLI - JURANÇON*	1950	2,360	128	100 %	128	160
THE NETHERLANDS		62,318	9,599	100 %	9,631	9,214
Assets directly leased to healthcare professionals		10,065	1,630	99 %	1,642	1,506
LEIDEN - LEIDEN*	2012	2,029	247	100 %	247	251
ORANJEPLEIN - GOIRLE*	2013	1,854	347	100 %	347	280
PIUSHAVEN - TILBURG*	2011	2,257	426	100 %	426	393
WATERLINIE - UITHOORN*	2013	3,925	610	98 %	622	582
Operator: Bergman Clinics		10,612	1,389	100 %	1,389	1,271
BRILLELAAN 5 - RIJSWIJK*	2013	2,133	244	100 %	244	218
RIJKSWEWEG 69 et 69A - NAARDEN*	2010	5,821	871	100 %	871	788
RUBENSSTRAAT 165-173 - EDE*	1991 (2014)	2,658	274	100 %	274	265
Operator: DC Klinieken		3,152	430	100 %	430	409
KRIMKADE 20 - VOORSCHOTEN*	1992	1,181	200	100 %	200	191
LOUIS ARMSTRONGWEG 28 - ALMERE*	2000	1,971	230	100 %	230	217
Operator: Domus Magnus		3,342	994	100 %	994	875
LAURIERSGRACHT - AMSTERDAM*	1968 (2010)	3,342	994	100 %	994	875
Operator: European Care Residences		6,778	1,014	100 %	1,014	1,006
KEIZERHOF - UTRECHT*	1968 (2009)	6,778	1,014	100 %	1,014	1,006
Operator: Stichting Amphia			727	100 %	727	727
AMPHIA - BREDA*	2016		727	100 %	727	727
Operator: Stichting ASVZ		1,686	177	90 %	197	176
GANTELWEG - SLIEDRECHT*	2011	1,686	177	90 %	197	176
Operator: Stichting Elisabeth		6,061	695	100 %	695	672
TWEESPRONG - OOSTERHOUT*	2014	6,061	695	100 %	695	672
Operator: Stichting Gezondheidszorg Eindhoven (SGE)		2,434	336	100 %	336	336
STRIJP-Z - EINDHOVEN*	2015	2,434	336	100 %	336	336
Operator: Stichting JP van den Bent		1,576	200	100 %	200	200
HOF VAN ARKEL - TIEL*	2012	1,576	200	100 %	200	200
Operator: Stichting Leger des Heils		1,177	150	100 %	150	89
NIEUWE STATIONSSTRAAT - EDE*	1985 (2008)	1,177	150	100 %	150	89
Operator: Stichting Philadelphia Zorg		4,883	399	100 %	399	478

Property	Year of construction/last renovation/extension	Super-structure (in m ²)	A Contractual rents (x 1,000 EUR)	C=A/B Occupancy rate	B Rents + ERV on unlet premises (x 1,000 EUR)	Estimated Rental Value (x 1,000 EUR)
BARONIE 149-197 - ALPHEN AAN DEN RIJN*	2016	2,000	168	100 %	168	212
CHURCHILLAAN - LOPIK*	2015	2,883	231	100 %	231	266
Operator: Stichting Rijnstate		3,591	413	100 %	413	413
MARGA KLOMPELAAN 6 - ARNHEM*	1994	3,591	413	100 %	413	413
Operator: Stichting Sozorg & Martha Flora		3,074	477	100 %	477	488
DE RIDDERVELDEN - GOUDA*	2014	3,074	477	100 %	477	488
Operator: Stichting Zorggroep Noordwest-Veluwe		3,887	568	100 %	568	568
ARCADE NW - ERMELO *	2014	3,887	568	100 %	568	568
GERMANY		49,628	8,324	100 %	8,324	8,324
Operator: Aspria		18,028	4,214	100 %	4,214	4,214
MACHSEE CLUB - HANOVER*	2009	10,228	2,231	100 %	2,231	2,231
UHLHORST CLUB - HAMBURG*	2012	7,800	1,984	100 %	1,984	1,984
Operator: Azurit Rohr		6,717	517	100 %	517	517
BRÜHL - CHEMNITZ*	2007	6,717	517	100 %	517	517
Operator: Celenus (ORPEA Group)		4,706	833	100 %	833	833
NEXUS - BADEN-BADEN*	1896 (2005)	4,706	833	100 %	833	833
Operator: Kaiser Karl Klinik (Eifelhöhen-Klinik Group)		15,577	2,200	100 %	2,200	2,200
KAISER KARL - BONNEN*	1995 (2013)	15,577	2,200	100 %	2,200	2,200
Operator: M.E.D. Gesellschaft für Altenpflege		4,600	560	100 %	560	560
CALAU - CALAU*	2015	4,600	560	100 %	560	560
OFFICES		542,889	80,533	87 %	92,227	87,012
Brussels Leopold & Louise districts		92,507	18,609	94 %	19,785	18,836
ARTS 19H	1973 (1998)	11,099	2,254	100 %	2,254	2,034
ARTS 46	1977 (2009)	11,516	1,921	80 %	2,390	2,304
ARTS 47-49	1977 (2009)	6,915	1,313	100 %	1,319	1,180
AUDERGHEM 22-28	2004	5,853	1,261	91 %	1,388	1,345
GUIMARD 10-12	1980 (2015)	10,410	2,428	100 %	2,436	2,444
LOI 34	2001	6,882	1,239	100 %	1,242	1,160
LOI 57	2001	10,279	1,965	100 %	1,965	1,997
LOI 227	1976 (2009)	5,885	1,535	96 %	1,606	1,444
MEEÛS 23	2010	8,807	2,020	97 %	2,080	2,080
MONTOYER 10	1976	6,205	1,070	80 %	1,330	1,198
SCIENCE 41	1960 (2001)	2,899	396	70 %	567	515
TRÔNE 98	1986	5,757	1,207	100 %	1,208	1,136
Brussels Decentralised		279,993	41,068	86 %	47,773	44,484
BOURGET 40*	1998	14,262	1,542	82 %	1,874	2,110
BOURGET 42	2001	25,746	3,028	67 %	4,492	4,051
BOURGET 44	2001	14,085	2,255	96 %	2,349	2,189
BOURGET 50	1998	5,132	532	68 %	779	779
BRAND WHITLOCK 87-93	1991	6,066	772	81 %	958	979
COLONEL BOURG 105	1978 (2001)	2,634	234	78 %	300	288
COLONEL BOURG 122	1988 (2006)	4,129	551	90 %	612	531
CORNER BUILDING	1996 (2011)	3,440	318	62 %	510	451
GEORGIN 2	2007	17,439	3,193	100 %	3,193	2,754
HERRMANN DEBROUX 44-46	1992	9,666	1,496	95 %	1,581	1,429
MOULIN A PAPIER 55	1968 (2009)	3,499	528	100 %	529	458
OMEGA COURT	2008	16,557	1,788	67 %	2,673	2,546
PAEPSEM BUSINESS PARK	1992	26,521	1,891	73 %	2,583	2,338
SERENITAS	1995	19,823	3,239	87 %	3,704	3,172
SOUVERAIN 23-25	S25 (1970) S23 (1987)	56,891	11,938	100 %	11,938	11,573
SOUVERAIN 24	1997 (2016)	3,897	0	0 %	638	638
SOUVERAIN 36	1998	8,310	1,014	74 %	1,374	1,376
SOUVERAIN 280	1989 (2005)	7,074	1,081	93 %	1,166	1,031
THE GRADIENT	1976 (2013)	19,579	2,978	78 %	3,813	3,363

Property	Year of construction/last renovation/extension	Super-structure (in m ²)	A Contractual rents (x 1,000 EUR)	C=A/B Occupancy rate	B Rents + ERV on unlet premises (x 1,000 EUR)	Estimated Rental Value (x 1,000 EUR)
WOLUWE 102	1985 (2009)	8,090	1,445	100 %	1,449	1,279
WOLUWE 58 (+ parking Saint-Lambert)	1986 (2001)	3,868	754	99 %	759	690
WOLUWE 62	1988 (1997)	3,285	491	99 %	497	460
Brussels Periphery		77,685	8,158	77 %	10,624	10,141
LEUVENSESTEENWEG 325	1975 (2006)	6,292	382	71 %	541	508
NOORDKUSTLAAN 16 A-B-C (West-End)	2009	10,022	1,420	82 %	1,731	1,574
PARK LANE	2000	35,480	4,153	78 %	5,291	5,083
PARK HILL*	2000	16,675	1,436	63 %	2,273	2,223
WOLUWELAAN 151	1997	9,216	767	97 %	788	754
Brussels Satellites		8,232	820	67 %	1,221	1,239
WATERLOO OFFICE PARK I	1995 (2004)	2,360	264	71 %	374	358
WATERLOO OFFICE PARK J	1995 (2004)	2,360	186	57 %	325	353
WATERLOO OFFICE PARK L	1995 (2004)	3,512	370	71 %	522	528
Antwerp Periphery		36,575	4,955	89 %	5,590	5,213
AMCA - AVENUE BUILDING	2010	9,403	1,522	96 %	1,580	1,556
AMCA - LONDON TOWER	2010	3,530	575	98 %	588	543
GARDEN SQUARE	1989	7,464	712	73 %	977	912
PRINS BOUDEWIJNLAAN 41	1989	6,014	805	86 %	931	885
PRINS BOUDEWIJNLAAN 43	1980	6,007	770	82 %	942	817
VELDKANT 35	1998	4,157	571	100 %	572	500
Other regions		47,897	6,923	96 %	7,234	7,099
ALBERT I ^{er} 4 - CHARLEROI	1967 (2005)	19,189	2,755	100 %	2,755	2,712
MECHELEN STATION - MECHELEN	2002	28,708	4,168	93 %	4,479	4,387
OFFICE BUILDINGS WITH SOLD LEASE RECEIVABLES		102,725	12,200	100 %	12,210	12,210
Brussels Central Business District (CBD)		52,878	4,990	100 %	4,990	4,990
EGMONT I*	1997	36,616	3,527	100 %	3,527	3,527
EGMONT II*	2006	16,262	1,463	100 %	1,463	1,463
Brussels Decentralised		20,199	2,250	100 %	2,252	2,252
COLONEL BOURG 124*	1988 (2009)	4,137	261	100 %	263	263
EVEREGREEN	1992 (2006)	16,062	1,989	100 %	1,989	1,989
Brussels Leopold & Louise district		26,188	4,239	100 %	4,247	4,247
LOI 56	2008	9,484	1,594	100 %	1,598	1,598
LUXEMBOURG 40	2007	7,522	945	100 %	945	945
NERVIENS 105	1980 (2008)	9,182	1,539	100 %	1,539	1,539
MEEÛS 23 (+ parking)	2010		161	97 %	165	165
Other regions		3,460	721	100 %	721	721
MAIRE 19 - TOURNAI*	1997	3,460	721	100 %	721	721
PROPERTY OF DISTRIBUTION NETWORKS		408,635	37,316	98 %	37,966	35,907
Pubstone		349,148	29,530	98 %	29,991	27,623
Pubstone Belgium (766 buildings)*		302,113	19,470	99 %	19,749	18,850
Brussels		41,324	3,672	99 %	3,704	3,790
Flandres		187,247	11,526	99 %	11,633	11,476
Wallonia		73,542	4,272	97 %	4,412	3,584
Pubstone The Netherlands (240 buildings)*		47,035	10,060	98 %	10,242	8,773
MAAF (279 buildings)*		59,487	7,786	98 %	7,975	8,284
OTHER		15,830	1,841	100 %	1,841	1,637
Antwerp Periphery		61	7	100 %	7	8
NOORDERPLAATS (AMCA)*	2010	61	7	100 %	7	8
Brussels Periphery		6,124	533	100 %	533	398
MERCURIUS 30	2001	6,124	533	100 %	533	398
Other regions		9,645	1,301	100 %	1,301	1,231
KROONVELDLAAN 30 - DENDERMONDE	2012	9,645	1,301	100 %	1,301	1,231
TOTAL INVESTMENT PROPERTIES AND WRITEBACK OF SOLD AND DISCOUNTED LEASE PAYMENTS		1,776,872	224,772	94	237,858	232,499

Property	Year of construction/last renovation/extension	Super-structure (in m²)	A Contractual rents (x 1,000 EUR)	C=A/B Occupancy rate	B Rents + ERV on unlet premises (x 1,000 EUR)	Estimated Rental Value (x 1,000 EUR)
HEALTHCARE REAL ESTATE PROJECTS AND RENOVATIONS		7,018				
Belgium		7,018				
WOLUWE 106-108		7,018				
The Netherlands						
KLOOSTERSTRAAT - BAVEL*						
PLATAAN - HEERLEN*						
OFFICE PROJECTS AND RENOVATIONS		17,722				
BELLIARD 40		17,722				
LAND RESERVE HEALTHCARE REAL ESTATE			25		25	25
DIAMANT - SCHAARBEEK/SCHAARBEEK			2		2	2
L'ORÉE DU BOIS - WARNETON			23		23	23
LAND RESERVE OFFICES			15		15	15
Brussels Centre & North			3		3	3
DE LIGNE			3		3	3
MEIBOOM 16-18			0		0	0
Brussels Leopold & Louise districts			2		2	2
LOUISE 140			0		0	0
MONTOYER 14			2		2	2
MONTOYER 40			0		0	0
Brussels Decentralised			5		5	5
TWIN HOUSE			3		3	3
WOLUWE 34			2		2	2
Brussels Periphery			0		0	0
KEIBERG PARK			0		0	0
KOUTERVELD 6			0		0	0
WOLUWE GARDEN 26-30			0		0	0
Antwerp Periphery			3		3	3
PRINS BOUDEWIJNLAAN 24A			3		3	3
Antwerp Singel			2		2	2
LEMANSTRAAT 27			1		1	1
PLANTIN & MORETUS			0		0	0
QUINTEN			0		0	0
REGENT			0		0	0
ROYAL HOUSE			0		0	0
UITBREIDINGSTRAAT 2-8			1		1	1
UITBREIDINGSTRAAT 10-16			0		0	0
PORTFOLIO GRAND TOTAL		1,801,612	224,812		237,898	232,539

REAL ESTATE VALUER'S REPORT

CONTEXT

We have been engaged by Cofinimmo to value its real estate assets as of 31st December 31st 2016 with a view to finalising its financial statements at that date.

Cushman & Wakefield (C&W), PwC Entreprise Advisory SCRL/CVBA (PwC) and JLL SPRL/BVBA have each separately valued a part of the portfolio of offices and other properties.

C&W and PwC have each separately valued part of the portfolio of nursing homes in Belgium. C&W and JLL France have each separately valued part of the portfolio of nursing homes and other care facilities in France.

The portfolio of clinics in The Netherlands has been valued by PwC Netherlands.

The healthcare portfolio in Germany is valued by PwC Germany.

The portfolios of pubs in Belgium and the Netherlands have been valued by C&W.

The portfolio of insurance agencies in France has been valued by C&W.

C&W, PwC and JLL have in-depth knowledge of the real estate markets in which Cofinimmo is active and have the necessary, recognised professional qualifications to perform this assessment. In conducting this assessment, they have acted with complete independence.

As is customary, our assignment has been carried out on the basis of information provided by Cofinimmo regarding tenancy schedules, charges and taxes borne by the landlord, works to be carried out and all other factors that could affect property values. We assume that the

information provided is complete and accurate. Our valuation reports do not in any way constitute an assessment of the structural or technical quality of the buildings or an in-depth analysis of their energy efficiency or of the potential presence of harmful substances. This information is well known to Cofinimmo, which manages its properties in a professional way and performs technical and legal due diligence before acquiring each property.

HEALTHCARE REAL ESTATE

In 2016, the value of Cofinimmo's portfolio in the healthcare sector represented 44.6 %. Cofinimmo holds close to 1,500 million EUR in this sector spread over 4 countries distributed over 135 resthouses and 12,378 beds.

Like the majority of the European countries, Belgium is faced with an increasing and rapid ageing of its population. This is principally explained by two factors:

First, the persons born during the 'Baby Boom' between 1946 and 1964 have today reached the retirement age or are about to do so;

Second, we see an improvement in the quality of life and in the life expectancy. According to the Bureau Fédéral du Plan, life expectancy shall increase by 2060. In addition, the existing gap between man and women's life expectancy shall progressively narrow over time.

In Belgium, one surveyed that approx. 2.06 million people were older than 65 in 2016. This represents 18.3 % of the total population. By 2035, it is estimated this proportion to reach 24 %. At present, Belgium has 142,818 beds distributed over

1,502 care and nursing homes.

According to the statistics from the INAMI, we observe an occupancy ratio of 96 % in the healthcare buildings (MRS). This ratio goes to 90 % for care and nursing homes (MR) in Flanders and Wallonia, and to 86 % for Brussels. During the 20 forthcoming years, our country will need 37,000 additional beds.

During 2016, 3.8 billion EUR were invested in real estate. The investments in care and nursing homes (MR) and healthcare buildings (MRS) represented 6 % of this total, equivalent to approx. 230 million EUR.

THE OFFICE MARKET

Cofinimmo's office portfolio value amounts to 38.2 % of its total portfolio value.

The office market recorded close to 760,000 m² of occupational deals (lettings, extensions and purchases for own occupation) across Belgium in 2016. Compared to 2015 (the worst year ever observed) this represents an activity increase of more than 35 %. Indeed 2016 outperforms the average observed over the past five years.

In Brussels (including its periphery), take-up has also surged through 2016, reaching 454,000 m², a 50 % increase compared to 2015 and one of the best vintages of the past five years. Large deals involving the public sector – some long-awaited – have contributed to this important volume. Indeed European, federal, regional and local authorities have rented or purchased for own occupation more than 168,000 m², the highest level recorded since 2005. Although it underwent a slight increase this year, the private sector has tended to decrease its amount

of newly occupied surfaces over the past years. The increase of new ways of working (co-working, flex-desks, etc.) contributes to this trend which should be sustained over coming years, thereby decreasing take-up in the future.

The vacancy rate constitutes another important indicator on the Brussels office market. The vacancy rate continues its slow and continuous decrease since its peak reached mid-2010. The current vacancy rate is 9.4 % (against more than 12 % in 2010). Although important discrepancies still exist between districts (the vacancy rate varies between 5 % in the Central Business District and close to 20 % in the Periphery) the trend on all of the Brussels market points towards a decrease. There are currently only 70,000 m² left available in Grade A buildings (the most recent ones with the best environmental performance rates). These elements confirm occupiers' interest in central locations in proximity to public transport in buildings offering the best performances.

The decrease of the vacancy is also linked to the relatively limited volume of speculative developments which have entered the market these last years (60,000 m² in 2016 and the same volume expected over the coming two years) as well as the reconversion of former office buildings which have exited the stock and been redeveloped into nursing homes, apartment buildings or student housing for instance.

As far as rental levels are concerned, the trend is similar throughout the country as a great level of stability has been observed since 2010.

The investment market has continued to record positive performances in 2016. Although the total volume of investments in commercial real estate has reached 3.8 billion EUR – a slight decrease on 2015 – investments in the office sector have increased to

reach 1.8 billion EUR across the whole of Belgium. The Brussels market adds up to close to 1.5 billion EUR, a 17 % increase on 2015 with important deals such as the acquisitions of the Ellipse Building, the Meander, the Tour Astro, the Arts 45 and the Northstar portfolio.

Although Belgian investors remain dominant on the investment market, Asian and German investors' interest has increased. These foreign players represent respectively 21 % and 20 % of volumes invested in 2016 against 45 % for domestic investors.

Investments remain selective and prudent (the average duration to realise a transaction is increasing slightly), the historically low interest rates and the amount of available equity have contributed to a substantial decrease of yields, especially for core assets located in town centres. Prime yields vary between 3.65 % for long term let buildings (against 5 % two years ago) and 4.50 % for buildings with regular length lease agreements (against 6.15 % two years ago).

It is difficult to predict what 2017 will be made of. Numerous external factors increase incertitude and volatility of the office markets both in terms of occupation and investments. Hence, factors such as Brexit, fears linked to terrorism and the possible surge of populism in Europe could bear impacts on the occupational market, whereas demand linked to the public sector should be limited in 2017. On the investment market, the key elements to monitor will be the European Central Bank's monetary policy and the Trump administration's decisions. An accommodating policy should maintain interest rates relatively low and should lead to new (albeit limited) yield compressions while Trump could divert Chinese investors to the European continent with a positive impact on invested volumes.

DISTRIBUTION NETWORK – REAL ESTATE (PUBSTONE & COFINIMUR I)

Cofinimmo's share in distribution networks real estate is estimated at 16.4 % on December 31st 2016. These subsidiaries (Pubstones for the food and beverage establishments in Belgium and the Netherlands and Cofinimur I for the local retail and agencies sector in France) offer a diversified risk profile, as much on a geographic basis as by their specific nature somewhere between commercial real estate and investment properties including an eventual redevelopment potential.

Globally the value of these two asset portfolios have tended to increase since 2014, the fair value of the assets in distribution networks real estate represents a fair value of 553 million EUR.

The slow but continued improvement of the economic climate, the upsurge in consumer confidence in Belgium and Europe, the low interest rates and inflation level are positive elements for the distribution networks sector. Conversely, the Brussels lockdown following the Paris attacks in November 2015 and the Brussels airport and metro attacks last March have led to a strong decrease of attendance in high streets, hotels and cafés and restaurants in Brussels during 2016. However, the situation has gradually improved during the second half of the year.

According to the location, past and future evolutions are quite different, with cities and secondary zones suffering more than the rest. This applies as much to retail in general as to cafés and restaurants. Secondary cities suffer from a decrease of attendance and an increase of the number of empty retail units with a negative impact on retail dynamics while better structured and frequented

axes continue to record positive performances

Arbitrations in this portfolio will have to continue to be carried out in the coming years, Cofinimmo's investments being characterised by an emphasis on security (long-term leases with single occupiers and benefitting from a strong financial base), relatively low rental levels and attractive acquisition prices. Sale and leaseback operations for assets in attractive locations offering a diversity of future uses are favoured. Furthermore, this part of the portfolio can also lead to single-unit sale opportunities with local investors.

OPINION

We confirm that our valuation has been done in accordance with national and international market practices and standards (International Valuation Standards issued by the International Valuation Standards Council and included in RICS Valuation – Professional Standards January 2014, the Red Book of the Royal Institute of Chartered Surveyors).

The Investment value (in the context of this valuation) is defined as the amount most likely to be obtained at normal conditions of sale between willing and well-informed parties, inclusive of transactions costs (mainly transfer taxes) to be paid by the acquirer. It does not reflect the costs of future investments that could improve the property or the benefits associated with such costs.

VALUATION METHODOLOGY

The valuation methodology adopted is mainly based on the following methods:

METHOD OF ESTIMATED RENTAL VALUE CAPITALISATION (ERV CAPITALISATION)

This method consists in capitalising the estimated rental value of the property by using a capitalisation

rate ('yield') in line with the investment market. The choice of the capitalisation rate used is linked to the capitalisation rates applied in the real estate investment market, which takes into account the property location, the quality of the buildings and that of the tenant, and the quality and duration of the lease at the valuation date.

The rate corresponds to the rate anticipated by potential investors at the valuation date. To determine the estimated rental value, one takes into account the market data, the location of the property and the quality of the building.

The resulting value must be adjusted if the passing rent generates operational income higher or lower than the estimated market value used for capitalisation. The valuation takes into consideration the charges that will need to be incurred in the near future.

DISCOUNTED CASH FLOW METHOD (DCF)

Under this method, it is required to assess the net rental income generated by the property on a yearly basis for a specific period and discounted at today's value. The projection period generally varies between 10 and 18 years. At the end of the period, a residual value is calculated using a capitalisation rate that takes into account the anticipated condition of the building at the end of the projection period, discounted at today's value.

RESIDUAL VALUE METHOD

The value of a project is determined by defining the development potential on site. This implies that the intended use of the project is known or foreseeable in a qualitative (planning) and quantitative manner (number of square metres that can be developed, future rents, etc.). The value is obtained by deducting the costs upon completion of the project from its anticipated value.

APPROACH BY MARKET COMPARABLES

This method is based on the principle that a potential purchaser will not pay more for the acquisition of a property than the price recently paid on the market for similar properties.

TRANSACTION COSTS

In theory, the disposal of properties is subject to a transfer tax charged by the Government and paid by the acquirer, which represent substantially all transaction costs. For properties situated in Belgium, the amount of this tax mainly depends on the mode of transfer, the capacity in which the acquirer acts and the property's location. The first two variables, and therefore the amount of tax payable, are only known once the sale is contracted. Based on a study from independent real estate experts dated February 8th, 2006 and reviewed on 30.06.2016, the 'average' transaction cost for properties over 2,500,000 EUR is assessed at 2.5 %.

The fair value (as defined under IFRS 13 and by the BEAMA's (Belgian Asset Managers Association) press release of February 8th, 2006 and reviewed on 30.06.2016) for properties over 2,500,000 EUR can therefore be obtained by deducting 2.5 % of 'average' transaction cost from their investment value. This 2.5 % figure will be reviewed periodically and adjusted if on the institutional investment transaction market a change of at least +/- 0.5 % in the effectively 'average' transaction cost is observed.

For properties with an investment value under 2,500,000 EUR transfer taxes of 10 % or 12.5 % have been subtracted, depending on the region of Belgium where they are situated.

The transfer taxes on properties in France and the Netherlands have been deducted in full from their investment values to obtain their fair values.

ASSETS SUBJECT TO A SALE OF RECEIVABLES

Cofinimmo is owner of several buildings of which the rents have been sold in the past to a third party. The valuers have valued those properties as freehold (before sale of receivables). At the request of Cofinimmo, the values mentioned below represent for these buildings the freehold value net of the rents still due (residual value), as calculated by Cofinimmo. This calculation by Cofinimmo has not been analysed in depth by the valuers. In the forthcoming quarters, the residual value will evolve in such a way as to be, at the maturity of the sale of the receivables, equivalent to the freehold value.

INVESTMENT VALUE AND SALE VALUE (FAIR VALUE)

Taking into account the three opinions, the investment value (transaction costs not deducted) of Cofinimmo's total real estate portfolio as of December 31st, 2016 is estimated at 3,505,041,000 EUR.

Taking into account the three opinions, the fair value, after the deduction of the 'transaction' transfer costs, of Cofinimmo's total real estate portfolio as of December 31st, 2016, corresponding to the fair investment value under IAS/IFRS, is estimated at 3,366,331,000 EUR.

On this basis, the yield on rent, received or contracted, including from assets that form the object of an assignment of receivables, but excluding projects, land and buildings undergoing refurbishment, and after the application of imputed rent to the premises occupied by Cofinimmo, amounts to 6.54 % of the investment value.

If the properties were to be let in full, the yield would increase to 6.92 %.

Investment properties have an occupancy rate of 94.50 %.

The contractually passing rent and the estimated rental value on the empty spaces (excluding projects, buildings undergoing refurbishment and assets that form the object of an assignment of receivables) for let space plus the estimated rental value for vacant space is 2.46 % above the estimated fair rental value for the whole portfolio at this date. This difference results mainly from the inflation indexation of contractual rents since the inception of the in-place leases.

The assets are broken down as follows:

	Investment value (EUR)	Fair Value (EUR)	% Fair Value
Healthcare	1,557,335,000	1,499,918,000	44.6 %
Offices	1,318,847,000	1,286,680,000	38.2 %
Property of distribution networks	601,298,000	552,844,000	16.4 %
Other	27,561,000	26,889,000	0.8 %
TOTAL	3,505,041,000	3,366,331,000	100.0 %

PWC OPINION

The investment value of the part of Cofinimmo's real estate portfolio valued by PwC is estimated as of December 31st, 2016 at 1,039,779,000 EUR and the fair value (after the deduction of the transaction costs) is estimated at 1,012,547,000 EUR.

Jean-Paul DUCARME FRICS
Director PwC



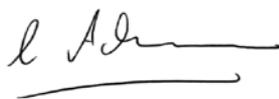
Aryn SMOLDERS
Partner PwC



C&W OPINION

The investment value of the part of Cofinimmo's real estate portfolio valued by C&W and by JLL in France is estimated as of December 31st, 2016 at 2,154,116,000 EUR and the fair value (after deduction of transaction costs) at 2,050,227,000 EUR.

Christophe Ackermans*, MRICS
Partner



*SPRL/BVBA

JLL OPINION

The investment value of the part of Cofinimmo's real estate portfolio valued by JLL in Belgium is estimated as of December 31st, 2016 at 311,146,000 EUR and the fair value (after the deduction of transaction costs) is estimated at 303,557,000 EUR.

Roderick Scrivener, FRICS
JLL Director



COFINIMMO ON THE STOCK MARKET

Cofinimmo offers four instruments listed on the stock market, each of which provides different risk, liquidity and yield profiles.

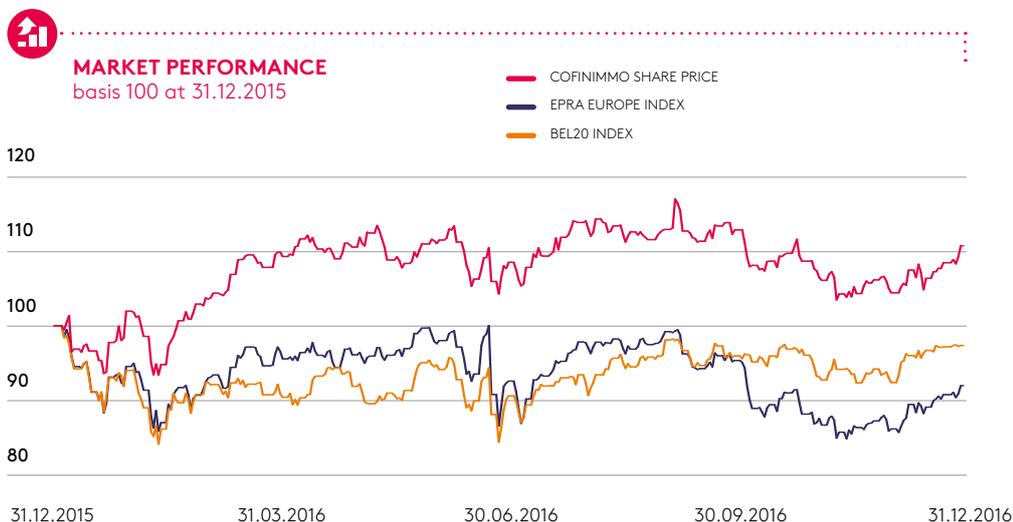
THE ORDINARY SHARE

Cofinimmo's ordinary share has been listed on NYSE Euronext Brussels (ticker: COFB) since 1994. Cofinimmo is the foremost listed real estate company on the BEL20 index. Cofinimmo's ordinary share is also included in the Euronext 150 index, as well as in the EPRA Europe and **GPR250**  real estate indexes. At 31.12.2016, Cofinimmo's ordinary share **market capitalisation**  was 2.2 billion EUR.

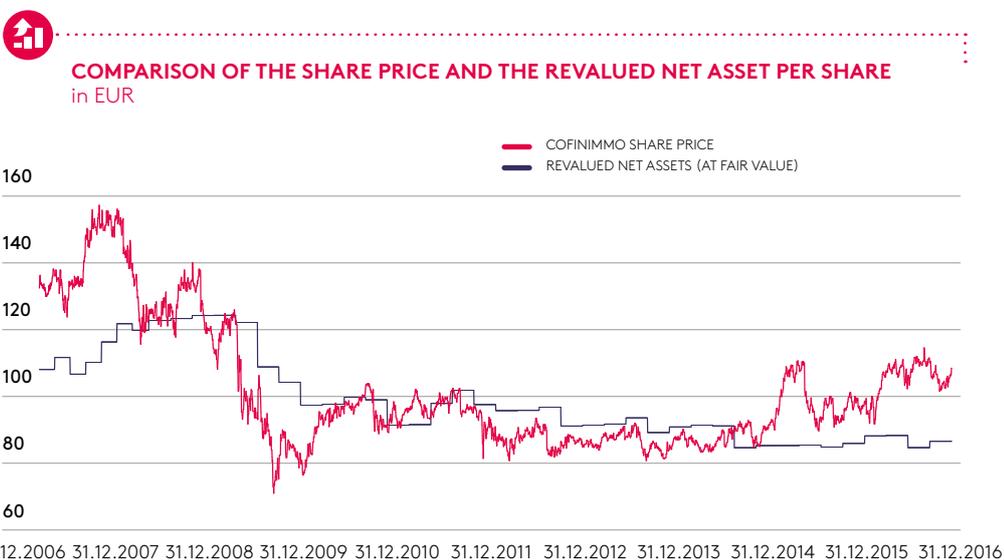
STOCK MARKET CONTEXT AND SHARE TREND

2016 was a year of uncertainty for the stock markets, highlighted by the British vote in favour of Brexit (June), the slowdown in Chinese growth (August) and the election of Donald Trump in the United States (November). For information, the BEL20 and **EPRA Europe**  indexes closed the year down 2.5 % and 7.8 %, respectively.

The graph below shows Cofinimmo's share performance in 2016 (without applying any adjustments on the 2015 dividend payment date) in relation to the BEL20 and EPRA Europe indexes. The Cofinimmo share price fluctuated between 92.12 EUR and 114.65 EUR, with an average annual share price of 105.77 EUR. The closing price at 30.12.2016 was 108.65 EUR, a 10.4 % increase over the previous year.



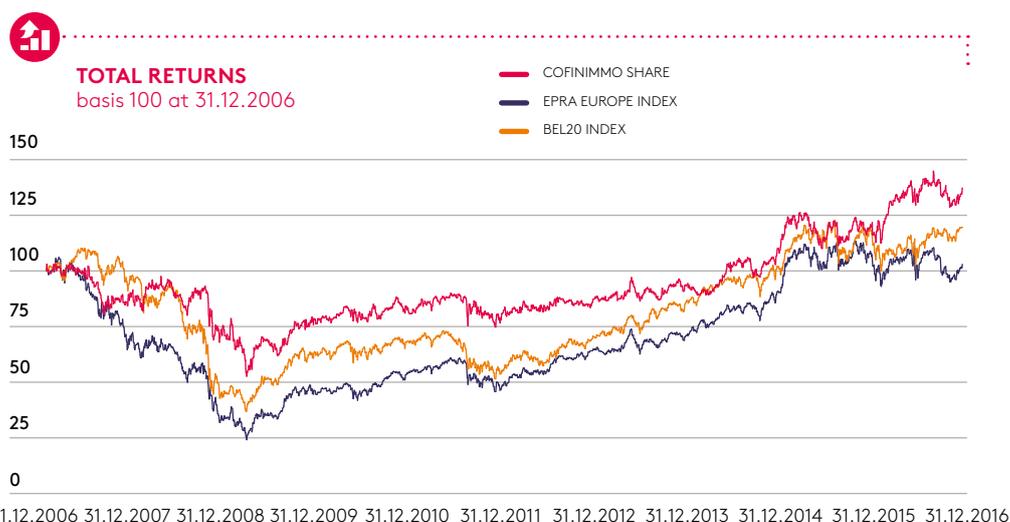
The graph below shows the Cofinimmo share price in relation to its intrinsic value (in fair value) over the past ten years. The share price traded at an average premium of 1.6 % over ten years and an average premium of 21.1 % in 2016.



TOTAL RETURN (IN %)

The total return for shareholders is measured based on the change in the share price and includes the distribution of the dividend or any other distribution carried out or paid by the company. Assuming the reinvestment of the 2015 dividend made available for payment in June 2016, the Cofinimmo share achieved a total return of 14.1 % over 2016.

The graph below illustrates the stock market performance of the Cofinimmo share compared to the BEL20 and EPRA Europe indexes over the past ten years, **dividend return**  inclus. included. During this period, the Cofinimmo share generated a total return of 36.9 %, i.e. an average annual return of 3.7 %. The BEL20 and EPRA indexes recorded total variations of 19.4 % and 2.9 %, respectively, which corresponds to average annual yields of 1.9 % and 0.3 %.



SHAREHOLDER/INVESTOR PROFILE

Cofinimmo has a large number of investors with diversified profiles. They include, on one hand, retail shareholders based primarily in Belgium and, on the other, institutional investors in Belgium, France, Germany, Luxembourg, the Netherlands, Switzerland, the United Kingdom and North America.

At 31.12.2016, a single shareholder crossed the 5 % ownership threshold which required a transparency declaration. This was Crédit Agricole Group, which holds 5.1 % of Cofinimmo's capital.

COFINIMMO SHARE LIQUIDITY

Cofinimmo continued its efforts to enhance the liquidity of its share in 2016. The company participated in about 30 road shows and conferences. It also invested in promotional campaigns aimed at both institutional and retail investors.

With a market capitalisation of its ordinary shares of 2.2 billion EUR and an average daily volume of 4.9 million EUR, or just over 46,600 shares, Cofinimmo's liquidity level is sufficient to keep it on the radar screen of major institutional investors.

DIVIDEND

At the Ordinary General Shareholders' Meeting of 10.05.2017, the Board of Directors will propose a dividend in line with the forecast published in the 2015 Annual Financial Report, i.e. 5.50 EUR gross per ordinary share. This dividend corresponds to a gross yield of 5.2 % compared with the average price of the ordinary share during the 2016 financial year (compared to a gross yield of 5.5 % in 2015).

The graph below shows the dividend yield of the Cofinimmo share compared to the ten-year Belgian sovereign bond (OLO) rate over the past ten years. Over the period, the Cofinimmo share provided an average yield on the dividend of 6.4 %, compared to an average ten-year OLO rate of 2.9 %.

WITHHOLDING TAX

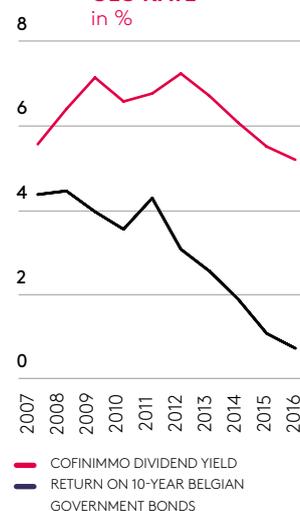
The applicable withholding tax on distributed dividends has been 30 % since 01.01.2017.

