PIONEERS IN INNOVATION

OUR STORY

2017 ANNUAL FINANCIAL REPORT

HEALTHCARE REAL ESTATE

Meeting the housing and care needs of vulnerable persons

OFFICES

Providing modern, pleasant, multi-purpose work spaces

PROPERTY OF DISTRIBUTION NETWORKS

Optimising the point-of-sale networks of our tenant-partners

Belliard 40

The redevelopment of the Belliard 40 office building, located in the heart of Brussels, demonstrate how architectural daring and sustainable cutting-edge technologies lead to a commercial success. Almost 60 % of the office space is pre-let ahead of the delivery of the construction works.

YELIZ BICICI,
HEAD OF DEVELOPMENT

Innovation think tank

Our internal innovation think tank, which gather employees from various departments is the source of initiatives such as Flex Corners® or Lounge®. These initiatives meet the evolution of the world of work.

JEAN VAN BUGGENHOUT,
HEAD OF PROPERTY
SERVICES & CSR

Cofinimmo
together in real estate

COFINIMMO IN A FEW WORDS

We are the leading Belgian listed real estate company. We are a member of the BEL20 and operate under the favourable REIT tax regime.

We are specialised in rental properties. Our portfolio consists of healthcare assets, offices and property of distribution network assets in Belgium, France, the Netherlands and Germany.

Our business is both stable and innovative. Our goal is to meet the needs of our shareholders, tenants, employees and the community at large.

A presentation of our activities and results over the past 12 months follows below.

1983

Founding (capital of 6 million EUR).

1994

Listing on the Brussels stock exchange.

1996

Adoption of SICAFI status (former Belgian REIT regime).

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).

First emission of convertible bonds.

2012

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

Adoption of FBI status (Fiscal Investment Institution).

2013

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

2014

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

Adoption of RREC status.

Sale of Galaxy Properties company, owner of the office building North Galaxy.

2015

Capital increase with preference rights in the amount of 285 million EUR.

Continued investment in healthcare real estate in the Netherlands and Germany.

Sale of a portfolio of 20 nursing and care homes in Belgium (Silverstone).

2016

Continued investment in healthcare real estate in the Netherlands and Germany.

Acquisition of five office buildings in Brussels.

Opening of the first Flex Corners® and Lounges®.

Issue of a 'Green and social bonds'.

2017

Continued investment in healthcare real estate in the Netherlands and Germany.

Delivery of the reconversion works of an office building into a nursing and care home (Woluwe 106-108).

CONTENTS

INNOVATIVE REAL ESTATE MARKETS

In the healthcare segment, we have a proactive approach which anticipates tomorrow's needs. It goes beyond nursing and care homes.

AN INTEGRATED SERVICES OFFERING

Our 'service desk' provides an immediate response to any questions from our tenants requiring intervention.

TAILOR-MADE OFFICES

We have innovated with the implementation of Flex Corners® and Lounges®, flexible spaces which answers the profound mutation operating in the world of work.

RESPONSIBLE CHOICES

We want to both anticipate the future standards that will be applied to our activity and adopt a sustainable approach in our everyday activities.

The following explanatory icons are used in this Report:

( ) referral to page/chapter

( ) expression defined in glossary

( ) Alternative Performance Indicator[1] (API)

referral to website

1 The definition and the calculation details are available on our website. www.cofinimmo.com.

RISK FACTORS

THIS CHAPTER COVERS THE MAIN RISKS FACED BY THE COMPANY, THEIR TRENDS, THEIR POTENTIAL EFFECTS ON OUR BUSINESS AS WELL AS THE VARIOUS FACTORS AND ACTIONS MITIGATING THE POTENTIALLY DAMAGING IMPACT. MITIGATING FACTORS AND MEASURES MENTIONED IN THIS CHAPTER AND DETAILED FURTHER ON IN THE REPORT DO NOT NECESSARILY ENABLE US TO COMPLETELY ERASE ALL OF THE POTENTIAL EFFECTS OF THE IDENTIFIED RISKS. AS A CONSEQUENCE, ALL OR PART OF THE IMPACT WILL BE AT OUR EXPENSE, OR INDIRECTLY, AT THE EXPENSE OF OUR SHAREHOLDERS.

CLIENT RISKS

Risk level	Trend	Risk description	Potential impact	Mitigating factors and measures
○ ● ●	↓	**Reduced solvency/ bankruptcy of clients-tenants**	1. Unexpected rental vacancy. 2. Loss (total or partial) of rental income. 3. Negative impact on rental income: rents revised downwards, granting of rent-free periods and incentives, higher marketing expenses to attract new tenants. 4. Negative impact on the value of the property portfolio.	Our five main tenants account for 51.4 % of our gross rental income (➔ **see page 44**). (1,2,3,4) Credit risk analysis requested from an external rating agency or carried out internally prior to the acceptance of a new client. (1,2,3,4) Advance/bank guarantee corresponding to six months' rent required from non-public sector tenants. (1,2,3,4) 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 our tenants. (1,2,3,4) Pooling of solvency risks for individual healthcare property at the operating Group level. (1,2,3,4) A large portion of the healthcare operator income is received directly or indirectly from social security organisations. (1,2,3,4) In-depth solvency analysis of all new healthcare tenant-operators. Annual review of our healthcare tenant-operators' solvency and in-depth analysis of those whose financial situation is deteriorating. (1,2,3,4) The office portfolio is 25.4 % leased to public sector tenants. (1,2,3,4)
○ ● ●	↓	**Predominance of the largest tenants/ operators**	1. Significant negative impact on rental income in the event of departure. 2. Non-respect of the RREC regime if one single tenant represent more than 20 % of the fair value of the portfolio.	Diversified client base: 555 tenants. (1,2) Nearly 30 tenant-operators in healthcare real estate. (1,2) Our five main tenants account for 51.4 % of our gross rental income (➔ **see page 44**). (1,2) The public sector accounts for 9.9 % of our gross rental income (➔ **see page 44**). (1,2) Our two main tenants generate respectively 16.5 % (Korian) and 13.5 % (AB InBev) of our gross rental income (➔ **see page 44**). (2) Investment policy aims to avoid a single tenant exceeding 20 % of the portfolio fair value. (2)
○ ● ●	=	**Non-renewal or early termination of leases**	1. Unexpected rental vacancy. 2. Negative impact on rental income: rents revised downwards, granting of rent-free periods and incentives, higher marketing expenses to attract new tenants. 3. Negative impact on the value of the property portfolio.	Proactive marketing and property management by internal teams. (1,2,3) Ongoing contact between the in-house sales team and the main real estate agencies. (2) All of the leases provide for compensation in the event of the early departure of tenants. (2)

PROPERTY PORTFOLIO RISKS

Risk level	Trend	Risk description	Potential impact	Mitigating factors and measures
○ ● ●	↑	**Inappropriate choice of investments or (re) development projects**	1. Negative impact on the Group's income potential. 2. Mismatch with market demand and vacancy. 3. Expected yields not achieved.	• Strategic risk analysis and technical, administrative, legal, accounting and taxation due diligence ↓ carried out before each acquisition. (1,2,3) • In-house and external valuations (independent experts) of each property to be bought or sold. (1,2,3) • Marketing of (re)development projects before acquisition. (1,2,3)
○ ○ ●	=	**Excessive own account (re) development pipeline**	Uncertainty regarding future income.	Activity limited to maximum 10 % of the property portfolio fair value ↓.
○ ○ ●	=	**Poor management of major projects**	1. Budget and timing are not met. 2. Increase in costs and/or reduction in income and, therefore, negative impact on projects' profitability.	• Specialised in-house Project Management team. (1,2) • Selection of specialised external project managers for the larger projects. (1,2)
○ ● ●	=	**Negative change in the properties' fair value**	1. Negative impact on the net result, the net asset value and the debt ratio. At 31.12.2017, a 1 % value change would have an impact of around: • 35.1 million EUR on the net result (compared to 33.7 million EUR at 31.12.2016); • 1.65 EUR on the net asset value per share (compared to 1.60 EUR at 31.12.2016); • 0.41 % on the debt ratio (compared to 0.40 % at 31.12.2016). 2. If the cumulative changes in the properties' fair value exceed the distributable reserves, partial or total inability to pay a dividend.	• Property portfolio valued by independent experts on a quarterly basis conducive to the implementation of corrective measures. (1,2) • Clearly defined and prudent debt policy. (1,2) • Investment strategy focusing on quality assets and providing stable income. (1,2) • Diversified property portfolio subject to different valuation trends able to offset one another. (1,2) • Granularity of the property portfolio: the five main assets only account for 9.4 % of the total value of the portfolio (➔ **see page 118**). (1,2) • 92.7 million EUR distributable reserves at 31.12.2017. (2) • Regular analysis of our parent company's distributive capacity and ad hoc analysis for large building acquisitions or sale transactions or for financial transactions' structuring. (2) • Ability to carry out certain transactions already realised in the past to ensure the distribution of our dividend: distribution of our subsidiaries' dividends to our parent company and restatement of non-distributable reserves, corresponding to capital gains realised through mergers with our parent company, as distributable reserves. (2)
○ ● ●	=	**Vacancy**	1. Negative impact on rental income: rents revised downwards, granting of rent-free periods and incentives, higher marketing expenses to attract new tenants. The cost of ownership of unoccupied properties amounted to 5.13 million EUR in 2017. 2. Negative impact on the value of the property portfolio.	• Proactive marketing and property management by internal teams. (1,2) • Long weighted average residual lease length (10.3 years at 31.12.2017) with maximum 15 % expiring during a single year. (1,2) • Occupancy rate ↓ of the healthcare properties, property of distribution networks and PPP ↓ property portfolios in excess of 97 %. Occupancy rate of the office portfolio (88.1 % at 31.12.2017) in line with the average of the Brussels' office market (➔ **see page 42**). (1,2)
○ ○ ●	=	**Excessive maintenance costs**	Negative impact on the results.	• Limited maintenance obligations for the healthcare property and property of distribution networks portfolios ('double net' ↓ or 'triple net' ↓ leases). • A periodic maintenance policy is applied for the office portfolio.
○ ● ●	=	**Wear and tear and deterioration of properties**	Negative impact on the commercial appeal of buildings.	• Long-term policy for the systematic replacement of facilities. • Regular property renovation programme. • Properties are sold if the price offered exceeds the estimated value net of anticipated refurbishment costs. • New building construction.
○ ○ ●	=	**Destruction of buildings**	1. Business activity interrupted and negative impact on rental income. 2. Negative impact on the value of the property portfolio.	• Portfolio insured for a total reconstruction value of 1.84 billion EUR[1] (vs. fair value, including land, of 1.64 billion EUR). • Cover against vacancies caused by disasters. • Owner or project supervisor civil liability insurance.