However, Belgian Law provides exemptions. To take advantage of them, the beneficiaries of dividends must first meet certain conditions. Moreover, agreements to prevent double taxation provide for reductions of the withholding tax on dividends.



COMPARISON BETWEEN THE DIVIDEND YIELD AND THE 10-YEAR OLO RATE

in %



ISIN BE0003593044	2016	2015	2014
Share price (in EUR)			
Highest	114,65	110,83	97,83
Lowest	92,12	90,15	84,74
At close	108,65	98,41	95,97
Average	105,77	99,52	89,76
Dividend return¹	5.2 %	5.5 %	6.7 %
Gross yield² (over 12 months)	14.1 %	11.2 %	14.3 %
Dividend³ (in EUR)			
Gross	5.50 ⁴	5.50	5.50
Net	3.85 ⁴	4.02	4.13
Volume			
Average daily volume	46,619	46,900	33,883
Annual volume	12,027,768	12,006,493	8,844,025
Number of shares entitled to share in the consolidated results of the financial year	20,345,637	20,344,378	17,339,423
Market capitalisation at close (x 1,000 EUR)	2,210,553	2,002,090	1,664,064
Free float⁵	95 %	100 %	100 %
Velocity⁶	59.1 %	59.0 %	51.0 %
Adjusted velocity⁶	65.7 %	65.6 %	56.7 %
Pay-out ratio⁶	85.9 %	85.1 %	82.1 %

¹ Gross dividend on the average annual share price.

² Appreciation of the share price + dividend yield.

³ Dividends are subject to a 30 % withholding tax.

⁴ Forecast.

⁵ According to the Euronext method.

⁶ In the net result of the core activities - Groupe share.

PREFERENCE SHARES

Preference shares are listed on NYSE Euronext Brussels (tickers: COFP1 for the series issued on 30.04.2004 and COFP2 for the series issued on 26.05.2004). The shares are registered with voting rights. They have been convertible into ordinary shares since 01.05.2009, at a rate of one-for-one. During the 2016 financial year, 295 preference shares were converted into ordinary shares.

In 2019, Cofinimmo will have the option to purchase the non-converted shares at their issue price (see the 'Information by virtue of Article 34 of the Royal Decree of 14.11.2007' section of the 'Corporate Governance Statement' chapter of this Annual Financial Report).

In accordance with the Articles of Association of the company, the preference share dividend is set at 6.37 EUR gross (see the 'Standing document' chapter of this Annual Financial Report).

ISIN BE0003811289 (COFP1) / ISIN BE0003813301 (COFP2)	COFP1		COFP2	
	2016	2015	2016	2015
Share price (en EUR)				
At close	127.00	126.40	151.00	99.00
Average	126.65	115.85	100.11	96.75
Dividend return ¹	5.0 %	5.5 %	6.4 %	6.6 %
Gross yield ² (over 12 months)	5.5 %	38.6 %	58.9 %	15.6 %
Dividend ³ (in EUR)				
Gross	6.37 ⁴	6.37	6.37 ⁴	6.37
Net	4.46 ⁴	4.65	4.46 ⁴	4.65
Volume				
Average daily volume ⁵	16	16	22	361
Annual volume	16	16	178	11,546
Number of shares	395,048	395,048	290,505	290,800
Market capitalisation at close (x 1,000 EUR)	50,171	49,934	43,866	28,789

¹ Gross dividend on the average annual share price.

² Appreciation of the share price + dividend yield.

³ Dividends are subject to a 30 % withholding tax.

⁴ Forecast.

⁵ Average calculated based on the number of trading days during which a volume was recorded.

CONVERTIBLE BONDS

Cofinimmo issued a convertible bond. The convertible bond issued in 2011 matured in 2016 and non converted shares have been repaid. In addition, in 2016, the convertible bond issued in 2013 and maturing in 2018 has been subject of a

simultaneous buyback with the issue of a new convertible bond maturing in 2021 ([see also the chapter 'Financial resources management' of this Annual Financial Report](#)).

ISIN BE0002259282 (Cofinimmo SA/NV 2016-2021)	2016	2015	2014
Share price (in EUR)			
At close	141.77	NA	NA
Average	142.34	NA	NA
Average yield to maturity (12 month average)	0.8 %	NA	NA
Effectif yield at issue	0.2 %	NA	NA
Interest coupon (in %)			
Gross (per tranche of 146.00 EUR)	0.19	NA	NA
Net (per tranche of 146.00 EUR)	0.13	NA	NA
Number of shares	1,502,196	NA	NA
Conversion price (in EUR)	146.00	NA	NA

NON-CONVERTIBLE BONDS

Cofinimmo issued five non-convertible bonds, including a Green and Social Bond. ([see also the chapter 'Financial resources management of this Annual Financial Report](#)).

ISIN BE6241505401 (Cofinimmo SA/NV 2012-2020)	2016	2015	2014
Share price (in %)			
At close	103.71	105.92	106.86
Average	104.39	106.52	104.27
Average yield through maturity (annual average)	2.3 %	2.0 %	2.6 %
Effective yield at issue	3.6 %	3.6 %	3.6 %
Interest coupon (in %)			
Gross (per tranche of 100,000 EUR)	3.55	3.55	3.55
Net (per tranche of 100,000 EUR)	2.49	2.59	2.66
Number of shares	1,400	1,400	1,400

ISIN BE6258604675 (Cofinimmo SA/NV 2013-2017)	2016	2015	2014
Share price (in %)			
At close	101.59	102.36	102.27
Average	102.07	102.43	101.74
Average yield through maturity (annual average)	0.8 %	1.4 %	2.1 %
Effective yield at issue	2.8 %	2.8 %	2.8 %
Interest coupon (in %)			
Gross (per tranche of 100,000 EUR)	2.78	2.78	2.78
Net (per tranche of 100,000 EUR)	1.95	2.03	2.09
Number of shares	500	500	500
ISIN BE0002224906 (Cofinimmo SA/NV 2015-2022)	2016	2015	2014
Share price (in %)			
At close	102.36	99.94	NA
Average	102.23	100.08	NA
Average yield through maturity (annual average)	1.4 %	1.9 %	NA
Effective yield at issue	1.9 %	1.9 %	NA
Interest coupon (in %)			
Gross (per tranche of 100,000 EUR)	1.92	1.92	NA
Net (per tranche of 100,000 EUR)	1.34	1.40	NA
Number of shares	1,900	1,900	NA
ISIN BE0002267368 (Cofinimmo SA/NV 2016-2026)	2016	2015	2014
Share price (in %)			
At close	99,61	NA	NA
Average	s/o	NA	NA
Average yield through maturity (annual average)	1.7 %	NA	NA
Effective yield at issue	1.7 %	NA	NA
Interest coupon (in %)			
Gross (per tranche of 100,000 EUR)	1.70	NA	NA
Net (per tranche of 100,000 EUR)	1.19	NA	NA
Number of shares	700	NA	NA
ISIN BE0002269380 (Cofinimmo SA/NV 2016-2024)	2016	2015	2014
Share price (in %)			
At close	100.21	NA	NA
Average	99.97	NA	NA
Average yield through maturity (annual average)	2.0 %	NA	NA
Effective yield at issue	2.0 %	NA	NA
Interest coupon (in %)			
Gross (per tranche of 100,000 EUR)	2.00	NA	NA
Net (per tranche of 100,000 EUR)	1.40	NA	NA
Number of shares	550	NA	NA

SHAREHOLDING STRUCTURE (AT 31.12.2016) ¹

The Board of Directors has declared that shareholders do not have different voting rights.

Company	Number of ordinary shares	%	Number of preference shares	%	Total number of shares (voting rights)	%
Crédit Agricole Group	1,068,286	5.3 %	0	0 %	1,068,286	5.1 %
Cofinimmo Group (own shares)	44,864	0.2 %	0	0 %	44,864	0.2 %
Free float	19,232,487	94.5 %	685,553	100 %	19,918,040	94.7 %
Number of shares issued	20,345,637	100 %	685,553	100 %	21,031,190	100 %

SHAREHOLDER'S CALENDAR

Interim report: results at 31.03.2017	27.04.2017
2016 Ordinary General Meeting of Shareholders	10.05.2017
Payment of the 2016 dividend (ordinary shares) ²	
Coupon	30
Coupon detachment date (Ex date) ¹	12.05.2017
Record date ¹	15.05.2017
Dividend payment date	As from 16.05.2017
Payment of the 2016 dividend (preference shares) ²	
Coupons	18 (COFP1) et 17 (COFP2)
Coupon detachment date (Ex date)	12.05.2017
Record date	12.05.2017
Dividend payment date	As from 16.05.2017
Half-year Financial Report: results at 30.06.2017	27.07.2017
Interim report: results at 30.09.2017	09.11.2017
Annual press release: results at 31.12.2017	08.02.2018

¹ Situation based on the transparency declarations received by virtue of the Law of 02.05.2007. Any changes notified since 31.12.2016 have been published according to the provisions of the above-mentioned law and can be consulted on the company's website at www.cofinimmo.com.

² Subject to approval by the Ordinary General Meeting of 10.05.2017.

DATA ACCORDING TO THE EPRA PRINCIPLES¹

EPRA PERFORMANCE INDICATORS

		31.12.2016		31.12.2015	
Definition		(x 1,000 EUR)	EUR/action	(x 1,000 EUR)	EUR/action
1	EPRA Earnings	134,260	6.40	128,518	6.46
	EPRA NAV	134,260	6.39	128,518	6.46
2	EPRA NNNNAV	1,949,466	92.76	1,960,777	93.34
3	EPRA VANNN	1,908,473	90.81	1,910,128	90.93
Definition		31.12.2016		31.12.2015	
		in %		in %	
4	(i) EPRA Net Initial Yield (NIY)		5.96 %		5.98 %
	(ii) EPRA "Topped-up" NIY		5.91 %		5.92 %
5	EPRA Vacancy rate		5.63 %		5.23 %
6	EPRA Cost ratio (direct vacancy costs included)		22.33 %		20.13 %
7	EPRA Cost ratio (direct vacancy costs excluded)		19.50 %		17.68 %

¹ These data are not compulsory according to the RREC regulation and are not subject to verification by public authorities. The auditor verified whether the EPRA Earnings, EPRA NAV, EPRA NNNNAV and EPRA cost ratios are calculated according to the definitions included in the "EPRA Best Practices Recommendations" and whether the financial data used in the calculation of these figures comply with the accounting data included in the audited consolidated financial statements.

EPRA EARNINGS AND EPRA EARNINGS PER SHARE¹

(x 1,000 EUR)	2016	2015
IFRS earnings per financial statements	97,393	103,967
Adjustments to calculate EPRA Earnings, to exclude:	36,868	24,551
(i) Changes in fair value of investment properties	-11,626	8,620
(ii) Gains or losses on disposal of investment properties and other non-financial assets	-2,691	-22,424
(v) Goodwill impairment	12,000	7,100
(vi) Changes in fair value of financial instruments	38,286	30,403
(vii) Costs & interest on acquisitions and joint ventures	1,668	1,458
(viii) Deferred taxes in respect of EPRA adjustments	-1,182	-248
(x) Minority interests in respect of the above adjustments	413	-357
EPRA Earnings	134,260	128,518
Number of shares	20,986,326	19,888,379
EPRA Earnings per share² (in EUR)	6.40	6.46
EPRA diluted result	134,260	128,518
Diluted number of shares	21,016,591 ³	19,888,379 ³
EPRA diluted result per share⁴ (in EUR)	6.39	6.46

EPRA NET ASSET VALUE (NAV)

(x 1,000 EUR)	2016	2015
NAV per financial statements	1,852,922	1,860,098
NAV per share per financial statements	88.29	88.66
Effect of the exercise of options, convertible debts or other equity instruments	0⁵	0⁵
Diluted NAV, after the exercise of options, convertible debts and other equity instruments	1,852,922	1,860,098
To include:		
(i) Revaluation at fair value of finance lease receivables ⁴	55,551	50,030
To exclude:		
(i) Fair value of the financial instruments	63,526	85,097
(ii) Deferred taxes	35,814	35,900
(iii) Goodwill as a result of deferred taxes	-58,347	-70,348
EPRA NAV	1,949,466	1,960,777
Number of shares	21,016,591⁵	21,006,682⁵
EPRA NAV per share⁶ (in EUR)	92.76	93.34

EPRA TRIPLE NET ASSET VALUE (NNNAV)

(x 1,000 EUR)	2016	2015
EPRA NAV	1,949,466	1,960,777
To include:		
(i) Fair value of the financial instruments	-63,526	-85,097
(iii) Deferred taxes	22,533	34,448
EPRA NNNAV	1,908,473	1,910,128
Number of shares	21,016,591⁵	21,006,682⁵
EPRA NNNAV per share⁷ (in EUR)	90.81	90.93

¹ The summary and the comments on the consolidated income statements are on page 26 and 28 of the current Annual Financial Report.

² In accordance with the 'EPRA Best Practices Recommendations', the bonds redeemable in shares (MCB) issued in 2011, the convertible bonds issued in 2016 and a part of own shares reserved for stock options, being out-of-the-money at 31.12.2016 are not taken into account in the calculation of the EPRA diluted result of 2016. At 31.12.2015, the MGBs issued in 2011, the convertible bonds issued in 2011 and 2013 and a part of own shares reserved for stock options, being out-of-the-money are not taken into account in the calculation of the EPRA diluted result of 2015.

³ In accordance with the 'EPRA Best Practices Recommendations', the bonds redeemable in shares (MCB) issued in 2011, the convertible bonds issued in 2016 and a part of own shares reserved for stock options, being out-of-the-money at 31.12.2016 are not taken into account in the calculation of the EPRA NAV and NNNAV of 2016. At 31.12.2015, the MGBs issued in 2011, the convertible bonds issued in 2011 and 2013 and a part of own shares reserved for stock options, being out-of-the-money are not taken into account in the calculation of the EPRA VAN and VANNN of 2015.

EPRA NET INITIAL YIELD (NIY) AND EPRA 'TOPPED-UP' NIY ¹

(x 1,000,000 EUR)	2016									
	Healthcare real estate				Offices	Property of distribution networks			Other	TOTAL
	Belgium	France	Netherlands	Germany	Belgium	Netherlands	France			
Investment properties at fair value	815.6	411.1	156.1	117.1	1,286.7	283.6	142.4	126.8	26.9	3,366.3
Assets held for sale	-	-2.0	-	-	-	-	-	-0.7	-	-2.7
Development projects	-13.1	-	-15.6	-	-36.1	-1.3	-	-0.5	-1.4	-68.0
Properties available for lease	802.5	409.1	140.5	117.1	1,250.6	282.3	142.4	125.6	25.5	3,295.6
Estimated transaction costs and rights resulting from the hypothetical disposal of investment property	20.1	28.1	2.0	6.0	31.3	31.0	8.5	8.7	0.6	136.3
Gross up completed property portfolio valuation	822.6	437.2	142.5	123.1	1,281.9	313.3	150.9	134.3	26.1	3,431.9
Annualised gross rental income	49.3	25.6	9.6	8.3	92.7	19.5	10.1	7.7	1.8	224.6
Property charges	-0.8	-0.4	-0.4	-0.1	-17.0	-0.5	-0.5	-0.1	-0.2	-20.0
Annualised net rental income	48.5	25.2	9.2	8.2	75.7	19.0	9.6	7.6	1.6	204.6
Rent-free periods expiring within 12 months and other lease incentives	-	-	-	-	-1.7	-	-	-	-	-1.7
Topped-up net annualised rental income	48.5	25.2	9.2	8.2	74.0	19.0	9.6	7.6	1.6	202.9
EPRA NIY ¹	5.90 %	5.78 %	6.42 %	6.66 %	5.90 %	6.05 %	6.34 %	5.65 %	6.42 %	5.96 %
EPRA "Topped-up" NIY ²	5.90 %	5.78 %	6.42 %	6.66 %	5.77 %	6.05 %	6.34 %	5.65 %	6.42 %	5.91 %

EPRA VACANCY RATE ³

(x 1,000 EUR)	2016									
	Healthcare real estate				Offices	Property of distribution networks			Other	TOTAL
	Belgium	France	Netherlands	Germany	Belgium	Netherlands	France			
Rental space (in m ²)	385,243	216,622	62,318	49,628	663,336	302,113	47,035	59,487	15,830	1,801,612
ERV ³ of vacant space	-	700	32	-	11,704	278	182	190	-	13,086
ERV ³ of the total portfolio	47,218	31,003	9,214	8,324	99,238	18,850	8,773	8,284	1,636	232,540
EPRA Vacancy rate ³	0.00 %	2.26 %	0.34 %	0.00 %	11.79 %	1.48 %	2.07 %	2.29 %	0.00 %	5.63 %

¹ For more details on the sectoral information, refer to Note 5.

² For more details on the rental vacancy rate, refer to the property report.

³ ERV = Estimated Rental Value.

2015										
Healthcare real estate				Offices	Property of distribution networks			Other	TOTAL	
Belgium	France	Netherlands	Germany		Belgium	Netherlands	France			
772.7	383.5	105.1	67.1	1,241.1	274.3	147.1	116.7	26.8	3,134.4	
-	-2.2	-	-	-	-	-	-0.7	-	-2.9	
-2.3	-4.7	-5.7	-	-45.5	-1.0	-	-0.7	-1.7	-61.6	
770.4	376.6	99.4	67.1	1,195.6	273.3	147.1	115.3	25.1	3,069.9	
19.3	25.7	0.9	3.2	29.9	30.0	8.8	7.8	0.6	126.2	
789.7	402.3	100.3	70.3	1,225.5	303.3	155.9	123.1	25.7	3,196.1	
48.1	24.9	7.0	4.7	85.9	19.7	10.2	7.8	1.8	210.1	
-0.4	-0.2	-0.2	-0.1	-16.7	-0.6	-0.3	-0.2	-0.2	-18.9	
47.7	24.7	6.8	4.6	69.2	19.1	9.9	7.6	1.6	191.2	
-	-	-	-	-1.9	-	-	-	-	-1.9	
47.7	24.7	6.8	4.6	67.3	19.1	9.9	7.6	1.6	189.3	
6.05 %	6.14 %	6.84 %	6.51 %	5.65 %	6.28 %	6.31 %	6.12 %	6.29 %	5.98 %	
6.05 %	6.14 %	6.84 %	6.51 %	5.49 %	6.28 %	6.31 %	6.12 %	6.29 %	5.92 %	

EPRA - EVOLUTION OF GROSS RENTAL INCOME^①

Segment	2015		2016				Gross rental income ^② - At current scope
	(x 1,000 EUR)	Gross rental income ^②	Gross rental income - At comparable scope vs. 2015	Acquisitions	Disposals	Other	
Healthcare real estate		88,948	89,804	6,660	-7,825	-	88,639
Healthcare real estate Belgium		54,253	55,040	1,503	-7,825	-	48,718
Healthcare real estate France		24,897	24,879	531	-	-	25,410
Healthcare real estate Netherlands		6,730	6,772	856	-	-	7,628
Healthcare real estate Germany		3,068	3,113	3,770	-	-	6,883
Offices		86,870	88,868	2,597	-2,403	1,127	90,192
Property of distribution networks		37,567	37,688	29	-243	-	37,474
Pubstone Belgium		19,630	19,819	29	-243	-	19,605
Pubstone Netherlands		10,218	10,088	-	-	-	10,088
Cofinimur I		7,719	7,781	-	-	-	7,781
Other		2,031	2,039	-	-	-	2,039
TOTAL PORTFOLIO		215,416	218,399	9,286	-10,471	1,127	218,344

^① It concerns the year-to-year variations (indexations, new locations, departures and renegotiations) of gross rental income, excluding the variations linked to changes in scope (major renovations, acquisitions and sales) occurred during the financial period. ns the year-to-year variations (indexations, new locations, departures and renegotiations) of gross rental income, excluding the variations linked to changes in scope (major renovation

^② Writeback of lease payments sold and discounted included.

INVESTMENT PROPERTIES - RENTAL DATA ¹

Segment	2016					
	Gross rental income for the period ²	Net rental income for the period	Available rental space (in m ²)	Passing rent at the end of the period	ERV ³ at the end of the period	Vacancy rate at the end of the period
Healthcare real estate	88,639	88,305	713 811	92,907	95,758	0.76 %
Healthcare real estate Belgium	48,718	48,405	385,243	49,358	47,217	0.00 %
Healthcare real estate France	25,410	25,410	216,622	25,626	31,003	2.26 %
Healthcare real estate Netherlands	7,628	7,607	62,318	9,599	9,214	0.34 %
Healthcare real estate Germany	6,883	6,883	49,628	8,324	8,324	0.00 %
Offices	90,192	85,903	663,336	92,748	99,238	11.79 %
Property of distribution networks	37,474	37,471	408,635	37,316	35,907	1.81 %
Pubstone Belgium	19,605	19,602	302,113	19,470	18,850	1.48 %
Pubstone Netherlands	10,088	10,087	47,035	10,060	8,773	2.07 %
Cofinimur I	7,781	7,782	59,487	7,786	8,284	2.29 %
Other	2,039	1,994	15,830	1,841	1,636	0.00 %
TOTAL PORTFOLIO	218,344	213,673	1,801,612	224,812	232,539	5.63 %

INVESTMENT PROPERTIES - VALUATION DATA ⁴

Segment	2016			
	Fair value of the portfolio	Changes in the fair value over the period	EPRA Net Initial Yield	Changes in fair value over the period (%)
Healthcare real estate Belgium	1,471,288	56,468	5.98 %	4.00 %
Healthcare real estate Belgium	802,523	26,598	5.90 %	3.43 %
Healthcare real estate France	411,134	21,425	5.78 %	5.50 %
Healthcare real estate Netherlands	140,547	5,796	6.42 %	4.33 %
Healthcare real estate Germany	117,084	2,649	6.66 %	2.37 %
Offices	1,250,574	-60,167	5.90 %	-4.60 %
Property of distribution networks	550,993	15,503	6.03 %	2.90 %
Pubstone Belgium	282,250	9,716	6.05 %	3.57 %
Pubstone Netherlands	142,408	-4,135	6.34 %	-2.82 %
Cofinimur I	126,335	9,922	5.65 %	8.52 %
Other	25,519	378	6.42 %	1.51 %
TOTAL PORTFOLIO	3,298,374	12,182	5.96 %	0.37 %

Réconciliation avec les comptes de résultats consolidés IFRS

Immeubles de placement en développement	67,957	-556
TOTAL	3,366,331	11,626

¹ ⁴ For more details on the rental data, refer to the property report.

² Writeback of lease payments sold and discounted included.

³ ERV = estimated rental value.

⁴ ⁴ For more details on the valuation data, refer to the management report in the 'Healthcare real estate', the 'Offices', and the 'Property of distribution networks' sections.

2015

Gross rental income for the period ¹	Net rental income for the period	Available rental space (in m ²)	Passing rent at the end of the period	ERV ² at the end of the period	Vacancy rate at the end of the period
88,942	88,468	660,316	84,752	87,226	0.83 %
54,247	53,786	376,785	48,139	46,519	0.00 %
24,897	24,895	210,544	24,897	29,368	2.38 %
6,730	6,719	50,253	7,035	6,658	0.31 %
3,068	3,068	22,734	4,681	4,681	0.00 %
86,876	83,134	635,787	85,937	92,842	10.66 %
37,567	37,566	417,111	37,616	35,620	2.15 %
19,630	19,629	309,557	19,672	18,225	1.49 %
10,218	10,218	47,953	10,178	9,092	2.60 %
7,719	7,719	59,601	7,766	8,303	3.13 %
2,031	1,961	15,830	1,915	1,772	0.00 %
215,416	211,129	1,729,044	210,220	217,460	5.23 %

2015

Fair value of the portfolio	Changes in the fair value over the period	EPRA Net Initial Yield	Changes in fair value over the period (%)
1,315,567	20,485	6.16 %	1.59 %
770,419	10,733	6.05 %	1.41 %
378,825	3,354	6.14 %	0.89 %
99,242	4,258	6.84 %	4.50 %
67,081	2,140	6.51 %	3.43 %
1,195,625	-30,201	5.65 %	-2.46 %
536,476	1,229	6.25 %	0.23 %
273,326	-418	6.28 %	-0.15 %
147,117	-2,783	6.31 %	-1.86 %
116,033	4,430	6.12 %	3.97 %
25,141	655	6.29 %	2.67 %
3,072,809	-7,832	5.98 %	-0.25 %

61,544

-788

3,134,353**-8,620**

¹ Writeback of lease payments sold and discounted included.

² ERV = estimated rental value.

INVESTMENT PROPERTIES - LEASE DATA

	(x 1,000 EUR)		Figures depending on the lease ends					
	Average lease length (in years)		Passing rents of the leases maturing in			ERV ¹ of the leases maturing in		
	Until the break ²	Until the end of the lease	Year 1	Year 2	Years 3-5	Year 1	Year 2	Years 3-5
Healthcare real estate	15.6	15.8	211	166	18,582	183	104	22,344
Healthcare real estate Belgium	20.1	20.1	-	-	13	-	-	13
Healthcare real estate France	4.7	4.8	169	-	18,051	150	-	21,855
Healthcare real estate Netherlands	13.1	14.0	42	166	518	33	104	476
Healthcare real estate Germany	25.9	26.6	-	-	-	-	-	-
Offices	3.9	4.8	20,845	6,362	26,547	20,234	5,628	23,929
Property of distribution networks	12.1	15.2	898	-	2,260	954	-	2,270
Pubstone Belgium	13.8	17.8	-	-	-	-	-	-
Pubstone Netherlands	13.8	17.8	-	-	-	-	-	-
Cofinimur I	5.3	5.4	898	-	2,260	954	-	2,270
Other	11.9	11.9	-	-	-	-	-	-
TOTAL PORTFOLIO	10.2	11.1	21,954	6,528	47,389	21,371	5,732	48,543

	(x 1,000 EUR)		Lease figures according to their revision date (break)					
			Passing rents of the leases subject to revision in			ERV ¹ of the leases subject to revision in		
			Year 1	Year 2	Years 3-5	Year 1	Year 2	Years 3-5
Healthcare real estate			211	201	19,189	183	168	22,924
Healthcare real estate Belgium			-	-	13	-	-	13
Healthcare real estate France			169	35	18,658	150	64	22,435
Healthcare real estate Netherlands			42	166	518	33	104	476
Healthcare real estate Germany			-	-	-	-	-	-
Offices			23,097	14,303	28,340	23,002	13,136	25,699
Property of distribution networks			951	-	2,327	1,022	-	2,337
Pubstone Belgium			-	-	-	-	-	-
Pubstone Netherlands			-	-	-	-	-	-
Cofinimur I			951	-	2,327	1,022	-	2,337
Other			-	-	-	-	-	-
TOTAL PORTFOLIO			24,259	14,504	49,856	24,207	13,304	50,960

¹ ERV = Estimated Rental Value.

² First break option for the tenant.

EPRA COST RATIOS

(x 1,000 EUR)	31.12.2016	31.12.2015
(i) Administrative/operational expenses per IFRS income statement	-46,403	-41,494
Cost of rent-free periods	-4,287	-3,718
Charges and taxes not recovered from the tenant on let properties	-1,984	-3,478
Net redecoration expenses	-1,552	-1,105
Technical costs	-5,901	-5,643
Commercial costs	-1,508	-950
Taxes and charges on unlet properties	-4,469	-3,451
Property management costs	-18,659	-15,343
Corporate management costs	-8,043	-7,806
(v) Share of joint venture expenses	-26	-31
EPRA COST RATIO (DIRECT VACANCY COSTS INCLUDED) (A)	-46,429	-41,525
(ix) Direct vacancy costs	5,884	5,059
EPRA COSTS (DIRECT VACANCY COSTS EXCLUDED) (B)	-40,545	-36,466
(x) Gross rental income less ground rent costs	207,218	205,622
(xii) Share of joint venture gross rental income	689	691
Gross rental income (C)	207,907	206,313
EPRA cost ratio (direct vacancy costs included) (A/C) 	22.33 %	20.13 %
EPRA cost ratio (direct vacancy costs excluded) (B/C) 	19.50 %	17.68 %
* Overhead and operational expenses capitalised (including share of joint ventures)	1,405	1,887

Cofinimmo capitalises overhead costs and operational expenses (legal fees, project management fees, capitalised interests, etc.) directly linked to development projects.

DEVELOPMENT PROJECTS

During 2016, Cofinimmo has done multiple renovation works. For more details on ongoing and future works, see page 68 of the 'Healthcare real estate' section, page 84 of the 'Offices' section, and pages 90 and 91 of the 'Property of distribution networks' section.

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CONSOLIDATED ACCOUNTS

CONSOLIDATED GLOBAL RESULT (INCOME STATEMENT)

(x 1,000 EUR)	Notes	2016	2015
A. NET RESULT			
Rental income	6	203,051	202,612
Writeback of lease payments sold and discounted	6	11,265	10,214
Rental-related expenses	6	-121	-709
Net rental income	5, 6	214,195	212,117
Recovery of property charges	7	50	329
Recovery of rental charges and taxes normally payable by the tenant on let properties	8	42,368	41,588
Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	7	-1,602	-1,434
Rental charges and taxes normally payable by the tenant on let properties	8	-44,352	-45,066
Property result		210,659	207,534
Technical costs	9	-5,901	-5,643
Commercial costs	10	-1,508	-950
Taxes and charges on unlet properties		-4,469	-3,451
Property management costs	11	-18,659	-15,343
Property charges		-30,537	-25,387
Property operating result		180,122	182,147
Corporate management costs	11	-8,043	-7,806
Operating result before result on the portfolio		172,079	174,341
Gains or losses on disposals of investment properties	5, 12	2,302	2,029
Gains or losses on disposal of other non-financial assets	5, 12	389	20,396
Changes in fair value of investment properties	5, 13, 22	11,626	-8,620
Other result on the portfolio	5, 14	-13,902	-8,558
Operating result		172,494	179,588
Financial income	15	5,207	5,735
Net interest charges	16	-32,309	-42,310
Other financial charges	17	-848	-660
Changes in the fair value of financial assets and liabilities	18	-38,286	-30,403
Financial result		-66,236	-67,638
Share in the result of associated companies and joint ventures	43	701	460
Pre-tax result		106,959	112,410
Corporate tax	19	-5,906	-4,209
Exit tax	19	1,182	248
Taxes		-4,724	-3,961
Net result		102,235	108,449
Minority interests	43	-4,842	-4,482
NET RESULT - GROUP SHARE	32	97,393	103,967
NET RESULT OF CORE ACTIVITIES - GROUP SHARE	32	134,260	128,517
RESULT ON FINANCIAL INSTRUMENTS - GROUP SHARE	32	-38,850	-30,811
RÉSULT ON THE PORTFOLIO - GROUP SHARE	32	1,983	6,261

(x 1,000 EUR)	Notes	2016	2015
B. OTHER ELEMENTS OF THE GLOBAL RESULT RECYCLABLE ON THE INCOME STATEMENT			
Changes in the effective part of the fair value of authorised cash flow hedging instruments		51	3,644
Impact of the recycling on the income statement of hedging instruments which relationship with the hedged risk was terminated	18	5,914	29,565
Other elements of the global result		5,965	33,209
Minority interests	43		
OTHER ELEMENTS OF THE GLOBAL RESULT - GROUP SHARE		5,965	33,209

(x 1,000 EUR)	Notes	2016	2015
C. GLOBAL RESULT			
Global result		108,200	141,658
Minority interests	43	-4,482	-4,482
GLOBAL RESULT - GROUP SHARE		103,358	137,176

RESULT PER SHARE - GROUP SHARE

(in EUR)	Notes	2016	2015
Net result from core activities	32	6.40	6.46
Result on financial instruments	32	-1.85	-1.55
Result on portfolio	32	0.09	0.32
Net result	32	4.64	5.23

CONSOLIDATED FINANCIAL POSITION (BALANCE SHEET)

(x 1,000 EUR)	Notes	31.12.2016	31.12.2015
Non-current assets		3,547,181	3,325,414
Goodwill	5, 20	99,256	111,256
Intangible assets	23	751	565
Investment property	5, 21	3,363,636	3,131,483
Other tangible assets	23	635	364
Non-current financial assets	24	758	20
Finance lease receivables	25	75,718	75,652
Trade receivables and other non-current assets		29	41
Participations in associated companies and joint ventures	43	6,398	6,033
Current assets		114,101	87,066
Assets held for sale	5, 26	2,695	2,870
Current financial assets	24	0	14
Finance lease receivables	25	1,795	1,656
Trade receivables	27	25,642	19,801
Tax receivables and other current assets	28	20,446	17,363
Cash and cash equivalents		41,271	22,040
Accrued charges and deferred income	29	22,251	23,322
TOTAL ASSETS		3,661,282	3,412,480
Shareholders' equity		1,919,459	1,924,615
Shareholders' equity attributable to shareholders of parent company		1,852,923	1,860,099
Capital	30	1,124,628	1,124,295
Share premium account	30	504,544	504,240
Reserves	31	126,358	127,597
Net result for the financial year	32	97,393	103,967
Minority interests	43	66,536	64,516
Liabilities		1,741,823	1,487,865
Non-current liabilities		1,074,668	926,891
Provisions	34	16,890	17,636
Non-current financial debts	24	970,604	809,313
Banks	24	247,709	180,229
Other	24	722,895	629,084
Other non-current financial liabilities	24	49,971	64,656
Deferred taxes	35	37,203	35,286
Exit tax	35	1,387	0
Other	35	35,816	35,286
Current liabilities		667,155	560,974
Current financial debts	24	558,167	445,676
Banks	24	121,645	270,852
Other	24	436,522	174,824
Other current financial liabilities	24	12,949	20,572
Trade debts and other current debts	36	72,280	62,865
Exit tax	36	0	614
Other	36	72,280	62,251
Accrued charges and deferred income	37	23,759	31,861
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,661,282	3,412,480

CALCULATION OF DEBT RATIO

(x 1,000 EUR)		2016	2015
Non-current financial debts		970,604	809,313
Other non-current financial liabilities (except for hedging instruments)	+	152	97
Current financial debts	+	558,167	445,676
Trade debts and other current debts	+	72,280	62,865
Total debt	=	1,601,203	1,317,951
Total assets		3,661,282	3,412,480
Hedging instruments	-	758	34
Total assets (except hedging instruments)	/	3,660,524	3,412,446
DEBT RATIO	=	43.74 %	38.62 %

CONSOLIDATED STATEMENT OF CASH FLOWS

(x 1,000 EUR)	Notes	2016	2015
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		22,040	17,117
Operating activities			
Net result for the period		97,393	103,967
Adjustments for interest charges and income		27,476	37,304
Adjustments for gains and losses on disposal of property assets		-2,691	-22,424
Adjustments for non-cash charges and income	38	30,141	40,560
Changes in working capital requirements	39	-8,416	10,579
CASH FLOW RESULTING FROM OPERATING ACTIVITIES		143,903	169,985
Investment activities			
Investments in intangible assets and other tangible assets		-882	-297
Acquisitions of investment properties	40	-112,679	-21,361
Extensions of investment properties	40	-27,277	-32,524
Investments in investment properties	40	-14,716	-23,527
Acquisitions of subsidiaries	4	-14,549	-13,863
Disposals of investment properties	40	7,361	18,276
Disposals of assets held for sale	40	77	268
Disposals of consolidated subsidiaries	12	389	139,799
Payment of exit tax		-626	-626
Finance lease receivables		1,159	3,627
Other cash flows from investment activities		12	18,127
CASH FLOW RESULTING FROM INVESTMENT ACTIVITIES		-161,731	87,899
Financing activities			
Acquisitions/disposals of own shares		534	399
Dividends paid to shareholders		-110,746	-99,882
Capital increase		103	281,056
Coupons paid to minority shareholders	43	-403	-744
Coupons paid to mandatory convertible bond (MCB)-holders	43	-2,752	-2,904
Increase of financial debts		627,216 ¹	360,316
Decrease of financial debts		-406,761 ²	-722,068
Financial income received		5,586	5,658
Financial charges paid		-31,774	-42,650
Other cash flows from financing activities		-43,945 ³	-32,142 ³
CASH FLOW RESULTING FROM FINANCING ACTIVITIES		37,058	-252,961
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		41,271	22,040

¹ This amount includes, in addition to the bank loans, the convertible bond issue for 219.3 MEUR, the private placement bond for 70 million EUR and the Green and Social bond issue for 55 million EUR.

² This amount includes primarily the reimbursement of convertible bonds issued in 2011 and matured in 2016 for 173.3 million EUR and the buyback of convertible bonds issued in 2013 for 230.6 million EUR.

³ It concerns primarily the amounts spent on the restructuring of interest rate hedging instruments in 2015 et 2016 (➔ For more details, see 'Management of financial resources' chapter of the current Annual Financial Report).

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(x 1,000 EUR)	Capital	Share premium account	Reserves ¹	Net result for the financial year	Equity – Parent company	Minority interests ⁴	Shareholders' equity
AT 01.01.2014	963,067	384,013	247,562	-52,671	1,541,971	66,994	1,608,965
Appropriation of the 2014 net result			-52,671	52,671			
Elements recognised in the global result			33,209	103,967	137,176	4,482	141,658
Cash flow hedging ²			33,209		33,209		33,209
Result of the period				103,967	103,967	4,482	108,449
Minority acquisitions						763	763
Minority disposals						-4,386	-4,386
Other			-621		-621	312	-309
SUBTOTAL	963,067	384,013	227,479	103,967	1,678,526	68,165	1,746,691
Issue of new shares ³	160,997	120,059			281,056		281,056
Acquisitions/disposals of own shares	231	168			399		399
Dividends/coupons			-99,882		-99,882	-3,649	-103,531
AT 31.12.2015	1,124,295	504,240	127,597	103,967	1,860,099	64,516	1,924,615
Appropriation of the 2015 net results			103,967	-103,967			
Elements recognised in the global result			5,965	97,393	103,358	4,842	108,200
Cash flow hedging ²			5,965		5,965		5,965
Result of the period				97,393 ⁵	97,393	4,842	102,235
Other			-494		-494	333	-161
SUBTOTAL	1,124,295	504,240	237,035	97,393	1,962,963	69,691	2,032,654
Issue of shares ³	52	51			103		103
Acquisitions/disposals of own shares	281	253			534		534
Dividends/Coupons			-110,677		-110,677	-3,155	-113,832
AT 31.12.2016	1,124,628	504,544	126,358	97,393	1,852,923	66,536	1,919,459

¹ See Note 31.