1 The insurances cover 46.8 % 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 property of distribution networks and certain office buildings). The corresponding insurance premium is 813,887 EUR.

MARKET RISKS

Risk level	Trend	Risk description	Potential impact	Mitigating factors and measures
○ ○ ●	↓	**Deterioration of the overall economic environment**	1. Negative impact on the demand and the occupancy rate of space, and on rents. 2. Negative impact on the value of the property portfolio. 3. Negative impact on the price and timing of sales of the residential properties converted from office properties.	Long-weighted average lease length (10.3 years at 31.12.2017) (➔ **see page 43**). (1,2) Healthcare real estate and Public-Private Partnerships (48.8 % of the portfolio under management at 31.12.2017) not very sensitive to changes in the overall economic environment. (1,2) Property of distribution networks (13.4 % of the portfolio under management at 31.12.2017) operating as points of sale for the products/services of tenants and are, therefore, necessary for their business. (1,2) Office space portfolio (37.1 % of the portfolio under management at 31.12.2017), 25.4 % leased to public sector tenants. (1) Partial pre-sale of a number of flats prior to the launch of a reconversion project of an office property into a residential property.

LEGISLATION RISKS

Risk level	Trend	Risk description	Potential impact	Mitigating factors and measures
○ ○ ●	=	**Non-compliance with RREC ↓, SIIC ↓ and FBI ↓ regime requirements**	1. Loss of the tax transparency regime. 2. Compulsory early repayment of certain loans.	Professionalism of the teams ensuring rigorous compliance with the obligations. Ongoing updates to a five-year financial plan to track the Group's compliance with its obligations.
○ ● ●	↑	**Unfavourable changes in the RREC, SIIC or FBI regimes (or in their application by the public authorities)**	Negative impact on the net result and on the net asset value In the Netherlands, Cofinimmo benefits from the fiscal regime 'Fiscale Beleggingsinstelling' (FBI) through its subsidiary Superstone. The conditions for this regime are related to exercised activities and shareholding. The Dutch tax authorities informed Cofinimmo that, as Superstone shareholder, it must undergo a shareholder test after which it could qualify as FBI as well. Discussions between the Dutch tax authorities and Cofinimmo are ongoing to examine how this can be put into practice. Cofinimmo believes it can pass the shareholder test and reach a reasonable agreement with the Dutch tax authorities, in order for Superstone to keep its FBI regime. In addition, the Dutch government stated in October 2017 that it intends to abolish the FBI regime as from 2020. Cofinimmo evaluates the impact of this decision on its activities with the help of tax advisers and associations in the sector. In the unlikely event in which Cofinimmo's subsidiaries would lose their FBI regime and would fall under the 'conventional' tax regime, the impact on the result 2018 is forecasted at 1.4 million EUR.	Regular contact with public authorities. Participation in organisations and federations representing the sector. Changes in legal structure and/or the Group's operating procedures.
○ ● ●	↑	**Changes in town-planning legislation (e.g. the procedure for listing or protecting a building)**	1. Negative impact on the value of a building. 2. Increase in the costs incurred to maintain a building in operation. 3. Negative impact on the Group's ability to operate a building.	Regular contact with town-planning authorities to propose alternative solutions.
○ ● ●	↑	**Changes in environmental regulations (e.g.: restrictions on the use of parking spaces)**	1. Negative impact on the value of a building. 2. Increase in the costs incurred to maintain a building in operation. 3. Negative impact on the Group's ability to operate a building.	Active energy performance policy for the buildings, anticipating legislation insofar as possible.
○ ● ●	=	**Changes in social security regimes**	Negative impact on the solvency of healthcare operators.	Annual solvency analysis of operators on the basis of a regular financial reporting. Monitoring of regulatory trends.
○ ● ●	=	**Legal proceedings or arbitration against the company**	Negative impact on the net result and, potentially, on the company's image and on the 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**	Negative impact on the net result and/or on the net asset value.	Due diligence: appropriate technical, administrative, legal, accounting and tax audits when acquiring property companies and assets.
○ ○ ●	=	**Difference between the real value (used to calculate the exit tax ↓) and the fair value (stated in the balance sheet) of the property portfolio**	Increase of the basis on which the exit tax is calculated.	Group compliance with exit tax calculation provisions.

FINANCING RISKS

Risk level	Trend	Risk description	Potential impact	Mitigating factors and measures
○○●	↓	**Financial and banking markets unfavourable to real estate and/or to Cofinimmo**	1. More difficult access to credit and negative impact on costs. 2. Negative impact on liquidity.	Diversification of financing sources between the banking market (27 %) and various segments of the capital markets (73 %) (➔ **see page 88**). (1) Stable, diversified banking pool. (1) Well-balanced maturities spread over time (➔ **see page 88**). (1) Fully hedged commercial paper programme. (1) Sufficient volume of liquidity on confirmed credit lines to cover medium-term operational and investment expenditures and short-term refinancing. (1,2)
○○●	↓	**Insolvency of financial or banking counterparties**	Negative impact on results.	Several well-known national and international banking counterparties, all with a good financial rating.
○●●	↑	**Changes in (future) market interest rates**	1. Negative impact on the value of financial instruments. 2. Negative impact on financial charges. 3. Negative impact on the net result and on the net asset value. 4. Negative impact on the Group's financial rating ➔, on the cost of financing and on liquidity (➔ **see Change in the Group's public financial rating**).	Part of the debt is contracted at a floating rate. (2,3,4) In the absence of hedging, an interest rate increase of ten basis points would increase financial charges by 0.29 million EUR. (2,3,4) At 31.12.2017, the percentage of hedged fixed-rate debt and floating-rate debt amounted to 81 % (➔ **see page 89**). (2,3,4) Over 70 % of the floating-rate debt is hedged using derivative instruments until 2020 (➔ **see page 89**). (2,3,4) In 2018, assuming that the structure and the level of debt remain identical to those at 31.12.2017, and taking into account the implemented hedging instruments, a 50 basis point increase or decrease in interest rates would impact the cost of financing by an increase or decrease of six basis points. (2,3,4)
○●●	=	**Increase in credit margins**	Increase in financial charges.	Diversification of borrowing sources to optimise average credit margins. Capital raised at fixed margins over the medium and long term.
○●●	=	**Non-renewal or termination of financing contracts**	Negative impact on liquidity.	Ten reputable banks. Different sources of financing: bank debt, issue of convertible and non-convertible bonds, Green and Social Bonds ➔, commercial paper programme, etc. (➔ **see page 88**). Refinancing carried out at least 12 months in advance in order to optimise conditions and liquidity.
○●●	↓	**Change in the fair value of hedging instruments**	Positive or negative impact on shareholders' equity and net asset value.	Implementation of hedging instruments for all sources of financing and not only specific credit lines.
○●●	↓	**Deflation risk**	Negative impact on rental income.	The leases usually provide that any new indexed rent may not be lower than the previous rent or the rent of the first year's lease. Indexation of certain minority technical charges may be higher than the one applied to rents.
○●●	=	**Debt risk**	1. Cancellation/termination of loan agreements or early repayment. 2. Non-compliance with RREC, SIIC or FBI requirements and resulting penalties.	Prudent financial and debt policy and ongoing monitoring. (1,2) At 31.12.2017, Cofinimmo's debt ratio stood at 43.8 %, a level far below the 60 % limit stated in the loan and credit lines agreements and the 65 % limit required by RREC regulations (➔ **see page 88**). (1,2) Net interest charges amounted to –29.9 million EUR in 2017 (compared to -32.3 million EUR in 2016).
○○●	=	**Exchange risk**	Loss of value of investments and cash flows.	Cofinimmo is not exposed to currency exchange risk except in the event that the eurozone splits up. However, Cofinimmo has signed a sales contract for a building in foreign currency. To cover the potential currency risk tied to revenue in a foreign currency, Cofinimmo has implemented two currency 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[1].
○●●	=	**Share price volatility**	More difficult access to new shareholders' equity.	Management of in-house factors which may have a negative impact on the share price. Frequent communication with shareholders and publication of financial information forecasts.
○●●	=	**Change in the Group's public financial rating**	Negative impact on the cost of financing and liquidity.	Close relationship with the rating agency whose recommendations regarding financial ratios, sources of financing, liquidity and interest rate hedging are taken into account.

1 On 15.02.2018, Cofinimmo has cancelled the two call options of this foreign currency against euro (➔ **see chapter 'Events after 31.12.2017' of this Annual Financial Report**).

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. The French version has been approved by the FSMA in accordance with Article 23 of the aforementioned Law, on 27.03.2018. This approval does not contain any appraisal of the Group's situation.

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 Cofinimmo's responsibility. Only the French version constitutes legal evidence.

AVAILABILITY OF THE ANNUAL FINANCIAL REPORT

A copy of this Annual Financial Report is available upon request by contacting us 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

The report is also available on our website at **www.cofinimmo.com**.