² Recycling on the income statement of the hedging instruments for which the remotion to the covered risk has ended: 5,914 KEUR in 2016 (29,565 KEUR in 2015). See table 'Consolidated global result'.

³ The issued shares listed here are related to a capital increase.

See Note 30.

⁴ See Note 43.

⁵ See Note 32.

DETAIL OF THE RESERVES

(x 1,000 EUR)	Reserve for the positive/negative balance of changes in the fair value of properties	Reserve for the estimated transaction costs resulting from the hypothetical disposal of investment properties	Reserve for the balance of changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS
AT 01.01.2015	-127,851	-73,694	-32,370
Appropriation of the 2014 net result	-29,391	-3,260	-10,512
Elements directly recognised in the global result		5,285	33,209
Cash flow hedging			33,209
Impact on fair value of estimated transaction costs and duties resulting from hypothetical disposal of investment properties		5,285	
Other	-18,575	-56	
SUBTOTAL	-175,817	-71,725	-9,673
Acquisitions/disposals of own shares			
Dividends/Coupons			
AT 31.12.2015	-175,817	-71,725	-9,673
Appropriation of the 2015 net result	-5,221	-3,227	-846
Elements directly recognised in the global result		472	5,965
Cash flow hedging			5,965
Impact on fair value of estimated transaction costs and duties resulting from hypothetical disposal of investment properties		472	
Other			
SUBTOTAL	-181,038	-74,480	-4,554
Acquisitions/disposals of own shares			
Dividends/Coupons			
AT 31.12.2016	-181,038	-74,480	-4,554

Reserve for the balance of changes in the fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	Distributable reserve	Non-distributable reserve	Total reserves
-13,851	490,275	5,053	247,562
-71,324	61,504	312	-52,671
	-5,285		33,209
			33,209
	-5,285		
	18,163	-153	-621
-85,175	564,657	5,212	227,479
	-99,882		-99,882
-85,175	464,775	5,212	127,597
4,387	108,563	311	103,967
	-472		5,965
			5,965
	-472		
	-162	-332	-494
-80,788	572,704	5,191	237,035
	-110,677		-110,677
-80,788	462,027	5,191	126,358

NOTES TO THE CONSOLIDATED ACCOUNTS

NOTE 1. GENERAL INFORMATION

Cofinimmo SA/NV (the 'Company') is a public RREC (Regulated Real Estate Company) organised under Belgian law with registered offices at boulevard de la Woluwe/Woluwedal 58, 1200 Brussels. The consolidated financial statements of the company for the financial year ended 31.12.2016 comprise the Company and its subsidiaries (together referred to as the 'Group'). The consolidation scope has evolved since 31.12.2015. Cofinimmo acquired the shares of four companies and created a new subsidiary during the year. Moreover, the Extraordinary General Meetings of subsidiaries of 22.01.2016 and 21.12.2016 respectively approved the mergers by absorption of two subsidiaries aiming to simplify the Group's organisation.  The consolidation scope at 31.12.2016 is presented on Note 43 of this Annual Financial report.

The consolidated statutory financial statements were adopted by the Board of Directors on 23.03.2017 and will be submitted to the General Shareholders' Meeting of 10.05.2017.

The accounting principles and methods adopted for the preparation of the financial statements are identical to those used for the annual financial statements for the financial year 2015, except for what is mentioned in Note 2.

NOTE 2. SIGNIFICANT ACCOUNTING METHODS

A. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, as adopted by the Belgian Royal Decree of 13.07.2014 concerning Regulated Real Estate Companies.

In 2016, the Group has not applied another standard.

Moreover, the Group has chosen not to anticipate the application of the following main standards and interpretations, or their modifications, issued before the authorisation date of publication of the annual accounts but not in force at the closing date: IFRS 15 adopted by the EU on 22.09.2016 and, IFRS 9 adopted on 21.11.2016.

The preliminary analysis of the IFRS 15 standard at group level is not expected to significantly impact its lease contracts. Only its construction projects - however remaining subordinate to the Group activities - could be impacted.

The IFRS 9 standard will replace IAS 39 starting 2018. It will address the classification and evaluation of financial assets and liabilities, credit impairment losses and hedging accounting. A priori, the Group believes these changes will not impact the financial assets and liabilities accounting.

The preparation of financial statements requires the company to make significant judgments that affect the application of accounting methods (such as, for example, the determination of the classification of lease contracts) and to proceed to certain estimates (in particular, the estimate of the provisions). These assumptions are based on the management's experience, on the assistance of third parties (real estate experts) and on various other factors that are believed to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

B. BASIS OF PREPARATION

The financial statements are presented in euro, rounded to the nearest thousand. They are prepared on the historical costs basis, except the following assets and liabilities, which are stated at their fair value: investment properties, convertible bonds issued and **derivative financial instruments** .

Some financial figures in this Annual Financial Report have been rounded up and, consequently, the overall totals in this Report may differ slightly from the exact arithmetical sum of the preceding figures.

Finally, some reclassifications can intervene between the publication dates of the annual results and of the Annual Financial Report.

C. BASIS OF CONSOLIDATION

I Subsidiaries

The consolidated financial statements include the financial statements of the Company and the financial statements of the entities (including the structured entities) that it controls and its subsidiaries. The company has control when it:

- holds power over the issuing entity;
- is exposed or entitled to variable returns because of its ties with the issuing entity;
- has the ability to exercise its power so as to affect the amount of the returns that it receives.

The Company must reassess whether it controls the issuing entity when the facts and circumstances indicate that one or more of the three elements of control listed above have changed.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that the control commences until the date that the control ceases.

Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group. The subsidiaries' financial statements cover the same accounting period as that of the Company.

Changes in the Group's participations in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The book value of the participations in subsidiaries, held by the Group or by third parties, is adjusted to reflect the changes in the respective levels of participation. Any difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is recognised directly under equity.

II Joint ventures

A joint venture is a joint agreement whereby the parties who exercise joint control have rights over the net assets of the agreement. Under the equity accounting method, the consolidated income statement includes the Group's share in the result of joint ventures. This share is calculated from the date on which the joint control commences until the date on which the joint control ceases. The jointly controlled entities' financial statements cover the same accounting period as that of the Company.

III Transactions eliminated on consolidation

Intragroup balances and transactions and any gains arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Gains arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the entities. Losses are eliminated in the same way as gains, but only to the extent that there is no evidence of impairment.

➔ A list of the Group companies is included in Note 43 to the consolidated financial accounts.

D. GOODWILL AND BUSINESS COMBINATIONS

When the Group takes control of an integrated combination of activities and assets corresponding to the definition of a business according to IFRS 3 - 'Business combinations', the assets, liabilities and contingent liabilities of the business acquired are recorded at their fair value at the acquisition date. The goodwill represents the positive difference between the acquisition costs (excluding acquisition-related costs), plus any minority interests, and the fair value of the acquired net assets. If this difference is negative ('negative goodwill'), it is immediately recorded on the income statement after confirmation of the values.

After its initial recording, the goodwill is not amortised but submitted to an impairment test realised at least every year on the cash-generating units to which the goodwill was allocated. If the book value of a cash-generating unit exceeds its value in use, the resulting writedown is recorded on the income statement and first allocated in reduction of the possible goodwill and then to the other assets of the unit, proportionally to their book value. An impairment booked on goodwill is not written back during a subsequent year.

In accordance with IFRS 3, the goodwill can be set temporarily at the acquisition and adjusted within the 12 following months.

In the event of the disposal of a cash-generating unit, the amount of goodwill that is allocated to this unit is included in the determination of the gain or loss on the disposal.

E. TRANSLATION OF FOREIGN CURRENCIES

I Foreign entities

There is no subsidiary whose financial statements are denominated in a currency other than the euro at the closing date.

II Foreign currency transactions

Foreign currency transactions are recognised initially at exchange rates prevailing at the date of the transaction. At closing, monetary assets and liabilities denominated in foreign currencies are translated at the then prevailing currency rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included on the income statement as financial income or financial charges.

F. DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses on derivative financial instruments to hedge its exposure to interest rate risks arising from its operational, financing and investment activities. [➡ For more details about derivative financial instruments, see Note 24.](#)

Derivative financial instruments are recognised initially at cost and are revalued at their fair value at subsequent reporting dates.

The fair value of Interest Rate Swaps, CAP options, FLOOR options and other derivative instruments is the estimated amount the Group would receive or pay to close the position at the closing date, taking into account the then prevailing spot and forward interest rates, the value of the option and the creditworthiness of the counterparties.

Revaluation is carried out for all derivative financial instruments on the basis of the same assumptions as to rate curve and volatility using an application of the independent provider of market data Bloomberg. This revaluation is compared with the one given by the banks, and any significant discrepancy between the two revaluations is documented [➡ see also paragraph W below.](#)

The accounting treatment depends on the qualification of the derivative instrument as a hedging instrument and on the type of hedging. A hedging relationship qualifies for hedge accounting if, and only if, all the following conditions are met:

- at the inception of the hedge, there is a formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge;
- the hedge is expected to be truly effective in offsetting changes in the fair value or the cash flows attributable to the hedged risks;
- the effectiveness of the hedge can be reliably measured;
- the hedge is assessed on an ongoing basis and is highly effective throughout the financial reporting periods for which the hedge was designated.

I Fair value hedges

Where a derivative financial instrument hedges the exposure to changes in the fair value of a recognised asset or liability or a unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment that is attributable to a particular risk, any resulting gain or loss on the hedging instrument is recognised on the income statement. The hedged item is also stated at its fair value for the risk being hedged, with any gain or loss being recognised on the income statement.

II Cash flow hedges

Where a derivative financial instrument hedges the exposure to changes in cash flows that are attributable to a particular risk associated with a recognised asset or liability, a firm commitment or a highly likely forecasted transaction, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly under equity. The ineffective portion of the gain or loss on the hedging instrument is immediately recognised on the income statement.

When the firm commitment or the forecasted transaction subsequently results in the recognition of a financial asset or liability, the associated gains or losses that were recognised directly under equity are reclassified on the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement.

When a hedging instrument or hedge relationship is (partially) terminated, the cumulative gain or loss at that point is (partially) recycled on the income statement.

III Use of instruments held for trading purposes

Derivative financial instruments are contracted for the purpose of covering the exposure to cash flow changes without designating them in accounting terms as attributable to a particular risk. In the event the hedge accounting, described above, is not applied and the instrument is qualified as 'held for trading purposes'. It is stated at its fair value in the income statement (gain and loss)

without distinguishing the effective portion (of the hedge) related to the covered risk (not being designated) and the non-effective portion.

G. INVESTMENT PROPERTIES

Investment properties are properties which are held to earn rental income for the long term. In accordance with IAS 40, investment properties are stated at fair value.

External independent real estate experts determine the valuation of the property portfolio every three months. Any gain or loss arising, after the acquisition of a property, from a change in its fair value is recognised on the income statement. Rental income from investment properties is accounted for as described under R.

The real estate experts carry out the valuation on the basis of the method of calculating the present value of the rental income in accordance with the 'International Valuation Standards/RICS Valuation Standards', established by the International Valuation Standards Committee/Royal Institute of Chartered Surveyors, as set out in the corresponding report. This value, referred to hereafter as the 'investment value', corresponds to the price that a third-party investor would be prepared to pay in order to acquire each of the properties making up the portfolio of assets and in order to benefit from their rental income while assuming the related charges, without deduction of transfer taxes.

The disposal of an investment property is usually subject to the payment to the public authorities of transfer taxes or VAT. A share of transfer taxes is deducted by the experts from the investment value of the investment properties to establish the fair value of the investment properties, as evidenced in their valuation report [see Note 21](#).

When an acquisition or investment is made, the transaction costs to be incurred during a subsequent theoretical sale are recognised directly on the income statement; any change in the fair value of a building during the financial year is also recognised on the income statements. These two movements are allocated to the reserve during the appropriation of the result for the financial year.¹ In the event of a disposal, the abatements have not to be deducted from the difference between the price obtained and the carrying value of the sold properties for calculating the capital gain or loss effectively realised.

If an investment property becomes owner-occupied, it is reclassified as asset held for own use, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

H. DEVELOPMENT PROJECTS

Properties that are being built, renovated, developed or redeveloped for future use as investment properties are classified as development projects until the completion of the works and stated at their fair value. This concerns nursing homes under construction or development (extensions) and empty office buildings that are or will be under renovation or redevelopment. At the time of completion of the works, the properties are transferred from the 'Development project category' to the 'Properties available for rental' category or to 'Properties held for sale' if they are put up for sale. The fair value of the office buildings which will undergo a renovation or redevelopment decreases as the end of the lease and the beginning of the works approaches.

All costs directly associated with the purchase and construction, and all subsequent capital expenditures qualifying as acquisition costs, are capitalised. Provided the project exceeds one year, interest charges are capitalised at a rate reflecting the average borrowing cost of the Group.

I. PROPERTIES LEASED FOR LONG PERIODS

I Types of long leases

In compliance with the law, properties can be let for long periods under two different regimes:

- long ordinary leases: the lessor's obligations are essentially those under any lease: for instance, to ensure that space in a state of being occupied is available to the lessee during the entire term of the lease. This obligation is met by the lessor by bearing the maintenance costs (other than rental) and the insurance costs against fire and other damages;
- long leases which involve the assignment of a real right by the assignor to the assignee: in this case, the ownership passes temporarily to the assignee who will bear namely maintenance (other than rental) and insurance costs. Three contract types fall under this category: (a) the long lease ('bail emphytéotique/erfpachtovereenkomst') which must last a minimum of 27 years and a maximum of 99 years and can according to Belgian law apply to land and/or constructions; (b) the building lease ('droit de superficie/recht van opstal') which may not exceed 50 years but has no minimum duration and (c) the usufruct right ('droit d'usufruit/recht van vruchtgebruik') which may not exceed 30 years and has no minimum duration and can apply to land with a construction or bare land. Under all these contracts, the assignor keeps a residual right in that it will recover the full ownership of the property at the end of the term of the assignment, including the ownership of the constructions erected by the assignee, with or without indemnity for these constructions, depending on the contractual conditions. A purchase option for the residual right may, however, have been granted, which the lessee can exercise during or at the end of the lease.

¹ Following an adaptation of the treatment of transaction fees and costs in 2015, future hypothetical transaction fees and costs are no longer charged directly to equity when buildings are acquired.

II Long leases qualifying as finance leases

Provided these leases meet the criteria of a finance lease under IAS 17 § 10, the Group as assignor will present them at their inception as a receivable for an amount equal to the net investment in the lease agreement. The difference between this amount and the book value of the leased property (excluding the value of the residual right kept by the Group) at the inception of the lease will be recorded on the income statement for the period. Any payment made periodically by the lessee will be treated by the Group partly as a repayment of the principal and partly as a financial income based on a pattern reflecting a constant periodic rate of return for the Group.

At each closing date, the residual right kept by the Group will be accounted for at its fair value. It will increase each year and will correspond, at the end of the lease, to the market value of the full ownership. These changes in the fair value will be accounted for under the item 'Changes in the fair value of investment properties' on the income statement.

Conversely, if Cofinimmo is assignee in a financial lease as defined under IAS 17, it will recognise an asset at an amount equal to the fair value of the leased property or, if lower, at the discounted value of the minimum lease payments, the corresponding amount being recorded as a financial debt. Collected rents from tenants will be recorded under rental income. The subsequent effective payments to the assignor during the term of the lease will be partially recorded under financial charges and partially as the amortisation of the related financial debt. At each closing date, the temporarily assigned right will be accounted for at its fair value in accordance with IAS 40 - 'Investment properties' the progressive loss in value resulting from the passing of time being recorded under the item 'Changes in the fair value of investment properties' on the income statement.

III Sale of future lease payments under a long lease not qualifying as a finance lease

The amount collected by the Group as a result of the sale of the future lease payments will be recognised in deduction of the property's value to the extent that this sale of lease payments is opposable to third parties and that, as a consequence, the market value of the property is reduced by the amount of the future lease payments sold (hereafter 'reduced value'). Indeed, pursuant to Article 1,690 of the Belgian Civil Code, a third party that would buy the properties, is deprived of the right of receiving rental revenues.

The progressive reconstitution of the lease payments sold will be recognised each period under the item 'Writeback of lease payments sold and discounted' on the income statement and will be added to the reduced value of the building on the assets side. This gradual constitution of the non-reduced value relies on the basis of the interest rates and inflation (indexation) conditions applied at the time of transfer and implied in the price obtained by the Group at the moment from the transferee for the sold receivables.

The changes in the fair value of the non-reduced property (i.e. as if future rents were not transferred and as established at each close by the independent experts in function of the real estate market conditions) will be recorded separately under the item 'Changes in the fair value of investment properties' on the income statement to a proportion equal to the quotient of the reduced value (resulting from what is stated in the two previous paragraphs) by the non-reduced value, such as these two values apply at the end of the period.

J. OTHER FIXED ASSETS

I Assets held for own use

In accordance with the alternative method allowed by IAS 16 § 31, the part of the property used by the company itself as headquarters is stated at its fair value. It appears under the heading 'Assets held for own use'.

II Subsequent expenditure

Expenditure incurred to refurbish a property, that is accounted for separately, is capitalised. Other expenditure is capitalised only when it increases the future economic benefits of the property. All other expenditure is recorded as costs on the income statement (➔ see paragraph S II).

III Depreciation

Investment properties, whether land or constructions, are not depreciated but posted at fair value (➔ see paragraph G). Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the following items:

- fixture and fittings: 4-10 years;
- furniture: 8-10 years;
- computer hardware: 4 years;
- software: 4 years.

IV Assets held for sale

Assets held for sale (investment properties) are presented separately on the balance sheet at a value corresponding to their fair value.

V Impairment

The other assets are subject to an impairment test only if there is an indication showing that their book value will not be recoverable by their use or disposal.

K. FINANCE LEASE RECEIVABLES AND REAL ESTATE PUBLIC-PRIVATE PARTNERSHIPS

I Finance lease receivables

Finance lease receivables are valued based on their discounted value at the interest rate prevailing at the time of their issue. If they are indexed to an inflation index, this is not taken into account in the determination of the discounted value. If a derivative financial instrument provides hedging, the market interest rate for this instrument will serve as a reference rate for calculating the market value of the receivable at the close of each accounting period. In this case, the entire unrealised gain generated by the valuation at market value of the receivable is limited to the unrealised loss relating to the valuation at market value (👉 see paragraph F I) of the hedging instrument. Conversely, any unrealised loss generated by the receivable will be entirely recorded on the income statement.

II Real estate Public-Private Partnerships

With the exception of the police station in Dendermonde, considered as operational leasing and, therefore, recognised as investment property, Public-Private Partnerships are classified as a finance lease receivable and are subject to IFRIC 12 (👉 for the bookings, see paragraph K I).

L. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise current accounts, cash and short-term investments.

M. SHAREHOLDERS' EQUITY

I Ordinary shares

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction, net of tax, of the proceeds.

II Preference shares and mandatory convertible bonds

Preference share and mandatory convertible bond capital is classified as equity if it meets the definition of an equity instrument under IAS 32.

III Repurchase of shares

When own shares are repurchased by the Group, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are presented as a deduction from the headings 'Capital' and 'Share premium account'. The proceeds on sales of own shares are directly included under equity without impacting the income statement.

IV Dividends

Dividends are recognised as debt when they are approved by the General Shareholders' Meeting.

N. INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to their initial recognition, interest-bearing borrowings are stated at their amortised cost, with any difference between cost and redemption value being recognised on the income statement over the period of the borrowings on an effective interest rate basis. Upfront fees payable to lenders or legal fees are for example integrated into the effective interest rate calculation. Fixed-rate borrowings are expressed at their amortised cost. If, however, interest on a fixed-rate borrowing is swapped into a floating rate by virtue of a matching Interest Rate Swap derivative contract, in conformity with fair value hedge accounting (IAS 39 § 86), the unamortised balance of the fixed-rate borrowing is stated at market value as is the derivative itself (👉 see paragraph F I).

The convertible borrowings are stated at their fair value at the closing date.

O. EMPLOYEE BENEFITS

Contributions paid under the retirement pension defined contribution system are recorded as charges insofar as employees provided the services giving them the right to such contributions.

In Belgium, certain retirement pension systems based on defined contributions, are subject to a legally guaranteed minimal return by the employer and are therefore qualified as retirement pension systems with defined benefit (→ see Note 11).

The cost of the retirement pension system with defined benefit is determined by means of the projected credit units method and actuarial evaluations are made at the end of each period when the financial information is presented. The revaluations, comprising the actuarial differences and return of the system's assets (excluding interests) are directly recorded in the statement of the financial position, resulting in a debit or credit in the other elements of the global result during the financial year in which they occur. The revaluation under the other elements of the global result are directly recorded in the retained earnings and will not be reclassified to net income.

Costs of past services are recognised in net income in the period in which a system change occurs.

The net interest calculation is carried out by multiplying the net liabilities of the accrued net benefits at the beginning of the period by the actualisation rate.

cost of the defined benefits are classified under the following categories:

- cost of services (cost of services rendered during the period, cost of passed services, as well as gains and losses arising from reductions and liquidations);
- net interests (charges);
- revaluations.

The Group presents the first two components of the defined benefits costs in the net result under 'Personnel Cost'.

The accrued benefit obligations recorded in the consolidated statement of the financial position represents the actual amount of the deficit of the defined benefits systems of the Group.

P. PROVISIONS

A provision is recognised on the balance sheet when the Group has a legal or contractual obligation resulting from a past event, and if it is likely that resources will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the market rate reflecting, where appropriate, the risk specific to the liability.

Q. TRADE DEBTS AND OTHER DEBTS

Trade debts and other debts are stated at cost.

R. OPERATING REVENUES

Operating revenues include revenues from lease contracts on buildings and revenues from real estate services.

Revenues from lease contracts are recorded under the rental income item. Some lease contracts allow for a period of free occupancy followed by a period during which the agreed rent is due by the tenant. In this case, the total amount of the contractual rent to be collected until the first break option for the tenant is recognised on the income statement (item 'rental income') pro rata temporis over the length of the lease contract, beginning at the start of the occupancy and ending at the first break option (i.e. the firm term of the lease). More accurately, the contractual rent expressed in annual amount is first recognised as revenue and the rent-free period spread over the firm term of the lease is then booked as an expense. Hence, an accrued income account is debited at the start of the lease for an amount corresponding to the rental income (net of the cost of rent-free periods) already earned but not yet expired.

When real estate experts make an estimation of the value of the buildings based on the discounted value of future cash flows method, they include in these values the total rents yet to be collected. Hence, the accrued income account referred to above is redundant with the part of the buildings representing rents already earned and recognised on the income statement but not yet due. Therefore, in order to avoid this redundancy, which would wrongfully swell the total of the balance sheet and of the shareholders' equity, the amount under the accrued income account is reversed against a charge booked under the item 'Other result on the portfolio'. Once the date of the first break option is passed, no charge is to be recorded on the income statement, as would have been the case without this reverse booking.

As a result, the operating result before result on the portfolio (and thus the income of the core activities of the analytical form) reflects the rents spread over the firm term of the lease, whereas the net result reflects the rents to date and as they are cashed.

The conDisposals granted to tenants are, on their part, booked as charges over the firm term of the lease. They refer to incentives consisting of the financing by the landlord of certain expenses the tenant is normally responsible for, such as the cost of the fitting works of private surfaces for example.

S. OPERATING EXPENSES

I Service costs

Service costs paid, as well as those borne on behalf of the tenants, are included in the direct property expenses. Their reclaiming from the tenants is presented separately.

I Works carried out on properties

Works carried out that are the responsibility of the building owner are recorded in the accounts in three different ways, depending on the type of works:

- expenditure on maintenance and repairs that does not add any extra functionality or does not increase the standard of comfort of the building is considered as current expenditure for the period, and as property costs;
- extensive renovation works: these are normally undertaken at intervals of 25 to 35 years and involve virtually rebuilding the building whereby, in most cases, the existing carcass work is re-used and state-of-the-art building techniques are applied; on completion of such renovation works, the property can be considered as new and expenditure is capitalised;
- improvement works: these are works carried out on an occasional basis to add functionality to the property or significantly enhance the standard of comfort, thus making it possible to raise the rent and, hence, the estimated rental value. The costs of these works are capitalised by reason of the fact that and insofar as the expert normally recognises a corresponding appreciation in the value of the property. Example: installation of an air conditioning system where one did not previously exist.

Works that generate expenses to be activated are identified taking into account the previous criteria during the preparation of the budgets. The capitalised expenses are related to materials, engineering works, technical studies, internal costs, architect fees and interests during the construction.

III Commissions paid to letting agents and other transaction costs

Commissions relating to property lettings are entered under current expenditure for the year, under the item 'commercial costs'.

Commissions relating to the acquisition of properties, transfer duties, notary fees and other ancillary costs are considered as transaction costs and included in the acquisition cost of the acquired property. These costs are also considered as part of the acquisition cost when the purchase is done through a business combination.

Commissions on property sales are deducted from the disposal price obtained to determine the gain or loss made.

Property valuation costs and technical valuation costs are always entered under current expenditure.

IV Financial result

Net financing costs comprise interest payable on borrowings, calculated using the effective interest rate method, and gains and losses on hedging instruments that are recognised on the income statement (🔗 see paragraph F).

Interest income is recognised on the income statement as it accrues, taking into account the effective yield on the asset.

Dividend income is recognised on the income statement on the date that the dividend is declared.

T. INCOME TAX

The income tax of the financial year comprises the current tax. The income tax is recognised on the income statement except to the extent that it relates to items recognised directly under equity. The current tax is the expected tax payable on the taxable income of the past year, using the tax rate enacted at the closing date, and any adjustment to taxes payable in respect of previous years.

U. EXIT TAX AND DEFERRED TAXES

The exit tax is the tax on the gain that arises upon approval of a Belgian non-RREC as a RREC or merger of a non-RREC with a RREC. When the non-RREC, which is eligible for this regime, first enters the consolidation scope of the Group, a provision for an exit tax liability is recorded simultaneously with a revaluation gain on the property corresponding to the market value of the property, and taking into account a forecasted date of merger or approval. Any subsequent adjustment to this exit tax liability is recognised on the income statement. When the approval or merger takes place, the provision becomes a debt and any difference is also recognised on the income statement.

The same treatment is applied mutatis mutandis to French companies eligible for the SIIC regime and to Dutch companies eligible for the FBI regime.

When companies not eligible for the RREC, SIIC or FBI regimes are acquired, a deferred tax is recognised on the unrealised gain of the investment property.

V. OPTIONS SUR ACTIONS

Equity-settled share-based payments to employees and executive committee members are measured at the fair value of the equity instruments at the date of granting. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 44.

W. ESTIMATES, JUDGMENTS AND MAIN SOURCES OF CONCERN

I Fair value of the property portfolio

Cofinimmo's portfolio is valued quarterly by real estate experts. This valuation by real estate experts is intended to determine the market value of a property at a certain date, taking into account the market evolution and the characteristics of the property. In parallel to the work of the real estate experts, Cofinimmo proceeds with its own valuation of its assets with a view on their long-term operation by its teams. The portfolio is recorded at the fair value established by the real estate experts in the Group's consolidated accounts.

I Financial instruments

The fair value of the Group's financial instruments is calculated on the basis of the market values in the Bloomberg software¹. These fair values are compared with the quarterly estimations received from the banks, and major variations are analysed.

➔ More details are given in Note 24.

III Goodwill

Goodwill is calculated at the acquisition date as the positive difference between the acquisition cost and Cofinimmo's share in the fair value of the net asset acquired. Such goodwill is then the subject of an impairment test by comparing the net book value of the groups of buildings with their value in use. The calculation of the value in use is based on assumptions of future cash flows, indexation rates, cash flow years and residual values.

➔ More details are given in Note 20.

IV Transactions

When acquiring a portfolio through the purchase of company shares, the Group takes into account the percentage of shares held by the authority to appoint Directors for determining joint or overall control.

When a property portfolio meets the definition of a business combination as defines under IFRS 3, the Group restates the assets and liabilities acquired in the context of the business combination at their fair value. the fair value of the property assets of the business combination is determined based on the value given by the real estate experts.

➔ More details are given in Note 43.

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¹ The data provided by Bloomberg result from price observations relating to actual transactions and the application to these observations of valuation models developed in the scientific literature (www.bloomberg.com).

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NOTE 3. MANAGEMENT OF OPERATIONAL RISK

By operating risk, Cofinimmo means the risk of losses due to inadequacies in the company's procedures or failures in its management.

The Group actively manages its client base in order to minimise vacancies and tenant turnover in the office segment. The Property Management team is responsible for swiftly resolving tenant complaints, while the letting team maintains regular contact with them so as to offer alternative solutions from within the portfolio should tenants require more or less space. Although this activity is fundamental to protect rental income, it has little impact on the price at which a vacant property can be let, as that price depends on the prevailing market conditions. Most of the lease contracts include a provision whereby rents are annually indexed. Before accepting a new client, a credit risk analysis is requested from an outside rating agency. An advance deposit or bank guarantee corresponding to six months' rent is generally requested from private sector tenants.

With a few exceptions, rents are payable in advance, on a monthly, quarterly or yearly basis. A quarterly provision covering property charges and taxes incurred by the Group but contractually rechargeable to tenants is also requested. The level of rental defaults recorded net of recoveries represents 0.060 % of the total turnover over the period 1996-2015. An important deterioration in the general economic situation is likely to magnify losses on lease receivables, particularly in the office sector. The possible insolvency of a major tenant can represent a significant loss for Cofinimmo, as well as an unexpected vacancy or even having to rent out the vacant space at a price significantly lower than the level of the terminated contract.

Direct operating costs, on the other hand, are driven essentially by two factors:

- the age and quality of buildings, which determine the level of maintenance and repair expenses, both closely monitored by the Property Management team, while the execution of the works is outsourced;
- the vacancy level of office properties and the tenant turnover, which determine the level of expenses for unlet space, the letting fees, the refurbishment costs, the incentives granted to new clients, etc. which the active commercial management of the portfolio is designed to minimise.

The buildings for healthcare and accommodation of elderly people and the buildings of the distribution networks are almost occupied at 100 %. The former are rented to operator groups whose solvency is analysed annually. The latter are let to large companies. The reletting or reconversion scenarios at the end of the lease are cautiously analysed and prepared in due time. The smaller buildings included in the distribution networks are sold when the tenant leaves.

Construction and refurbishment projects are prepared and supervised by the Group's Project Management team with a mandate to complete them on time and on budget. For the management of large-scale projects, specialised outside companies are brought in by the Group.

The risk of buildings being destroyed by fire or other disastrous events is insured for a total reconstruction value of 1,795.43 million EUR¹, compared with a fair value of the investment properties of 1,544.37 million EUR at 31.12.2016, including the value of the land. Cover has also been taken against vacancies resulting from these events. Moreover, Cofinimmo has insurance for its public liability as the building owner or project supervisor.

¹ Details of the Group's financial risk are provided in Note 24.

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¹ This amount does not include the insurances taken during works, nor those that are contractually borne by the occupant (i.e. for healthcare real estate, the pubs/restaurants of the Pubstone portfolios as well as certain office buildings), nor those related to lease finance contracts. Furthermore, this amount does not include the insurances related to buildings rented to MAAF (first-rank insurance on all the freehold properties and second-rank insurance on the co-owned properties), which are covered for the value of the reconstruction.

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NOTE 4. ACQUISITIONS OF SUBSIDIARIES AND JOINT VENTURES

On 05.08.2016, Cofinimmo purchased the shares (100 %) of four companies, each owner of an office building in Brussels.

Since this date, Cofinimmo has exclusive control over these companies and incorporates them into its accounts according to the full consolidation method.

General information

Company	Trias Bel Leopold 1-T ¹	Trias Bel Leopold 2-T	Trias Bel Souverain-T	Prime Bel Rue de la Loi-T	TOTAL
Segment	Offices	Offices	Offices	Offices	
Country	Belgium	Belgium	Belgium	Belgium	
% held by the Cofinimmo group at 31.12.2016 - full consolidation	100 %	100 %	100 %	100 %	
Net amount paid during acquisition (x 1,000 EUR)					
Price paid by Cofinimmo for the buyback of shares	2,346	4,835	1,406	11,829	20,416
Cash from the acquisition balance sheet	1,215	647	891	3,114	5,867
Net cash outflow	1,131	4,188	515	8,715	14,549
Assets and liabilities taken over during the acquisition (x 1,000 EUR)					
Non-current assets	13,934	6,002	12,078	12,694	44,708
Current assets	1,392	727	1,206	3,117	6,442
Non-current liabilities	13,097	3,755	11,393	9,667	37,912
Current liabilities	2,039	553	1,693	755	5,040

¹ In December 2016, Trias Bel Leopold 1 merged with Cofinimmo SA/NV.

These acquisitions were not considered business combinations, as defined within the cope of IFRS 3, because they do not concern acquisitions of 'business' as such, defined as an integrated combination of activities and assets. .

NOTE 5. SECTOR INFORMATION

In fair value, healthcare real estate 44.6 % of the portfolio, offices represent 38.2 %, property of distribution networks 16.4 % and the other business sectors 0.8 %.

🕒 The different property segments are described on pages 60 to 93.

(x 1,000 EUR)	Healthcare real estate										Offices			
	Belgium		France		Netherlands		Germany		Brussels CBD ¹		Decentralised Brussels		Brussels Periphery	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
INCOME STATEMENT														
Net rental income	48,405	53,787	25,505	25,087	7,607	6,719	6,883	3,068	24,440	22,436	41,025	40,508	8,106	8,709
Property result after direct property costs	47,956	53,757	25,167	24,851	7,189	6,530	6,763	2,952	21,612	19,083	34,451	34,259	5,989	6,749
Property management costs														
Corporate management costs														
Gains or losses on disposals of investment properties and other non-financial assets		11,431							388	10,064		826	1	
Changes in fair value of investment properties	27,189	10,682	21,392	3,306	5,934	4,073	2,649	2,140	-7,056	4,803	-48,524	-33,951	-5,866	-2,861
Other result on the portfolio			-1,507	-351	-101		-1,188	-863						
Operating result	75,145	75,870	45,052	27,806	13,022	10,603	8,224	4,229	14,944	33,950	-14,073	1,134	124	3,888
Financial result														
Share in the result of associated companies and joint ventures			701	460										
Taxes				-3										
NET RESULT														
NET RESULT - GROUP SHARE														
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
BALANCE SHEET														
Assets														
Goodwill			26,929	26,929										
Investment property of which:	815,598	772,719	409,134	381,334	156,103	104,972	117,084	67,081	478,203	391,313	492,469	529,268	133,832	139,186
Development projects	13,075	2,300		4,690	15,556	5,730			34,925	27,068	305	17,611	370	358
Assets held for own use											8,995	8,625		
Assets held for sale			2,000	2,180										
Other assets														
TOTAL ASSETS														
Shareholders' equity and liabilities														
Shareholders' equity														
Shareholders' equity attributable to shareholders of parent company														
Minority interests														
Liabilities														
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES														

¹ Central Business District

Three clients represent more than 10 % of the contractual rent: Korian and Armonea, both tenants in the care and nursing home segment, for 34 million EUR and 24 million EUR respectively; AB InBev, tenant in the property of distribution networks segment for an amount of 30 million EUR.

Offices (continued)				Property of distribution networks						Other		Amounts not allocated		Total	
Antwerp		Other Regions		Pubstone Belgium		Pubstone Netherlands		Cofinimur I France							
2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
4,781	4,594	7,978	7,686	19,602	19,629	10,087	10,218	7,782	7,720	1,994	1,956			214,195	212,117
4,412	3,974	7,592	7,138	19,098	18,954	9,605	9,854	7,643	7,473	1,303	1,917			198,781	197,491
														-18,659	-15,343
														-8,043	-7,806
				2,232	249	57	-98	12	-47						2,691
1,150	562	-792	588	9,571	-400	-4,135	-2,783	10,019	4,543	97	678			11,626	-8,620
				-6,699	-4,800	-4,410	-1,830					3	-714	-13,902	-8,558
5,562	4,536	6,800	7,726	24,202	14,003	1,117	5,143	17,674	11,969	1,400	2,595	-26,699	-23,864	172,494	179,588
												-66,236	-67,638	-66,236	-67,638
														701	460
							251					-4,724	-4,209	-4,724	-3,961
														102,235	108,449
														97,393	103,967
2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
				44,277	50,977	28,050	33,350							99,256	111,256
67,284	66,123	114,892	115,261	283,561	274,299	142,408	147,117	126,180	116,018	26,889	26,792			3,363,636	3,131,483
506	488			1,311	973			540	675	1,369	1,651			67,957	61,544
														8,995	8,625
								695	690					2,695	2,870
												195,695	166,871	195,695	166,871
														3,661,282	3,412,480
												1,919,459	1,924,615	1,919,459	1,924,615
												1,852,923	1,860,099	1,852,923	1,860,099
												66,536	64,516	66,536	64,516
												1,741,823	1,487,865	1,741,823	1,487,865
														3,661,282	3,412,480

NOTE 6. RENTAL INCOME AND RENTAL-RELATED EXPENSES

(x 1,000 EUR)	2016	2015
Rental income	203,051	202,612
Rents	207,199	205,909
Gross potential income ¹	219,286	216,027
Vacancy ²	-12,087	-10,118
Cost of rent-free periods	-4,287	-3,718
Concessions granted to tenants	-383	-567
Indemnities for early termination of rental contracts ³	522	988
Writeback of lease payments sold and discounted	11,265	10,214
Rental-related expenses	-121	-709
Rent payable on rented premises	-107	-174
Writedowns on trade receivables	-22	-535
Writeback of writedowns on trade receivables	8	
TOTAL	214,195	212,117

Except in some rare cases, the leases contracted by the Group are subject to indexation.

The Group leases out its properties under operating leases and finance leases. Only revenues from operating leases appear under rental income.