DECLARATIONS

RESPONSIBLE PERSONS

Our Board of Directors, whose composition is provided on pages 94 to 97 of this report assumes full 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. Mister Jacques van Rijckevorsel, Chairman of the Board of Directors and Mister Jean-Edouard Carbonnelle, CEO, declare on behalf of our Board of Directors that, to the best of their knowledge:

- this Annual Financial Report provides a fair and true statement of important events and, where applicable, of major transactions between related parties which occurred during the financial year and their impact on the financial statements;
- this Annual Financial Report contains no omissions likely to alter the scope of any statements made in it;
- the financial statements, prepared in compliance with the applicable accounting standards, give a fair and true picture of our portfolio, of our financial situation and of our results (parent company and subsidiaries included in the consolidation);
- the Management Report includes a fair review of our activities' evolution, our results and our situation (parent company and subsidiaries included in the consolidation), as well as a description of the main risks and uncertainties facing Cofinimmo (**see pages 2 to 5**).

FORECAST INFORMATION

This Annual Financial Report contains forecast information based on our plans, estimates and forecasts, as well as on our 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 our 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

Our Board of Directors declares that, to the best of its knowledge:

- none of our Directors has ever been convicted of a fraud-related offence, that no official public incrimination and/or sanctions has been expressed by a legal or supervisory authority, that no Director has been prohibited by a court from acting as a member of the Directing body and that, in this capacity, they have never been implicated in a bankruptcy, sequestration or liquidation;
- no employment contract has been entered into with our Directors, with our Executive Committee or with our 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 real estate experts' report and the Statutory Auditor's Reports, has been included with the consent of the person vouching for its content, form and context. The information has been faithfully reproduced and, insofar as our Board of Directors is aware, and is able to ensure, in 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 2015 and 2016 which are included as reference material 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 our website at **www.cofinimmo.com**.

Coffee Corner® - Souverain/Vorst 36 Office building - Brussels Decentralised (BE)

INTERVIEW WITH THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

"INNOVATION IS EMBEDDED IN OUR STRATEGIC CHOICES"

JACQUES VAN RIJCKEVORSEL,
CHAIRMAN OF THE BOARD OF DIRECTORS

JEAN-EDOUARD CARBONNELLE
Chief Executive Officer

JACQUES VAN RIJCKEVORSEL
Chairman of the Board of Directors

Was the 2017 financial year comparable to 2016 for Cofinimmo, in terms of favourable conditions and in the long-term low interest rates environment which enabled the Company to realise certain advantageous real estate and financial transactions?

Jean-Edouard Carbonnelle There was a great deal of continuity between 2016 and 2017 in terms of the economic and financial environment. Interest rates remained low and that enabled us to refinance our debt at favourable conditions. However, real estate prices remained high. As a result, our investment pace was relatively slow. On the other hand, we have been able to take advantage of this period of low interest rates to accelerate the refurbishment of our existing portfolio.

Last year saw the opening of a Cofinimmo office in Paris. The Company now has three operations centres (Brussels, Breda and Paris). Is this choice driven by the Company's goal of being closer to its clients?

J.-E.C. We opened the Paris office in 2017 to manage a portfolio of insurance agencies. This thought was initiated in 2016. We now have an office with five people. Our goal is to get closer to our clients in the healthcare segment as well, which is our primary market. The Netherlands, where we have been present since 2007, is also one of our main growth area in this segment. We have been prospecting very actively there and our customer base is particularly diversified.

Jacques van Rijckevorsel Our physical presence in France and in the Netherlands enables us both to get closer to our clients and to always pay close attention to the opportunities as they arise in these countries on which we are focusing. We have local Directors with excellent contacts.

The Company's strategy encourages the diversification of assets and a daring approach, particularly in the office segment. Are innovation and diversification the keywords for Cofinimmo's success?

J.V.R. Cofinimmo is implementing a diversification strategy, not a dispersion strategy. Our objective is to ensure a fair allocation of risks in the markets in which we are active. Innovation is at the heart of our activity. Our strategic choices are part of an innovation dynamic. The operational mode of companies has changed. Some signals, like open spaces and transparent walls, which are everywhere now, even on the executive floors of banks, speak for themselves. We take into account the changes in habits and mentalities in our offering and in the way we address potential tenants. We always keep two keywords in mind: flexibility and sharing. What is the most important today is the way assets are used, not just ownership. There is a major change underway in the real estate industry, comparable to what is happening with shared vehicles. We have to constantly innovate and anticipate new trends. It is the only way to make our real estate portfolio durable over the long term.

J.-E.C. We live in a constantly changing society. For instance, we have witnessed in the office segment, the gradual erosion of the space dedicated to each work station. Our approach must, therefore, enable the successive tenants of a property to adjust the premises to their needs and arrange the spaces according as the wish . The companies' life cycle requires that we attract new tenant profiles seeking more flexible options in terms of lease duration, of services provided and work spaces.

“WE HAVE BEEN ABLE TO TAKE ADVANTAGE OF THIS PERIOD OF LOW INTEREST RATES TO ACCELERATE THE REFURBISHMENT OF OUR EXISTING PORTFOLIO”

JEAN-EDOUARD CARBONNELLE, CHIEF EXECUTIVE OFFICER

WE ALWAYS KEEP TWO KEYWORDS IN MIND: FLEXIBILITY AND SHARING.

WHAT IS THE MOST IMPORTANT TODAY, IS THE WAY ASSETS ARE USED. THERE IS A MAJOR CHANGE UNDERWAY IN THE REAL ESTATE INDUSTRY, COMPARABLE TO WHAT IS HAPPENING WITH SHARED VEHICLES."

JACQUES VAN RIJCKEVORSEL

How does Cofinimmo's desire to constantly innovate and meet the expectations of tenants is reflected?

J.-E.C. Offices must be connected and equipped to ensure that tenants can occupy the premises quickly. Energy consumption has, in fact, become an essential criterion in the decisions of potential tenants. Photovoltaic panels, temperature settings, LED lighting: together with the occupants, we do everything possible to limit consumption. Our Flex Corners® are a good example of an innovative approach which meets the ambitions of a new generation of potential tenants. The concept has been launched in 2016 and we have now eight Flex Corners® which represent a total of 6,600 m² of office space, with an occupancy rate of 60%. The 22 tenants who moved in have an atypical profile. Most of them previously housed their company in a flat. They really like the flexibility of our leases.

How are employees involved in the Company's pursuit of innovation?

J.-E.C. We set up an internal think tank every two years with fifteen people to generate new ideas, such as the Lounges® and the Flex Corners®. We are currently studying the commercial potential of office buildings entrances. We are also striving to make a strong statement with the (re)construction works of the Belliard 40 office building in the heart of the Leopold District (Brussels CBD), with the collaboration of Mister Pierre Lallemand and Art & Build company.

The share of healthcare real estate in Cofinimmo's portfolio is particularly significant, with over 88.4 million EUR invested in 2017 in properties in Belgium, France the Netherlands and Germany. Is this market segment the driving force of the Company?

J.-E.C. Healthcare real estate is at the core of Cofinimmo's deployment. We previously stated our goal of increasing this segment's share from 45% to 50% of its total portfolio by the end of 2019. We are getting closer to the objectives we set and our geographical diversification is expanding. We opened new niches in 2017 with, especially, medical office buildings which gather general practitioners, physiotherapists, dentists, pharmacists, etc. under the same roof. Our tenants create a true community which operates in symbiosis and provides patients with the best available first line medical care. The neighbouring countries offer more development opportunities, while in Belgium the legal framework has so far only allowed us to be active in the nursing home segment.

J.V.R. This approach is particularly well-suited to the changes taking place in medical care, in which we are witnessing increasing decentralisation. Medicine is being redefined. Cofinimmo provides tailored real estate solutions for these new trends.

Q: Did Cofinimmo's 2017 results meet your expectations?

J.-E.C. Our net result from core activities ↓ of 6.53 EUR/share was slightly higher than expected. Operating expenses are well-managed and staff costs are stable. Most of our income is guaranteed. The only risk we are dealing with is building vacancy. However, we have twelve months to anticipate that situation. When a building becomes obsolete, we sell or redevelop it to provide it with a new lease on life when applicable.

How does 2018 look for Cofinimmo?

J.-E.C. We are pursuing our expansion strategy while maintaining a well-managed equilibrium and diversification in the healthcare and office segments. Our forecast for the net result from core activities for 2018 is in line with our 2017 performance, namely 6.54 EUR/share. This should enable us to pay our shareholders a dividend of 5.50 EUR/ordinary share for the 2018 financial year.

J.V.R. We are particularly grateful to our teams, whose initiatives and support enable us to successfully implement our innovation and growth policy on a daily basis. We are also very proud of the trust our shareholders put in our share.

"OUR FLEX CORNERS® ARE A GOOD EXAMPLE OF AN INNOVATIVE APPROACH WHICH MEETS THE AMBITIONS OF A NEW GENERATION OF POTENTIAL TENANTS."

JEAN-EDOUARD CARBONNELLE

INNOVATION

CONTINUOUS INNOVATION TOGETHER WITH OUR CUSTOMERS: WORK AND LIFE

1.

Work is part of life: working in easily accessible buildings, with shops, gym and leisure facilities nearby.

2.

Nowadays work is flexible: today we work at home and tomorrow at the office. Starting as an entrepreneur in a small space and then letting it grow with the company's needs. Nowadays work has to be smarter and more enjoyable: the workspace must provide a boost to productivity, provide opportunities to share ideas in a lounge, patio or landscaped garden. Developers of office spaces must not only create a beautiful space, but also an environment favourable for success.

3.

Life for the elderly nowadays is, in many cases, finding a pleasant and protecting environment where qualitative medical care services are provided by a skilled staff. The latter will be more dedicated to his work if the facility is functional, bright and pleasant.

4.

Life for many is experiencing and discovering: everything has to be easily accessible and in the immediate vicinity. That is why there is a need for office space which is accessible by public transport and enhance collaboration between employees in a pleasant environment.

PIONEERS IN INNOVATION

Anyone who wants to play a leading role in real estate, must understand how people live and work.

In the long-term, the major social changes are due to an increased urbanisation, an ageing population, but also the Generation Y and the Millennials on the labour market. They experience the labour market in a different way. It all depends in which stage of life they are in, trying to combine their work life with their family life and leisure time.

For Cofinimmo, innovation means responding to the changing trends in terms of accommodation and working by offering real estate properties which meets the needs of its customers.

These trends and the knowledge of customers, partners and employees are bundled in proposals, which are further developed in accordance with specific priorities. Innovation means thinking at a lateral and horizontal level, spontaneous and passionate. Employees, partners and customers work on projects with the aim of making work and leisure time more pleasurable.

5.

Life for most of us is keeping an eye on our health with flexible, easy-to-reach multidisciplinary health centres or retail clinics, where medical staff work together and provide support for the general health and well-being of patients, as a more efficient alternative for hospitals. Convenience is increasingly becoming the driving force when choosing a location where people go to receive medical cares.

6.

Life is also paying attention to efficiency: smart meters that measure energy consumption, advice for a better use, proper maintenance, sustainable renovations and using free space in certain buildings as living space or other amenities, in order to reduce the transaction costs, which ultimately benefits the customers.

7.

Life is also paying attention to the environment. That is why buildings that are energy-efficient and easy to adapt to the changing working and living environment (flexibility, green design, smart areas) are the winners of today and certainly of tomorrow.

INNOVATION

1 SOUND STRATEGIC CHOICES

"INNOVATIVE REAL ESTATE MARKETS."

In 2005, Cofinimmo was the first real estate company in Belgium to invest in the healthcare sector. Our approach is proactive, both in terms of the new uses of some of our buildings, which enjoy a second lease on life, and in terms of the search for operators to whom we provide support and experience. We are always exploring new niches in the healthcare real estate sector: clinics, sport and wellness centres and medical office buildings are examples which answer the evolution of society. Our projects are based on a sustainable environmental approach which anticipates tomorrow's standards.

MATTHIAS GABRISCH,
Asset & Transaction Manager

Nursing and care home Vivalys (formerly Woluwe 106-108 - Brussels decentralised (BE)

Cofinimmo used the building located on Boulevard de la Woluwe/Woluwedal as office building for many years. It was vacant and required significant renovation works, so we converted it into a nursing and care home. The renovation works were delivered at the end of 2017. We now lease the building to Vivalto, a healthcare operator.

2 AN INTEGRATED SERVICES OFFERING

"WE HAVE A CLOSE RELATIONSHIP WITH OUR TENANTS TO ENSURE OPTIMAL SERVICE."

We have implemented an internal organisation, namely software tools and a highly-skilled team fully dedicated to the occupants of our office buildings. We want to facilitate the management of their work space by providing them with our expertise. Our service desk provides an immediate response to any questions requiring intervention, even for something as simple as changing a light bulb. Our employees are ready to answer to every request. This special relationship with our tenants ensures their loyalty. As a result, our clients often recommend us to new potential tenants when space become available.

MONA GUENNAOUI,
Property Manager

Woluwe 58 office building – Bruxelles Decentralised (BE)
Cofinimmo headquarters

INNOVATION

3 TAILOR-MADE OFFICES

“WELCOMING AND FLEXIBLE SPACES.”

The world of work is going through a major change. Although traditional office space continues to be popular, we have been innovating with offerings like the Lounge® and Flex Corners® which are very popular among another group of clients. These concepts meet the growing need for a variety of spaces at work. Our Lounges® are convivial spaces where our tenants like to meet to have a coffee or enjoy the recreational facilities. Flex Corners® are in the same vein. We lease spaces, some of which are quite small, to micro-companies which have access to a kitchen and shared meeting rooms. And when their company grows, we can provide them with the right solutions for their needs.

MARC VAN HAELEN,
Commercial Account Manager

The Lounge® - The Gradient office building - Brussels Decentralised (BE)

The Gradient office building is hosting the second Lounge® opened by Cofinimmo. There are several meeting rooms, a catering space, lounges, a participative library, table football and a storage area. The concept has drawn new tenants to the building which is now over 90 % occupied.

4 RESPONSIBLE CHOICES

"ALL REAL COMPANIES HAVE A SOCIAL ROLE TO PLAY."

We have a global approach to environmental issues. We act on traditional requirements like insulation and energy consumption, of course, but we also explore soft mobility, the life cycle of buildings and the reuse of materials and furniture from our buildings. We want to both anticipate the future standards that will be applied to our business and to innovate in our everyday activities. We think about the future of our buildings over the very long-term. As a real estate company, we have a social role to play. Our decisions impact the development of cities.

HANNA DE GROOTE,
Environmental Manager

Belliard 40 office building - Brussels Leopold district (BE)

The building on Rue Belliardstraat was torn down and rebuilt, illustrating the 'life cycle' approach adopted by Cofinimmo. The new building is passive from an energy consumption perspective. This architecturally daring project opened up Rue Belliardstraat with a green and open space in front of the building and a transparent atrium with a view on the interior garden.

KEY FIGURES
AT 31.12.2017

3.5 billion EUR
Fair value of the portfolio
+4.2 %
in 2017

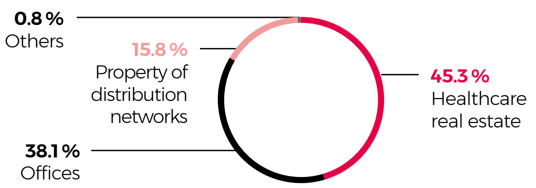
210 million EUR
Property result in 2017
-0.3 %
in 2017

6.7 %
Gross rental yield if portfolio rented at 100 %

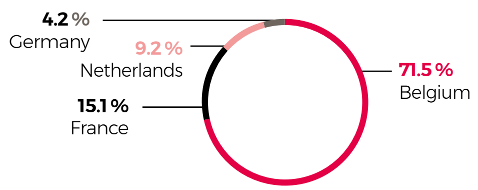
94.6 %
Occupancy rate

10.3 years
Weighted average residual lease length

PORTFOLIO BREAKDOWN BY SEGMENT



PORTFOLIO BREAKDOWN BY COUNTRY



2.3 billion EUR
Market capitalisation

Member of the **BEL20**

107.82 EUR
Average ordinary share price in 2017

6.1 %
Total return of the ordinary share in 2017

6.53 EUR/share
EPRA result ↓ in 2017

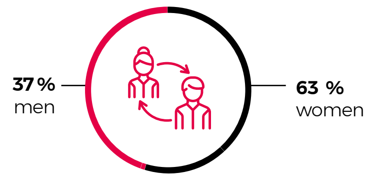
93.26 EUR/share
EPRA Net Asset Value

43.8 %
Debt ratio

1.9 %
Average cost of debt ↓ in 2017

BBB
Standard & Poor's rating

133
employees



Internal property **management**

218 kWh/m²
Average portfolio energy consumption in 2017

Care centre for people suffering from mental disorders - Alphen aan den Rijn (NL)

STRATEGY

The Gradient office building - Brussels Decentralised (BE)

3 PILLARS

REAL ESTATE STRATEGY

Diversification by asset type and by country

Differentiation

Portfolio **granularity**

Proximity to clients

FINANCIAL STRATEGY

Diversification of financing sources

Regular use of **capital markets**

Debt ratio close to 45 %

Optimisation of the cost and duration of financing

SUSTAINABLE DEVELOPMENT STRATEGY

Contribute to the **development of cities**

Improve the **energy performance** and **standards of comfort** of our buildings

Implement sustainable development within the limits of **economic feasibility**

REAL ESTATE STRATEGY

DIVERSIFICATION

Our real estate portfolio is diversified both in terms of types of assets and the countries in which we invest.

We own 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. We have 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 office buildings.

From a geographical perspective, our real estate portfolio is spread over four countries: Belgium, France and, more recently, the Netherlands and Germany. Generally speaking, our 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 asset type and by country contributes to our moderate risk profile. Given that each segment and each country has its own regulatory framework, financing system, competitive environment and consumer habits, we are less vulnerable to changes occurring in one of these aspects in any of our business sectors.

DIFFERENTIATION

Our differentiation strategy enables our shareholders to access specific and non-traditional asset portfolios which cannot be replicated individually.

For example, sale & leaseback transactions with the AB InBev Group (a portfolio of pubs/restaurants located in Belgium and inf 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, custom built to meet the needs of public authorities: law court, fire station, prison, etc.

"OUR INNOVATIVE AND PIONEERING SPIRIT HAS LED US TO DIVERSIFY IN 'NON-TRADITIONAL' REAL ESTATE SEGMENTS SUCH AS HEALTHCARE REAL ESTATE, DISTRIBUTION NETWORKS AND PUBLIC-PRIVATE PARTNERSHIPS IN WHICH WE HAVE DEVELOPED A UNIQUE EXPERTISE."

XAVIER DENIS,
CHIEF OPERATING OFFICER

GRANULARITY

We have intentionally chosen a large number of small and medium-sized assets for our portfolio which consists of a total of 1,493 assets, of an average surface area of 1,230 m².

The five largest buildings account for only 9.4 % of the total value of the portfolio and the ten largest, for 15.7 %.

This granularity contributes to ensure our moderate risk profile by making us less vulnerable to rental, technical and urban planning issues which could impact particular buildings.

PROXIMITY TO CLIENTS

We work to build close and lasting relationships with our clients to ensure their full satisfaction and loyalty. Property management is handled entirely in-house, that is, carried out by our employees.

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

In other countries, the close relationship with our clients 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. Our portfolio in this country has not yet reached a sufficient size to justify setting up a local team.

FINANCIAL STRATEGY

DIVERSIFICATION OF FINANCING SOURCES

To avoid the concentration of risk, we diversify both the type of assets we hold and the countries in which we invest, as well as our sources of financing. We use bank loans, 'traditional' bonds (non-convertible), convertible bonds, 'Green and Social Bonds' and long- and short-term commercial paper for our financing. In addition, we work closely with about ten high-quality banking partners.

REGULAR ACCESS TO CAPITAL MARKETS

We have 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 & Social Bonds' to raise capital in the past. The two opposite graphs show the calls we have made to the capital markets over the past ten years.