The amount under the item 'Writeback of lease payments sold and discounted' represents the difference between the discounted value, at the beginning and at the end of the year, of the future inflation-linked payments on the lease contracts which receivables have been sold. The writeback through the income statement allows for a gradual reconstitution of the gross initial value of the concerned buildings at the end of the lease. It is a recurring and non-cash income item (➔ See Note 2: 'Significant accounting methods under I Properties leased for long periods; III sale of future lease payments under a long lease not qualifying as a finance lease').

The change in the fair value of these buildings is determined by the independent real estate expert and is taken as profit or loss under the item 'Changes in the fair value of investment properties' in the proportion indicated in Note 2. This time, it is a non-recurring item as it depends on the expert's assumptions as to future market conditions.

TOTAL RENTAL INCOME

When a lease is classified as a finance lease, the property is considered to be disposed of, and the Group is considered to have an interest in a finance lease instead. Payments received on the finance leases are split between 'capital' and 'interests': the capital element is taken to the balance sheet and offset against the Group's finance lease receivable and the interest element to the income statement. Hence, only the part of the rents relating to interests flows through the income statement.

Total income generated from the Group's properties, through operating and finance leases

(x 1,000 EUR)	2016	2015
Rental income from operating leases	203,051	202,612
Interest income in respect of finance leases	4,842	4,699
Capital receipts in respect of finance leases	1,805	3,374
TOTAL	209,698	210,685

-
- 1 The gross potential income corresponds to the sum of the real rents received and the estimated rents attributed to unlet spaces.
 - 2 The rental vacancy is calculated on unlet spaces based on the rental value estimated by the independent real estate experts.
 - 3 Early termination compensations are recognised directly in full on the income statement.
-

Total minimum future rental receivables under non-cancellable operating leases and finance leases in effect at December 31st

(x 1,000 EUR)	2016	2015
Operating lease	2,285,757	2,375,282
Less than one year	211,402	212,527
Between one and five years	530,955	536,613
More than five years	1,543,400	1,626,142
Finance lease	77,513	77,308
Less than one year	1,795	1,656
Between one and five years	24,501	23,086
More than five years	51,217	52,566
TOTAL	2,363,270	2,452,590

NOTE 7. NET REDECORATION EXPENSES¹

(x 1,000 EUR)	2016	2015
Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	1,602	1,434
Recovery of property charges	-50	-329
TOTAL	1,552	1,105

NOTE 8. TAXES AND CHARGES ON RENTED PROPERTIES NOT RECOVERED FROM TENANTS²

(x 1,000 EUR)	2016	2015
Recovery income of charges and taxes normally payable by the tenant on let properties	42,368	41,588
Rebilling of rental charges invoiced to the landlord	16,657	16,916
Rebilling of withholding taxes and other taxes on let properties	25,711	24,672
Charges and taxes normally payable by the tenant on let properties	-44,352	-45,066
Rental charges invoiced to the landlord	-16,564	-17,570
Withholding taxes and other taxes on let properties	-27,788	-27,496
TOTAL	-1,984	-3,478

- ¹ According to Annex C of the Royal Decree of 13.07.2014, the exact terminology is 'Cost payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease' and 'Recovery of the property charges'.
- ² This section comprises also the charges and taxes on properties under redevelopment.

Under usual lease terms, these charges and taxes are borne by the tenants through rebilling. However, a number of lease contracts of the Group provide otherwise, leaving taxes or charges to be borne by the landlord.

The charges and taxes not recovered at 31.12.2016 mainly include the taxes of 1.4 million EUR not recovered on the buildings under (re)construction.

NOTE 9. TECHNICAL COSTS

(x 1,000 EUR)	2016	2015
Recurrent technical costs	4,927	5,316
Repairs	4,634	5,058
Insurance premiums	293	258
Non-recurrent technical costs	974	327
Major repairs (building companies, architects, engineering offices, etc.) ¹	771	302
Damage expenses	203	25
Losses providing from disasters and subject to insurance cover	803	450
Insurance compensation for losses providing from disasters	-600	-425
TOTAL	5,901	5,643

NOTE 10. COMMERCIAL COSTS

(x 1,000 EUR)	2016	2015
Letting fees paid to real estate brokers	659	634
Advertising	117	118
Fees paid to experts	732	198
TOTAL	1,508	950

NOTE 11. MANAGEMENT COSTS

Management costs are split between asset management costs and other costs.

¹ Except for capital expenditures.

PROPERTY MANAGEMENT COSTS

These costs comprise the costs of the personnel responsible for this activity, the operational costs of the company headquarters and the fees paid to third parties. The management fees collected from tenants partially covering the costs of the Property Management activity are deducted.

The portfolio is managed in-house, except for the MAAF insurance agencies portfolio (until 28.12.2016) and the healthcare real estate properties in Germany.

The internal costs of property management are divided as follows:

(x 1,000 EUR)	2016	2015
Office charges	1,942	1,828
IT	914	811
Other	1,028	1,017
Fees paid to third parties	5,231	4,853
Recurrent	2,575	3,067
Real estate experts	1,021	1,063
Lawyers	33	125
Property management	1,012	461
Other	509	1,418
Non-recurrent	2,656	1,786
Mergers and acquisitions (other than business combinations)	2,656	1,786
Public relations, communication and advertising	555	529
Personnel expenses	12,255	11,128
Salaries	9,375	8,433
Social security	1,841	1,651
Pensions and other benefits	1,039	1,044
Fees earned	-1,953	-3,609
Management fees related to the lease contracts ¹	-1,748	-3,369
Fees for additional services	-205	-240
Taxes and regulatory fees	557	533
Depreciation charges on office furniture	72	81
TOTAL	18,659	15,343

The fees of the real estate experts amounted to 1,027,960 EUR for 2016, this figure including both recurrent and non-recurrent fees. These emoluments are calculated partially based on a fixed amount per square metre and partially based on a fixed amount per property.

CORPORATE MANAGEMENT COSTS

The corporate management costs cover the overhead costs of the company as a legal entity listed on the stock exchange and as an RREC. These expenses are incurred in order to provide complete and continued information, economic comparability with other types of investment and liquidity for the shareholders who invest indirectly in a property portfolio. Certain costs of studies relating to the Group's expansion also come under this category.

(x 1,000 EUR)	2016	2015
Office charges	464	392
IT	204	156
Other	260	236
Fees paid to third parties	981	1,025
Recurrent	934	741
Lawyers	-21	129
Auditors	409	309
Other	546	303
Non-recurrent	47	284
Public relations, communication and advertising	846	637
Personnel expenses	4,246	4,180
Salaries	3,522	3,418
Social security	352	406
Pensions and other benefits	372	356
Taxes and regulatory fees	1,506	1,572
TOTAL	8,043	7,806

¹ Management fees related to the lease contracts include rebilling of the management costs of the buildings to the tenants.

GROUP INSURANCE

The group insurance subscribed by Cofinimmo for its employees and the members of its Executive Committee has the following objectives:

- payment of a 'Life' benefit to the affiliate at retirement;
- payment of a 'Death' benefit to the beneficiaries of the affiliate in case of death before retirement;
- payment of a disability pension in case of accident or long-term illness other than professional;
- waiver of premiums in the same cases.

In order to protect workers, the Law of 18.12.2015 to ensure the sustainability and the social nature of supplementary pensions and to strengthen the supplementary nature in relation to retirement pensions provides that Cofinimmo's employees must be guaranteed a minimum return on the 'Life' portion of the premiums.

This minimum return amounts to 3.75 % of the gross premiums for the personal contributions and to 3.25 % of the premiums for the employer's contributions until 31.12.2015. For future contributions, the minimum return is 1.75 %.

The rate guaranteed by the insurer is 1 % in 2016 (2015: 1 %).

Cofinimmo must, therefore, cover part of the rates guaranteed by the Law. If necessary, additional amounts must be brought under the reserves to reach the guaranteed returns for the services given. A provision of 28,310 EUR was funded in 2016.

EMOLUMENTS OF THE AUDITOR

The fixed emoluments of Deloitte, Company Auditors for reviewing and certifying Cofinimmo's company and consolidated accounts amounted to 124,935 EUR (excluding VAT). Its emoluments for certifying the company accounts of Cofinimmo's subsidiaries amounted to 113,395 EUR (excluding VAT) and are calculated per company based on their effective performances.

The fees of the Degroof Petercam Bank as financial service provider for the payment of the dividend are to be found under the item 'Other' of 'Fees paid to third parties'. It is a fixed amount for their annual services.

(x 1,000 EUR)	2016	2015
Emoluments of the Auditor	333	366
Emoluments for the execution of a mandate of company Auditor	238	233
Emoluments for exceptional services or special assignments within the Group	95	133
Other certification assignments	28	19
Other assignments external to the auditing duties	67	114
Emoluments of people with whom the Auditor is connected	54	46
Emoluments for exceptional services or special assignments within the Group	54	46
Other certification assignments		
Tax advisory duties	37	18
Other assignments external to the auditing duties	17	28
TOTAL	387	412

The emoluments of the company Auditors, other than Deloitte, appointed for the Group's French companies amounted to 19 KEUR (excluding VAT) in 2016 and are not included in the tables above.

NOTE 12. RESULT ON DISPOSALS OF INVESTMENT PROPERTIES AND OTHER NON-FINANCIAL ASSETS

(x 1,000 EUR)	2016	2015
Disposal of investment properties		
Net disposal of properties (selling price - transaction costs)	7,438	26,383
Book value of properties sold (fair value of assets sold)	-5,136	-24,363
Other		9
SUBTOTAL	2,302	2,029
Disposal of other non-financial assets		
Net disposals of other non-financial assets		20,396
Other	389	
SUBTOTAL	389	20,396
TOTAL	2,691	22,425

Since 2015, future hypothetical transaction fees and costs are charged directly to the income statement when properties are acquired (and no longer to shareholders' equity as previously (see Note 2 for more details). When the properties are sold, this amount therefore must not be deducted from the difference between the price obtained and the book value of these properties in order to calculate the gain or loss effectively made. Costs are already recognised on the income statement at acquisition.

The sale of investment properties in 2016 concerns the segment of distribution network properties (see Note 40 for more details).

The added value on the sale of other non-financial assets was related to the sale of all shares of Livingstone II SA/NV and Silverstone SA/NV in 2015.

NOTE 13. CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

(x 1,000 EUR)	2016	2015
Positive changes in the fair value of investment properties	105,539	39,848
Negative changes in the fair value of investment properties	-93,913	-48,468
TOTAL	11,626	-8,620

1 See Note 35.
2 See Note 20.

The breakdown of the changes in fair value of properties is presented in Note 22.

NOTE 14. OTHER RESULT ON THE PORTFOLIO

(x 1,000 EUR)	2016	2015
Changes in the deferred taxes ¹	-1,806	-744
Writeback of rents already earned but not expired	-432	-550
Goodwill impairment ²	-12,000	-7,100
Other	336	-164
TOTAL	-13,902	-8,558

The writeback of already earned rents not expired, recognised during the period, results from the application of the accounting method detailed in Note 2, paragraph R.

NOTE 15. FINANCIAL INCOME

(x 1,000 EUR)	2016	2015
Interests and dividends received ¹	365	1,149
Interest receipts from finance leases and similar receivables	4,842	4,586
TOTAL	5,207	5,735

NOTE 16. NET INTEREST CHARGES

(x 1,000 EUR)	2016	2015
Nominal interest on borrowings	19,061	24,698
Bilateral loans - floating rate	2,804	4,479
Commercial papers - floating rate	917	1,150
Investment credits - floating or fixed rate	578	606
Bonds - fixed rate	10,548	9,230
Convertible bonds	4,214	9,233
Reconstitution of the nominal value of financial debts	696	1,167
Charges relating to authorised hedging instruments	9,230	17,066
Authorised hedging instruments qualifying for hedge accounting under IFRS		6,043
Authorised hedging instruments not qualifying for hedge accounting under IFRS	9,230	11,023
Income relating to authorised hedging instruments		-3,758
Authorised hedging instruments qualifying for hedge accounting under IFRS		-54
Authorised hedging instruments not qualifying for hedge accounting under IFRS		-3,704
Other interest charges²	3,322	3,137
TOTAL	32,309	42,310

¹ It concerns capitalised interests. The amount of dividends received is nil in 2016.

² There are commissions on unused credit facilities.

³ In 2016, the interest on borrowings at amortised cost (2016: 18,865 KEUR/2015: 19,769 KEUR) consisted of 'Other interest charges', the 'Reconstitution of the nominal value of financial debts' as well as 'Nominal interest on borrowings' (with the exception of 'Convertible bonds'). Interest on borrowings at fair value through net result (2016: 13,444 KEUR/2015: 22,541 KEUR) consists of 'Charges and income resulting from authorised hedging instruments allowed' as well as 'Convertible bonds'.

The effective interest charges on loans correspond to an average effective interest rate on loans of 2.41 % (2015: 2.90 %). The effective charge without taking into account the hedging instruments stands at 1.72 %. This percentage can be split up between 1.65 % for the borrowings at fair value and 1.74 % for the borrowings measured at amortised cost.³

At 31.12.2016, Cofinimmo no longer holds no longer interest rate hedging instruments to which the hedge accounting of the cash flow is applied; the instruments still used for trafor hedging interest rate changes which are not designated in the accounting, as such, but rather as instruments held for trading (↻ see Note 2, paragraph R, III).

NOTE 17. OTHER FINANCIAL CHARGES

(x 1,000 EUR)	2016	2015
Bank fees and other commissions	367	340
Other	481	320
TOTAL	848	660

NOTE 18. CHANGES IN THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

(x 1,000 EUR)	2016	2015
Authorised hedging instruments qualifying for hedge accounting	-7,392	-28,654
Changes in fair value of authorised hedging instruments qualifying for hedge accounting ¹	-1,478	-342
Impact of the recycling on the income statement of hedging instruments which relationship with the hedged risk was terminated	-5,914	-28,312
Authorised hedging instruments not qualifying for hedge accounting	13,604	-1,511
Changes in fair value of authorised hedging instruments not qualifying for hedge accounting ²	5,782	4,648
Convertible bonds	7,822	-6,159
Other ³	-44,498	-238
TOTAL	-38,286	-30,403

Only the changes in the ineffective part of the fair value of cash flow hedging instruments, as well as the changes in the fair value of trading instruments, are taken into account here. The changes in the effective part of the fair value of cash flow hedging instruments are booked directly in other global result.

When a relationship between a cash flow hedging instrument and the hedged risk is terminated (even partially), the cumulated gain or loss at that date, until then deferred under equity, is recycled on the income statement.

The impact of income statement recycling of hedging instruments for which the relationship to the hedged risk ended results from the restructuring of 400 million EUR in FLOOR options cancelled in 2015. These options extended until the end of 2017. This transaction will result in a decrease of interest charges in the coming years. The total cost of the restructuring in 2015 is 32 million EUR. (For more details on the hedging policy, see the 'Management and financial resources' and 'Risk factors' chapters of this Annual Financial Report).

NOTE 19. CORPORATE TAX AND EXIT TAX

(x 1,000 EUR)	2016	2015
CORPORATE TAX	-5,906	-4,209
Parent company	-4,564	-1,888
Pre-tax result	101,191	107,597
Result exempted from income tax due to the RREC regime	-101,191	-107,597
Taxable result from non-deductible costs	4,065	4,853
Tax at rate of 33.99 %	-1,382	-1,650
Other	-3,182	-238
Subsidiaries	-1,342	-2,321
EXIT TAX - SUBSIDIARIES	1,182	248

The non-deductible costs mainly comprise the office tax in the Brussels Capital Region. With the exception of the institutional RRECs, the Belgian subsidiaries are not subject to the RREC regime. The Dutch subsidiary Pubstone Properties BV is not eligible for the FBI regime. The results from investments in Germany are partly taxable.

- ¹ The gross amounts are respectively an income of 0 KEUR for 2016 (2015: 167 KEUR) and a charge of 1,478 KEUR (2015: 509 KEUR).
- ² The gross amounts are respectively an income of 13,016 KEUR (2015: 26,740 KEUR) and a charge of 7,234 KEUR (2015: 22,092 KEUR).
- ³ The amount of 44,497 KEUR corresponds with the result of restructuring of the interest rate hedging instruments (25,043 KEUR) and with the change of the fair value (13,622 KEUR) and with the result linked to the sale (5,833 KEUR) of the convertible bond borne in 2016 (see 'Management of financial resources' and Notes 24 and 25).

NOTE 20. GOODWILL

PUBSTONE

Cofinimmo's acquisition in two stages (31.10.2007 and 27.11.2008) of 89.90 % of the shares of Pubstone Group SA/NV (formerly Express Properties SA/NV) (see page 31 of the 2008 Annual Financial Report) generated a goodwill for Cofinimmo resulting from the positive difference between the acquisition cost and Cofinimmo's share in the fair value of the net asset acquired. More specifically, this goodwill results from:

- the positive difference between the conventional value offered for the property assets at the acquisition (on which the price paid for the shares was based) and the fair value of these property assets (being expressed after deduction of the transfer duties standing at 10.0 % or 12.5 % in Belgium and at 6.0 % in the Netherlands);
- the deferred tax corresponding to the theoretical assumption required under IAS/IFRS of an immediate disposal of all the properties at the closing date. A tax rate of respectively 34 % and 25 % for the assets located in Belgium and in the Netherlands has been applied to the difference between the tax value and the market value of the assets at the acquisition.

COFINIMMO INVESTISSEMENTS ET SERVICES (CIS)

Cofinimmo's acquisition of 100 % of the shares of Cofinimmo Investissements et Services (CIS) SA (formerly Cofinimmo France SA) on 20.03.2008 generated a goodwill for Cofinimmo resulting from the positive difference between the acquisition cost and the fair value of the net asset acquired. More specifically, this goodwill results from the positive difference between the conventional value offered for the property assets at the acquisition (on which the price paid for the shares was based) and the fair value of these property assets (being expressed after deduction of the transfer duties standing at 1.8 % and 6.2 % in France).

Goodwill variation

(x 1,000 EUR)	Pubstone Belgium	Pubstone Netherlands	CIS France	Total
COST				
AT 01.01.2016	100,157	39,250	26,929	166,336
AT 31.12.2016	100,157	39,250	26,929	166,336
WRITEDOWNS				
AT 01.01.2016	49,180	5,900		55,080
Writedowns recorded during the financial year	6,700	5,300		12,000
AT 31.12.2016	55,880	11,200		67,080
BOOK VALUE				
AT 01.01.2016	50,977	33,350	26,929	111,256
AT 31.12.2016	44,277	28,050	26,929	99,256

IMPAIRMENT TEST

At the end of the financial year 2016, the goodwill was subject to an impairment test (executed on the groups of properties to which it was allocated per country), by comparing the fair value of the properties plus the goodwill to their value in use.

The fair value of the buildings is the value of the portfolio as established by the independent real estate experts. This fair value is established using three valuation methods: the ERV (Estimated Rental Value) capitalisation approach, the expected cash flow approach and the residual valuation approach. To carry out the calculation, the independent real estate experts take as main assumptions the indexation rate, the discount rate and the buildings' estimated end-of-lease disposal value. These assumptions are based on market observations taking into account investors' expectations, particularly regarding revenue growth and market risk premium (for further information, see Report of the real estate Experts of this Annual Financial Report).

The value in use is established by the Group according to expected future net cash flows based on the rents stipulated in the tenants' leases, the expenses to maintain and manage the property portfolio, and the expected gains from disposals. The main assumptions are the indexation rate, the discount rate, an attrition rate (number of buildings and corresponding volume of revenues for which the tenant will terminate the lease, year after year), as well as the buildings' end-of-lease disposal value. These assumptions are based on the Group's knowledge of its own portfolio. The return on average required on its shareholders' equity and borrowed capital is used as the discount rate.

Given the different methods used to calculate the fair value of the buildings as established by the independent real estate experts and the value in use as established by the Group, as well as the fact that the assumptions used to calculate each of these may differ, the two values may not be the same and the differences can be justified.

For 2016, the result of this test (illustrated in the table on the left) leads to an impairment of 6,700 KEUR on the goodwill of Pubstone Belgium and 5,300 KEUR on the goodwill of Pubstone Netherlands. For CIS, no impairment was recorded. During the financial year 2016, the fair value of the Pubstone Belgium and Pubstone Netherlands portfolios recorded positive variations of 9,571 KEUR and negative of 4,135 KEUR, whereas the fair value of CIS recorded a positive variation of 4,642 KEUR.

ASSUMPTIONS USED IN THE CALCULATION OF THE VALUE IN USE OF PUBSTONE

A projection of future net cash flows was drawn up for the remaining duration of the lease bearing on the rents less the maintenance costs, investments and operating expenses, as well as the proceeds from asset disposals.

During this remaining period, an attrition rate is taken into account based on the terms of the lease signed with AB InBev. The buildings vacated are assumed to have all been sold. At the end of the initial 27-year lease, a residual value is calculated. The sale price of the properties and the residual value are based on the average value of the portfolio per square meter assessed by the expert at 31.12.2016 indexed to 1 % (2015: 1 %) per year. Out of caution, in the cash flow projection, this margin was reduced to nil in 2015 in the cash flow projection.

The indexation considered on these cash flows stands at 1.60 % for Pubstone Belgium and 1.30 % for Pubstone Netherlands. In 2015, the indexation was degressive from 1.70 % to 1.50 % starting from the second year for Pubstone Belgium and progressive from 1.20 % to 1.50 % starting from the second year for Pubstone Netherlands.

The discount rate used amounts to 5.60 % (2015: 5.60 %).

ASSUMPTIONS USED IN THE CALCULATION OF THE VALUE IN USE OF CIS

A projection was drawn up of future net cash flows over 27 years. The assumption adopted is the renewal of all the leases during a 27-year period from the acquisition date.

The cash flow comprises the present indexed rent up to the date of the first renewal of the lease. After this date, the cash flow considered is the indexed allowable rent. Cash expenditures foreseen in the buildings' renovation plan are also taken into account. Allowable rents are rents estimated by the expert, stated in his portfolio valuation at 31.12.2016, which are considered sustainable in the long term in terms of the profitability of the activity of the operating tenant.

At the 28th year, a residual value is calculated per property.

The indexation considered for these cash flows stands at 2 % per year (2015: 2 %).

The discount rate used amounts to 5.60 % (2015: 5.60 %).

-
- ① Including goodwill.
 - ② Given that the value in use is greater than the net book value, the net book value is incorporated here.
-

Impairment of goodwill

(x 1,000 EUR)

Building group	Goodwill	Net book value ^①	Value in use	Impairment
Pubstone Belgium	50,977	334,537	327,837	-6,700
Pubstone Netherlands	33,350	175,759	170,459	-5,300
CIS France	26,929	236,395	236,395 ^②	
TOTAL	111,256	746,691	734,691	-12,000

Sensitivity analysis of the value in use when the main variables of the impairment test vary

Change in the value in use (%)

Building group	Change in inflation		Change in discount rate	
	+0.50 %	-0.50 %	+0.50 %	-0.50 %
Pubstone Belgium	5.61 %	-5.22 %	-5.44 %	5.89 %
Pubstone Netherlands	5.39 %	-5.03 %	-5.25 %	5.68 %
CIS France	7.34 %	-6.69 %	-6.44 %	7.12 %

Sensitivity analysis of the impairment when the main variables of the impairment test vary

Impairment amount to be recorded by change of parameters¹ (x 1,000 EUR)

Building group	Impairment loss recognised	Change in inflation		Change in discount rate	
		+0.50 %	-0.50 %	+0.50 %	-0.50 %
		Pubstone Belgium	-6,700	0	-23,818
Pubstone Netherlands	-5,300	0	-13,886	-14,261	0
CIS France	0	0	0	0	0
TOTAL	-12,000				

NOTE 21. INVESTMENT PROPERTY

(x 1,000 EUR)	2016	2015
Properties available for lease	3,286,684	3,061,314
Development projects	67,957	61,544
Assets held for own use	8,995	8,625
TOTAL	3,363,636²	3,131,483

The fair value of the portfolio, as determined by the independent experts, stands at 3,366,331 KEUR at 31.12.2016. It includes investment properties for 3,363,636 KEUR and assets held for sale for 2,695 KEUR.

Properties available for lease

(x 1,000 EUR)	2016	2015
AT 01.01	3,061,314	3,097,932
Capital expenditures	12,095	16,685
Acquisitions	160,035 ³	68,635
Transfers from/to Development projects	28,078	49,381
Sales/Disposals (fair value of assets sold/disposed of)	-5,065	-177,878 ⁴
Writeback of lease payments sold and discounted	11,265	10,214
Increase/Decrease in the fair value	18,962	-3,655
AT 31.12	3,286,684	3,061,314

¹ The value of 0 was indicated when the value in use is greater than the net book value.

² Including the fair value of the investment properties subject to disposal of receivables, which stands at 227,946 KEUR.

³ Acquisitions principally relate to the office buildings Art 46, Loi 34, Montoyer 10, Science 41 and Souverain 280, as well as the nursing and care homes Calau and Brühl (Germany) and four medical office buildings (the Netherlands).

⁴ The 2015 sales principally involve the office building Livingstone II as well as the Siverstone portfolio of 20 nursing and care homes.

Development projects		
(x 1,000 EUR)	2016	2015
AT 01.01	61,544	88,966
Investments	29,675	34,932
Acquisitions	4,565	6,158
Transfer from/to Properties available for lease	-28,078	-49,381
Sales/Disposals (fair value of assets sold/disposed of)	-7	-19,287
Increase/Decrease in the fair value	258	156
AT 31.12	67,957	61,544

Assets held for own use		
(x 1,000 EUR)	2016	2015
AT 01.01	8,625	8,875
Investments	552	51
Increase/Decrease in the fair value	-182	-301
AT 31.12	8,995	8,625

FAIR VALUE OF INVESTMENT PROPERTIES

Investment properties are accounted for at fair value using the fair value model in accordance with IAS 40. This fair value is the price at which a property could be exchanged between knowledgeable and willing parties in normal competitive conditions. It is determined by the independent experts in a two-step approach.

In the first step, the experts determine the investment value of each property (see methods below).

In a second step, the experts deduct from the investment value an estimated amount for the transaction costs that the buyer or seller must pay in order to carry out a transfer of ownership. The investment value less the estimated transaction costs (transfer duties) is the fair value within the meaning of IAS 40.

In Belgium, the transfer of ownership of a property is subject to the payment of transfer duties. The amount of these taxes depends on the method of transfer, the type of purchaser and the location of the property. The first two elements, and therefore the total amount of taxes to be paid, are only known once the transfer has been completed.

The range of taxes for the major types of property transfer includes:

- sale contracts for property assets: 12.5 % for properties located in the Brussels Capital Region and in the Walloon Region, 10 % for properties located in the Flemish Region;
- sale of property assets under the rules governing estate traders: 4.0 % to 8.0 %, depending on the Region;
- longlease agreement for property assets (up to 50 years for building leases and up to 99 years for longlease rights; **right of emphyteusis** ): 2.0 %;
- sale contracts for property assets where the purchaser is a public body (e.g. an entity of the European Union, the Federal Government, a regional government or a foreign government): tax exemption;
- contribution in kind of property assets against the issue of new shares in favour of the contributing party: tax exemption;
- sale contract for shares of a real estate company: no taxes;
- merger, split and other forms of company restructuring: no taxes, etc.

The effective rate of the transfer tax therefore varies from 0 % to 12.5 %, whereby it is not possible to predict which rate would apply to the transfer of a given property before that transfer has effectively taken place.

Historically, in January 2006, the independent real estate experts¹ who carry out the periodic valuation of the Belgian Regulated Real Estate Company (RECC) assets were asked to compute a weighted average transaction cost percentage to apply on the RECC's property portfolios, based on supporting historical data. For transactions concerning properties with an overall value exceeding 2.5 million EUR, given the range of different methods for property transfers (see above), the experts have calculated that the weighted average transfer tax comes to 2.5 %.

During 2016, the same real estate experts have revaluated this percentage thoroughly based on recent transactions. As a result of this revaluation, the weighted transfer tax is maintained at 2.5 %.

For transactions concerning properties with an overall value of less than 2.5 million EUR, transaction costs of between 10.0 % and 12.5 % apply, depending on the Region in which the property is located.

¹ Cushman & Wakefield, de Crombrughe & Partners, Winssinger & Associés, Stadim and Troostwijk-Roux.

At 01.01.2004 (date of transition to IAS/IFRS), the transaction costs deducted from the investment value of the property portfolio amounted to 45.5 million EUR and were recorded under a separate equity item entitled 'Impact on the fair value of estimated transaction costs and transfer duties resulting from the hypothetical disposal of investment properties'.

The 2.5 % transaction costs have been applied to the subsequent acquisitions of buildings. At 31.12.2016, the difference between the investment value and the fair value of the global portfolio amounted to 138.71 million EUR or 6.61 EUR per share.

It is worth noting that the average gain in relation to the investment value realised on the disposals of assets operated since the changeover to the RECC regime in 1996 stands at 9.35 %. Since that date, Cofinimmo has undertaken 196 asset disposals for a total of 1,549.75 million EUR. This gain would have been 11.30 % if the deduction of transaction costs and transfer duties had been recognised as from 1996.

The transfer duties applied to the buildings located in France, the Netherlands and Germany amount to 6.89 %, 3.77 % and 5.16 % respectively.

DETERMINATION OF THE VALUATION LEVEL OF THE FAIR VALUE OF THE INVESTMENT PROPERTIES

The fair value of the investment properties on the balance sheet results exclusively from the portfolio's valuation by independent real estate experts.

To determine the fair value of the investment properties, the nature, characteristics and risks of these properties, as well as available market data, were examined.

Because of the state of market liquidity and the difficulty to find unquestionably comparable transaction data, the level of valuation, within the meaning of IFRS 13, of the fair value of the Cofinimmo buildings is 3, and this for the entire portfolio.

(x 1,000 EUR)	31.12.2016	31.12.2015
ASSET CATEGORY ¹	Level 3	Level 3
HEALTHCARE REAL ESTATE	1,499,918	1,328,287
Belgium	802,523	770,420
France	411,134	378,824
Netherlands	140,547	99,242
Germany	117,084	67,081
Healthcare real estate under development	28,630	12,720
OFFICES	1,286,680	1,241,149
Antwerp	66,778	65,635
Brussels CBD	443,278	364,245
Decentralised Brussels	492,164	511,657
Brussels Periphery/Satellites	133,462	138,827
Other regions	114,892	115,261
Offices under development	36,106	45,524
PROPERTY OF DISTRIBUTION NETWORKS	552,844	538,124
Pubstone Belgium	283,561	274,299
Pubstone Netherlands	142,408	147,117
Cofinimur I France	126,875	116,708
OTHER	26,889	26,793
TOTAL	3,366,331	3,134,353

- ¹ The basis for the valuations resulting in the fair values can be classified according to IFRS 13 as:
- level 1: quoted prices observable in active markets;
 - level 2: observable data other than the quoted prices included in level 1;
 - level 3: unobservable data.

VALUATION METHODS USED

Based on a multi-criteria approach, the valuation methods used by the real estate experts are the following:

Discounted estimated rental value method

This method involves capitalising the property's estimated rental value by using a capitalisation rate (yield) in line with the real estate market. The choice of the capitalisation rate used depends essentially on the capitalisation rates applied in the property investment market, taking into consideration the location and the quality of the property and of the tenant at the valuation date. The rate corresponds to the rate anticipated by potential investors at the valuation date. The determination of the estimated rental value takes into account market data, the property's location, its quality, and, for the healthcare assets, the number of beds and, if available, the tenant's financial data (**EBITDAR** ↓).

The resulting value must be adjusted if the current rent generates an operating income above or below the estimated rental value used for the capitalisation. The valuation also takes into account the costs to be incurred in the near future.

Discounted cash flow method

This method requires an assessment of the net rental income generated by the property on an annual basis during a defined period. This flow is then discounted. The projection period generally varies between 10 and 18 years. At the end of this period, a residual value is calculated using the capitalisation rate on the terminal rental value, which takes into account the building's expected condition at the end of the projection period, discounted.

Market comparables method

This method is based on the principle that a potential buyer will not pay more for the acquisition of a property than the price recently paid on the market for the acquisition of a similar property.

Residual value method

The value of a project is determined by defining what can/will be developed on the site. This means that the purpose of the project is known or foreseeable in terms of quality (planning) and quantity (number of square meters that can be developed, future rents, etc.). The value is obtained by deducting the costs to completion of the project from its anticipated value.

Other considerations

If the fair value cannot be determined reliably, the properties are valued at the historical cost. In 2016, the fair value of all properties could be determined reliably so that no building was valued at historical cost.

In the event that the future selling price of a property is known at the valuation date, the properties are valued at the selling price.

For the buildings for which several valuation methods were used, the fair value is the average of the results of these methods.

During the year 2016, there was no transfer between level 1, level 2, and level 3 (within the meaning of IFRS 13). In addition, there was no change in valuation methods for the investment properties in 2016.

Changes in the fair value of investment properties, based on unobservable data

(x 1,000 EUR)	
FAIR VALUE AT 01.01.2016	3,134,353
Gains/losses recognised on the income statement	18,927
Acquisitions	164,600
Extensions/Redevelopments	22,352
Investments	19,970
Writeback of lease payments sold	11,265
Disposals	-5,136
FAIR VALUE AT 31.12.2016	3,366,331

Quantitative information related to the determination of the fair value of investment properties, based on unobservable data (level 3)

The quantitative information in the following tables is taken from the different reports produced by the independent real estate experts. The figures are extreme values and the weighted average of the assumptions used in the determination of the fair value of investment properties. The lowest discount rates apply to specific situations.

(x 1,000 EUR)

Asset category	Fair value 31.12.2016	Valuation method	Unobservable data ¹	Extreme values (weighted average) at 31.12.2016	Extreme values (weighted average) at 31.12.2015
HEALTHCARE REAL ESTATE	1,499,918				
Belgium	802,523	Discounted cash flow	Estimated Rental Value (ERV)	70 - 199 (129) EUR/m ²	70 - 199 (129) EUR/m ²
			Discount rate	6.00 % - 6.90 % (6.53 %)	6.20 % - 6.90 % (6.45 %)
			Capitalisation rate of the final net ERV	7.00 % - 9.25 % (7.98 %)	7.00 % - 9.25 % (7.80 %)
			Inflation rate	1.75 %	1.75 %
		Discounted Estimated Rental Value	Estimated Rental Value (ERV)	54 - 387 (140) EUR/m ²	53 - 375 (137) EUR/m ²
			Capitalisation rate	5.50 % - 7.15 % (5.93 %)	5.60 % - 7.25 % (6.06 %)
France	411,134	Discounted cash flow	Estimated Rental Value (ERV)	53 - 280 (155) EUR/m ²	53 - 260 (148) EUR/m ²
			Discount rate	4.75 % - 7.50 % (4.80 %)	5.50 %
			Capitalisation rate of the final net ERV	4.35 % - 12.31 % (5.82 %)	5.35 % - 12.31 % (6.40 %)
			Inflation rate	0.60 % - 1.92 % (1.30 %)	0.65 % - 1.92 % (1.50 %)
		Discounted Estimated Rental Value	Estimated Rental Value (ERV)	53 - 280 (153) EUR/m ²	53 - 260 (147) EUR/m ²
			Capitalisation rate	4.24 % - 32.74 % (7.06 %)	3.93 % - 30.04 % (7.26 %)
Netherlands and Germany²	257,631	Discounted cash flow	Estimated Rental Value (ERV)	141 - 254 (198) EUR/m ²	177 - 231 (209) EUR/m ²
			Discount rate	6.45 % - 8.20 % (7.38 %)	7.20 % - 8.35 % (8.05 %)
			Capitalisation rate of the final net ERV	6.05 % - 7.70 % (6.96 %)	6.95 % - 7.45 % (7.18 %)
			Inflation rate	1.50 %	1.80 %
		Discounted Estimated Rental Value	Estimated Rental Value (ERV)	76 - 262 (172) EUR/m ²	78 - 256 (174) EUR/m ²
			Capitalisation rate	4.90 % - 9.50 % (6.39 %)	5.00 % - 7.50 % (6.61 %)
Healthcare real estate under development	28,630	Residual value	Estimated Rental Value (ERV)	73 - 178 (119) EUR/m ²	73 - 160 (117) EUR/m ²
			Capitalisation rate	5.75 % - 7.25 % (5.91 %)	6.00 % - 12.25 % (8.91 %)
			Costs to completion	③	③
			Inflation rate	1.50 %	1.50 % - 1.92 % (1.69 %)

① Net rental income is incorporated in Note 6.

② In 2016 and 2015, because of the very small size of the healthcare portfolio in Germany, the assumptions used for Germany were grouped together with the Netherlands.

③ The costs necessary for the completion of a building are specific to each project and depend on its degree of progress.

Asset category	Fair value 31.12.2016	Valuation method	Unobservable data ¹	Extreme values (weighted average) at 31.12.2016	Extreme values (weighted average) at 31.12.2015
OFFICES	1,286,680				
Antwerp	66,778	Discounted Estimated Rental Value	Estimated Rental Value (ERV)	120 - 166 (146) EUR/m ²	120 - 165 (146) EUR/m ²
			Capitalisation rate	7.00 % - 8.40 % (7.35 %)	7.20 % - 8.40 % (7.49 %)
Brussels CBD	443,278	Discounted cash flow	Estimated Rental Value (ERV)	210 - 228 (223) EUR/m ²	
			Discount rate	4.25 % - 4.50 % (4.32 %)	
			Capitalisation rate of the final net ERV	6.25 % - 6.50 % (6.32 %)	
			Inflation rate	1.70 %	
		Discounted Estimated Rental Value	Estimated Rental Value (ERV)	169 - 245 (209) EUR/m ²	171 - 273 (228) EUR/m ²
			Capitalisation rate	4.90 % - 7.25 % (5.71 %)	5.00 % - 6.60 % (5.77 %)
Decentralised Brussels	492,164	Discounted cash flow	Estimated Rental Value (ERV)	171 - 203 (199) EUR/m ²	171 - 203 (198) EUR/m ²
			Discount rate	3.50 % - 4.00 % (3.94 %)	4.25 % - 4.50 % (4.47 %)
			Capitalisation rate of the final net ERV	7.00 % - 7.95 % (7.83 %)	6.60 % - 7.65 % (7.51 %)
			Inflation rate	2.00 %	2.00 %
		Discounted Estimated Rental Value	Estimated Rental Value (ERV)	60 - 172 (149) EUR/m ²	57 - 203 (161) EUR/m ²
			Capitalisation rate	6.15 % - 9.00 % (7.40 %)	6.00 % - 8.95 % (7.33 %)
Brussels Periphery/ Satellites	133,462	Discounted Estimated Rental Value	Estimated Rental Value (ERV)	60 - 182 (134) EUR/m ²	60 - 189 (139) EUR/m ²
			Capitalisation rate	7.45 % - 9.00 % (7.97 %)	7.30 % - 8.55 % (7.90 %)
Other regions	114,892	Discounted Estimated Rental Value	Estimated Rental Value (ERV)	130 - 186 (140) EUR/m ²	130 - 186 (140) EUR/m ²
			Capitalisation rate	5.95 % - 6.95 % (6.48 %)	5.75 % - 7.00 % (6.48 %)
Offices under development	36,106	Residual value	Estimated Rental Value (ERV)	99 - 225 (222) EUR/m ²	99 - 225 (201) EUR/m ²
			Capitalisation rate of the final net ERV	5.45 % - 9.35 % (5.56 %)	5.25 % - 9.35 % (6.39 %)
			Costs to completion	2	2
			Inflation rate	1.75 % - 2.00 % (1.98 %)	2.00 %

¹ Net rental income is incorporated in Note 6.