43.8 %
Debt ratio as at 31.12.2017

1.9 %
Average cost of debt in 2017

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 %, our policy is to maintain a debt ratio of about 45 %.

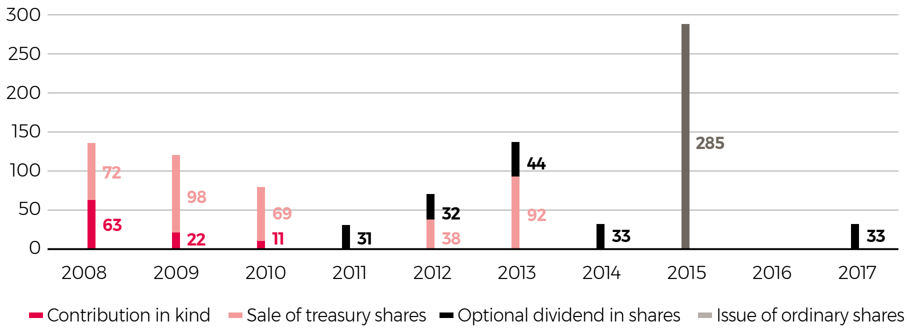
This choice was not the result of chance: it takes into account the long weighted average residual length of our leases and the high real estate returns on our buildings. It also includes cautious interest rate hedging measures.

OPTIMISATION OF THE DURATION AND COST OF FINANCING

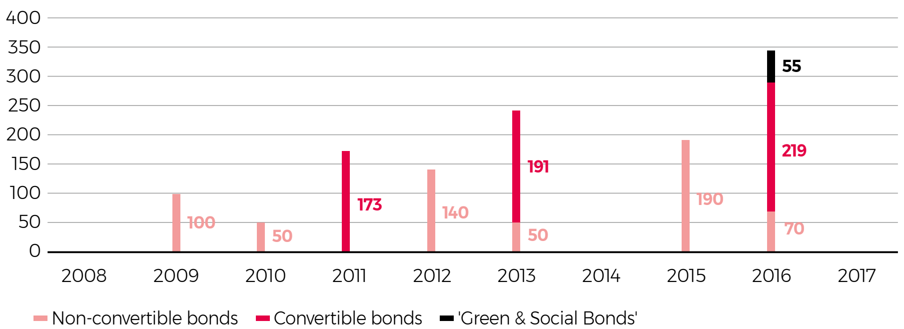
We actively manage our liabilities by refinancing maturing debt at least one year in advance. In this respect, we are careful to optimise the cost of debt while ensuring diversification of our financing sources and monitoring the average maturity of our debt.

Part of our debt is incurred at a floating rate, we are therefore exposed to the risk that rates will increase, which could lead to a deterioration of our financial result. As a result, we partially hedge our floating rate debt with Interest Rate Swaps (IRS ➔). The goal is to secure at least 50 % of overall debt (at fixed and floating rates) for the following five years.

CAPITAL MARKETS: SHAREHOLDERS' EQUITY (X 1,000,000 EUR)



CAPITAL MARKETS: DEBT (X 1,000,000 EUR)



SUSTAINABLE DEVELOPMENT STRATEGY

Our sustainable development strategy aims to:

- **contribute to the development of cities** to improve the living conditions of citizens and, in particular, of our tenants by promoting socially sustainable, mixed use urban neighbourhoods;
- **improve the energy performance and standards of comfort of our buildings** while providing a long-term environmental answer to the life cycle of our buildings;
- **implement a sustainable development** approach within the **limits of cost-effectiveness** in order to be profitable.

The methods we use to achieve these goals are innovation, investment and dialogue with our stakeholders.

For more information about our Sustainable Development Policy, please consult our 2017 Sustainable Development Report available on our website
www.cofinimmo.com

Medical Office Building Oranjeplein - Goirle (NL)

Medical Office Building De Voorste Stroom - Oisterwijk (NL)

SUMMARY OF CONSOLIDATED RESULTS

CONSOLIDATED INCOME STATEMENT – ANALYTICAL FORM

(x 1,000 EUR)	31.12.2017	31.12.2016
A. NET RESULT FROM CORE ACTIVITIES		
Rental income, net of rental-related expenses	203,862	202,930
Writeback of lease payments sold and discounted (non-cash item)	12,473	11,265
Taxes and charges on rented properties not recovered	-1,432	-503
Taxes on refurbishment not recovered	-2,113	-1,481
Redecoration costs, net of tenant compensation for damages	-2,847	-1,552
Property result	**209,943**	**210,659**
Technical costs	-5,396	-5,901
Commercial costs	-1,583	-1,508
Taxes and charges on unlet properties	-5,128	-4,469
Property result after direct property costs	**197,836**	**198,781**
Corporate management costs	-25,789	-26,702
Operating result (before result on the portfolio)	**172,047**	**172,079**
Financial income	5,595	5,207
Net interest charges	-29,926	-32,309
Other financial charges	-626	-848
Share in the net result from core activities of associated companies and joint ventures	466	466
Taxes	-3,864	-5,906
Net result from core activities	**143,690**	**138,689**
Minority interests related to the net result from core activities	-4,600	-4,429
Net result from core activities - Group share	**139,090**	**134,260**
B. RESULT ON FINANCIAL INSTRUMENTS		
Change in the fair value of hedging instruments	13,040	12,126
Restructuring costs of financial instruments	-11,362	-50,412
Result on financial instruments	**1,678**	**-38,286**
Minority interests related to the result on financial instruments	-615	-564
Result on financial instruments - Group share	**1,063**	**-38,850**
C. RESULT ON THE PORTFOLIO		
Gains or losses on disposals of investment properties and other non-financial assets	1,443	2,691
Changes in the fair value of investment properties	10,261	11,626
Share in the result on the portfolio of associated companies and joint ventures	739	235
Other result on the portfolio	-15,890	-12,720
Result on the portfolio	**-3,447**	**1,832**
Minority interests regarding the result on the portfolio	656	151
Result on the portfolio – Group share	**-2,791**	**1,983**
D. NET RESULT		
Net result	**141,921**	**102,235**
Minority interests	-4,559	-4,842
Net result – Group share	**137,362**	**97,393**

NUMBER OF SHARES

	31.12.2017	31.12.2016
Number of ordinary shares issued (including treasury shares)	20,667,381	20,345,637
Number of ordinary shares outstanding	20,625,209	20,300,773
Number of ordinary shares used to calculate the result per share	**20,625,209**	**20,300,773**
Number of preference shares issued	683,493	685,553
Number of preference shares outstanding	683,493	685,553
Number of preference shares used to calculate the result per share	**683,493**	**685,553**
Total number of shares issued (including treasury shares)	21,350,874	21,031,190
Total number of shares outstanding	21,308,702	20,986,326
Total number of shares used to calculate the result per share	**21,308,702**	**20,986,326**

DATA PER SHARE[1] - GROUP SHARE

(in EUR)	31.12.2017	31.12.2016
Net result from core activities	**6.53**	**6.40**
Result on financial instruments	0.05	-1.85
Result on the portfolio	-0.13	0.09
Net result	**6.45**	**4.64**

1 Ordinary and preference shares.

COMMENTS ON THE CONSOLIDATED INCOME STATEMENT – ANALYTICAL FORM

Net rental income was 203.9 million EUR at 31.12.2017, compared to 202.9 million EUR at 31.12.2016 (+0.5 %). Investments in healthcare real estate in Germany and the Netherlands, as well as new lettings of office space have significantly offset the loss of revenue resulting from IBM, which vacated the Bourget 42 building at the end of 2016, and AXA Belgium, which vacated the Souverain/Vorst 23-25 site in August 2017. On a like-for-like basis, gross rental revenues slightly decreased between 31.12.2016 and 31.12.2017 (-0.1 %), namely because of IBM who vacated Bourget 42 in 2016, as mentioned above.

The **direct operating costs** rose from 15.4 million EUR to 18.5 million EUR between 31.12.2016 and 31.12.2017 (+20.1 %):

- **Taxes and charges on rented properties not recovered** increased by 0.9 million EUR. This increase is the result of the expanding portfolio in the Netherlands and the installation of two Lounges® in office buildings in Brussels. Some of the taxes for these buildings are not charged to tenants.
- Termination of the operation of the office buildings Souverain/Vorst 23-25 and Quartz (formerly Arts/Kunst 19H) and the start of their redevelopment works resulted in an increase in **taxes on refurbishment not recovered** by 0.6 million EUR, even though they are partly offset by the recovery of taxes from the Belliard 40 office building.
- **Redecoration costs, net of tenant compensation for damages** increased by 1.3 million EUR, mainly due to rehabilitation works on the Bourget 42 office building after the departure of IBM at the end of 2016.
- The 0.7 million EUR increase in **taxes and charges on unlet properties** is also the result of the departure of IBM from the Bourget 42 building, the acquisition in 2016 of five office buildings with some vacant space, and the completion of renovation works on the Souverain/Vorst 24 building.

The **indirect operating costs**, however, decreased by 0.9 million EUR between 31.12.2016 and 31.12.2017 (-3.4 %). Some non-recurrent costs (expenses and provisions for the study of various investment files) did have an impact on the 2016 results.

Net interest charges were -29.9 million EUR at 31.12.2017, compared to -32.3 million EUR at 31.12.2016 (-7.4 %). The average level of debt rose from 1,341 million EUR in 2016 to 1,535 million EUR in 2017. On the other hand, the average cost of debt decreased from 2.4 % to 1.9 % between these two dates.

Taxes decreased by 2.0 million EUR between 31.12.2016 and 31.12.2017, following the recognition in 2016 of provisions for various tax risks.

The **net result from core activities - Group share** was 139.1 million EUR at 31.12.2017, compared to 134.3 million EUR at 31.12.2016 (+3.6 %). Per share, the figures were 6.53 EUR at 31.12.2017 and 6.40 EUR at 31.12.2016.