² The costs necessary for the completion of a building are directly related to each project (amounts and degree of progress).

Asset category	Fair value 31.12.2016	Valuation method	Unobservable data ¹	Extreme values (weighted average) at 31.12.2016	Extreme values (weighted average) at 31.12.2015
PROPERTY OF DISTRIBUTION NETWORKS	552,844				
Pubstone Belgium	283,561	Discounted cash flow	Estimated Rental Value (ERV)	13 - 353 (62) EUR/m ²	13 - 319 (79) EUR/m ²
			Discount rate	6.55 %	6.70 %
			Capitalisation rate of the final net ERV	6.75 %	6.95 %
			Inflation rate	1.75 %	1.80 %
		Discounted Estimated Rental Value	Estimated Rental Value (ERV)	13 - 353 (62) EUR/m ²	13 - 319 (79) EUR/m ²
			Capitalisation rate	4.00 % - 12.00 % (6.02 %)	3.50 % - 11.50 % (5.61 %)
Pubstone Netherlands	142,408	Discounted Estimated Rental Value	Estimated Rental Value (ERV)	41 - 495 (206) EUR/m ²	41 - 495 (208) EUR/m ²
			Capitalisation rate	3.65 % - 11.00 % (6.06 %)	3.65 % - 12.00 % (6.03 %)
Cofinimur I France	126,875	Discounted cash flow	Estimated Rental Value (ERV)	85 - 700 (150) EUR/m ²	85 - 700 (150) EUR/m ²
			Discount rate	4.75 %	5.50 % - 8.00 % (5.51 %)
			Capitalisation rate of the final net ERV	3.97 % - 12.73 % (6.90 %)	4.28 % - 13.53 % (7.43 %)
			Inflation rate	0.50 % - 1.63 % (1.32 %)	0.90 % - 1.79 % (1.51 %)
		Discounted Estimated Rental Value	Estimated Rental Value (ERV)	85 - 700 (150) EUR/m ²	85 - 700 (150) EUR/m ²
			Capitalisation rate	3.80 % - 12.16 % (6.13 %)	4.36 % - 36.20 % (6.71 %)
OTHER	26,889				
Other	26,889	Discounted Estimated Rental Value	Estimated Rental Value (ERV)	39 - 128 (110) EUR/m ²	43 - 128 (110) EUR/m ²
			Capitalisation rate	4.00 % - 8.20 % (6.73 %)	4.00 % - 8.25 % (6.75 %)
TOTAL	3,366,331				

SENSITIVITY OF THE BUILDING'S FAIR VALUE TO CHANGES OF THE UNOBSERVABLE DATA

¹ Net rental income is incorporated in Note 6.

A 10 % increase in the estimated rental value would give rise to an increase in the portfolio's fair value of 195,209 KEUR. A 10 % decrease in the estimated rental value would give rise to a decrease in the portfolio's fair value of 202,328 KEUR.

A 0.5 % increase in the capitalisation rates would give rise to a decrease in the portfolio's fair value of 223,949 KEUR. A 0.5 % decrease in the capitalisation rates would give rise to an increase in the portfolio's fair value of 264,588 KEUR.

A ± 0.5 % change in the capitalisation rate and a ± 10 % change in the estimated rental values are reasonably foreseeable.

There are interrelations between the various rates and rental values, as they are partly determined by market conditions. As a general rule, a change in the estimated rental value assumptions (per m² per year) is accompanied by a change in the capitalisation rates in the opposite direction. This interrelation is not incorporated into the sensitivity analysis.

For investment properties under construction, the fair value is influenced by the realisation of the works on budget and on time.

VALUATION PROCESS

In accordance with the legal provisions, the valuations of properties are performed on a quarterly basis based on the valuation reports prepared by independent and qualified experts.

The independent external experts are appointed for a period of three years after their approval by the Board of Directors, the Audit Committee and subject to the approval of the FSMA. The selection criteria include market knowledge, reputation, independence and application of professional standards.

The external experts determine:

- whether the fair value of a property can be determined reliably;
- which valuation method must be applied to each investment property;
- the assumptions made for the unobservable data used in the valuation methods.

The assumptions used for the valuation and any significant changes in value are discussed quarterly between management and the experts. Other outside sources are also examined.

USE OF PROPERTIES

The Executive Committee considers the current use of the investment properties recognised at fair value on the balance sheet to be optimal taking into account the possibilities on the rental market and their technical characteristics.

SALE OF LEASE RECEIVABLES

On 22.12.2008, the Cofinimmo Group sold to a subsidiary of the Société Générale Group the usufruct receivables for an initial period of 15 years payable by the European Commission and relating to the Loi 56, Luxembourg 40 and Everegreen buildings owned by Cofinimmo in Brussels. The usufructs from these three buildings end between December 2020 and April 2022. Cofinimmo retains bare ownership and the indexation part of the receivables from the Luxembourg 40 building was not sold.

On 20.03.2009, the Cofinimmo Group sold to a subsidiary of the Société Générale Group the usufruct receivables for an initial period of 15 years payable by the European Commission and relating to the Nerviens 105 building located in Brussels. The usufruct ends in May 2023. Cofinimmo retains bare ownership of the building.

On 23.03.2009, the Cofinimmo Group sold to Fortis Banque/Bank 90 % of the finance lease receivables payable by the City of Antwerp relating to the new fire station. At the end of the financial lease, the building will automatically be transferred to the City of Antwerp for free. The Cofinimmo Group also sold on the same date and to the same bank lease receivables payable by the Belgian State relating to the Colonel Bourg/Kolonel Bourg 124 building in Brussels and the Maire 19 building in Tournai. Cofinimmo retains ownership of these two buildings.

On 28.08.2009, the Cofinimmo Group sold to BNP Paribas Fortis 96 % of the lease receivables pertaining to 2011 and the following years relating to the Egmont I and Egmont II buildings located in Brussels.

The leases related to the Colonel Bourg 124, Maire 19, Egmont I and Egmont II buildings, as well as the usufructs from the Loi 56, Luxembourg 40, Everegreen and Nerviens 105 buildings do not qualify as financial leases.

At the moment of the sale, the amount levied by the Group, resulting from disposal of future rents, has been recorded as a discount of the property value, as far as the disposal of rents is effective against third parties and, as a consequence, the property market value had to be deducted from the amount of future lease payments sold (🔗 see Note 2: Significant accounting methods, I Properties leased for long periods, III Sale of future lease payments under a long lease not qualifying as a finance lease).

Although neither specifically foreseen nor forbidden under IAS 40, the derecognition from the gross value of the properties of the residual value of the future receivables sold allows, in the opinion of the Board of Directors of Cofinimmo, a true and fair presentation of the value of the properties in the consolidated balance sheet at the moment of the disposal of the rents. The gross value of the properties corresponds to the independent expert's assessment of the properties, as required by Article 47 § 1 of the Law of 12.05.2014 relating to Regulated Real Estate Companies.

In order to benefit from nominal rents, a third party buyer of the property should repurchase the sold receivables not terminated at the moment at their present value from the assignee bank. The actual redemption value of these non-terminated receivables can differ from their present value established at the moment of disposal, due to basic interest rates' evolution, applied margins on these rates, and expected inflation, as such possibly having an impact on the future rents' indexation.

NOTE 22. BREAKDOWN OF THE CHANGES IN THE FAIR VALUE OF INVESTMENT PROPERTIES

(x 1,000 EUR)	2016	2015
Properties available for lease	12,488	-7,305
Development projects	-556	-788
Assets held for own use	-196	-302
Assets held for sale	-110	-225
TOTAL	11,626	-8,620

This section includes the changes in fair value of investment properties and assets held for sale.

NOTE 23. INTANGIBLE ASSETS AND OTHER TANGIBLE ASSETS

(x 1,000 EUR)	Intangible assets		Other tangible assets	
	2016	2015	2016	2015
AT 01.01	565	659	364	411
Acquisitions	467	138	427	162
IT software	467	138		
Office fixtures and fittings			427	162
Depreciation	281	232	142	209
IT software	281	232		
Office fixtures and fittings			142	209
Disposals			14	
Office fixtures and fittings			14	
AT 31.12	751	565	635	364

The intangible assets and other tangible assets are exclusively assets held for own use.

The depreciation rates used depend on the duration of the economic life:

- fixtures: 10 % to 12.5 %;
- IT hardware: 25 %;
- IT software: 25 %.

NOTE 24. FINANCIAL INSTRUMENTS

A. CATEGORIES AND DESIGNATION OF FINANCIAL INSTRUMENTS

						31.12.2016	
	(x 1,000 EUR)						
	Designated in a hedging relationship	Designated at fair value through the net result	Held for trading	Loans, receivables and financial liabilities at amortised cost	Fair value	Fair value qualification	Accrued interest not yet due
NON-CURRENT FINANCIAL ASSETS			758	82,145	137,168		
Hedging instruments			758		758		
Derivative instruments			758		758	Level 2	
Credits and receivables				82,145	136,410		
Non-current finance lease receivables				75,718	129,983	Level 2	
Trade receivables and other non-current assets				29	29	Level 2	
Participations in associated companies and joint ventures				6,398	6,398	Level 2	
CURRENT FINANCIAL ASSETS				66,466	67,753		
Hedging instruments							
Derivative instruments						Level 2	
Credits and receivables				26,695	27,982		
Current finance lease receivables				1,795	3,082	Level 2	
Trade receivables				24,900	24,900	Level 2	
Other						Level 2	
Cash and cash equivalents				39,771	39,771	Level 2	
TOTAL	0	0	758	148,612	204,921		
NON-CURRENT FINANCIAL LIABILITIES		216,481	49,971	754,124	1,020,575		
Non-current financial debts		216,481		754,124	970,604		
Bonds				453,690	453,690	Level 2	
Convertible bonds		212,963			212,963	Level 1	
(Mandatory) Convertible bonds		3,517			3,517	Level 2	
Bank debts				247,709	247,709	Level 2	
Commercial papers - floating rate				46,000	46,000	Level 2	
Rental guarantees received				6,724	6,724	Level 2	
Other non-current financial liabilities			49,971		49,971		
Derivative instruments			49,971		49,971	Level 2	
CURRENT FINANCIAL LIABILITIES			12,949	621,032	633,980		13,203
Current financial debts				558,167	558,167		11,203
Commercial papers - floating rate				386,500	386,500	Level 2	
Bonds				50,000	50,000	Level 2	7,898
Convertible bonds				0	0	Level 1	121
Bank debts				121,645	121,645	Level 2	1,263
Other				22	22	Level 2	1,922
Other current financial liabilities			12,949		12,949		2,001
Derivative instruments			12,949		12,949	Level 2	2,001
Trade debts and other current debts				62,865	62,865	Level 2	
TOTAL	0	216,481	62,920	1,375,155	1,654,556		13,203

(x 1,000 EUR)						31.12.2015	
	Designated in a hedging relation- ship	Designated at fair value through the net result	Held for trading	Loans, receivables and financial liabilities at amortised cost	Fair value	Fair value qualifi- cation	Accrued interest not yet due
NON-CURRENT FINANCIAL ASSETS			20	81,726	130,703		
Hedging instruments			20		20		
Derivative instruments			20		20	Level 2	
Credits and receivables				81,726	130,684		
Non-current finance lease receivables				75,652	124,610	Level 2	
Trade receivables and other non-current assets				41	41	Level 2	
Participations in associated companies and joint ventures				6,033	6,033	Level 2	
CURRENT FINANCIAL ASSETS			14	43,497	44,582		3,233
Hedging instruments			14		14		3,233
Derivative instruments			14		14	Level 2	3,233
Credits and receivables				21,457	22,528		
Current finance lease receivables				1,656	2,727	Level 2	
Trade receivables				19,801	19,801	Level 2	
Other							
Cash and cash equivalents				22,040	22,040	Level 2	
TOTAL	0	0	34	125,223	175,286		3,233
NON-CURRENT FINANCIAL LIABILITIES		216,625	64,559	592,249	873,434		
Non-current financial debts		216,625		592,249	808,875		
Bonds				379,418	379,418	Level 2	
Convertible bonds		212,780			212,780	Level 1	
(Mandatory) Convertible bonds		3,846			3,846	Level 2	
Bank debts				180,229	180,229	Level 2	
Commercial papers - floating rate				26,000	26,000	Level 2	
Rental guarantees received				6,602	6,602	Level 2	
Other non-current financial liabilities			64,559		64,559		
Derivative instruments			64,559		64,559	Level 2	
CURRENT FINANCIAL LIABILITIES			20,572	508,541	529,113		18,317
Current financial debts				445,676	445,676		15,930
Commercial papers - floating rate				220,500	220,500	Level 2	
Bonds				0	0	Level 2	7,596
Convertible bonds				174,771	174,771	Level 1	5,708
Bank debts				50,352	50,352	Level 2	1,431
Other				54	54	Level 2	1,195
Other current financial liabilities			20,572		20,572		2,387
Derivative instruments			20,572		20,572	Level 2	2,387
Trade debts and other current debts				62,865	62,865	Level 2	
TOTAL	0	216,625	85,131	1,100,790	1,402,547		18,317

Fair value of financial assets and liabilities¹

After initial recognition, financial instruments are measured at fair value on the balance sheet. This fair value can be presented according to three levels (1 to 3). The allocation of the level depends on the degree of observability of the variables used for the measurement of the instrument, i.e.:

- the level 1 fair value measurements are those derived from listed prices (unadjusted) in active markets for similar assets or liabilities;
- the level 2 fair value measurements are those established using observable data for the assets or liabilities concerned. These data may be either 'direct' (prices, other than those covered by level 1) or 'indirect' (data derived from prices);
- the level 3 fair value measurements are those that are not based on observable market data for the assets or liabilities in question.

Level 1

The convertible bonds issues by Cofinimmo are subject to a level 1 valuation. In September 2016, Cofinimmo repurchased convertible bonds issued in 2013 and at the same time issued new convertible bonds maturing in 2021.

➔ See 'Management of financial resources' chapter in this Annual Financial report).

Changes in the fair value of the convertible bonds

(x 1 000 EUR)	2016		2015		2015
	Convertible 2021		Convertible 2016	Convertible 2018	Total
AT 15.09	219,321	AU 01.01	178,675	202,716	381,391
Residual change in fair value attributable to changes in credit risk of the instrument recognised during the financial year	-7,195	Residual change in fair value attributable to changes in credit risk of the instrument recognised during the financial year	-506	9,173	8,667
Change in the fair value attributable to changes in market conditions generating a market risk (interest rate, share prices) during the financial year	837	Change in the fair value attributable to changes in market conditions generating a market risk (interest rate, share prices) during the financial year	-3,398	890	-2,508
AT 31.12	212,963	AT 31.12	174,771	212,780	387,550

At 31.12.2016, the convertible bond maturing in 2021 has a total fair value of 212,963,323 EUR. If the bond is not converted into shares, the redemption value will amount to 219,320,616 EUR at final maturity.

Level 2

All other financial assets and liabilities, namely the financial derivatives stated at fair value, are level 2. The fair value of financial assets and liabilities with standard terms and conditions and negotiated on active and liquid markets is determined based on stock market prices. The fair value of 'Trade receivables', 'Trade debts', 'Loans to associated companies' as well as any other floating-rate debt is close to their book value. Bank debts are primarily in the form of roll-over credit facilities. The calculation of the fair value of 'Finance lease receivables' and 'Swaps' derivatives is based on the discounted cash flow method, using a yield curve adapted to the duration of the instruments and the fair value of the derivative financial instrument is obtained through the valorisation tool of financial instruments available on Bloomberg.

➔ More details on the finance lease receivables can be found in Note 25.

Level 3

Cofinimmo currently does not hold any financial instrument meeting the definition of level 3.

¹ For more details on the changes that occurred during 2016, and on the composition and conditions of our bonds, see the 'Management of financial resources' chapter of this Annual Financial Report.

B. MANAGEMENT OF FINANCIAL RISK

Interest rate risk

Since the Cofinimmo Group owns a (very) long-term property portfolio, it is highly probable that the borrowings financing this portfolio will be refinanced upon maturity by other borrowings. Therefore, the company's total financial debt is regularly renewed for an indefinite future period. For reasons of cost efficiency, the group's financing policy by debt separates the raising of borrowings (liquidity and margins on floating rates) from the management of interest rates risks and charges (fixing and hedging of future floating interest rates). Generally, funds are borrowed at a floating rate. Some borrowings contracted at a fixed rate have been converted into a floating rate through interest rate swaps. The goal of this is to take advantage of low short-term rates.

Allocation of borrowings¹ at floating rate and at fixed rate (calculated on their nominal values)

(x 1,000 EUR)	2016	2015
At floating rate	782,500	561,000
At fixed rate	742,882	653,820
TOTAL	1,525,382	1,214,820

In accordance with its hedging policy, the Group hedges at least 80 % of its portfolio of total debts for at least five years by entering into fixed-rate debts and contracting interest rate derivative instruments for hedging the debt at floating rate. The hedging period of minimum five years was chosen to offset the depressive effect this time lag would have on the net income and to forestall the adverse impact of any rise in European short-term interest rates not accompanied by a simultaneous increase in national inflation. Finally, a rise in real interest rates would probably be accompanied or rapidly followed by a revival of the overall economic activity which would give rise to more robust rental conditions and subsequently benefit the net result.

The banks that sign these IRS contracts are generally different from the ones providing the funds, but the Group makes sure that the periods of the interest rate derivatives and the dates at which they are contracted correspond to the renewal periods of its borrowing contracts and the dates at which their rates are set.

If a derivative instrument hedges an underlying debt contracted at a floating rate, the hedge relationship is qualified as a cash flow hedge. If a derivative instrument hedges an underlying debt contracted at a fixed rate, it is qualified as a fair value hedge. Although the financial instruments issued or held for the purpose of hedging the interest rate risk, these instruments are accounted for as trading instruments, even though the Group does not designate a relation with a particular risk.

Below are the results of a sensitivity study of the impact of changes in rates on the net result of the core activities. A change in interest rate will impact the non-hedged part of the floating debt and the fair value of the IRS. The change of this IRS caused by the change in interest rates is recognised in the income statement.

Summary of the potential effects, on equity and on the income statement, of a 1 % change in the interest rate

(x 1,000,000 EUR)	2016		2015	
	Income statement	Equity	Income statement	Equity
Change				
+1 %	-1.12	0.00	2.09	0.00
-1 %	1.06	0.00	-2.20	0.00

The table above shows that an interest rate increase of 1 % generates a loss of 1.2 million EUR, while a 1 % decline of interest rate leads to a gain of 1.06 million EUR. The equity is not directly affected by the change of interest rate.

The difference between 2015 and 2016 can be explained by a reduction of the IRS' notional amounts for 2018-2020 and by the change in hedge ratio.

Credit risk

By virtue of Cofinimmo's operational business, it deals with two main counterparties: banks and customers. The Group maintains a minimum rating standard for its financial counterparties. All financial counterparties have an external **investment grade rating** . Customer risk is mitigated by a diversification of customers and an analysis of their solvency before and during the lease contract.

Price risk

The Group could be exposed to a price risk linked to the Cofinimmo stock options tied to its convertible bonds. However, given that this option is out-of-the-money at 31.12.2016, the risk is considered unlikely.

Currency risk

The Group has closed a real estate transaction generating a currency risk. In order to hedge the potential currency risk, Cofinimmo entered in two call options allowing the Company to sell the foreign currency at a fixed price and to benefit from a potential positive evolution of the exchange rate.

Liquidity risk

The liquidity risk is limited by the diversification of the financing sources and by the refinancing which is done at least one year before the maturity date of the financial debt.

Obligation of liquidity for repayments

(x 1,000 EUR)	2016	2015
Between one and two years	246,518	337,665
Between two and five years	581,641	491,609
Beyond five years	365,454	216,267
TOTAL	1,193,614	1,045,541

Non-current undrawn borrowing facilities

(x 1,000 EUR)	2016	2015
Expiring within one year	0	136,500
Expiring after one year	1,060,000	1,149,000

Collateralisation

The book value of the pledged financial assets stands at 54,653,574 EUR at 31.12.2016 (2015: 39,792,864 EUR). The terms and conditions of the pledged financial assets are detailed in Note 41. During 2016, there were no payment defaults on loan agreements or violations of the terms of these agreements.

C. HEDGING DERIVATIVE FINANCIAL INSTRUMENTS

Types of derivative financial instruments relating to interest rates.

At 31.12.2016, the Group uses Interest Rate Swaps to hedge its exposure to interest rate risks arising from its operational, financial and investment activity.

Interest Rate Swap (IRS)

An Interest Rate Swap (IRS) is an interest rate forward contract, unlike a CAP or a FLOOR, which are interest rate options. With an IRS, Cofinimmo exchanges a floating interest rate against a fixed interest rate or vice versa.

The IRS contracts are detailed in the table on page 227.

Cancellable Interest Rate Swap

A Cancellable Interest Rate Swap is a classic IRS that also contains a cancellation option for the bank as from a certain date. Cofinimmo has contracted a Cancellable Interest Rate Swap to exchange a floating interest rate against a fixed interest rate. The sale of this cancellation option allowed to reduce the guaranteed fixed rate during the period covering at least the first cancellation date. The Cancellable Interest Rate Swaps are detailed in the table of page 227.

Types of derivative financial instruments relating to currency exchanges

Currency options

A currency option allows buying or selling a currency until (or at) a certain date at a fixed rate from its inception (strike) by payment of a premium. In 2016, Cofinimmo concluded two options for the period 2016-2018. The premiums for the two options are only due in 2018. At 31.12.2016, any amount relating to the options has been identified in the other elements of the global result. The change in the options' fair value and the inefficiency are allocated in the income statement. ¹

Floating-rate borrowings at 31.12.2016 hedged by derivative financial instruments

The floating-rate debt (783 million EUR) is obtained by deducting from the total debt (1,529 million EUR), the elements of the debt that remained at fixed rate after taking into account the Interest Rate Swaps, as detailed in the table below:

(x 1,000 EUR)	2016	2015
Financial debts	1,528,771	1,254,989
Convertible bonds	-212,963	-387,550
Bonds - fixed rate	-503,690	-280,000
Mandatory convertible bonds (minimum fixed coupon)	-3,517	-3,846
Fixed-rate borrowings	-8,709	-9,720
Commercial paper - floating rate	-10,000	0
Other (accounts receivable, rental guarantees received)	-7,247	-13,454
Debts at floating rate	782,644	560,419

As explained in the 'Management of financial resources' chapter, Cofinimmo's financial policy consists of maintaining a debt rate of about 45 % supported by a partial hedging of its debt at floating rates by using Interest Rate Swaps (IRS). The objective is to hedge about 80 % of its portfolio of total debts for the five coming years.

At 31.12.2016, Cofinimmo had a floating rate debt for a notional amount of 783 million EUR. This amount was hedged against interest rate risks with IRS swaps for a notional amount of 540 million EUR. During the last quarter of 2016, Cofinimmo seized the opportunity offered by low interest rates for restructuring its portfolio using derivative financial instruments. Under this scheme, the total notional amount has been reduced from 1,000 million EUR to 650 million EUR for the period 2018-2022 and fixed interest rates have been declined. Meanwhile, the Group entered into new swaps for 2023-2025 for a total notional amount of 200 million EUR.

The restructuring of the interest rate hedging instruments results in a decrease in interest charges paid in the coming years and incurred a cash flow of 44.0 million EUR in 2016. A charge of 25.0 million EUR has been booked in 2016 under 'Valorisation of Financial Instruments' of the income statement.

The restructuring of the FLOORS in 2015 resulted in a cost of 32.1 million EUR. At 31.12.2016, a balance of 11.3 million EUR has been accounted for under 'Other elements of the global result'. It will be recorded in 2017 and in 2018 in IAS 39 according to the standing accounting rules.

For the years 2017 to 2025, Cofinimmo projects to maintain a property portfolio partially financed through debt. The Company will thus incur an interest flow to be paid, being the element hedged by the derivative financial instruments held for trading, as described above. At 31.12.2016, Cofinimmo's debt amounted to 1,529 million EUR. Based on future projections, this debt will amount to 1,537 million EUR as at 31.12.2017, to 1,500 million EUR at the end of 2018 and to 1,517 million EUR at the end of 2019.

¹ In 2016, no change of fair value relating to the options has been affected in the section 'Other elements of the global result'.

Interest rate derivative financial instruments

(x 1,000 EUR)

Period covered by the IRS	Active / Forward	Option	Exercise price	Floating Rate	2016 notional	2015 notional	First option
2008-2018	Assets	Cancellable IRS	4.10 %	3M	140,000	140,000	15.10.2011
2014-2017	Assets	IRS	0.51 %	3M	400,000	400,000	
2018	Forward	IRS	2.11 %	1M	0	660,000	
2019	Forward	IRS	2.37 %	1M	0	800,000	
2018-2019	Forward	IRS	2.18 %	1M	0	200,000	
2020	Forward	IRS	0.86 %	1M	350,000	350,000	
2021	Forward	IRS	1.00 %	1M	150,000	150,000	
2022	Forward	IRS	1.31 %	1M	150,000	150,000	
2020-2022	Forward	IRS	2.73 %	1M	0	500,000	
2012-2016 (fixed to floating)	Forward	IRS	3.60 %	3M	0	100,000	
2018	Forward	IRS	0.68 %	1M	510,000	0	
2018-2019	Forward	IRS	1.46 %	1M	650,000	0	
2020	Forward	IRS	2.64 %	1M	300,000	0	
2021-2022	Forward	IRS	1.88 %	1M	500,000	0	
2023	Forward	IRS	0.73 %	1M	200,000	0	
2024	Forward	IRS	0.98 %	1M	200,000	0	
2025	Forward	IRS	1.19 %	1M	200,000	0	

Obligation of liquidity for repayments, related to derivative financial instruments

(x 1,000 EUR)

	2016	2015
Between one and two years	-20,053	-18,098
Between two and five years	-29,666	-56,111
Beyond five years	-5,776	-17,146
TOTAL	-55,495	-91,356

These tables represent the net positions of assets and liabilities of derivative financial instruments by counterparty in case of bankruptcy according to the ISDA agreements in place.

Offsetting financial assets and financial liabilities

(x 1,000 EUR)

	Gross amount of recognised financial assets	Gross amounts of financial assets offset in the statement of financial position	Net amount of financial assets presented in the position of the financial assets	Amounts not offset in the statement of financial position		Net amount
				Financial instruments	Guarantees received in cash	
Financial assets						
IRS	758		758	758		
TOTAL	758	0	758	758	0	0

(x 1,000 EUR)

	Gross amount of recognised financial assets	Gross amounts of financial liabilities offset in the statement of financial position	Net amount of financial liabilities presented in the position of the financial assets	Amounts not offset in the statement of financial position		Net amount
				Financial instruments	Guarantees received in cash	
Financial liabilities						
IRS	61,290		61,290	758		60,533
FOREX	1,478		1,478			1,478
TOTAL	62,768	0	62,768	758	0	62,011

Offsetting financial assets and financial liabilities

(x 1,000 EUR)						31.12.2015
	Gross amounts of recognised financial assets	Gross amounts of financial assets offset in the statement of financial position	Net amount of financial assets presented in the position of the financial assets	Amounts not offset in the statement of financial position		Net amount
				Financial instruments	Guarantees received in cash	
Financial assets						
IRS	34		34	34		
TOTAL	34	0	34	34	0	0

(x 1,000 EUR)						31.12.2015
	Gross amounts of recognised financial assets	Gross amounts of financial liabilities offset in the statement of financial position	Net amount of financial liabilities presented in the position of the financial liabilities	Amounts not offset in the statement of financial position		Net amount
				Financial instruments	Guarantees received in cash	
Financial liabilities						
IRS	85,131		85,131	34		85,097
TOTAL	85,131	0	85,131	34	0	85,097

Summary of derivative financial instruments active at 31.12.2016

(x 1,000 EUR)							
Option	Period	Exercise price	Floating rate	2015 notional	2014 notional	First option	Periodicity of the option
Designated in a hedging relationship							
IRS	2014-2017	0.51 %	3M	400,000	400,000		
Cancellable IRS	2008-2018	4.10 %	3M	140,000	140,000	15.10.2011	Annual
Not designated in a hedging relationship							
Call Option	2016-2018						
Call Option	2016-2018						

D. MANAGEMENT OF CAPITAL

As a result of Article 13 of the Royal Decree of 13.07.2014 on RRECs, the public RREC must, where the consolidated debt ratio exceeds 50 % of the consolidated assets, draw up a financial plan accompanied by an execution schedule, detailing the measures taken to prevent this debt ratio from exceeding 65 % of the consolidated assets. This financial plan is subject to a special auditor's report confirming that the latter has verified the method for drawing up the plan, namely with regard to its economic bases, and that the figures it contains are coherent with the public RREC's accounts. The Annual and Half-Yearly Financial Reports must justify the way in which the financial plan has been executed during the period in question and the way in which the RREC intends to execute the plan in the future.

1. Evolution of the debt ratio

At 31.03.2016, 30.06.2016 and 30.09.2016, the debt ratio reached respectively 38.75 %, 42.09 % and 42.75 %, remaining below 50 %. On 31.12.2016, the debt ratio stood at 43.81 %. The evolution is explained mainly by continuing the investment programme in health assets in Germany and the Netherlands, and by optimising the office portfolio.

2. Debt ratio policy

Cofinimmo's policy is to maintain a debt ratio close to 45 %. It may repeatedly rise above or fall below the 45 % bar without this signalling a change of policy in one or the other direction.

Every year, at the end of the first six months, Cofinimmo draws up a mid-term financial plan that includes all the financial commitments made by the Group. This plan is updated over the course of the year when a significant new commitment is made.

The debt ratio and its future evolution are recalculated on each edition of this plan. In this way, Cofinimmo has a permanent prospective view of this key parameter of the structure of its consolidated balance.

3. Forecast of the debt ratio evolution

Cofinimmo's updated financial plan shows that Cofinimmo's consolidated debt ratio should not deviate significantly from the 45 % level on December 31st of the next three years. This forecast nevertheless remains subject to the occurrence of unforeseen events. See also the 'Risks Factors' chapter of this Financial Annual Report.

4. Decision

Cofinimmo's Board of Directors thus considers that the debt ratio will not exceed 65 % and that, for the moment, in view of the economic and real estate trends in the segments in which the Group is present, the investments planned and the expected evolution of its assets, it is not necessary to take additional measures to those contained in the financial plan referred to above.

NOTE 25. FINANCE LEASE RECEIVABLES

The Group has concluded finance leases for several buildings. The Group has also granted financings linked to refitting works to certain tenants. The average implicit yield of these finance lease contracts amounts to 6.22 % for 2016 (2015: 6.34 %). During the financial year 2016, conditional rents (indexations) were recorded as revenues of the period for 0.06 million EUR (2015: 0.01 million EUR).

(x 1,000 EUR)	2016	2015
Less than one year	4,771	4,522
More than one year but less than five years	17,958	17,795
More than five years	192,202	206,495
Minimum lease payments	214,931	228,812
Deferred financial income	-137,418	-151,504
Discounted value of minimum lease payments	77,513	77,308
Non-current finance lease receivables	75,718	75,652
More than one year but less than five years	24,501	23,086
More than five years	51,217	52,566
Current finance lease receivables	1,795	1,656
Less than one year	1,795	1,656

NOTE 26. ASSETS HELD FOR SALE

(x 1,000 EUR)	2016	2015
AT 01.01	2,870	3,410
Disposals	-65	-315
Increase/decrease of the fair value	-110	-225
AT 31.12	2,695	2,870

All the assets held for sale are investment properties.

NOTE 27. CURRENT TRADE RECEIVABLES**Gross trade receivables¹**

(x 1,000 EUR)	2016	2015
Gross trade receivables which are due but not provisioned	9,246	7,603
Gross trade receivables which are not due	16,772	12,663
Bad and doubtful receivables	598	980
Provisions for the impairment of receivables (-)	-974	-1,445
TOTAL	25,642	19,801

The Group has recognised a writedown on trade receivables of 261 KEUR (2015: 1,220 KEUR) during the year ended 31.12.2016. The Board of Directors considers that the book value of the trade receivables approximates their fair value.

Gross trade receivables which are due but not provisioned

(x 1,000 EUR)	2016	2015
Due under 60 days ago	5,419	4,854
Due 60 to 90 days ago	208	320
Due over 90 days ago	3,619	2,429
TOTAL	9,246	7,603

Provisions for impairment of receivables

(x 1,000 EUR)	2016	2015
AT 01.01	1,445	317
Use	209	-92
Provisions charged to the income statement	261	1,220
Provision writebacks credited to income statement		
AT 31.12	974	1,445

¹ The credit risk is detailed in the 'Risk factors' chapter of this Annual Financial Report.

NOTE 28. TAX RECEIVABLES AND OTHER CURRENT ASSETS

(x 1,000 EUR)	2016	2015
Taxes	15,406	11,401
Taxes	2,568	1,983
Regional taxes	3,182	2,149
Withholding taxes	9,656	7,269
Other	5,040	5,962
TOTAL	20,446	17,363

NOTE 29. DEFERRED CHARGES AND ACCRUED INCOME

(x 1,000 EUR)	2016	2015
Rent-free periods and incentives granted to tenants to be spread	1,520	1,473
Prepaid property charges	18,963	15,951
Prepaid interests and other financial charges	1,768	5,898
TOTAL	22,252	23,322

NOTE 30. SHARE CAPITAL AND SHARE PREMIUMS

(in number)	Ordinary shares		Convertible preference shares		Total	
	2016	2015	2016	2015	2016	2015
Number of shares (A)						
AT 01.01	20,344,378	17,339,423	685,848	686,485	21,030,226	18,025,908
Capital increase		3,004,318				3,004,318
Conversion of preference shares into ordinary shares	295	637	-295	-637		
Conversion of convertible bonds into ordinary shares	964				964	
AT 31.12	20,345,637	20,344,378	685,553	685,848	21,031,190	21,030,226
Own shares held by the Group (B)						
AT 01.01	50,114	54,414			50,114	54,414
Own shares sold/(purchased) - net	-5,250	-4,300			-5,250	-4,300
AT 31.12	44,864	50,114			44,864	50,114
Number of outstanding shares (A-B)						
AT 01.01	20,294,264	17,285,009	685,848	686,485	20,980,112	17,971,494
AT 31.12	20,300,773	20,294,264	685,553	685,848	20,986,326	20,980,112

(x 1,000 EUR)	Ordinary shares		Convertible preference shares		Total	
	2016	2015	2016	2015	2016	2015
Capital						
AT 01.01	1,087,720	926,458	36,575	36,609	1,124,295	963,067
Own shares (sold/purchased) - net	281	230			281	230
Capital increase		160,997				160,997
Conversion of preference shares into ordinary shares	16	34	-16	-34		
Conversion of convertible bonds into ordinary shares	52				52	
AT 31.12	1,088,069	1,087,720	36,559	36,575	1,124,628	1,124,295
Share premium account						
AT 01.01	468,079	347,818	36,161	36,195	504,240	384,013
Own shares (sold/purchased) - net	253	168			253	168
Capital increase		120,059				120,059
Conversion of preference shares into ordinary shares	16	34	-16	-34		
Conversion of preference shares into ordinary shares	51				51	
AT 31.12	468,399	468,079	36,145	36,161	504,544	504,240

CATEGORIES OF SHARES

The Group issued two categories of shares:

Ordinary shares: the holders of ordinary shares are entitled to receive dividends when these are declared and are entitled to one vote per share at the General Shareholders' Meetings of the Company. The par value of each ordinary share is 53.59 EUR on 31.12.2016. The ordinary shares are listed on the First Market of Euronext Brussels.

Convertible preference shares: the preference shares were issued in 2004 in two distinct series which both feature the following main characteristics:

- priority right to an annual fixed gross dividend of 6.37 EUR per share, capped at this level and non-cumulative;
- priority right in case of liquidation to a distribution equal to the issue price of these shares, capped at this level;
- option for the holder to convert his preference shares into ordinary shares from the fifth anniversary of their issue date (01.05.2009), at a rate of one ordinary share for one preference share;

- option for a third party designated by Cofinimmo (for example, one of its subsidiaries) to purchase in cash and at their issue price the preference shares that have not yet been converted, from the 15th anniversary of their issue date (2019);
- the preference shares are registered, listed on the First Market of Euronext Brussels and carry a voting right identical to that of the ordinary shares.

The first series of preference shares was issued at 107.89 EUR and the second at 104.40 EUR per share. The par value of both series is 53.33 EUR per share.

Shares held by the Group: at 31.12.2016, the Group held 44,864 ordinary shares (31.12.2015: 50,114) (see also page 34).

In accordance with the Law of 14.12.2005 dealing with the suppression of bearer shares, as modified by the Law of 21.12.2013, the Company proceeded to the sale of physical securities still in circulation and received a report of its Auditor certifying the conformity of the implemented procedure for this sale.

AUTHORISED CAPITAL

The General Shareholders' Meeting authorised the Board of Directors on 06.01.2016 to issue new capital for an amount of 1,100,000,000 EUR and for a period of five years.

At 31.12.2016, the Board of Directors used of this authorisation in the context of:

- a capital increase as part of the conversion of 514 bonds issued in 2011 and convertible in ordinary shares on 02.05.2016, for an amount of 27,973.25 EUR;
- the completion of a bond issue at 15.09.2016 for a maximum capital increase of 80,500,588.08 EUR;
- a capital increase as part of the conversion of 402 bonds issued in 2013 and convertible in ordinary shares at 25.11.2016 for a total amount of 23,686.16 EUR.

such that the amount by which the Board of Directors could increase the capital subscribed for authorised capital was 1,019,499,411.92 EUR.

This authorised capital is based on the par value of 53.33 EUR per ordinary or preference share before 31.12.2007 and 53.59 EUR per ordinary share subsequently.

The Extraordinary General Meeting of 01.02.2017 granted the Board of Directors another authorisation for five years from the date of the publication of 17.02.2017 in the annexes of the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) of the minutes of the Extraordinary General Meeting of 01.02.2017.

The Board of Directors was thus empowered to increase the share capital in one or more tranches, up to a maximum of:

- 1,127,000,000.00 EUR, if the increase in capital to be carried out is a capital increase by cash subscription
 - with either the option to exercise a preferential subscription right for company shareholders, as allowed by Article 592 et seq. of the Company Code;
 - or including an irreducible allocation right for company shareholders, as allowed by Article 26, § 1 of the Law of 12.05.2014 relating to the RECCs; and of
 - 225,000,000.00 EUR for all other forms of capital increase not referred to in point 1 above.
- it being agreed that, in any case, the share capital can never be increased as part of the authorised capital in excess of 1,127,000,000.00 EUR in total.

NOTE 31. RESERVES

(x 1,000 EUR)	2016	2015
Reserve for the balance of changes in the fair value of investment properties	-181,038	-175,817
Reserve for the estimated transaction costs and transfer duties resulting from the hypothetical disposal of investment properties	-74,480	-71,725
Reserve for the balance of changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	-4,554	-9,673
Reserve for the balance of changes in the fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	-80,788	-85,175
Other	467,218	469,987
Non-distributable reserves	5,191	5,212
Distributable reserves	462,027	464,775
TOTAL	126,358	127,597

The reserves are presented before appropriation of the result of the financial year.

NOTE 32. RESULT PER SHARE

The calculation of the result per share at balance sheet date is based on the net result of the core activities/net result attributable to ordinary and preference shareholders of 134,260 KEUR (2015: 28,517 KEUR)/97,393 KEUR (2015: 103,967 KEUR) and a number of ordinary and preference shares outstanding and entitled to share in the result of the period ended 31.12.2016 of 20,986,326 (2015: 19,888,379).

The diluted result per share takes into account the impact of a theoretical conversion of the convertible bonds issued by Cofinimmo, of the Mandatory Convertible Bonds (MCB) issued by Cofinimur I and of the stock options.

Result attributable to the ordinary and preference shares

(x 1,000 EUR)	2016	2015
Net result of core activities attributable to ordinary and preference shares	134,260	128,517
Net result of core activities for the period	138,689	133,357
Minority interests	-4,429	-4,840
Result on financial instruments attributable to ordinary and preference shares	-38,850	-30,811
Result on portfolio for the period	-38,286	-30,402
Minority interests	-564	-409
Result on portfolio attributable to ordinary and preference shares	1,983	6,261
Result on portfolio for the period	1,832	5,495
Minority interests	151	766
Net result attributable to ordinary and preference shares	97,393	103,967
Net result for the period	102,235	108,449
Minority interests	-4,842	-4,482

Diluted result per share

(in EUR)	2016	2015
Net result - Group share	97,93,088	103,966,729
Number of ordinary and preference shares participating in the result of the period	20,986,326	19,888,379
Net result of core activities per share - Group share	6.40	6.46
Result of financial instruments per share - Group share	-1.85	-1.55
Result on portfolio per share - Group share	0.09	0.32
Net result per share - Group share	4.64	5.23
Net diluted result - Group share	86,789,374	101,109,109
Number of ordinary and preference shares entitled to share in the result of the period taking into account the theoretical conversion of the convertible bonds and the stock options	20,783,108 ¹	20,759,209 ¹
Diluted net result per share - Group share	4.18	4.87

¹ In accordance with IAS 33, the 2011 convertible bond (maturity date 2016) is taken into account in the calculation of the diluted net result in 2015, because they would have had a dilutive impact on the diluted result per share. The convertible bond of 2016 (maturity date 2021) has been taken into account in the calculation of the diluted net result in 2016.

NOTE 33. DIVIDEND PER SHARE

(in EUR)	Paid in 2016	Paid in 2015
Gross dividends attributable to the ordinary shareholders	105,732,122	95,067,764
Gross dividend per ordinary share	5.50 ²	5.50
Net dividend per ordinary share	4,015	4,125
Gross dividends attributable to the preference shareholders	4,368,208	4,372,661
Gross dividend per preference share	6.37	6.37
Net dividend per preference share	4.65	4.775

A gross dividend in respect of the financial year 2016 for ordinary shares of 5.50 EUR per share (net dividend of 3.85 EUR per share), amounting to a total dividend of 111,654,251.50 EUR, will be proposed at the Ordinary General Meeting of 10.05.2017. At the closing date, the number of ordinary shares entitled to the 2016 dividend stands at 20,300,773.

The Board of Directors proposes to suspend the right to dividend for the 41,965 own ordinary shares still held by Cofinimmo under its stock option plan and to cancel the dividend right of the remaining 2,899 own shares.

A gross dividend in respect of the financial year 2016 of 6.37 EUR per preference share (net dividend of 4.459 EUR per preference share), amounting to a total dividend of 4,366,972.61 EUR, is to be proposed at the Ordinary General Meeting of 10.05.2017. Indeed, at the closing date, the number of preference shares entitled to the 2016 dividend stands at 685,553.

Since 01.01.2017, the withholding tax rate applicable to distributed dividends stands at 30 %. The Belgian Law provides for exemptions that the beneficiaries of the dividends can rely on depending on their status and the conditions that must be met to be eligible for them. Moreover, the agreements to prevent double taxation provide for reductions of withholdings at source on dividends.

NOTE 34. PROVISIONS

(x 1,000 EUR)	2016	2015
AT 01.01	17,636	17,658
Provisions charged to the income statement	947	2,765
Uses	-913	-1,477
Provision writebacks credited to the income statement	-780	-1,310
AT 31.12	16,890	17,636

The provisions of the Group (16,890 KEUR) can be separated into two categories:

- contractual provisions defined according to IAS 37 as loss-making contracts. Cofinimmo has committed to provide maintenance for several buildings as well as works vis-à-vis tenants, with a total cost of 13,134 KEUR (2015: 13,382 KEUR);
- legal provisions to face its potential commitments vis-à-vis tenants or third parties for 3,756 KEUR (2015: 4,254 KEUR).

These provisions correspond to the discounted future payments considered as likely by the Board of Directors.

¹ Based on the parent company's result.

² The gross dividend for new ordinary shares created following the capital increase of 12.05.2015 amounts to 3.54 EUR (2.58 EUR net) which represents the dividend for the period 12.05.2015 till 31.12.2015.

NOTE 35. DEFERRED TAXES

(x 1,000 EUR)	2016	2015
Exit tax	1,387	
Deferred taxes Pubstone Properties	29,915	32,083
Deferred taxes Cofinimmo SA, French branch	3,849	2,341
Deferred taxes Cofinimmo Luxembourg	173	
Deferred taxes KaiserStone	497	
Deferred taxes Aspria Maschsee	556	323
Deferred taxes Aspria Uhlenhorst	826	539
Deferred taxes	35,816	35,286
TOTAL	37,203	35,286

The deferred taxes of the Dutch subsidiary Pubstone Properties BV corresponds to the taxation, at a rate of 25 %, of the difference between the investment value of the assets, less registration rights, at their tax value.

Since 2014, the Cofinimmo's French branch is subject to a new tax, the branch tax. A provision for deferred taxes had to be established.

NOTE 36. TRADE DEBTS AND OTHER CURRENT DEBTS

(x 1,000 EUR)	2016	2015
Trade debts	24,145	23,692
Other current debts	48,135	39,173
Exit tax		614
Taxes, social charges and salaries debts	32,312	23,940
Taxes	29,978	21,985
Social charges	879	567
Salaries debts	1,455	1,388
Other	15,823	14,619
Dividend coupons	1,297	1,367
Provisions for withholding taxes and other taxes	9,880	7,544
Miscellaneous	4,646	5,708
TOTAL	72,280	62,865

NOTE 37. ACCRUED CHARGES AND DEFERRED INCOME

(x 1,000 EUR)	2016	2015
Rental income received in advance	10,854	13,423
Interests and other charges accrued and not due	12,773	18,404
Other	132	34
TOTAL	23,759	31,861

NOTE 38. NON-CASH CHARGES AND INCOME

(x 1,000 EUR)	2016	2015
Charges and income related to operating activities	- 6,068	11,915
Changes in the fair value of investment properties	-11,626	8,620
Writeback of lease payments sold and discounted	-11,265	-10,214
Movements in provisions and stock options	-696	-22
Depreciation/Writedown (or writeback) on intangible and tangible assets	425	440
Losses (or writeback) on current assets	0	1,061
Exit tax	-1,182	-248
Deferred taxes	1,806	744
Goodwill impairment	12,000	7,100
Rent-free periods	-48	266
Minority interests	4,842	4,482
Other	-324	-314
Charges and income related to financing activities	36,209	28,645
Changes in the fair value of financial assets and liabilities	37,586	30,403
Other	-1,377	-1,758
TOTAL	30,141	40,560

NOTE 39. CHANGES IN WORKING CAPITAL REQUIREMENTS

(x 1,000 EUR)	2016	2015
Movements in asset items	-7,553	4,982
Trade receivables	-5,573	2,351
Tax receivables	-551	164
Other short-term assets	-2,501	2,720
Deferred charges and accrued income	1,072	-253
Movements in liability items	-863	5,597
Trade debts	-2,124	4,116
Taxes, social charges and salaries debts	8,353	-1,546
Other current debts	1,283	296
Accrued charges and deferred income	-8,375	2,731
TOTAL	-8,416	10,579

NOTE 40. EVOLUTION OF THE PORTFOLIO PER SEGMENT DURING THE FINANCIAL YEAR

The tables below show the movements of the portfolio per segment during the financial year 2016 in order to detail the amounts included on the statement of cash flows.

The amounts related to properties and included on the statement of cash flows and in the tables below are shown in investment value.

ACQUISITIONS OF INVESTMENT PROPERTIES

Acquisitions made during a financial year can be realised in three ways:

- acquisition of the property directly against cash, shown under the item 'Acquisitions of investment properties' of the statement of cash flows;
- acquisition of the property against shares, not shown on the statement of cash flows as it is a non-cash transaction;
- acquisition of the company owning the property against cash, shown under the item 'Acquisitions of consolidated subsidiaries' of the statement of cash flows.

(x 1,000 EUR)		Healthcare real estate				Offices	Property of distribution networks	Other	Total
		Belgium	France	Netherlands	Germany				
Properties available for lease	Direct properties	1,600	5,494	23,079	46,829	31,040			108,042
	Properties against shares								
	Companies against cash					57,907			57,907
	Subtotal	1,600	5,494	23,079	46,829	88,947			165,949
Development projects	Direct properties	296	756	3,421			164		4,637
	Properties against shares								
	Companies against cash								
	Subtotal	296	756	3,421			164		4,637
TOTAL	1,896	6,250	26,500	46,829	88,947	164		170,586	

The sum of 112,679 KEUR booked on the statement of cash flows under the heading 'Acquisitions of investment properties' comprises the sum of the direct property acquisitions.

EXTENSIONS OF INVESTMENT PROPERTIES

Extensions of investment properties are financed in cash and are shown under the item 'Extensions of investment properties' of the statement of cash flows.

(x 1,000 EUR)		Healthcare real estate				Offices	Property of distribution networks	Other	Total
		Belgium	France	Netherlands	Germany				
Development projects		2,531	10	17,777		9,617	483		30,418
TOTAL		2,531	10	17,777		9,617	483		30,418
Amount paid in cash		2,314	14	16,196		8,596	156		27,277
Change in provisions		217	-4	1,581		1,021	327		3,142
TOTAL		2,531	10	17,777		9,617	483		30,418

INVESTMENTS IN INVESTMENT PROPERTIES

Investments in investment properties are financed in cash and are shown under the item 'Investments in investment properties' of the statement of cash flows.

(x 1,000 EUR)		Healthcare real estate				Offices	Property of distribution networks	Other	Total
		Belgium	France	Netherlands	Germany				
Properties available for lease		1,138	-34	921	524	6,354	3,750		12,653
Assets held for own use						566			566
TOTAL		1,138	-34	921	524	6,920	3,750		13,219
Amount paid in cash		1,866	6	1,987	524	7,067	3,266		14,716
Change in provisions		-728	-40	-1,066		-147	484		-1,497
TOTAL		1,138	-34	921	524	6,920	3,750		13,219

DISPOSALS OF INVESTMENT PROPERTIES

The amounts shown on the statement of cash flows under the item 'Disposals of investment properties' represent the net price received in cash from the buyer.

This net price is made up of the net book value of the property at 31.12.2015 and the net gain or loss realised on the disposal after deduction of the transaction costs.

(x 1,000 EUR)	Healthcare real estate				Offices	Property of distribution networks	Other	Total
	Belgium	France	Netherlands	Germany				
Properties available for lease								
Net book value						5,064		5,064
Result on the disposal of assets						2,289		2,289
Net sales price received						7,353		7,353
Assets held for sale								
Net book value						65		65
Result on the disposal of assets						12		12
Net sales price received						77		77
Development projects								
Net book value					7			7
Result on the disposal of assets					1			1
Net sales price received					8			8
TOTAL					8	7,430		7,438

NOTE 41. CONTINGENT RIGHTS AND LIABILITIES

- The shares of the company Belliard III-IV Properties SA/NV held by Cofinimmo are subject to a purchase option. The exercise of this option is subject to the fulfilment of certain specific conditions.
- With regard to the assignment of the receivables of the lease with the Buildings Agency (Belgian Federal State) for the Antwerp courthouse, the balance of the receivables not assigned has been pledged in favour of a bank, subject to certain conditions. Cofinimmo furthermore granted a mortgage and a mortgage mandate on the sitewith Article 41 of the Law of 12.05.2014. With regard to the transfer of the finance lease debt vis-à-vis Justinvest Antwerpen SA/NV to an external trustee (JPA Properties SPRL/BVBA administered by Intertrust Belgium) concerning the construction cost of the Antwerp courthouse, the liquidities transferred to JPA have been pledged in favour of Cofinimmo SA/NV. The benefit of the pledge has been transferred in favour of a bank, subject to certain conditions.
- As part of the assignment of receivables of rents or long lease fees relating to current agreements with the Buildings Agency (Belgian Federal State) or the European Commission on the Egmont I, Egmont II, Maire 19 and Colonel Bourg 124 and Belliard I-II buildings as well as the current lease with the City of Antwerp on the fire station, the shares of Bolivar Properties SA/NV have been pledged in favour of a bank under certain conditions.
- In the context of other assignments of lease receivables, Cofinimmo has taken various commitments and granted certain guarantees, namely with regard to the assignment of the investment receivables of the prison in Leuze after the execution of the works.
- With regard to the leases signed with the Buildings Agency (Belgian Federal State) relating to, among other properties, the courthouse of Antwerp and the police station of Dendermonde, a purchase option has been granted in favour of the Agency, which, at the end of the lease, can leave the premises, extend the contract or buy the building.
- Cofinimmo has granted a purchase option to the HEKLA Police Zone in Antwerp on the property granted under long lease to this entity, to be taken up on the expiry of the long lease.
- Cofinimmo has agreed to several preferential rights and/or purchase options to the long-lease holder, at market value, on a part of its nursing homes and clinics portfolio.
- Cofinimmo has agreed to several preferential rights for certain companies, at market value, concerning its real estate portfolio in Germany.
- Cofinimmo granted a preferential right to a long lease, at market value, on the residual property rights of an office building in Brussels.

- Cofinimmo has undertaken and benefits on behalf of its subsidiary Pubstone of a pre-emptive right on future developments to be executed in partnership with AB InBev.
- Cofinimmo (and Pubstone Group) has undertaken and has preferential rights on the Pubstone SA/NV and Pubstone Group shares, and InBev Belgium has a right of purchase on the Pubstone SA/NV and Pubstone Group shares.
- Conversely, Leopold Square and InBev Belgium have preferential rights on the Pubstone Properties shares.
- Cofinimmo has an option to purchase shares of companies holding real estate in Germany.
- Within the context of calls for tenders, Cofinimmo regularly issues commitments to obtain bank guarantees.
- As a general rule, Cofinimmo benefits from liability guarantees issued by the sellers of shares in real estate companies it has acquired.
- Cofinimmo has granted various guarantees in connection with the disposal of shares of a company that it held and received guarantees from the buyers for the solidarity commitments that it had made with the sold company.
- Cofinimmo has granted various guarantees in connection with disposals of shares of companies that it held.
- Cofinimmo has granted a sale option, subject to the administrative authorisations, to the shareholders of Aspria Roosevelt SA/NV relating to the sale of 100 % of the shares of this company which holds the Solvay Sport site in Brussels intended for the construction of a new sports and leisure club to be operated by the Aspria Group.
- With regard to the purchase of 11 healthcare buildings in the Netherlands, Superstone agreed with the seller on a right of sale for Superstone and a right of purchase for the seller concerning a building located in Utrecht.
- As part of a long lease agreement concerning a parking structure in Breda, Superstone, the long lease holder, agreed with Amphibia, the bare owner, to a right of first offer for the assignment of the long lease right and a right of purchase under certain conditions.
- Superstone granted an option of purchase to the seller concerning a building in Almere and concerning a building in Voorschoten at the end of the lease contract with the tenant.
- With regard to its lease agreements, Cofinimmo receives a rental guarantee (in cash or as a bank guarantee) of an amount generally representing six months of rent.
- Cofinimmo has a call option on the preference shares it issued (Article 8 of the Articles of Association).
- Cofinimmo has undertaken to find a buyer for the Notes maturing in 2027 issued by Cofinimmo Lease Finance ( see page 42 of the 2001 Annual Financial Report) in case a withholding tax would be applicable to the interests on these Notes due to a change in fiscal legislation which would have an effect on a holder residing in Belgium or the Netherlands.
- When requested to convert convertible bonds that it issued, Cofinimmo will have the choice, subject to certain conditions, between releasing new and/or existing shares or paying an amount in cash, or a combination of both.
- Cofinimmo will have the option to acquire in 2023, at their intrinsic value, all the Mandatory Convertible Bonds issued by Cofinimur I, either in cash or in exchange of ordinary Cofinimmo shares, subject to approval by two thirds of the holders in the latter case.
- Cofinimmo has undergone various commitments to not undertake certain actions (negative pledge) at the expiry of various financing contracts and the issue of bonds.
- Cofinimmo concluded a sales agreement with suspended conditions relating to one of its assets.
- Cofinimmo concluded an long lease agreement with suspended conditions relating to one of its assets.

NOTE 42. INVESTMENT COMMITMENTS

The Group has capital commitments of 24,415 KEUR (31.12.2015: 69,600 KEUR) in respect of capital expenditures contracted for at the balance sheet date but not yet incurred, for new property and extensions construction. Renovation works are not included in this figure.

NOTE 43. CONSOLIDATION CRITERIA AND SCOPE

CONSOLIDATION CRITERIA

The consolidated financial statements group the financial statements of the parent company and those of the subsidiaries and joint ventures, as drawn up at the closing date.

Consolidation is achieved by applying the following consolidation methods.

Full consolidation for the subsidiaries

Full consolidation consists of incorporating all the assets and liabilities of the subsidiaries, as well as income and charges.

Minority interests are shown in a separate item of both the balance sheet and the income statement.

The full consolidation method is applied when the parent company holds exclusive control.

The consolidated financial statements have been prepared at the same date as that on which the consolidated subsidiaries prepared their own financial statements.

Consolidation under the equity method for the joint ventures

The equity method consists of replacing the book value of the securities by the equity share of the entity. (More details are provided in Note 2, paragraph C).

Name and addresses of the registered office Fully consolidated subsidiaries	VAT or national number (NN)	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries held at 100 %
		31.12.2016	31.12.2015	
BELLIARD III-IV PROPERTIES SA/NV Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 0475 162 121	100.00	100.00	Belliard III-IV Properties SA/NV holds the residual rights of the property Belliard III-IV, charged with a long-lease right (emphytéose/erfpacht).
BOLIVAR PROPERTIES SA/NV Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 0878 423 981	100.00	100.00	Bolivar Properties SA/NV holds: <ul style="list-style-type: none"> - the residual rights to the property Belliard I-II, charged with a long-lease right (emphytéose/erfpacht); - a long-lease right (emphytéose/erfpacht) on the Egmont I and II buildings; - a long-lease right on the Maire 19 building in Tournai; - temporary full ownership of the Noorderlaan 69 building; - a long-lease right on the Colonel Bourg 124 building; - an interest in Leopold Square SA/NV.

Name and addresses of the registered office Fully consolidated subsidiaries	VAT or national number (NN)	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries held at 100 %
		31.12.2016	31.12.2015	
COFINIMMO INVESTISSEMENTS ET SERVICES SA Avenue de l'Opéra 27, 75001 Paris (France)	FR 88 487 542 169	100.00	100.00	Cofinimmo Investissements et Services SA owns, directly or indirectly, 38 healthcare assets in France:
SCI AC Napoli Avenue de l'Opéra 27, 75001 Paris (France)	FR 71 428 295 695	100.00	100.00	- 15 aftercare and rehabilitation clinics (SSR): Belloy in Belloy, Bezons in Bezons, Brocéliande in Caen, Bruyères in Letra, Canal de l'Ourcq in Paris, Caux Littoral in Néville, Château de Gléteins in Janssans-Riottier, Château de la Vernède in Conques-sur-Orbiel, Hélio Marin in Hyères, La Ravine in Louviers, La Salette in Marseille, Montpribat in Montfort-en-Chalosse, Sainte Baume in Nans-Les-Pins, Estrain in Siouville-Hague and William Harvey in Saint-Martin-d'Aubigny;
SCI Beaulieu Avenue de l'Opéra 27, 75001 Paris (France)	FR 50 444 644 553	100.00	100.00	- 5 psychiatric clinics: Champgault in Evres-sur-Indre, Domaine de Vontes in Evres-sur-Indre, Haut Cluzeau in Chasseneuil, Horizon 33 in Cambes and Pays de Seine in Bois-le-Roi;
SCI Chamitou Avenue de l'Opéra 27, 75001 Paris (France)	FR 11 347 555 203	100.00	100.00	- 18 nursing homes (EHPAD): Automne in Reims, Automne in Sarzeau, Automne in Villars-les-Dombes, Cuxac II in Cuxac-Cabardès, Debussy in Carnoux-en-Provence, Frontenac in Bram, Grand Maison in L'Union, La Jonchère in Reuil-Malmaison, Las Peyrères in Simorre, Le Clos du Mûrier in Fondettes, Le Clos Saint Sébastien in Saint-Sébastien-sur-Loire, Le Jardin des Plantes in Rouen, Le Lac in Moncontour, Les Hauts d'Andilly in Andilly, Les Jardins de l'Andelle in Perriers-sur-Andelle, Les Oliviers in Cannes La Bocca, Villa Saint Gabriel in Gradignan and Villa Napoli in Jurançon.
SCI Cuxac II Avenue de l'Opéra 27, 75001 Paris (France)	FR 18 343 262 341	100.00	100.00	
SCI de l'Orbieu Avenue de l'Opéra 27, 75001 Paris (France)	FR 14 383 174 380	100.00	100.00	
SCI du Donjon Avenue de l'Opéra 27, 75001 Paris (France)	FR 06 377 815 386	100.00	100.00	
SNC du Haut Cluzeau Avenue de l'Opéra 27, 75001 Paris (France)	FR 39 319 119 921	100.00	100.00	
SARL Hypocrate de la Salette Avenue de l'Opéra 27, 75001 Paris (France)	not subject to taxation NN 388 117 988	100.00	100.00	
SCI La Nouvelle Pinède Avenue de l'Opéra 27, 75001 Paris (France)	FR 78 331 386 748	100.00	100.00	
SCI Privatel Investissement Avenue de l'Opéra 27, 75001 Paris (France)	FR 13 333 264 323	100.00	100.00	
SCI Résidence Frontenac Avenue de l'Opéra 27, 75001 Paris (France)	FR 80 348 939 901	100.00	100.00	
SCI Sociblanc Avenue de l'Opéra 27, 75001 Paris (France)	not subject to taxation NN 328 781 844	100.00	100.00	
COFINIMMO LUXEMBOURG SA Boulevard Grande-Duchesse Charlotte 65, 1331 Luxembourg (Luxembourg)	not subject to taxation NN 100 044	100.00	100.00	Cofinimmo Luxembourg SA holds a clinic in Baden-Baden in Germany.
COFINIMMO SERVICES SA/NV Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 0437 018 652	100.00	100.00	Cofinimmo Services SA/NV is responsible for the property management of the Cofinimmo properties.
FPR LEUZE SA/NV Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 0839 750 279	100.00	100.00	FPR Leuze SA/NV was created following the assignment by the Buildings Agency (Belgian Federal State) of the public contract drawn up on the Design-Build-Finance-Maintain model for the construction and maintenance of a new prison in Leuze-en-Hainaut, in the Mons region.
GESTONE SA/NV Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 0655 814 822	100.00	NA	Gestone SA/NV holds two nursing homes in Germany, one in Calau, one in Chemnitz.
KAISERSTONE SA Rue Eugène Ruppert 6, 2453 Luxembourg (Luxembourg)	B 202.584	100.00	100.00	KaiserStone holds a clinic in Bonn, Germany.

Name and addresses of the registered office Fully consolidated subsidiaries	VAT or national number (NN)	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries held at 100 %
		31.12.2016 31.12.2015		
LEOPOLD SQUARE SA/NV Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 0465 387 588	100.00	100.00	Leopold Square SA/NV partially or totally owns the buildings located at avenue du Bourget/Bourgetlaan 40 in Brussels and Park Hill A and B in Diegem, the subsoil of the Cockx 8-10 building (Omega Court). This subsidiary also holds interests in shares in Cofinimmo Services SA/NV and Pubstone Properties BV.
PRIME BEL RUE DE LA LOI - T SPRL/BVBA Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 0463 603 184	100.00	NA	Prime Bel Rue de la Loi - T SPRL/BVBA holds the Loi 34 office.
SUPERSTONE NV Claudius Prinsenlaan 128, 4818 CP Breda (Netherlands)	NL 85 07 32 554 B01	100.00	100.00	Superstone NV holds three acute care clinics, 14 care center for disabled and elderly people and five medical office buildings in the Netherlands. It has the status of 'Fiscale BeleggingsInstelling'.
TRIAS BEL LEOPOLD 2 - T SPRL/BVBA Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 0863 981 770	100.00	NA	Trias Bel Leopold 2 - T SPRL/BVBA holds the Science 41 office building.
TRIAS BEL SOUVERAIN - T SPRL/BVBA Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 0597 987 776	100.00	NA	Trias Bel Souverain - T SPRL/BVBA hold the Souverain 280 office building.
WELNESSTONE SA Rue Eugène Ruppert 6 2453 Luxembourg (Luxembourg)	B 197.443	100.00	100.00	WellnesStone SA holds an interest in Aspria Maschsee BV, Aspria Uhlenhorst BV, and KaiserStone SA.

Subsidiaries held by the Cofinimmo Group and with minority interests (non-controlling interests)

Name and addresses of the registered office Fully consolidated subsidiaries	VAT or national number (NN)	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries which are not held at 100 %
		31.12.2016	31.12.2015	
ASPRIA MASCHSEE BV Claudius Prinsenlaan 128, 4818 CP Breda (Netherlands)	NL 818 906 108 B01	94.9	94.9	Aspria Maschsee BV holds one sport and well-being centre located in Hanover, Germany.
ASPRIA UHLENHORST BV Claudius Prinsenlaan 128, 4818 CP Breda (Netherlands)	NL 818 906 182 B01	94.9	94.9	Aspria Uhlenhorst BV holds one sport and well-being centre located in Hamburg, Germany.
COFINIMUR I SA Avenue Georges V 10, 75008 Paris (France)	FR 74 537 946 824	97.65	97.65	Cofinimur I SA has a portfolio of 279 sites (branches and offices), located in France and used by the MAAF Group.
PUBSTONE GROUP SA Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 0878 010 643	90.00	90.00	Pubstone Group SA/NV holds a controlling interest in the company Pubstone SA/NV.
PUBSTONE SA Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 0405 819 096	99.99	99.99	Pubstone SA/NV owns 766 pubs/restaurants in Belgium.
PUBSTONE PROPERTIES BV Claudius Prinsenlaan 128, 4818 CP Breda (Netherlands)	NL 818 589 723 B01	90.00 ¹	90.00 ¹	Pubstone Properties BV owns 240 pubs/restaurants in the Netherlands.
RHEASTONE SA Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 0893 787 296	97.38	97.38	Rheastone SA/NV owns four nursing homes.

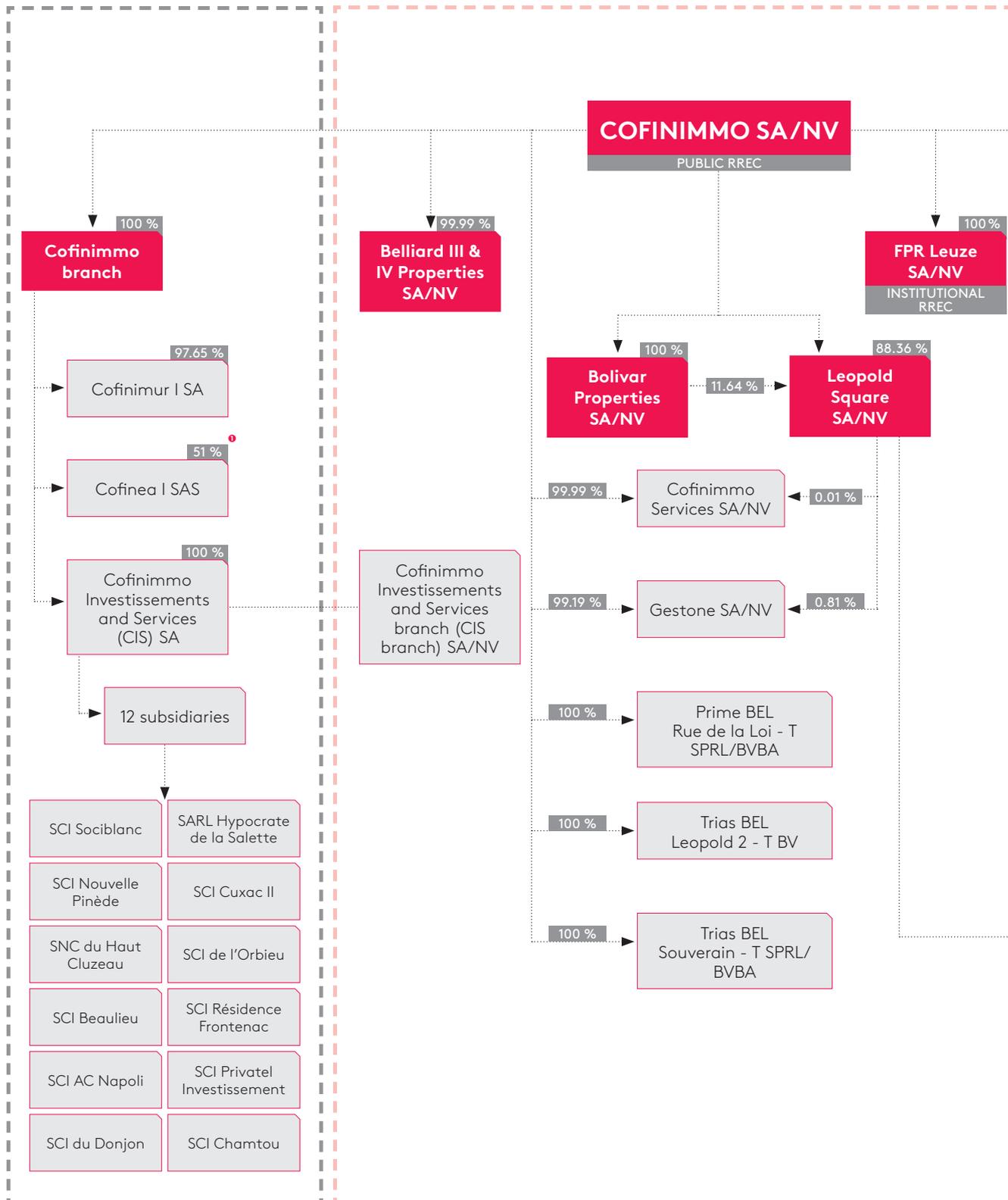
Joint ventures

Name and addresses of the registered office Fully consolidated subsidiaries	VAT or national number (NN)	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries which are not held at 100 %
		31.12.2016	31.12.2015	
COFINÉA I SAS Avenue de l'Opéra 27, 75001 Paris (France)	FR 74 538 144 122	51.00	51.00	The company owns an EHPAD located in Paris. Cofinimmo SA/NV holds 51 % of the capital of Cofinéa I SAS, which is, therefore, consolidated under the equity method in the Group's consolidated financial statements. The ORPEA Group is the other shareholder.

¹ Economic interest.

FRANCE

BELGIUM

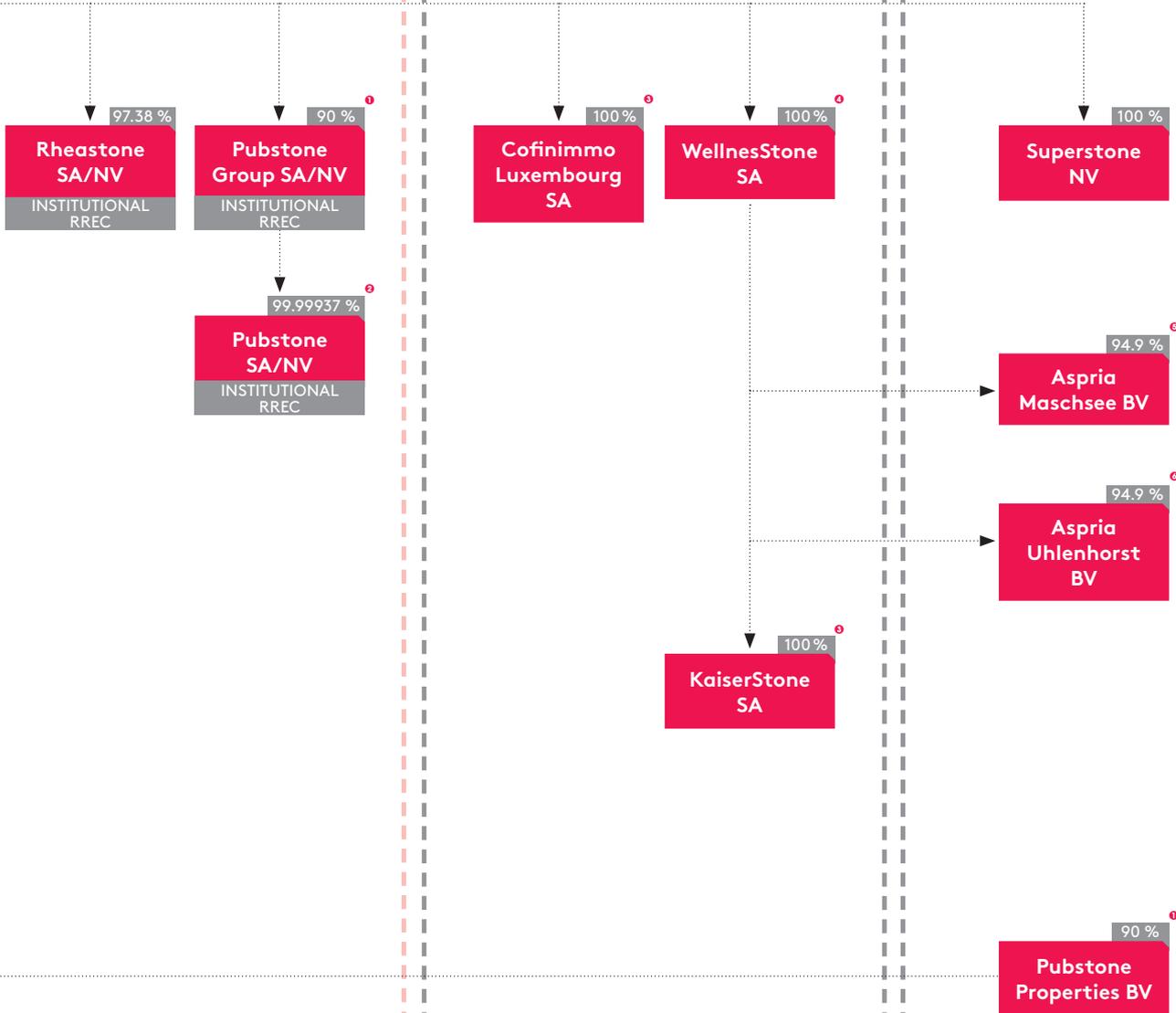


1 Société mise en équivalence.

BELGIUM

LUXEMBOURG

NETHERLANDS



- 1 10 % of the shares are held by InBev Belgium SA/NV.
- 2 0.00063 % of the shares held by InBev Belgium SA/NV and its subsidiaries.
- 3 Luxembourg company holding an asset in Germany.
- 4 Luxembourg company.
- 5 5.1 % of the shares held by Aspria Estates BV.
- 6 5.1 % of the shares held by Aspria Properties BV.

NON-CONTROLLING INTERESTS^o

Non-controlling interests represent third-party interests in subsidiaries neither directly nor indirectly held by the Group.