As for the result of financial instruments, the **restructuring costs of the financial instruments** item amounted to -11.4 million EUR at 31.12.2017, compared to -50.4 million EUR at 31.12.2016. This item includes the recycling under the income statement of financial instruments which relationship with the hedged risk was terminated. In 2016 it also included the Interest Rate Swap restructuring costs which amounted to 44.5 million EUR.

Within the result on the portfolio, the **changes in the fair value of investment properties** amounted to 10.3 million EUR on 31.12.2017 compared to 11.6 million EUR at 31.12.2016. The appreciation in the value of healthcare assets and the positive revaluation of the Belliard 40 office building, which is under renovation and pre-leased for nearly 60 %, largely offset the depreciation in value of certain office buildings. On a like-for-like basis, the fair value of investment properties is slightly up compared to 31.12.2016 (+0.3 %). The **'Other result on the portfolio'** amounts to -15.9 million EUR at 31.12.2017. This is the result of an impairment recognised on the goodwill of the Pubstone SA/NV subsidiary (which holds the pubs/restaurants portfolio in Belgium), of the Dutch subsidiary Pubstone Properties BV (which holds the pubs/restaurants portfolio in the Netherlands) and of the French subsidiary CIS SA (which holds healthcare assets in France).

The **net result - Group share** amounted to 137.4 million EUR at 31.12.2017, compared to 97.4 million EUR at 31.12.2016 (+ 41.1 %). Per share, the figures were 6.45 EUR at 31.12.2017 and 4.64 EUR at 31.12.2016.

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CONSOLIDATED BALANCE SHEET

(x 1,000 EUR)	31.12.2017	31.12.2016
Non-current assets	**3,689,016**	**3,547,181**
Goodwill	85,156	99,256
Intangible assets	826	751
Investment properties	3,506,981	3,363,636
Other tangible assets	926	635
Non-current financial assets	871	758
Finance lease receivables	85,148	75,718
Trade receivables and other non-current assets	1,370	29
Deferred taxes	448	
Participations in associated companies and joint ventures	7,290	6,398
Current assets	**93,566**	**114,101**
Assets held for sale	800	2,695
Finance lease receivables	1,826	1,795
Trade receivables	23,698	25,642
Tax receivables and other current assets	19,917	20,446
Cash and cash equivalents	22,532	41,271
Accrued charges and deferred income	24,793	22,252
TOTAL ASSETS	**3,782,582**	**3,661,282**
Shareholders' equity	**1,986,440**	**1,919,459**
Shareholders' equity attributable to shareholders of the parent company	**1,903,160**	**1,852,923**
Capital	1,141,904	1,124,628
Share premium account	520,655	504,544
Reserves	103,239	126,358
Net result of the financial year	137,362	97,393
Minority interests	**83,280**	**66,536**
Liabilities	**1,796,142**	**1,741,823**
Non-current liabilities	**1,222,857**	**1,074,668**
Provisions	25,886	16,890
Non-current financial debts	1,112,891	970,604
Other non-current financial liabilities	43,729	49,971
Deferred taxes	40,352	37,203
Current liabilities	**573,285**	**667,155**
Current financial debts	462,810	558,167
Other current financial liabilities	4,544	12,949
Trade debts and other current debts	81,362	72,280
Accrued charges and deferred income	24,569	23,759
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,782,582**	**3,661,282**

COMMENTS ON THE CONSOLIDATED BALANCE SHEET

The **investment value** of the property portfolio[1], as determined by the independent real estate experts, amounts to 3,654.4 million EUR at 31.12.2017, compared with 3,505.0 million EUR at 31.12.2016. 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 31.12.2017, fair value reached 3,507.8 million EUR, compared to 3,366.3 million EUR at 31.12.2016.

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 (MCBs) issued by the Cofinimur I SA subsidiary (MAAF/GMF distribution network in France), and the minority interests of the subsidiaries Aspria Machsee BV, Aspria Uhlenhorst BV, Pubstone SA/NV, Pubstone Group SA/NV, Pubstone Properties BV and Rheastone SA/NV. The 16.7 million EUR increase in this item between 31.12.2016 and 31.12.2017 is mainly due to an alignment of the valuation method of the MCBs with that of the other minority interests of the Group. Until 2016, the fair value of the MCBs was estimated at their historical value. In 2017, this position was reviewed: the fair value of the MCBs is now estimated at their market value. Cofinimmo holds a purchase option on these MCBs at market price as from the end of January 2019.

NET ASSET VALUE PER SHARE[2]

(in EUR)	31.12.2017	31.12.2016
Net Asset Value per share		
Net Asset Value per share in fair value after dividend distribution for the 2016 financial year	89.31	82.73
Net Asset Value in investment value after distribution of the dividend for the 2016 financial year	93.65	86.81
Diluted Net Asset Value per share		
Diluted Net Asset Value per share in fair value after dividend distribution for the 2016 financial year	89.16	82.56
Diluted Net Asset Value per share in investment value after dividend distribution for the 2016 financial year	93.49	86.63

COMMENTS ON THE NET ASSET VALUE PER SHARE

In accordance with applicable IAS/IFRS standards, the Mandatory Convertible Bonds (MCB) issued in 2011 and the convertible bonds issued in 2016 were not taken into account in calculating the revalued net assets per share at 31.12.2017 and at 31.12.2016 because they would have had an accretive effect. On the other hand, 36,175 treasury shares of the stock option plan were included in the calculation of the abovementioned indicator at 31.12.2017 (41,965 at 31.12.2016) because they have a dilutive impact.

1 Including buildings held for own use and development projects.
2 Ordinary and preference shares.

SUMMARY OF QUARTERLY CONSOLIDATED ACCOUNTS[1]

CONSOLIDATED GLOBAL RESULT BY QUARTER[1] (INCOME STATEMENT)

(x 1,000 EUR)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017
A. NET RESULT					
Rents	52,900	52,986	51,688	51,130	208,704
Cost of rent-free periods	-937	-971	-1,052	-1,292	-4,253
Client incentives	-121	-244	-256	-309	-930
Indemnities for early termination of rental contracts	413	56	0	53	522
Writeback of lease payments sold and discounted	3,118	3,118	3,118	3,118	12,473
Rental-related expenses	0	125	0	-306	-181
Net rental income	**55,374**	**55,071**	**53,497**	**52,394**	**216,335**
Recovery of property charges	1,642	15	62	6	1,725
Recovery income of charges and taxes normally payable by the tenant on let properties	28,937	4,559	5,185	5,073	43,753
Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	-614	-774	-1,402	-1,783	-4,572
Charges and taxes normally payable by the tenant on let properties	-32,197	-4,682	-5,333	-5,087	-47,298
Property result	**53,142**	**54,189**	**52,009**	**50,603**	**209,943**
Technical costs	-1,498	-1,358	-2,276	-264	-5,396
Commercial costs	-411	-395	-450	-328	-1,583
Taxes and charges on unlet properties	-3,183	-912	-563	-470	-5,128
Property management costs	-5,369	-4,208	-4,064	-4,412	-18,052
Property charges	**-10,462**	**-6,872**	**-7,352**	**-5,474**	**-30,159**
Property operating result	**42,681**	**47,317**	**44,657**	**45,129**	**179,784**
Corporate management costs	-2,301	-1,803	-1,742	-1,891	-7,737
Operating result (before result on the portfolio)	**40,380**	**45,514**	**42,916**	**43,238**	**172,047**
Gains or losses on disposals of investment properties and other non-financial assets	382	40	292	729	1,443
Changes in fair value of investment properties	544	-8,414	-2,149	20,280	10,261
Other result on the portfolio	65	-3,450	147	-12,584	-15,822
Operating result	**41,371**	**33,690**	**41,205**	**51,664**	**167,929**
Financial income	1,323	1,381	1,427	1,463	5,594
Net interest charges	-7,461	-7,515	-7,576	-7,374	-29,926
Other financial charges	-279	-128	-49	-170	-626
Changes in the fair value of financial assets and liabilities	6,185	1,031	-3,069	-2,468	1,678
Financial result	**-233**	**-5,231**	**-9,268**	**-8,549**	**-23,280**
Share in the result of associated companies and joint ventures	137	100	637	332	1,205

1 The Group did not publish any quarterly results information between 31.12.2017 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.

Pre-tax result	**41,275**	**28,559**	**32,573**	**43,447**	**145,854**
Corporate tax	-2,704	801	-420	-1,540	-3,864
Exit tax	-39	-38	-93	100	-69
Taxes	**-2,743**	**763**	**-513**	**-1,440**	**-3,933**
Net result	**38,532**	**29,322**	**32,060**	**42,007**	**141,921**
Minority interests	-1,332	-1,353	-1,346	-528	-4,559
NET RESULT - GROUP SHARE	**37,200**	**27,969**	**30,714**	**41,479**	**137,362**
NET RESULT FROM CORE ACTIVITIES - GROUP SHARE	**30,309**	**38,980**	**35,257**	**34,544**	**139,090**
RESULT ON FINANCIAL INSTRUMENTS - GROUP SHARE	**5,978**	**936**	**-3,222**	**-2,628**	**1,063**
RESULT ON THE PORTFOLIO - GROUP SHARE	**912**	**-11,946**	**-1,321**	**9,564**	**-2,791**
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	21	18	18	599	656
Impact of the restructuring of the hedging instruments which relationship has been terminated	2,820	2,820	2,820	2,820	11,281
Other elements of the global result	**2,841**	**2,838**	**2,838**	**3,419**	**11,937**
Minority interests	0	0	0	0	0
OTHER ELEMENTS OF THE GLOBAL RESULT - GROUP SHARE	**2,841**	**2,838**	**2,838**	**3,419**	**11,937**
C. GLOBAL RESULT					
Global result	**41,373**	**32,161**	**34,899**	**45,426**	**153,858**
Minority interests	-1,332	-1,353	-1,346	-528	-4,559
GLOBAL RESULT - GROUP SHARE	**40,041**	**30,807**	**33,553**	**44,898**	**149,299**

CONSOLIDATED BALANCE SHEET BY QUARTER (STATEMENT)