Cofinimur I

At the end of 2011, Cofinimmo acquired a portfolio of agencies and offices from the MAAF Group through its subsidiary Cofinimur I. Foncière ATLAND owns 2.35 % of the shares of the Cofinimur I structure. In addition, at the time of the acquisition, Cofinimur I also issued mandatory convertible bonds (MCB), considered as non-controlling interests of which the holders are qualified as MCB holders.

Foncière ATLAND is a listed French property company with the SIIC status. It specialises in corporate real estate, offices, business premises, warehouses and retail.

For further information: www.fonciere-atland.fr.

Pubstone

At the end of 2007, Cofinimmo acquired a portfolio of pubs/restaurants owned until then by Immobrew SA/NV, a subsidiary of InBev Belgium and renamed Pubstone SA/NV. At 31.12.2016, InBev Belgium owns an indirect stake of 10 % in the Pubstone structure.

In addition, following the restructuring of the Pubstone Group in December 2013, InBev Belgium owns 10 % direct minority interests in Pubstone Properties BV.

Anheuser-Busch InBev (AB InBev) is the world's largest brewer by volume of beer brewed.

For further information about the Group: www.ab-inbev.com.

Rheastone

Following the partial demerger of Silverstone during financial year 2015, Senior Assist holds 2.62 % in Rheastone SA/NV.

Senior Assist is active in the home care and accommodation of dependent elderly people sectors.

For further information: www.senior-assist.be.

Aspria

Cofinimmo acquired two sport and well-being centres in Germany. The Aspria Group holds a 5.1 % interest in Aspria Maschsee BV and Aspria Uhlenhorst BV.

The Aspria Group, founded in 2000, manages eight luxury sport and well-being centres in prestigious locations in Germany, Belgium and Italy. In Belgium, the company operates three centres, of which one is owned by Cofinimmo.

For further information: www.aspria.com.

The holding of these minority interests by companies outside of the Group, and therefore not controlled by Cofinimmo, is considered immaterial with regard to the Group's total shareholders' equity: at 31.12.2016, the minority interests amount to 67 million EUR vs. Cofinimmo's shareholders' equity of 1,919 million EUR, i.e. 3.5 %).

^o The term 'non-controlling interests' as defined under IFRS 12 corresponds to minority interests.

Change in non-controlling interests

(x 1,000 EUR)	Cofinimur I		Pubstone	Silverstone	Rheastone	Aspria Maschsee	Aspria Uhlenhorst	Total
	ATLAND	Orataires	InBev	Senior Assist	Senior Assist	Aspria	Aspria	
AT 01.01.2015	1,289	48,630	11,531	5,544	0	0	0	66,994
Interests on the income statement	79	3,108	613	530	16	43	93	4,482
Coupons MCB		-2,904						-2,904
Dividends	-44		-383	-317				-744
Acquisitions Aspria						536	227	763
Disposal Silverstone				-4,387				-4,387
Other		312		-1,370	1,370			312
AT 31.12.2015	1,324	49,146	11,761	0	1,386	579	320	64,516
Interests on the income statement	72	2,971	1,529		97	87	86	4,842
Coupons MCB		-2,752						-2,752
Dividends	-31		-351		-21			-403
Other		328			5			333
AT 31.12.2016	1,365	49,693	12,939	0	1,467	666	406	66,536

Joint ventures

At 31.12.2016, the Cofinimmo Group has the joint venture Cofinéa I, consolidated under the equity method, as the Group exercises joint control over this company under a partnership agreement with the partner shareholders.

Given its share in the Cofinimmo Group's result, this joint venture is considered immaterial.

General information	
Company	Cofinéa I
Segment	Healthcare real estate
Country	France
% held by the Cofinimmo Group	51 %
Partner shareholders	ORPEA Group OPCI (49 %)
Date of company creation	2012
Accounting period	Ends on December 31 st
Amount of the Cofinimmo share in the result (x 1,000 EUR)	
Net result of core activities (at 100 %)	1,374
Other elements of the global result	100
Global result	1,474
% held by the Cofinimmo Group	51 %
Share in the result of associated companies or joint ventures	752
Amount of the interest at Cofinimmo (x 1,000 EUR)	
Participations in associated companies and joint ventures	6,398

Risks and commitments related to the partner shareholders:

With the framework of Cofinéa I, the goal of the partnership entered into with the ORPEA Group is to bring assets operated by the ORPEA Group under the structure.

Cofinimmo holds 51 % of the shares of this structure. However, the partnership agreement stipulates that all decisions, particularly with regard to investments and divestments, are taken in mutual consent, which implies a joint control of the company.

NOTE 44. PAYMENTS BASED ON SHARES

STOCK OPTION PLAN

In 2006, Cofinimmo launched a stock option plan whereby 8,000 stock options were granted to the Group's management. This plan was relaunched during each of the following years. In 2016, a total of 6,825 stock options were granted.

When they are exercised, the beneficiaries will pay the exercise price of 108.44 EUR per share for the 2016 plan in exchange for the delivery of the securities. In the event of voluntary or involuntary departure (excluding premature termination for serious reasons) of a beneficiary, the stock options accepted and vested may be exercised after the end of the third calendar year following the year in which the stock options were granted. Options that have not been vested are cancelled, except when retiring on a pension. In the event of the involuntary departure of a beneficiary for serious reasons, all stock options accepted but not exercised, whether vested or not, are cancelled. These conditions governing the acquisition and the exercise periods in the event of a departure, whether voluntary or involuntary, will apply without prejudice to the powers of the Board of Directors for the members of the Executive Committee or the powers of the Executive Committee for the other participants to authorise waivers to these provisions in favour of the beneficiary, based on objective and relevant criteria.

Fair value of the stock options at the date of granting and assumptions used - weighted average

	2016
Valuation model	Black & Scholes
Contractual life of the options	10 years
Estimated duration	8 years
Strike price (in EUR)	108.44
Volatility (average over last three years)	16.72 %
Risk-free interest rate	Euro Swap Annual Rate
Fair value of the options at the date of granting, recognised over three years (x 1,000 EUR)	200.86

Evolution of the number of stock options

Year of the plan	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
AT 01.01		7,525	3,000	3,320	4,095	8,035	5,740	7,215	6,730	7,300	8,000
Granted	6,825										
Cancelled				-500	-1,067	-1,386	-250	-695	-2,125	-2,050	-2,350
Exercised	4,785				-1,183	-3,269	-2,245	-4,895	-880	-625	-2,300
Expired											
AT 31.12	6,825	7,625	3,000	2,820	1,845	3,380	3,245	1,625	3,725	4,625	3,350
Exercisable at 31.12				2,820	1,845	3,380	3,245	1,625	3,725	4,625	3,350
Strike price (in EUR)	108.44	95.03	88.75	88.12	84.85	97.45	93.45	86.06	122.92	143.66	129.27
Last exercise date	15.06.26	16.06.25	16.06.24	16.06.23	18.06.22	14.06.21	13.06.20	11.06.19	12.06.23 ¹	12.06.22 ¹	13.06.21 ¹
Fair value of the options at the date of granting (x 1,000 EUR)	200.86	233.94	102.99	164.64	168.18	363.90	255.43	372.44	353.12	261.27	216.36

¹ In accordance with the 'Loi de relance économique'/'Wet van de Economische Heropleving' of 27.03.2009, the exercise period of the stock option plans of 2006 to 2008 was extended from 10 to 15 years.

Cofinimmo applies the IFRS 2 standard by recognising over the vesting period (namely three years) the fair value of the stock options at the date of granting according to the progressive acquisition method. The annual cost of the progressive vesting is recognised under the item 'Personnel charges' on the income statement.

NOTE 45. AVERAGE NUMBER OF PEOPLE LINKED BY AN EMPLOYMENT CONTRACT OR BY A PERMANENT SERVICE CONTRACT

	2016	2015
Average number of people linked by an employment contract or by a permanent service contract	127	113
Employees	123	109
Executive management personnel	4	4
Full-time equivalent	121	106

NOTE 46. RELATED-PARTY TRANSACTIONS

The emoluments and insurance premiums, borne by Cofinimmo and its subsidiaries, for the benefit of the members of the Board of Directors, charged to the income statement, amount to 2,231,243 EUR of which 600,290 EUR is attributed to post-employment benefits.

The 'Corporate Governance Statement' chapter of this Annual Financial Report includes the composition of the various decision-making bodies and the tables on the remuneration of the Non-Executive and Executive Directors. The difference between the amount on the income statement and that stated in the tables is explained by movements in provisions.

The Directors are not beneficiaries of the profit-sharing scheme, which exclusively concerns the employees of the Group.

As a reminder, at the end of 2012, Cofinimmo signed a joint venture with the entity Cofinéa I SAS, a company incorporated under French Law. Cofinimmo owns 51 % of its capital and the ORPEA Group 49 %. With the exception of its interest in Cofinéa I, Cofinimmo has no other transactions with this joint venture. In addition, there were no transactions in 2016 with the ORPEA Group.

(🔍 For more details, see Note 43).

There were no other transactions with other related parties.

NOTE 47. EVENTS AFTER THE CLOSING

No major events occurred after the closing date that could have a significant impact on the figures at 31.12.2016.

However, during February 2017, the Cofinimmo Group concluded a new Interest Rate Swap (IRS) for the nominal amount of 25 million EUR, covering the period 2023 to 2025. The strike rate stands at 1.1825 %. On the other hand, the Cofinimmo Group cancelled a credit line for the amount of 50 million EUR, maturing at 15.01.2019. In March 2017, the Group has furthermore renewed a credit line of 50 million EUR for a period of eight years.

The amount of the dividend proposed to shareholders at the Ordinary General Meeting of 10.05.2017 is 111,654,251.50 EUR for the ordinary shares and 4,366,972.61 EUR for the preference shares. (🔍 For more details, see Note 33).

STATUTORY AUDITOR'S REPORT



Statutory auditor's report to the shareholders' meeting of Cofinimmo SA/NV on the consolidated financial statements for the year ended 31 December 2016

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Cofinimmo SA/NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated statement of financial position shows total assets of 3.661.282 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 97.393 (000) EUR.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory 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) as adopted in Belgium. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group's officials and the board of directors the explanations and information necessary for performing our audit.

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

Cofinimmo SA/NV

Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2016

Unqualified opinion

In our opinion, the consolidated financial statements of Cofinimmo SA/NV give a true and fair view of the group's net equity and financial position as of 31 December 2016, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards 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 the content of the directors' report on the consolidated financial statements.

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Zaventem, 23 March 2017

The statutory auditor



DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Bernard De Meulemeester

COMPANY ACCOUNTS

GLOBAL RESULT (INCOME STATEMENT) (ABBREVIATED FORMAT)

(x 1,000 EUR)	2016	2015
A. NET RESULT		
Rental income	127,691	123,545
Writeback of lease payments sold and discounted	11,265	10,214
Rental-related expenses	-260	-862
Net rental income	138,696	132,897
Recovery of property charges	50	329
Recovery income of charges and taxes normally payable by the tenant on let properties	17,186	16,820
Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	-1,582	-1,434
Charges and taxes normally payable by the tenant on let properties	-18,922	-19,253
Property result	135,428	129,359
Technical costs	-4,161	-3,870
Commercial costs	-1,014	-870
Taxes and charges on unlet properties	-4,038	-3,200
Property management costs	-12,257	-12,371
Other property charges	-3	-8
Property charges	-21,473	-20,319
Property operating result	113,955	109,040
Corporate management costs	-7,249	-6,949
Operating result before result on the portfolio	106,706	102,091
Gains or losses on disposals of investment properties	1	1,759
Gains or losses on disposal of other non-financial assets	352	23,880
Changes in fair value of investment properties	-26,568	-18,990
Other result on the portfolio	-1,185	513
Operating result	79,306	109,253
Financial income	30,424	40,963
Net interest charges	-24,957	-34,754
Other financial charges	-1,181	-747
Changes in the fair value of financial assets and liabilities	17,599	-7,118
Financial result	21,885	-1,656
Pre-tax result	101,191	107,597
Corporate tax	-4,564	-3,996
Taxes	-4,564	-3,996
NET RESULT FOR THE PERIOD	96,627	103,601
B. OTHER ELEMENTS OF THE GLOBAL RESULT RECYCLABLE IN THE INCOME STATEMENT		
Changes in the effective part of the fair value of authorised cash flow hedge instruments		3,716
Impact of recycling on the results of the hedging instruments for which the relation to the covered risk has ended	5,914	29,470
OTHER ELEMENTS OF THE GLOBAL RESULT	5,914	33,186
C. GLOBAL RESULT		
GLOBAL RESULT	102,541	136,787

APPROPRIATIONS AND DEDUCTIONS

(x 1,000 EUR)	2016	2015
A. Net result	96,627	103,601
B. Transfer from/to reserves	19,814	6,895
Transfer to the reserve of the positive balance of changes in the fair value of investment properties	-61,527	-9,364
Financial year	-61,527	-27,367
Previous years	0	18,003
Transfer to the reserve of the negative balance of changes in the fair value of investment properties	25,064	18,219
Financial year	25,061	18,129
Previous years	3	90
Transfer to the reserve of the estimated transaction costs and rights resulting from the hypothetical disposal of investment property	1,507	861
Financial year	1,507	861
Transfer to the reserve of the balance of the changes in fair value of authorised hedging instruments qualifying for hedge accounting	2,414	846
Financial year	1,478	
Previous years	936	846
Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments not qualifying for hedge accounting	-61,196	-713
Financial year	-139	-565
Previous years	-61,057	-148
Transfer from/to other reserves	-231	-221
Transfer from the result carried forward of previous years	113,783	-2,732
C. Remuneration of the capital	-36,320	0
Remuneration of the capital provided for in Article 13, § 1, paragraph 1 of the Royal Decree of 13.07.2014	-36,320	0
D. Remuneration for financial year other than capital remuneration	-80,121	-110,496
Dividends	-79,701	-110,099
Profit-sharing scheme	-420	-398
E. Result to be carried forward	183,406	296,684

STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET) (ABBREVIATED FORMAT)

(x 1,000 EUR)	2016	2015
Non-current assets	3,449,573	3,251,623
Intangible assets	743	514
Investment property	2,156,690	2,099,159
Other tangible assets	614	363
Non-current financial assets	1,226,437	1,086,787
Finance lease receivables	65,087	64,787
Trade receivables and other non-current assets	2	13
Current assets	61,211	47,598
Current financial assets	0	14
Finance lease receivables	1,532	1,394
Trade receivables	16,159	14,026
Tax receivables and other current assets	14,483	10,818
Cash and cash equivalents	8,615	1
Accrued charges and deferred income	20,422	21,345
TOTAL ASSETS	3,510,784	3,299,221

Shareholders' equity	1,852,935	1,860,118
Capital	1,127,032	1,126,980
Share premium account	584,012	583,961
Reserves ¹	45,264	45,576
Net result for the financial year	96,627	103,601
Liabilities	1,657,849	1,439,103
Non-current liabilities	1,023,829	917,127
Provisions	16,865	17,561
Non-current financial debts	953,144	832,569
Banks	255,000	197,000
Other	698,144	635,569
Other non-current financial liabilities	53,820	66,997
Current liabilities	634,020	521,976
Current financial debts	557,511	444,885
Banks	557,511	444,885
Other current financial liabilities	3,407	5,388
Trade debts and other current debts	53,336	45,201
Accrued charges and deferred income	19,766	26,502
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,510,784	3,299,221

¹ The reserves include the heading 'Reserve for own shares' for an amount of -4,074 KEUR at 31.12.2016.

CALCULATION OF DEBT RATIO

(x 1,000 EUR)	2016	2015
Non-current financial debts	953,144	832,569
Other non-current financial liabilities (except hedging instruments)	152	97
Current financial debts	557,511	444,885
Trade debts and other current debts	53,336	45,201
Uncalled amounts of acquired securities	180	180
Total debt	1,564,323	1,322,932
Total assets	3,510,784	3,299,221
Hedging instruments	758	34
Total assets (except hedging instruments)	3,510,026	3,299,187
DEBT RATIO	44.57 %	40.10 %

OBLIGATION TO DISTRIBUTE DIVIDENDS ACCORDING TO THE ROYAL DECREE OF 13.07.2014 CONCERNING RRECS

(x 1,000 EUR)	2016	2015
Net result	96,627	103,601
Depreciation (+)	419	365
Writedowns (+)	-18	671
Writeback of writedowns (-)		
Writeback of lease payments sold and discounted	-11,265	-10,214
Other non-cash elements (+/-)	-6,483	6,173
Result on disposal of property assets (+/-)	-353	-25,639
Changes in fair value of investment properties (+/-)	-33,439	-7,675
Corrected result (A)	45,487	67,283
Capital gains and losses realised ¹ on property assets during the financial year (+/-)	353	25,374
Realised gains ¹ on property assets during the year, exempt from the obligation to distribute if reinvested within four years (-)	-441	-25,729
Realised gains on property assets previously exempt from the obligation to distribute and that were not reinvested within four years (+)		
Net gains on realisation of property assets not exempt from the distribution obligation (B)	-88	-355
TOTAL (A+B) x 80 %	36,320	53,543
Debt decrease (-)	0	-153,229
Obligation to distribute dividends²	36,320	0

NON-DISTRIBUTABLE EQUITY ACCORDING TO ARTICLE 617 OF THE COMPANY CODE

(x 1,000 EUR)	2016	2015
	1,852,935	1,860,118
	-116,441	-110,496
Net assets after distribution	1,736,494	1,749,622
Paid-up capital or, if greater, subscribed capital	1,127,032	1,126,980
Share premium account unavailable for distribution according to the Articles of Association	584,012	583,961
Reserve for the positive balance of changes in the fair value of investment properties		
Reserve for the estimated transaction costs and transfer duties resulting from the hypothetical disposal of investment properties	-57,259	-55,777
Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge account	-6,826	-10,325
Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting	-5,927	-67,123
Reserve for own shares		
Other reserves declared non-distributable by the General Meeting	3,418	3,520
Legal reserve		
Non-distributable equity according to Article 617 of the Company Code	1,644,451	1,581,237
Margin remaining after distribution	92,042	168,385

- ¹ In relation to the acquisition value, increased by the capitalised renovation costs.
- ² Because of the decrease in its debt, Cofinimmo SA/NV has no distribution obligation on 31.12.2015.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(x 1,000 EUR)	Capital	Share premium account	Reserves	Net result for the financial year	Shareholders' equity
AT 01.01.2015	965,983	463,902	165,689	-53,639	1,541,935
Appropriation of the 2014 net result			-53,639	53,639	
Elements directly recognised in shareholders' equity			33,186	103,601	136,787
Cash flow hedge			3,716		3,716
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties					
Restructuring of financial instruments			29,470		29,470
Net result of the financial year				103,601	103,601
Exercise on Cofinimmo shares (stock options and own shares)			-153		-153
Other			284		284
SUBTOTAL	965,983	463,902	145,367	103,601	1,678,853
Capital increase	160,997	120,059			281,056
Dividends/Coupons			-99,791		-99,791
AT 31.12.2015	1,126,980	583,961	45,576	103,601	1,860,118
Appropriation of the 2015 net result			103,601	-103,601	
Elements recognised in the global result			5,914	96,627	102,541
Cash flow hedge			5,914		5,914
Impact on fair value of estimated transfer costs and rights at hypothetic disposal if investment properties					
Net result of the period				96,627	96,627
Exercise on Cofinimmo shares (stock options, own shares)			-40		-40
Other			239		239
Subtotal	1,126,980	583,961	155,290	96,627	1,962,858
Issue of new shares	52	51			103
Acquisitions/Disposals own shares			470		470
Dividends/Coupons			-110,496		-110,496
AT 31.12.2016	1,127,032	584,012	45,264	96,627	1,852,935

DETAIL OF THE RESERVES

(x 1,000 EUR)	Reserve for the positive/negative balance of changes in the fair value of real estate	Reserve for the estimated transaction costs resulting from the hypothetical disposal of investment properties	Reserve for the balance of changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS
AT 01.01.2015	-97,439	-54,739	-32,153
Appropriation of the 2014 net result	-18,282	-488	-10,512
Elements directly recognised in shareholders' equity		309	33,186
Cash flow hedge			3,716
Impact on estimated transaction costs and rights resulting from the hypothetical disposal of investment properties		309	
Restructuring of financial instruments			29,470
Exercise on Cofinimmo shares (stock options and own shares)			
Other			
SUBTOTAL	-115,721	-54,918	-9,479
Dividends/coupons			
AT 31.12.2015	-115,721	-54,918	-9,479
Appropriation of the 2015 net result	-8,855	-861	-846
Elements recognised in the global result		26	5,914
Cash flow hedge			5,914
Impact on estimated transaction costs and rights resulting from the hypothetical disposal of investment properties		26	
Exercise on Cofinimmo shares (stock options, own shares)			
Other			
SUBTOTAL	-124,576	-55,753	-4,411
Acquisition/Disposal of shares			
Dividends and participation plans			
AT 31.12.2016	-124,576	-55,753	-4,411

Reserve for the balance of changes in the fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	Distributable reserve	Non-distributable reserve	Result carried forward	Total reserves
3,743	824	-1,695	347,148	165,689
-71,579		216	47,006	-53,639
			-309	33,186
				3,716
			-309	
				29,470
		-153		-153
		387	-103	284
-67,836	824	-1,245	393,742	145,367
			-99,791	-99,791
-67,836	824	-1,245	293,951	45,576
714		219	113,230	103,601
			-26	5,914
				5,914
			-26	
		-331	291	-40
			239	239
-67,122	824	-1,357	407,685	155,290
		470		470
			-110,496	-110,496
-67,122	824	-887	297,189	45,264

STANDING DOCUMENT

GENERAL INFORMATION

CORPORATE NAME

Cofinimmo A public Regulated Real Estate Company incorporated under Belgian Law or public RREC incorporated under Belgian Law.

REGISTERED OFFICE - ADMINISTRATIVE OFFICE

The registered and administrative offices are located at boulevard de la Woluwe/Woluwedal 58, 1200 Brussels, (Tel. +32 2 373 00 00). The registered offices may be transferred to any other place in Belgium by a simple decision of the Board of Directors.

REGISTER OF LEGAL PERSONS

The Company is entered in the Register of Legal Persons (R.L.P.) of Brussels under No. 0426 184 049. Its VAT number is BE 0426 184 049.

CONSTITUTION, LEGAL FORM AND PUBLICATION

Cofinimmo was set up as a limited liability company under Belgian Law (Société Anonyme/ Naamloze Vennootschap) on 29.12.1983, by deed enacted before the notary André Nerinx in Brussels and published in the annexes of the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) of 27.01.1984 under No. 891-11. The Company has the legal form of a limited liability company incorporated under Belgian Law.

On 01.04.1996, Cofinimmo was approved as a Sicafi (public fixed-capital Real Estate Investment Trust) incorporated under Belgian Law, registered with the Financial Services and Markets Authority (FSMA).

Since 06.11.2014, it is subject to the Regulated Real Estate Companies legal regime provided for in the Law of 12.05.2014 on Regulated Real Estate Companies. The Company has as its sole purpose to (a) provide, directly or through a company in which it holds a stake in accordance with the provisions of RREC legislation, buildings for users and (b), within the limits set by the RREC legislation, hold the property assets listed in Article 2, 5°, VI to X of the RREC Law.

The Company is also governed by the provisions of the Royal Decree of 13.07.2014 on Regulated Real Estate Companies (RECCs).

The Articles of Association have been amended on various occasions, most recently on 01.02.2017 by deed enacted before the Notary-in-Partnership Louis-Philippe Marcelis in Brussels and published in the annexes to the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) of 17.02.2017 under No. 17026096 and 17026097.

The Company undertakes issues for general subscription as meant by Article 438 of the Company Code.

DURATION

The Company is constituted for an unlimited term.

COMPANY PURPOSE

ARTICLE 3 - PURPOSE

3.1) The Company's sole purpose is to:

- provide, directly or through a company in which it holds a stake in accordance with the provisions of RREC legislation, buildings for users; and
- within the limits set by RREC legislation, hold the property assets listed in Article 2, 5°, VI to X of the RREC Law.

By property asset, it is meant:

- i. buildings as defined in Article 517 et seq. of the Civil Code and real rights on buildings, excluding forests, farmland or mines;
- ii. shares or stakes with voting rights issued by property companies, controlled exclusively or jointly by the Company;
- iii. option rights on property assets;
- iv. shares of public or institutional Regulated Real Estate Companies (PRREC and IRREC), provided, in the latter case, that joint or exclusive control is exercised on it by the Company;
- v. rights from contracts granting the Company a finance lease on one or several assets or giving it other similar rights of use;
- vi. shares of public Sicafris/Bevaks (Belgian REITs);
- vii. shares of foreign organisations for collective real estate investment listed in Article 260 of the RREC Law;
- viii. shares of organisations for collective real estate investment established in another member state of the European Economic Area and not listed in Article 260 of the RREC Law, provided that they are subject to supervision equivalent to that applied to public Sicafris/Bevaks (Belgian REITs);
- ix. shares issued by companies (i) having legal personality; (ii) incorporated under the law of another member state of the European Economic Area; (iii) which shares are admitted to trading on a regulated market and/or are subject to prudential supervision; (iv) which have as their main activity the acquisition or construction of buildings with a view to accommodate users, or the direct or indirect holding of stakes in certain types of entities with a similar corporate purpose; and (v) which are exempted from income tax with regard to gains resulting from the activity described under (iv) above, providing compliance with constraints, of which at least the legal obligation to distribute a share of their revenues to their shareholders (Real Estate Investment Trusts, or 'REITs');
- x. property certificates referred to in Article 5, § 4 of the Law of 16.06.2006.

With regard to providing buildings, the Company can exercise all activities related to the construction, fitting out, renovation, development, acquisition, disposal, management and operation of buildings.

3.2) On an ancillary or temporary basis, the Company can make placements in securities which do not constitute property assets as meant by RREC legislation. These placements must be made in compliance with the risk management policy adopted by the Company and be diversified so as to ensure appropriate diversification of risks. The Company can also hold non-affected cash, in all currencies, in the form of sight or term deposits or of any monetary market instruments that can easily be mobilised.

Moreover, it can carry out transactions on hedging instruments, aimed exclusively at hedging interest rate and currency exchange risks within the context of the financing and management of the Company's property assets and excluding any transactions of a speculative nature.

3.3) The Company can give or take one or several buildings under a finance lease. The activity consisting of giving buildings under finance leases with a call option can only be exercised on an ancillary basis, except if the buildings are intended for public use, including social housing and schooling (in which case the activity can be exercised as a main activity).

3.4) The Company may take an interest, through mergers or otherwise, in any business, enterprise or company having a similar or related purpose and which can benefit the development of its activity and, in general, undertake any transactions related directly or indirectly to its corporate purpose as well as any act useful or necessary for the realisation of its corporate purpose.

The Company is required to carry out all of its activities and transactions in accordance with the rules and within the limits set by RREC rules and all other applicable legislation.

ARTICLE 4 - PROHIBITIONS

The Company may not:

- act as a real estate developer as meant by RREC legislation, with the exception of occasional transactions;
- participate in an underwriting syndicate;
- lend financial instruments, with the exception of loans realised under the conditions and according to the provisions of the Royal Decree of 07.03.2006;
- acquire financial instruments issued by a private law company or association which has been declared bankrupt, which has reached a friendly agreement with its creditors, which has been the object of a judicial reorganisation procedure, which has obtained a suspension of payments, or which has been the object, in a foreign country, of a similar measure.

FINANCIAL YEAR

The financial year starts on January 1st and ends on December 31st of each year.

LOCATIONS AT WHICH DOCUMENTS ACCESSIBLE TO THE PUBLIC MAY BE CONSULTED

The Company's Articles of Association may be consulted at the clerk's office of the Brussels Commercial Court as well as at www.cofinimmo.com. Cofinimmo Group's statutory and consolidated accounts are filed at the National Bank of Belgium, in accordance with all applicable legal provisions. Decisions related to the appointment and dismissal of members of the Board of Directors are published in the annexes of the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad). Notices convening General Shareholder Meetings are published in the annexes of the Belgian Official Gazette and in two daily financial newspapers. The notices and all documents related to General Shareholder Meetings are available simultaneously on the website www.cofinimmo.com.

All press releases and other financial information published by the Cofinimmo Group over the past five years can be consulted at www.cofinimmo.com. Annual Reports and Annual Financial Reports may be obtained from the registered office or consulted on the website www.cofinimmo.com. They are sent each year to the registered shareholders and to any parties expressing a wish to receive them. They include Reports by the real estate experts and the Statutory Auditor.

TAX REGIMES

BELGIUM: PUBLIC REGULATED REAL ESTATE COMPANY (PREG)

The public Regulated Real Estate Company (RREC) has a status similar to that which exists in many countries: Real Estate Investment Trust (REIT) in the US, Fiscale Beleggingsinstellingen (FBI) in the Netherlands, G-REIT in Germany, Société d'Investissements Immobilières Cotée (SIIC) in France and UK-REIT in the UK.

This regime is currently governed by the Law of 12.05.2014 and the Royal Decree of 13.07.2014 on Regulated Real Estate Companies.

The main characteristics of the RREC are:

- closed-end company;
- stock exchange listing;
- activity consisting of providing buildings to users; as an ancillary activity, the RREC can invest its assets in listed securities;
- Belgian subsidiaries of a public RREC can be approved as institutional RRECs;
- diversification of risk: no more than 20 % of the consolidated property portfolio invested in a single property;
- consolidated debt limited to 65 % of the market value of assets; the amount of mortgages and other securities is limited to 50 % of the total fair value of the properties and to 75 % of the value of the mortgaged property;

- very strict rules governing conflicts of interest;
- regular valuation of the property portfolio by independent real estate experts;
- properties recognised at their fair value;
- no amortisation;
- results (rental income and capital gains on sales less operating expenses and financial charges) are exempt from corporate tax;
- at least 80 % of the sum of the corrected result and of the net realised gains on disposals of property assets not exempted from compulsory distribution are subject to compulsory distribution; the decrease in debt during the financial year can however be subtracted from the amount to be distributed;
- withholding tax of 30 % for physical persons residing in Belgium.

Companies applying for public or institutional RREC status, or which merge with a RREC, are subject to an exit tax, which is treated in the same way as a liquidation tax, on net unrealised gains and on tax-exempt reserves, at a rate of 16.5 % (increased by an additional crisis contribution of 3 %, for a total of 16.995 %). Cofinimmo obtained its RREC status on 26.08.2014. It had previously benefited from Sicafi/Bevak status (Belgian REIT) since 01.04.1996.

BELGIUM: INSTITUTIONAL REGULATED REAL ESTATE COMPANY (IRREC)

The institutional RREC, governed by the Law of 12.05.2014 and the Royal Decree of 13.07.2014, is a light version of the public RREC. It enables the public RREC to extend the taxation characteristics of its legal form to its subsidiaries and to undertake specific partnerships and projects with third parties. Institutional RREC status is acquired upon approval by the FSMA.

The main characteristics of the institutional RREC are:

- non-listed company controlled by a public RREC;
- registered shares held by eligible investors;
- no diversification or debt ratio requirement (consolidation at public RREC level);
- dividend distribution obligation;
- owned jointly or exclusively by a public RREC;
- exclusive purpose of providing buildings to users;
- no obligation to appoint a real estate expert as real estate assets are appraised by the expert of the public RREC;
- statutory accounts drawn up in accordance with IFRS regulations (same accounting scheme as the public RREC);
- strict rules on operations and conflicts of interest;
- subject to auditing by the FSMA.

FRANCE: SOCIÉTÉ D'INVESTISSEMENTS IMMOBILIERS COTÉE (SIIC)

The Société d'Investissements Immobiliers Cotée (SIIC) tax regime, introduced by the Finance Law for 2003 No. 2002-1575 of 30.12.2002 authorises the creation in France of real estate companies subject to a specific tax regime, similar to that of the RREC regime in Belgium.

Cofinimmo opted for the SIIC regime on 04.08.2008 and for Cofinimmo Investissements et Services and its subsidiaries on 23.01.2009. This regime allows Cofinimmo to benefit from an exemption from corporate tax on the rental income and realised gains of its French branch and subsidiaries in return for an obligation to distribute 95 % of the profits from the letting of its properties.

The main characteristics of the SIIC regime are:

- exemption from corporate tax on the fraction of profits arising from i) the letting of buildings, ii) capital gains on property disposals, iii) capital gains on disposals of shares in subsidiaries having opted for the SIIC regime or in other companies with a similar purpose, iv) proceeds distributed by their subsidiaries having opted for the SIIC regime, and v) shares in profits of companies engaged in a real estate activity;
- results distribution obligation: 95 % of the exempted profits arising from rental income, 60 % of the exempted profits arising from the disposal of properties, shares in companies and subsidiaries subject to the SIIC regime, and 100 % of the dividends distributed to them by their subsidiaries subject to corporate tax having opted for the SIIC regime;
- when opting for the SIIC regime, payment over four years of an exit tax at the reduced rate of 19 % on unrealised capital gains relating to properties and shares of companies not subject to corporate tax held by the SIIC or its subsidiaries having opted for the SIIC regime.

THE NETHERLANDS: FISCALE BELEGGINGSINSTELLINGEN (FBI)

The main characteristics of the Fiscale Beleggingsinstellingen regime are:

- only public limited companies, limited liability companies and mutual funds can be considered FBIs;
- the FBI's statutory purpose and actual operations may only involve the investment of assets;
- investments in property assets may be financed by external capital up to no more than 60 % of the book value of the fixed assets;
- all other investments may be financed by external capital up to no more than 20 % of the book value of the investments;
- at least 75 % of shares or ownership interests in an unlisted FBI must be held by natural persons, entities not subject to income tax and/or listed investment companies;
- shares or ownership interests in an unlisted FBI may not be held, directly or indirectly, for 5 % or more by a natural person (and their partner);
- entities established in the Netherlands may not own 25 % or more of the shares or ownership interests of an unlisted FBI through non-resident companies or funds;
- FBI profits are subject to a 0 % corporate tax rate;
- the share of FBI profits that can be distributed must be paid to the shareholders and other beneficiaries within eight months following the close of each financial year;
- the profits on shares distributed are subject to a dividend withholding of 5 %.

Cofinimmo does not benefit from FBI status for its Pubstone Properties in the Netherlands, but it does for its Superstone subsidiary.

GERMANY

The investments of Cofinimmo or its subsidiaries in Germany do not have G-REIT status, which is not accessible to them.

SHARE CAPITAL

ISSUED CAPITAL

The issued capital of 1,127,032,125.79 EUR¹ is fully paid-up.

SHARE CAPITAL

The shares have no par value.

SCHEDULE OF CHANGES

The history of share capital changes prior to 2016 can be consulted in the 2015 Annual Financial Report as well as in Title VIII of the Company's Articles of Association.

These documents are available on the Company's website at www.cofinimmo.com.

Change in 2016

Date of transaction		31.03.2016	02.05.2016	30.09.2016	25.11.2016	31.12.2016	
Type of transaction	Position at 31.12.2015	Conversion preference shares Q1 2016	Conversion convertible bonds issued in 2011	Conversion preference shares Q3 2016	Conversion convertible bonds issued in 2013	Conversion preference shares Q4 2016	Position at 31.12.2016
Issue price (in EUR)			114.28		97.90		
Amount (in EUR) of share capital			27,973.25		23,686.16		
Amount (in EUR) of the net contribution to the shareholders' equity ²			59,656.25		43,274.01		
Number of ordinary shares		101	522	185	442	9	
Total number of ordinary shares after the transaction	20,344,378	20,344,479	20,345,001	20,345,186	20,345,628	20,345,637	20,345,637
Number of preference shares COFP1							
Total number of preference shares COFP1 after the transaction	395,048	395,048	395,048	395,048	395,048	395,048	395,048
Number of preference shares COFP2		-101		-185		-9	
Number of preference shares COFP2 after the transaction	290,800	290,699	290,699	290,514	290,514	290,505	290,505
Total of preference shares after the transaction	685,848	685,747	685,747	685,562	685,562	685,553	685,553
Total share capital (in EUR) after the transaction	1,126,980,466.38	1,126,980,466.38	1,127,008,439.63	1,127,008,439.63	1,127,032,125.79	1,127,032,125.79	1,127,032,125.79

¹ At the time of writing of this Annual Financial Report.

² According to the accounting rules specific to the public RECC regime.

DESCRIPTION OF SHARE TYPES

At 31.12.2016, Cofinimmo had issued 20,345,637 ordinary shares. The procedure referred to in the Articles of Association, as provided by Law, is applicable to modify their rights.

In addition to ordinary shares, Cofinimmo issued two series of preference shares in 2004. The main features of the preference shares are:

- priority right to an annual fixed gross dividend of 6.37 EUR per share, capped at this amount, which represents a gross yield of respectively 5.90 % and 6.10 % for COFP1 and COFP2 compared to the subscription price or a net yield of, respectively, 4.13 % and 4.27 % after deduction of the 30 % withholding tax;
- priority right in case of liquidation to a distribution equal to the issue price, capped at this amount;
- option for the holder to convert preference shares into ordinary shares as of the fifth anniversary of their issue date (01.05.2009) and during the last ten days of each quarter, at a rate of one new ordinary share for one preference share (see pages 224 and 225);
- option for a third party designated by Cofinimmo (for example, one of its subsidiaries) to purchase in cash and at their issue price preference shares that have not yet been converted, as of the fifteenth anniversary of their issue date (2019);
- preference shares are registered, listed on the First Market of Euronext Brussels and carry a voting right identical to that of the ordinary shares.

The first series of 702,490 preference shares (on Euronext: COFP1) was issued on 30.04.2004 and the second series of 797,276 shares (on Euronext: COFP2) on 26.05.2004. The characteristics of these series of preference shares are identical, with the exception of the issue price (107.89 EUR for the COFP1 shares vs. 104.44 EUR for the COFP2 shares) which represents the purchase price.

CHANGE IN THE CONVERSION OF PREFERENCE SHARES INTO ORDINARY SHARES

	Converted COFP1 shares	Converted COFP2 shares
2009	112,885	60,188
2010	27,878	49,505
2011	48,430	133,071
2012	118,099	260,313
2013	50	497
2014	100	2,097
2015	0	637
From 22.03.2016 to 31.03.2016	0	101
From 21.06.2016 to 30.06.2016	0	185
From 21.09.2016 to 30.09.2016	0	0
From 22.12.2016 to 31.12.2016	0	9

AUTHORISED CAPITAL

At 31.12.2016, the authorised capital was 1,019,499,411.92 EUR ( see Note 30).

On 01.02.2017, the Extraordinary General Meeting decided to grant the Board of Directors authorisation to increase the share capital of the Company in application of Articles 603 et seq. of the Company Code, in one or more tranches, for a period of five years as of the publication of 17.02.2017 in the annexes of the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) of the minutes of the Extraordinary General Meeting of 01.02.2017, in the maximum amount of:

1. 1,127,000,000.00 EUR, if the increase in capital to be carried out is a capital increase by cash subscription:
 - with either the option to exercise a preferential subscription right for Company shareholders as allowed for by Articles 592 et seq. of the Company Code;
 - or, including an irrevocable allocation right for the Company's shareholders as allowed for in Article 26, §1 of the Law of 12.05.2014 on Regulated Real Estate Companies; and of
 2. 225,000,000.00 EUR for all other forms of capital increases not covered by point 1 above;
- it being agreed that, in any event, the capital can never be increased as part of the authorised capital in excess of 1,127,000,000.00 EUR.

CHANGES IN TREASURY SHARES (OWN SHARES)

The Cofinimmo Group held 50,114 treasury shares at 01.01.2016. All of these shares are entitled to a share of the results for the financial year starting 01.01.2016.

The Cofinimmo Group held 44,864 treasury shares on 31.12.2016 (held by Cofinimmo SA/NV), representing a level of self-ownership of 0.22 %.

Position at 01.01.2016	50,114
Transfers and disposals of shares for the employee stock option plan during the first half of 2016.	-3,615
Transfers and disposals of shares for the employee stock option plan during the second half of 2016 ¹	-1,370
Transfers of shares for the remuneration plan of the non-executive Directors ¹	-265
Position at 31.12.2016	44,864

SHAREHOLDING

The shareholding structure is set out in the 'Cofinimmo on the stock market' chapter of this Annual Financial Report. It can also be consulted on the company website at www.cofinimmo.com.

¹ The net amounts of the second semester 2016 fees of Mrs. Inès Archer-Toper and Mrs. Diana Monissen have not been paid in their bank account, but in the Cofinimmo's bank account, that then transferred the involved securities to the register of shares of registered shareholders.

EXCERPTS OF THE ARTICLES OF ASSOCIATION

SUMMARY OF CHANGES IN 2016

The Articles of Association were not modified, except for Article 6 on the capital subscribed and paid up.

On 06.01.2016, the Extraordinary General Meeting renewed the authorisation provided for in Article 6.2 on the authorised capital and in Article 29 on the distribution to employees.

In addition, on 01.02.2017, the Extraordinary General Meeting renewed the authorisation provided for in Article 6.2 on authorised capital.

CAPITAL

Article 6, Point 2 - Authorised capital

The Board of Directors is therefore empowered to increase the share capital in one or more tranches up to a maximum of:

1. 1,127,000,000.00 EUR, if the capital increase is an increase by subscription in cash with the option to exercise a preference subscription right for company shareholders; and of

2. 225,000,000.00 EUR for all other forms of capital increases not covered by point 1 above;

it being agreed that, in any event, the capital can never be increased as part of the authorised capital in excess of 1,127,000,000.00 EUR.

On the dates and according to the procedures to be decided by the Board of Directors in accordance with Article 603 of the Company Code, in the event of a capital increase accompanied by the payment or entry in the accounts of a share premium, only the amount assigned to the capital will be subtracted from the remaining available amount of the authorised capital.

The authorisation is granted for a period of five years as of the publication of the minutes of the Extraordinary General Meeting of 06.01.2016.

For any capital increase, the Board of Directors fixes the price, the share premium, where appropriate, and the issue conditions for new shares, unless a decision on these elements is taken by the General Meeting itself.

Share capital increases decided in this way by the Board of Directors may be carried out by subscription in cash or by non-cash contributions, provided that legal provisions are complied with, or by incorporation of reserves or the share premium account, with or without the creation of new shares, and increases may give rise to the issue of Ordinary Shares or Preference Shares. Capital increases may also be carried out by the issue of convertible bonds or subscription rights (whether or not attached to another security) which can give rise to the creation of Ordinary Shares or Preference Shares.

The Board of Directors is only entitled to abolish or limit the preferential subscription right of the shareholders, including in favour of specific persons other than staff members of the Company or its subsidiaries, (i) within the limits set in point 1^o) of the first paragraph of this article, and (ii) provided that an irreducible allocation right is granted to the existing shareholders at the time of allocation of the new shares. This irreducible allocation right must meet the conditions laid down in the RREC legislation and Article 6.4 of the Articles of Association. It does not need to be granted in the case of a cash contribution for the distribution of an optional dividend, under the conditions provided for in Article 6.4 of the Articles of Association.

Share capital increases by non-cash contribution are carried out in accordance with the conditions laid down by RREC legislation and the conditions provided for in Article 6.4 of the Articles of Association. Such contributions may also relate to the dividend right in the context of the distribution of an optional dividend.

Where capital increases decided in accordance with these authorisations involve a share premium, the amount thereof, after charging any expenses, shall be allocated to an account unavailable for distribution known as a 'share premium account' which shall constitute, like the capital, the guarantee of third parties and may not be reduced or annulled except by decision of the General Meeting deliberating under the conditions of quorum and majority required for reducing the capital, subject to its incorporation in the capital.

Article 6, Point 3 - Acquisition, pledge and transfer of own shares

The Company may acquire or pledge its own shares subject to the conditions provided for by Law. It is authorised to dispose of shares, on or off the stock market, under the conditions laid down by the Board of Directors, without prior authorisation from the General Meeting.

For a period of five years following the publication of the General Meeting of 05.12.2013, the Board of Directors may acquire, pledge and dispose of (even outside of the stock exchange), on behalf of Cofinimmo, the own shares of the Company at a unit price that may not be less than eighty-five per cent (85 %) of the closing market price on the day preceding the date of the transaction (acquisition, sale and pledge) and that may not be more than one hundred fifteen per cent (115 %) of the closing market price on the day preceding the date of the transaction (acquisition, pledge) whereby Cofinimmo may at no time hold more than ten per cent (10 %) of the total shares issued.

The authorisations referred to above include acquisitions and disposals of company shares by one or more direct subsidiaries of the Company, as meant by the legal provisions relating to the acquisition of shares of a parent company by its subsidiary companies. The authorisations referred to above cover both Ordinary Shares and Preference Shares.

Article 6, Point 4 - Capital increases

All capital increases must be carried out in accordance with Articles 581 to 609 of the Company Code and RREC legislation.

The Company is forbidden from directly or indirectly subscribing to its own capital increase.

For any capital increase, the Board of Directors sets the price, the share premium, where appropriate, and the issue conditions for new shares, unless a decision on these elements is taken by the General Meeting itself.

In the event of a share issue without mention of a nominal value below the par value of the existing shares, the invitation to the General Meeting must mention it explicitly.

If the General Meeting decides to ask for the payment of an issue premium, it must be entered in an unavailable reserve account which may only be reduced or abolished by a decision of the General Meeting deliberating in accordance with the provisions laid down for the amendment of the Articles of Association. Like the capital, the issue premium will be in the nature of a common pledge in favour of third parties.

Contributions in kind may also relate to the right to a dividend in the context of the distribution of an optional dividend, with or without an additional cash contribution.

In the event of a capital increase by contribution in cash by decision of the General Meeting or in the context of the authorised capital, the preference subscription right of shareholders may only be limited or abolished on condition that an irreducible right of allocation is granted to the existing shareholders on the allocation of new shares. This irreducible right of allocation must meet the following conditions in accordance with RREC legislation:

1. it relates to all the newly issued shares;
2. it is granted to shareholders in proportion to the part of the capital represented by their shares at the time of the transaction;
3. a maximum price per share is announced no later than the day before the opening of the public subscription period, which must last for at least three trading days.

The irreducible right of allocation applies to the issue of shares, convertible bonds and subscription rights which can be exercised by means of a cash contribution. It need not be granted in the case of a contribution in cash with limitation or abolition of the preference subscription right, in addition to a non-cash contribution in the context of the distribution of an optional dividend, provided that the granting thereof is in fact open to all shareholders.

Capital increases by way of non-cash contribution are subject to the rules prescribed by Articles 601 and 602 of the Company Code.

In addition, the following conditions must be complied with in the case of a non-cash contribution, in accordance with RREC legislation:

- the identity of the party making the contribution must be mentioned in the report of the Board of Directors referred to in Article 602 of the Company Code, as well as, where appropriate, in the notice convening the General Meeting, which is to take a decision on the capital increase;
- the issue price may not be below the lower value of (a) a net asset value per share dating back no more than four months before the date of the contribution agreement or, at the Company's choice, before the date of the capital increase deed or (b) the average closing price during the 30 calendar days prior to this same date. In this respect, it is permitted to subtract from the amount referred to in point 2(b) above an amount corresponding to the portion of the gross undistributed dividends, of which the new shares could be deprived, provided that the Board of Directors specifically justifies the amount of the accumulated dividends to be deducted in its special report and discloses the financial conditions of the transaction in the Annual Financial Report;
- except when the issue price, or in the case referred to in Article 6.6, the exchange rate, and their terms and conditions are determined and communicated to the public no later than the working day following the conclusion of the contribution agreement, mentioning the time-frame within which the capital increase will in fact be carried out, the capital increase deed is concluded within a maximum of four months; and

- the report referred to in point 1° above must also explain the impact of the proposed contribution on the situation of the existing shareholders, in particular concerning their portion of the profits, the net asset value per share and the capital, as well as the impact in terms of voting rights.

These additional conditions are not applicable in the case of a contribution of the dividend right in the context of the distribution of an optional dividend, provided that its granting is in fact open to all shareholders.

SHARES

Article 7 - Types of shares

The shares are without par value. Shares are divided into two categories: ordinary shares (referred to as 'Ordinary Shares' in these Articles of Association) and preference shares (referred to as 'Preference Shares' in these Articles of Association).

Preference Shares confer the rights and have the characteristics set out in Article 8 of the Articles of Association. Ordinary Shares are registered or dematerialised shares, at the choice of the owner or holder (hereafter 'the Shareholder') and within the limits laid down by the Law.

The Shareholder may, at any time and at no cost, request that the shares be converted into registered or dematerialised shares. The Preference Shares are registered. All dematerialised shares are represented by an entry in the Shareholders' account held by an accredited account holder or settlement institution.

A register of registered shares is held at the registered office of the Company, and where appropriate and permitted by law, in electronic form. Shareholders may consult the register with respect to their registered shares.

Article 8 - Preference Shares

In addition to the Ordinary Shares, the Company may issue Preference Shares, against a cash or non-cash contribution, or in connection with a merger. Preference Shares confer the rights and have the characteristics set out below:

8.1. Priority dividends

8.1.1. Each Preference Share carries entitlement to a dividend payable by priority in relation to the dividend payable on Ordinary Shares (hereafter the 'Priority Dividend').

The annual gross amount of the Priority Dividend is six euros thirty-seven cents (6.37 EUR) per Preference Share.

The Priority Dividend is only due, in full or in part, when there are distributable profits as meant by Article 617 of the Company Code and when the Company's General Meeting decides to distribute dividends.

Accordingly, in the event that, during any given year, there are no distributable profits as meant by Article 617 of the Company Code, or the General Meeting decides not to pay dividends, no Priority Dividend will be paid to the holders of Preference Shares. Furthermore, in the event that, during any given year, the level of distributable profits as meant by Article 617 of the Company Code does not permit payment of the full amount of the Priority Dividend, or that the General Meeting decides to distribute dividends the amount of which is insufficient to pay the full Priority Dividend, the holders of Preference Shares will only receive a Priority Dividend in the amounts distributed.

8.1.2. Preference Shares do not confer rights to the distribution of profits other than the Priority Dividend, subject to their priority right in the event that the Company is liquidated, as explained in point 8.5 below. It follows that the dividend to be distributed to the Preference Shares may never exceed the annual gross amount of the Priority Dividend, namely six euros thirty-seven cents (6.37 EUR) per Preference Share.

8.1.3. The Priority Dividend is released for payment on the same day as the dividend payable on the Ordinary Shares, except in the event of market requirements or to compliance with legal provisions, provided that the delay does not exceed ten working days. The distributable profit to be allocated will first be paid to the holders of Preference Shares, in the amount of six euros thirty-seven cents (6.37 EUR) per Preference Share. Any amount remaining from the distributable profit will then be paid to the holders of Ordinary Shares.

In the event that, during any given year, no dividend is released for payment on the Ordinary Shares, the Priority Dividend will be released for payment on June 1st of that year.

8.1.4. The Priority Dividend is non-cumulative. This means that, in the event that the dividend is not paid or only paid in part during one or more given years, the holders of Preference Shares will not be able to recover, during the subsequent year or years, the difference between any amount or amounts that may have been paid and the amount of six euros thirty-seven cents (6.37 EUR) per Preference Share.

8.1.5. In the event that, during any given year, the General Meeting were to decide to allocate a dividend on the Ordinary Shares payable other than in cash, the Priority Dividend will be payable in cash or according to the same method as Ordinary Shares, at the option of each of the holders of Preference Shares.

8.2. Conversion

Preference Shares are convertible into Ordinary Shares, in one or more times, at the option of their holders and exercised in the following cases:

1. as of the fifth anniversary of their issue date, from May 1st to May 10th of that year, and subsequently during the last ten days of each quarter of the calendar year;
2. at any time during a period of one month following notification of the implementation of the promise of sale referred to below; and,
3. in the event of the Company being liquidated, during a period beginning 15 days after publication of the liquidation decision and ending on the day before the General Meeting convened to conclude the liquidation process.

The conversion rate will be one Ordinary Share for one Preference Share.

The conversion will be carried out by issuing new Ordinary Shares, without increasing the Company's capital. The Company's Board of Directors may have the conversions recorded in an authentic document. These official records may be grouped together at the end of each calendar quarter, on the understanding that the conversion will be deemed to have taken effect on the date of dispatch of the conversion request.

The conversion request must be sent to the Company by the holders of Preference Shares by registered post, indicating the number of Preference Shares for which conversion is requested.

8.3. Call option

As of the fifteenth year following their issue, the third party designated by the Company may purchase in cash all or some of the unconverted Preference Shares. However, this purchase may only take place (1) at the earliest 45 days after the Company's Board of Directors has given notification of its decision to exercise the call option, and provided that the Preference Shares in question have not in the meantime been converted into Ordinary Shares by their holders, and (2) only after any Priority Dividends relating to the year preceding notification of the exercise of the call option have been paid to the holders of Preference Shares.

In the event that the purchase involves only a portion of the unconverted Preference Shares, it will be applied to each holder of Preference Shares, proportionately to the number of Preference Shares held.

Furthermore, should it be the case, for any reason whatsoever, that the unconverted Preference Shares represent no more than two and a half percent (2.5 %) of the total number of Preference Shares originally issued, the third party designated by the Company may purchase the balance of the unconverted Preference Shares, as of the fifth year following their issue date, at the earliest 45 days after the Company's Board of Directors has given notification of its decision to exercise the call option, and provided that the Preference Shares in question have not been converted into Ordinary Shares by their holders in the meantime.

The purchase of the unconverted Preference Shares will be made at a price equal to their issue price (capital and share premium, where applicable).

The call option will be exercised by means of notification given by the third party designated by the Company, sent to each of the holders of Preference Shares in question by registered letter, of their decision to purchase Preference Shares. The notification must indicate the number of Preference Shares to be sold by the holder of the Preference Shares in question. Transfer of title will take place 45 days following notification, by means of payment of the price by transfer to the bank account to be indicated by the holders of Preference Shares in response to the notification.

The subscription or acquisition, for any reason whatsoever, of Preference Shares implies the obligation of the holder of Preference Shares to sell the Preference Shares, the purchase of which has been duly decided by virtue of this provision, to the third party designated by the Company within 45 days of the above-mentioned notification. Subscription or acquisition also entails an irrevocable mandate given to the Company to enter the required particulars in the shareholders' register as a record of transfer of the Preference Shares.

In the event of the holder of Preference Shares failing to present the Preference Shares, the purchase of which has been duly decided upon, within 45 days of the notification of the exercise of the call option, any shares not presented will automatically be deemed to have been transferred to the third party designated by the Company, subject to deposit of the purchase price with the Caisse des Dépôts et Consignations.

8.4. Voting rights

Each Preference Share provides the same voting right as an Ordinary Share at the General Meeting.

8.5. Priority in the event of liquidation

In the event that the Company is liquidated, each Preference Share will receive, by priority, an amount in cash equal to the paid-up issue price (capital and share premium, where applicable) of the Preference Share in question from the net assets of the Company remaining after discharge of all debts, charges and liquidation expenses.

The Preference Shares will not participate in the distribution of any liquidation surplus. From this it follows that the amount to be distributed to Preference Shares in the event of liquidation may never exceed the issue price (capital and share premium, where applicable) of the Preference Shares.

In the event of the liquidation of the Company, whether voluntary or compulsory, the holders of Preference Shares will automatically have the right to convert their Preference Shares into Ordinary Shares during a period beginning fifteen days after the publication of the liquidation decision and ending on the day before the General Meeting convened to conclude the liquidation process, on the understanding that the holders of Preference Shares will be informed by the liquidator, prior to the meeting, of the result of the liquidation operations.

No distribution will be made to the shareholders before the expiry of the conversion period except if all Preference Shares have been converted into Ordinary Shares.

8.6. Maximum percentage of Preference Shares

The Preference Shares may not represent in total more than fifteen per cent (15 %) of the Company share capital following their issue, unless otherwise decided by at least a seventy-five per cent (75 %) majority of the votes in each share class.

In addition, the Company may not issue Preference Shares or reduce the share capital in such a way that the Preference Shares represent in total more than fifteen per cent (15 %) of the Company's share capital or carry out any other transaction which has this effect, unless otherwise decided by at least a seventy-five per cent (75 %) majority of the votes in each share class.

8.7. Modification of the rights attached to the different share classes

In accordance with Article 560 of the Company Code, any decision to modify the rights of Preference Shares or to replace the Preference Shares with another class of shares may only be taken provided that, for each class of shares, the required terms and conditions concerning presence and majority are met in order for the Articles of Association to be modified.

8.8. Form

The Preference Shares are, and shall remain, registered.

OTHER SECURITIES

Article 9 - Other securities

The Company is entitled to issue the securities referred to in Article 460 of the Company Code, with the exception of profit shares and similar securities and subject to compliance with the specific rules provided for by RREC legislation. The securities may take the forms provided for by the Company Code.

SHAREHOLDING

Article 10 – Admission to trading and disclosure of major holdings

The Company's shares must be traded on a regulated Belgian market, in accordance with RREC legislation.

All shareholders are required to notify the Company and the Financial Services and Markets Authority (FSMA) of their holding of securities conferring voting rights or of other similar financial instruments of the Company, in accordance with the legislation on the disclosure of major participations.

The percentages which, when exceeded, give rise to a notification obligation under the requirements of the legislation on the disclosure of major participations are set at five per cent (5 %) and multiples of five per cent (5 %) of the total number of existing voting rights.

Apart from the exceptions provided for by the Company Code, no one may take part in voting at the General Meeting of the Company for a number of securities exceeding that in the holding declared at least twenty (20) days prior to the General Meeting.

ADMINISTRATION AND SUPERVISION

Article 11 - Composition of the Board of Directors

The Company is administered by a Board of Directors consisting of at least five members appointed, in principle, for a term of four years by the General Meeting, which can remove them at any time.

The terms are renewable.

The Board of Directors must include at least three Independent Directors meeting the criteria stipulated in Article 526ter of the Company Code.

The term of out-going Directors who have not been re-elected ends immediately following the General Meeting which conducted the re-election procedure.

In the event that one or more directorships are not filled, the remaining Directors shall be empowered to appoint temporary replacements at a meeting of the Board for the period until the next General Meeting, which shall hold the final election.

Remuneration may not be determined in accordance with the operations and transactions carried out by the Company or its subsidiaries.

Without prejudice to temporary provisions, Directors are exclusively natural persons. They must meet the conditions of integrity and expertise laid down in RREC legislation and may not fall within the scope of the prohibitions defined in RREC legislation.

The appointment of Directors is subject to prior approval by the Financial Services and Markets Authority (FSMA).

Article 17 - Company representation and signature of documents

Except where the Board of Directors has delegated special powers of representation, the Company is represented in all its acts, including those involving a public official or a ministerial officer and in legal proceedings, both as applicant or defendant, either by two Directors acting jointly, or within the limits of the powers conferred to the Executive Committee, by two members of said Committee acting jointly or, within the limits of their powers of day-to-day management, by two persons delegated such powers, acting jointly.

The Company is further validly represented by special authorised representatives of the Company within the limits of the term of office granted to them for this purpose by the Executive Committee or the Board of Directors or, within the limits of their powers of day-to-day management, by those persons delegated such powers.

A specific delegation of powers is also organised by the Executive Committee under the notary act of 01.02.2017 published in the annex of the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) of 17.02.2017 under numbers 17026096 and 17026097, for the leases, works, loans, borrowings, credit facilities and collateral, information and communication technologies, human resources, fiscal management and hedging, fund transfer and insurance transactions.

Article 18 - Audits

The Company must appoint one or more auditors who will carry out the duties incumbent upon them under the Company Code and RREC legislation.

The Auditor must be approved by the Financial Services and Markets Authority (FSMA).

GENERAL MEETINGS

Article 19 - Meetings

The Annual General Meeting shall be held on the second Wednesday of May at 3.30 pm. Should this day be a public holiday, the Meeting shall take place on the next working day at the same time, not including Saturday or Sunday.

The Ordinary or Extraordinary General Meeting shall be held at the location indicated in the notice convening the General Meeting. The threshold above which one or more shareholders may, in accordance with Article 532 of the Company Code, require that a General Meeting be held in order to submit one or more proposals to it, is set at twenty per cent (20 %) of all the shares with voting rights.

One or more shareholders together holding at least three per cent (3 %) of the capital of the Company may, in accordance with the provisions of the Company Code, require the inclusion of items to be dealt with on the agenda of any General Meeting, and submit proposals for decisions concerning items to be dealt with included or to be included on the agenda.

Article 20 - Attendance at the General Shareholders' Meeting

The right to attend the General Meeting and to exercise voting rights is subject to the registration in the accounts of the shares in the name of the shareholder on the 14th day prior to the General Meeting, at midnight (Belgian time) (below, the registration date), either by their registration on the register of shareholders of the Company, by their registration in the accounts of an approved account holder or of a clearing house, without account being taken of the number of shares held by the shareholder on the day of the General Meeting.

The owners of dematerialised shares wishing to attend the Meeting must produce an attestation issued by their financial intermediary or approved account holder certifying, as the case may be, the number of dematerialised shares registered in the name of the shareholder in its accounts on the registration date and for which the shareholder has declared that they wish to attend the General Meeting. The deposit must be made at the registered office or with the establishments designated in the notices convening the meeting, no later than the sixth day prior to the date of the Meeting.

Registered shareholders wishing to attend the Meeting must notify the Company of their intention by ordinary letter, fax or email, sent no later than the sixth day before the date of the Meeting.

Article 21 - Voting by proxy

All owners of shares entitling them to attend the Meeting may arrange to be represented by an authorised representative, who may or may not be a shareholder. The shareholder may appoint only one person as authorised representative for any given General Meeting, unless otherwise provided by the Company Code.

The power of attorney must be signed by the shareholder and reach the Company or the place indicated in the notice convening the Meeting no later than the sixth day prior to the date of the Meeting.

The Board of Directors may draw up a proxy form.

Joint owners, usufructuaries and bare owners, creditors and pledgers must arrange to be represented respectively by one and the same person.

Article 22 - Bureau

Every General Meeting is chaired by the Chairman of the Board of Directors or, in his/her absence, by the Managing Director or, should he/she also be absent, by the person designated by the Directors present. The Chairman appoints the secretary. The General Meeting selects two scrutineers. The Directors present the complete bureau.

Article 23 - Number of votes

Each Ordinary and Preference Share confers entitlement to one vote, except in cases in which voting rights are suspended by the Company Code.

Article 25 - Voting by correspondence

By authorisation given by the Board of Directors in its notice convening the meeting, shareholders will be authorised to vote by correspondence using a form prepared by the Company.

The form must include the date and venue of the Meeting, the name or company name of the shareholder and address or registered office, the number of votes that the shareholder wishes to cast at the General Meeting, the form of the shares held, the items on the agenda for the Meeting (including the proposals for decisions), a space allowing a vote to be made for or against each motion, or to abstain, and the deadline by which the voting form must reach the Meeting. It must be expressly stipulated that the form must be signed, the signature certified and the entire document sent by registered letter no later than the sixth day prior to the date of the Meeting.

Article 27 - General Bondholders' Meeting

The Board of Directors and the auditor(s) of the Company can convene the bondholders for a General Bondholders' Meeting. They must also convene a General Bondholders' Meeting when asked by bondholders representing one fifth of the total bonds outstanding. The notice convening the Meeting must include the agenda and must be established in accordance with the applicable provisions of the Company Code. To be admitted to the General Meeting of Bondholders, the Bondholders must conform to the formalities of Article 571 of the Company Code and to possible formalities provided by the conditions relating to the issue of bonds or in the notice convening the Meeting.

ACCOUNTING PROCEDURES - DISTRIBUTION

Article 29 - Distribution

The Company has an obligation to distribute to its shareholders, within the limits allowed by the Company Code and RREC legislation, a dividend of which the minimum amount is laid down by RREC legislation.

By decision of the Extraordinary General Meeting of 29.03.2011, the Board of Directors is authorised to decide to distribute to the employees of the Company and its subsidiaries, a share in the profits for a maximum amount of one per cent (1 %) of the profit for the financial year, for a period of five years as of the publication of the decision.

The authorisation granted in the above paragraph is therefore valid through 08.04.2016. It enables, or enabled, the Board of Directors, based on the authorisation, to decide the allocation of a portion of the profits for all financial years closed on December 31st, 2011, 2012, 2013, 2014 and 2015.

By decision of the Extraordinary General Meeting of 06.01.2016, the authorisation granted to the Board of Directors on 29.03.2011, described in the two preceding paragraphs, was eliminated and replaced by a new authorisation granted to the Board of Directors under the terms of which it is authorised to allocate to the employees of the Company and of its subsidiaries, the participation in profits up to a maximum of one percent (1 %) of the profits of the accounting year, for a new period of five years, with the first profit available for distribution for the 2015 accounting year.

The authorisation proposed in the above paragraph is granted for a period of five years as of 01.01.2016 (it being agreed that, based on the authorisation, the Board of Directors can allocate part of the profits for the financial year closed on 31.12.2016).

DISSOLUTION - LIQUIDATION

Article 33 - Loss of capital

In the event that half or three quarters of the capital is lost, the Directors must submit the issue of the Company's liquidation to the General Meeting, in accordance with the formal requirements set out in Article 633 of Company Code.

GLOSSARY

ADJUSTED VELOCITY

Velocity multiplied by the free float zone.

APM (ALTERNATIVE PERFORMANCE MEASURES)

Financial indicators which are not defined in accounts nor in accounting standards? Cofinimmo uses APM in its communication. Some of the APM are recommended by the European Public Real Estate Association (EPRA) while others have been defined by the industry or by Cofinimmo to provide its readers with a better understanding of its results and performance. The performance indicators defined in IFRS rules or by law are not considered to be APM. Indicators which are not based on the income statement or balance sheet sections are not either.

The APM items 'Net current result', 'Net current result' (excluding IAS 39 impact), 'Revaluation of derivative financial instruments (IAS 39)' and 'Result on the portfolio' will be changed in the future to conform with ESMA guidelines.

The definitions of the EPRA performance indicators and other APM used by Cofinimmo can be viewed on our website at (www.cofinimmo.com/investisseurs/rapports-présentations).

BELGIAN CORPORATE GOVERNANCE CODE

Drawn up by the Corporate Governance Commission and including the governance practices and provisions to be met by companies under Belgian Law whose shares are listed on a regulated market (the '2009 Code').

BREEAM (BUILDING RESEARCH ESTABLISHMENT ENVIRONMENTAL ASSESSMENT METHOD)

Method used to assess the environmental efficiency of buildings (www.breeam.org).

BRUSSELS ENVIRONMENT

Environmental and energy administration of the Brussels Capital region (www.environnement.brussels/www.leefmilieu.brussels).

CALL OPTION

The right to purchase a specific financial instrument at a pre-set price and for a specific period.

CASH POOLING

The management and transfer of liquidity among subsidiaries.

CONTRACTUAL RENTS

Rents as defined contractually in leases at the closing date, before deduction of rent-free periods or other incentives granted to the tenants.

DACH UND FACH

Term used in Germany instead of 'double net'. The maintenance costs of the building structure and, at times, some technical equipment costs are assumed by the owner.

DEALING CODE

Code of Conduct stipulating the rules to be followed by the Directors and designated persons who wish to trade financial instruments issued by the Company.

DEBT RATIO

Legal ratio calculated according to RREC legislation as financial and other debts divided by total assets.

DERIVATIVES (DERIVATIVE FINANCIAL INSTRUMENTS)

As a borrower, Cofinimmo wants to hedge against a possible short-term rise in interest rates. Derivatives can be used to hedge interest rate risk to a certain extent (the purchase of a CAP, possibly accompanied by the sale of a FLOOR; IRS contracts).

DIVIDEND YIELD

Gross dividend divided by the average share price during the year.

DOUBLE NET

So-called "double net" rental contracts (leases) or yields imply that maintenance costs are, to a greater or lesser extent, payable by the owner (lessor). These costs include expenses for the maintenance of roofs, walls and façades, technical and electrical installations, surroundings, the water supply and drainage systems. Part or all of these maintenance costs can be charged to the lessee in special provisions of the lease.

DUE DILIGENCE

Procedure intended to establish a complete and certified inventory of a company, property or real estate portfolio (accounting, economic, legal and tax aspects) before a financing or acquisition transaction.

EHPAD (ÉTABLISSEMENT D'HÉBERGEMENT POUR PERSONNES ÂGÉES DÉPENDANTES)

In France, this is the most widespread form of accommodation facility for the elderly.

EPRA (EUROPEAN PUBLIC REAL ESTATE ASSOCIATION)

An organisation of listed European real estate companies which promotes the sector and makes it more attractive compared to direct real estate investments by offering greater liquidity, accessibility and company transparency (www.epra.com).

EPRA EUROPE

European stock exchange index (excluding the United Kingdom) of the FTSE EPRA/NAREIT Global Real Estate consisting of stocks representative of the European listed real estate sector. Created by EPRA.

EX DATE

Date as of which stock exchange trading takes place without the right to payment of a future dividend (due to the 'detachment of the coupon', which formerly represented the dividend), i.e. three working days after the Ordinary General Shareholders' Meeting.

EXIT TAX

Corporate tax at the reduced rate of 16.995 % due by a company when approved for RREC status on its unrealised gains and tax-exempt reserves, or due by a company merging or demerging with a RREC. Unrealised gains are equal to the difference between the value of the property assets and their tax value, after deduction of costs, i.e. after deduction of registration rights (of 10 % or 12.5 % in Belgium) or, if applicable, VAT.

FAIR VALUE

Disposal value of investment properties according to IAS/IFRS accounting principles, i.e. after deduction of transaction costs, as determined by real estate experts. The transfer rights are fixed by the independent experts at a flat rate of 2.5 % for properties located in Belgium. However, for properties with a value below 2.5 million EUR, the rights to be deducted are the registration rights, applicable according to the property's location (10 % or 12.5 %). For the properties in France, the Netherlands and Germany, the deducted transfer rights are 6.77 %, 3.87 % and 4.80 % respectively.

FBI (FISCALE BELEGGINGSINSTELLING)

Dutch fiscal status, comparable to the RREC status.

FINANCIAL RATING

Rating given by a specialised agency (Standard & Poor's in Cofinimmo's case) providing an estimate of the short- and long-term financial strength of a company. These ratings influence the rate at which a company can finance itself.

FREE FLOAT

Percentage of shares held by the public. According to the Euronext and EPRA definitions, this includes all shareholders who individually own less than 5 % of the total number of shares.

FSMA (FINANCIAL SERVICES AND MARKETS AUTHORITY - AUTORITÉ DES SERVICES ET MARCHÉS FINANCIERS)

The autonomous regulatory authority governing financial markets in Belgium.

GPR 250 (GLOBAL PROPERTY RESEARCH 250)

Stock exchange index of the 250 largest listed real estate companies worldwide.

GREEN AND SOCIAL BONDS

Green and social bonds whose income is intended for the (re)financing of projects that make a positive contribution to sustainable, environmental or societal development. In December 2016, Cofinimmo became the first European property company to issue Green and Social Bonds.

GRI (GLOBAL REPORTING INITIATIVE)

An international non-profit organisation which works to make reporting on sustainability a current practice for all companies and organisations. Its framework is a reporting system which provides measurements and methods to assess and report on sustainable development impacts and performance.

GROSS (INITIAL) RENTAL YIELD

The ratio of the (initial) rent of an acquired property and the acquisition value, without deducting transaction fees.

IAS/IFRS (INTERNATIONAL ACCOUNTING STANDARDS/INTERNATIONAL FINANCIAL REPORTING STANDARDS)

International accounting standards drawn up by the International Accounting Standards Board (IASB) for the preparation of financial statements.

INSIDER TRADING

Violation by an individual who takes advantage of information obtained through his/her professional situation to speculate on stock market developments (see Article 25 of the Law of 02.08.2002).

INVESTMENT GRADE

Investment grade refers to AAA to BBB ratings given by rating agencies based on the Standard & Poor's scale, indicating the company's risk level.

INVESTMENT VALUE

Value of the portfolio as established by real estate experts, without deduction of transaction costs.

IRS (INTEREST RATE SWAP)

A forward agreement on interest rates, contrary to a CAP or a FLOOR, which are options on an interest rate. Cofinimmo uses an IRS to swap floating interest rates for fixed interest rates, or vice-versa.

LAW OF 12.05.2014

Law on Regulated Real Estate Companies (RREC).

LONG-LEASE RIGHT (RIGHT OF EMPHYTEUSIS)

A temporary real right which consists in having full use of a property belonging to another party, in return for making an annual payment to the owner in recognition of his right of ownership (canon). Under Belgian Law, a long lease may be concluded for a period of no less than 27 years and no more than 99 years.

MARKET CAPITALISATION

Closing stock market price multiplied by the total number of outstanding shares on that date.

MEDICAL CONSULTATION CENTRE

Centre where a number of different healthcare professionals (physicians, psychologists, dentists, pharmacists) have offices and receive their patients/customers. Cofinimmo holds four of these assets in the Netherlands in its health real estate portfolio.

MSCI (MORGAN STANLEY CAPITAL INTERNATIONAL)

Market index launched by Morgan Stanley Capital International grouping listed companies worldwide.

NET RESULT

Net current result (+) result on the portfolio.

NET RESULT FROM CORE ACTIVITIES

Operating result, plus (+) financial result (financial income - financial charges), less (-) income taxes.

OCCUPANCY RATE

The occupancy rate is calculated by dividing the (indexed) contractual rents of the leases in force by the sum of these contractual rents and of the estimated rental values of the vacant spaces, the latter being calculated based on the level of current rents on the market.

OPERATING MARGIN

Operating result on net rents.

ORA (OBLIGATION REMBOURSABLE EN ACTIONS - MANDATORY CONVERTIBLE BONDS - MCB)

Loan instrument which enables debtors to reimburse their loans in shares when due. Holders of ORAs are called 'orataires'.

PAY-OUT RATIO

Percentage of the net current result distributed in the form of a dividend.

PEB (ENERGY PERFORMANCE OF A BUILDING)

This index, issued from European Directive 2002/91/EC, expresses the quantity of energy required to meet the various needs for the normal use of a building. It results from a calculation that takes into account the various factors that influence energy demand (insulation, ventilation, solar and internal contributions, heating, etc.).

PPP (PUBLIC-PRIVATE PARTNERSHIP)

Partnership between the public and private sectors on projects for collective use: urban renovation, infrastructure works, public buildings, etc.

PRIVATE PLACEMENT

Fund-raising from a limited number of (institutional) investors without approaching the general public.

RECORD DATE

Date on which positions are closed to identify the shareholders who qualify for a dividend. i.e. two working days after the ex date.

REIT (REAL INVESTMENT TRUST)

A listed real estate investment trust in the United States.

RESULT ON FINANCIAL INSTRUMENTS

Change in fair value of the financial instruments, plus (+) the restructuring costs of the financial instruments.

RESULT ON PORTFOLIO

Realised and unrealised gains and losses compared to the last valuation by the real estate expert, plus (+) the exit tax due following the entry of a building into the RREC, SIIC or FBI regimes.

REVALUED NET ASSETS

Net asset value. Shareholders' equity estimated at market value obtained from the difference between the company's assets and liabilities (most of which are shown at market value in Cofinimmo's balance sheet). The company calculates this value based on the building valuation information provided by independent real estate experts.

ROYAL DECREE OF 13.07.2014

Royal Decree on Regulated Real Estate Companies (RREC).

First option to terminate a lease.

SERVICE FLATS

Small apartments providing accommodation for (semi)-autonomous elderly people combined with domestic and meal services.

SIIC (SOCIÉTÉ D'INVESTISSEMENT IMMOBILIER CÔTÉE - FRENCH REIT REGIME)

French status for property companies, comparable to the RECC status.

SSR (CLINIQUE DE SOINS DE SUITE ET DE RÉADAPTATION)

Clinic providing rehabilitation care to patients following a hospital stay for a health complaint or surgery.

TAKE-UP

Letting of rental spaces.

TRIPLE NET

So-called 'triple net' rental contracts or yields imply that insurance costs, taxes and maintenance expenses are payable by the tenant (lessee). This mainly concerns the leases of healthcare assets.

VELOCITY

Parameter indicating the speed of circulation of a share obtained by dividing the total volume of shares exchanged over the year by the total number of shares.

WITHHOLDING TAX

Tax withheld by a bank or by another financial intermediary on payment of a dividend.

ZELFSTANDIG BEHANDELCENTRUM (ZBC)

Independent private clinic in the Netherlands.

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