(x 1,000 EUR)	31.03.2017	30.06.2017	30.09.2017	31.12.2017
Non-current assets	**3,576,370**	**3,619,375**	**3,647,899**	**3,689,016**
Goodwill	99,256	99,256	99,256	85,156
Intangible assets	704	700	622	826
Investment properties	3,382,294	3,422,510	3,452,646	3,506,981
Other tangible assets	801	916	1,174	926
Non-current financial assets	857	2,314	288	871
Finance lease receivables	85,865	85,940	85,416	85,148
Trade receivables and other non-current assets	37	1,064	1,560	1,370
Deferred taxes				448
Participations in associated companies and joint ventures	6,556	6,6745	6,937	7,290
Current assets	**99,088**	**104,195**	**108,575**	**93,566**
Assets held for sale	2,550	2,550	2,550	800
Finance lease receivables	2,150	1,796	1,814	1,826
Trade receivables	20,075	28,996	23,371	23,698
Tax receivables and other current assets	8,414	10,832	14,031	19,917
Cash and cash equivalents	28,532	25,949	34,874	22,532
Accrued charges and deferred income	37,367	34,072	31,935	24,793
TOTAL ASSETS	**3,675,458**	**3,723,570**	**3,756,474**	**3,782,582**
Shareholders' equity	**1,960,822**	**1,907,303**	**1,941,070**	**1,986,440**
Shareholders' equity attributable to shareholders of the parent company	**1,892,997**	**1,840,201**	**1,873,667**	**1,903,160**
Capital	1,124,628	1,141,893	1,141,904	1,141,904
Share premium account	504,544	520,626	520,655	520,655
Reserves	226,625	112,513	115,225	103,239
Net result of the financial year	37,200	65,169	95,883	137,362
Minority interests	**67,825**	**67,102**	**67,403**	**83,280**
Liabilities	**1,714,636**	**1,816,267**	**1,815,404**	**1,796,142**
Non-current liabilities	**1,033,006**	**1,158,982**	**1,096,405**	**1,222,857**
Provisions	27,342	26,778	27,145	25,886
Non-current financial debts	921,030	1,047,911	983,198	1,112,890
Other non-current financial liabilities	47,302	42,824	45,621	43,729
Deferred taxes	37,332	41,470	40,441	40,352
Current liabilities	**681,630**	**657,285**	**718,999**	**573,285**
Current financial debts	563,109	529,058	594,196	462,810
Other current financial liabilities	10,088	8,366	6,007	4,544
Trade debts and other current debts	87,232	97,130	90,333	81,362
Accrued charges and deferred income	21,201	22,731	28,463	24,569
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,675,458**	**3,723,570**	**3,756,474**	**3,782,582**

APPROPRIATION OF STATUTORY PROFITS

Our Board of Directors will propose to the Ordinary General Shareholders' Meeting of 09.05.2018 to approve the annual accounts at 31.12.2017, allocate the profits shown in the table, 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 139**).

The withholding tax is 30 %.

5.50 EUR

Gross dividend per ordinary share proposed for the 2017 financial year

84.2 %

Pay-out ratio proposed for the 2017 financial year

At 31.12.2017, the Cofinimmo Group held 42,172 ordinary shares as treasury stock. Our Board of Directors is proposing to suspend the right to a dividend for the 2017 financial year for 36,175 ordinary treasury shares as part of its stock option plan and to cancel the right to a dividend for the remaining 5,997 treasury shares.

The remuneration of the capital is based on the number of ordinary and preference shares outstanding on 31.12.2017. Potential conversions of preference shares into ordinary shares during the conversion period from 22.03.2018 to 31.03.2018, 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 118.2 million EUR proposed for the 2017 financial year, the total amount of reserves and the statutory result of Cofinimmo SA/NV will be 41 million EUR, whereas the amount remaining for distribution according to the rule defined in Article 617 of the Company Code will reach 92.7 million EUR (**see the 'Statutory accounts' chapter in this report)**.

The consolidated net result from core activities - Group share for 2017 was 139.1 million EUR and the consolidated net result - Group share was 137.4 million EUR. The pay-out ratio on the consolidated net result from core activities amounts to 84.2 % compared to 85.9 % in 2016.

APPROPRIATIONS AND DEDUCTIONS

(x 1,000 EUR)	2017	2016
A. Net result	**121,056**	**96,627**
B. Transfer from/to reserves	**-2,851**	**19,814**
Transfer to the reserve of the positive balance of changes in the fair value of investment properties	**-20,975**	**-61,527**
Financial year	-20,125	-61,527
Previous years	-850	0
Transfer to the reserve of the negative balance of changes in the fair value of investment properties	**8,378**	**25,064**
Financial year	8,357	25,061
Previous years	21	3
Transfer to the reserve of the estimated transaction costs ⬇ and rights resulting from the hypothetical disposal of investment properties	**2,292**	**1,507**
Financial year	2,292	1,507
Transfer to the reserve of the balance of the changes in fair value of authorised hedging instruments qualifying for hedge accounting	**2,670**	**2,414**
Financial year	2,507	1,478
Previous years	163	936
Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments not qualifying for hedge accounting	**-8,330**	**-61,196**
Financial year	-8,330	-139
Previous years	0	-61,057
Transfer from/to other reserves	**-199**	**-231**
Transfer from the result carried forward of previous years	**13,313**	**113,783**
C. Remuneration of the capital	**-43,640**	**-36,320**
Remuneration of the capital provided for in Article 13, § 1, paragraph 1 of the Royal Decree of 13.07.2014 ⬇	-43,640	-36,320
D. Remuneration for financial year other than capital remuneration	**-74,565**	**-80,121**
Dividends	-74,153	-79,701
Profit-sharing scheme	-412	-420
E. Result to be carried forward	**171,258**	**183,406**

TRANSACTIONS AND ACHIEVEMENTS IN 2017

January

The Company took over the management of the portfolio of insurance agencies leased to **MAAF**.

April

Alphen aan den Rijn (NL): Acquisition of a care centre for persons suffering from mental disorders - 9.3 million EUR.

May

Appointment of Mister Jacques van Rijckevorsel as the new **Chairman of the Board of Directors**.

June

Payment of 41 % of dividend coupons in **new shares** - 33.2 million EUR

Brussels Decentralised: Opening of a Lounge® in The Gradient office building

Lüneburg (DE): Acquisition of a nursing and care home - 12.6 million EUR.

July

Tiel (NL): Acquisition of a ninth medical office building - 7.6 million EUR.

Rijmenam (BE): Signature of an agreement for the renovation and extension of a nursing and care home - 16 million EUR.

August

Brussels, Leopold District: Launch of the demolition of the Quartz office building (formerly Arts/Kunst 19H building).

September

Neustadt (DE): Acquisition of a nursing and care home - 6.1 million EUR.

Heerlen (NL): Delivery of renovation works on a rehabilitation clinic - 11.1 million EUR.

October

Redemption of bonds issued in 2013 which had matured – 50 million EUR.

November

Brussels, Leopold District: Signature of the first lease for the Belliard 40 office building still under construction works - 7,000 m².

Brussels, Centre: Delivery of the restoration works on the historic Cheval Marin building, part of the pubs/restaurants' portfolio leased to AB InBev – 1.9 million EUR.

December

Gelsenkirchen and Riesa (DE): Acquisition of a nursing and care home and signature of an agreement for the acquisition of a second home of this type under construction - 26.5 million EUR.

Brussels, Decentralised: Delivery of reconversion works to transform the office building Woluwe 106-108 into a nursing and care home - 12.4 million EUR.

COMPOSITION OF THE CONSOLIDATED PORTFOLIO

At 31.12.2017 our consolidated property portfolio consisted of 1,493 buildings, for a total above-ground surface area of 1,838,470 m². Its fair value stands at 3,507.8 million EUR, that is, an investment value of 3,654.4 million EUR.

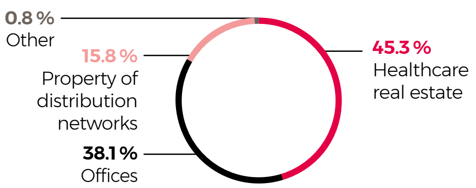
Our portfolio is unique in its diversification and the complementarity of its assets, both in terms of the real estate segments and the geographical areas it includes, which reduce its risk profile.

It consists of:

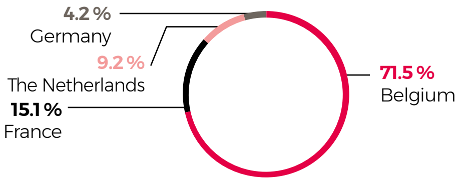
- **in Belgium:** healthcare and office assets, a network of pubs/restaurants, and Public-Private Partnerships;
- **in France:** healthcare assets and an insurance agency network;
- **in the Netherlands:** healthcare assets and a network of pubs/restaurants;
- **in Germany:** healthcare assets.

Flex Corner® - Omega Court office building - Brussels Decentralised (BE)

BREAKDOWN OF THE CONSOLIDATED PORTFOLIO BY REAL ESTATE SEGMENT AT 31.12.2017 - AT FAIR VALUE



BREAKDOWN OF THE CONSOLIDATED PORTFOLIO BY COUNTRY AT 31.12.2017 - AT FAIR VALUE



CHANGES IN THE CONSOLIDATED PORTFOLIO

CHANGE FROM 1996 TO 2017

Cofinimmo was approved as a public fixed capital investment company Sicafi (now SIR) in 1996. The investment value of our consolidated portfolio was 608.6 million EUR at 31.12.1995. It was 3,654.4 million EUR on 31.12.2017.

Between 31.12.1995 and 31.12.2017, our Group:

- invested a total of 4,770.3 million EUR (acquisitions, construction and renovation);
- had sales of 2,040.5 million EUR.

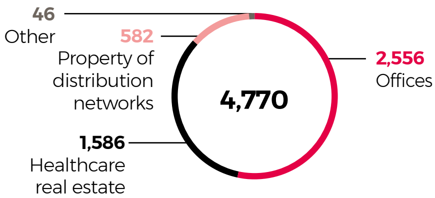
On average, before deduction of payments to intermediaries and other miscellaneous expenses, we had a net gain of 9.3 % on sales compared to the latest annual valuations preceding the sales, in investment value. The figures do not include the gains and losses realised on the sale of shares of companies holding buildings. The amounts are recorded as gains or losses on the sale of real estate assets.

The graph on this page shows the breakdown by real estate segment of investments totalling 4,770.3 million EUR made between 1996 and 2017.

EVOLUTION IN THE INVESTMENT VALUE OF THE CONSOLIDATED PORTFOLIO BETWEEN 1996 AND 2017 (X 1,000,000 EUR)

Investment value of the portfolio at 31.12.1995	**609**
Acquisitions	3,929
Construction and renovation	841
Net disposal value	-2,192
Realised gains and losses compared to the last annual estimated value	151
Writeback of lease payments sold	191
Change in the investment value	125
Investment value of the portfolio at 31.12.2017	**3,654**

BREAKDOWN OF INVESTMENTS BY REAL ESTATE SEGMENT BETWEEN 1996 AND 2017 – IN INVESTMENT VALUE (X 1,000,000 EUR)



Quartz office building (formerly Arts/Kunst 19H) - Brussels Léopold District (BE)

The existing building is vacant since the end of January 2017 and will be completely demolished. The new project was decided by an architectural competition and includes full-length glass walls and a view on the interior garden from Rue Joseph II-straat. It will offer 8,600 m² of modern, modular office space on eight floors and will be equiped by cutting-edge technical equipments. A terrace will also be included on the roof. The delivery of the works is foreseen at the end of 2019.

CHANGE IN 2017

The investment value of our consolidated portfolio increased from 3,505.0 million EUR at 31.12.2016 to 3,654.4 million EUR at 31.12.2017. At fair value, the figures were 3,366.3 million EUR at 31.12.2016 and 3,507.8 million EUR at 31.12.2017. The figures do not include the gains and losses realised on the sale of shares of companies holding buildings. The amounts are recorded as gains or losses on the sale of real estate assets.

In 2017, the Group:

- invested a total of 136.7 million EUR (acquisitions, construction and renovation);
- had sales of 18.5 million EUR.

The 2017 sales consisted primarily of a healthcare asset in the Netherlands and pubs/restaurants from the Pubstone distribution network. On average, before deduction of payments to intermediaries and other miscellaneous expenses, we had a net gain of 7.2 % on sales compared to the latest annual valuations preceding the sales, in investment value.

The graph on this page shows the breakdown by real estate segment of investments totalling 136.7 million EUR made in 2017.

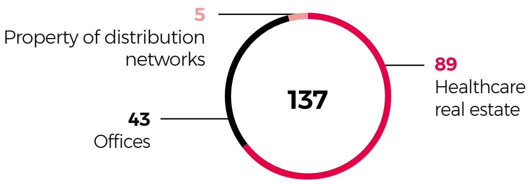
The change in the fair value of our consolidated portfolio was 10.3 million EUR in 2017 (18.7 million EUR in investment value), i.e., an increase of 0.3 %. The table on this page shows the change of the fair value of our portfolio in 2017 by real estate segment and by geographical area.

The positive revaluation of healthcare real estate assets and of the Belliard 40 office building, which is currently being refurbished and is 60 % pre-let, have significantly offset the value depreciation of other office buildings, demonstrating the benefits of an asset diversification policy.

CHANGE IN THE INVESTMENT VALUE OF THE CONSOLIDATED PORTFOLIO IN 2017 (X 1,000,000 EUR)

Investment value of the portfolio at 31.12.2016	**3,505**
Acquisitions	62
Construction and renovation	75
Net disposal value	-20
Realised gains and losses compared with the last annual estimated value	1
Writeback of lease payments sold	12
Change in the investment value	19
Investment value of the portfolio at 31.12.2017	**3,654**

BREAKDOWN OF INVESTMENTS BY REAL ESTATE SEGMENT IN 2017 –
IN INVESTMENT VALUE (X 1,000,000 EUR)



CHANGE IN THE FAIR VALUE OF THE CONSOLIDATED PORTFOLIO, BY REAL ESTATE SEGMENT AND BY GEOGRAPHICAL AREA IN 2017

Real estate segment and geographical area	Change in fair value	Share of the consolidated portfolio
Healthcare real estate	**0.7 %**	**45.3 %**
Belgium	2.8 %	24.4 %
France	-2.8 %	11.5 %
The Netherlands	-0.1 %	5.2 %
Germany	0.2 %	4.2 %
Offices	**-0.5 %**	**38.1 %**
Antwerp	0.2 %	1.9 %
Brussels Centre/North	12.0 %	3.5 %
Brussels Decentralised	-9.4 %	13.0 %
Brussels Leopold/Louise	7.6 %	12.7 %
Brussels Periphery/Satellites	-5.9 %	3.6 %
Other	3.6 %	3.4 %
Property of distribution networks	**0.5 %**	**15.8 %**
Pubstone Belgium	0.8 %	8.2 %
Pubstone Netherlands	-0.6 %	4.0 %
Cofinimur I	1.0 %	3.6 %
Other	**11.9 %**	**0.8 %**
TOTAL	**0.3 %**	**100 %**

RENTAL SITUATION OF THE CONSOLIDATED PORTFOLIO

The commercial management of our portfolio is handled entirely in-house: proximity to clients enables us 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 our 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 94.6 % at 31.12.2017.

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 we have signed leases with an initial duration of 27 years. Developed assets are all pre-leased.
France	97.4 %	The assets acquired are leased in their entirety to healthcare operators, generally with leases with an initial duration of 12 years. We took over the existing leases of certain assets at the time they were acquired, resulting in an average residual lease length of 3.8 years. The leases of three assets have expired since our arrival on the French healthcare market (2008): at 31.12.2017, 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	99.5 %	We own nine medical office buildings which are directly leased to healthcare professionals who receive their patients in the facilities. At 31.12.2017, the occupancy rate of the buildings was 98.8 %. The majority of assets acquired are leased in their entirety to healthcare operators with which we generally signs leases with an initial duration of 15 years. Developed assets are all pre-leased.
Germany	100 %	The assets acquired are leased in their entirety to healthcare operators with which we generally signs leases with an initial duration of 25 to 30 years.
Offices	**88.1 %**	The majority of leases we signed in this segment are 3/6/9 years. The rental vacancy risk we faced each year represents an average of 10 % to 15 % of our office portfolio. In 2017, 59 % of the risk was secured by non-exercised termination options, renegotiations and lease renewals. The tenant retention percentage reaches 72 % when new leases signed and coming into effect during the year are also taken into account. By comparison, the average occupancy rate in the Brussels office market was 90.9 % at 31.12.2017 (source: Cushman & Wakefield).
Property of distribution networks	**97.9 %**	
Pubstone Belgium	98.5 %	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 vacated 75 assets since 2014: at 31.12.2017, six had been leased again, 52 had been sold and 17 were empty.
Pubstone Netherlands	98.2 %	As of the seventh year of the lease and 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 vacated 23 assets since 2014: at 31.12.2017, 13 had been sold and ten were empty.
Cofinimur I	95.8 %	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 31.12.2017, of the ten assets, nine were sold and one was partially vacant. The other assets acquired are leased for an initial duration of 3, 6, 9 or 12 years. The leases of 25 agencies have expired since the portfolio was acquired: at 31.12.2017, eight of them had been leased again and 17 were empty.
Other	**99.6 %**	This segment consists primarily of a police station entirely leased to a public authority for an initial period of 18 years.
TOTAL	**94.6 %**	

LEASE MATURITIES

If every tenant were to exercise their first break option, the weighted average residual length of all leases in effect on 31.12.2017 would be 10.3 years. The graph below shows the lease maturity for each real estate segment at 31.12.2017.

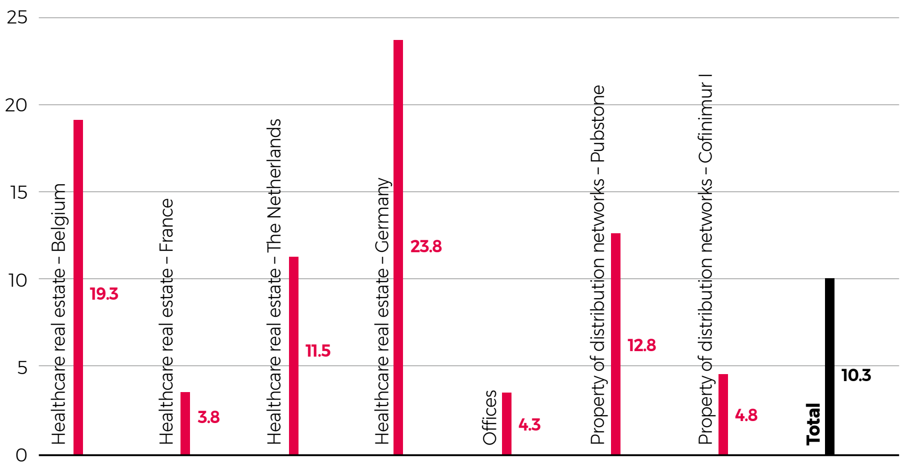
Average lease maturity would increase to 11.3 years if no break options are exercised i.e. if all tenants would remain in their rented space until the contractual end of the leases.

At 31.12.2017, nearly 50 % of the leases signed by the Group had a term longer than nine years (see table below).

94.6 %
Occupancy rate

10.3 years
Average residual lease length

WEIGHTED AVERAGE RESIDUAL LEASE LENGTH PER REAL ESTATE SEGMENT UNTIL THE FIRST BREAK OPTION AT 31.12.2017 – IN NUMBER OF YEARS



BREAKDOWN OF THE CONSOLIDATED PORTFOLIO BASED ON LEASE MATURITIES AT 31.12.2017 – IN CONTRACTUAL RENTS

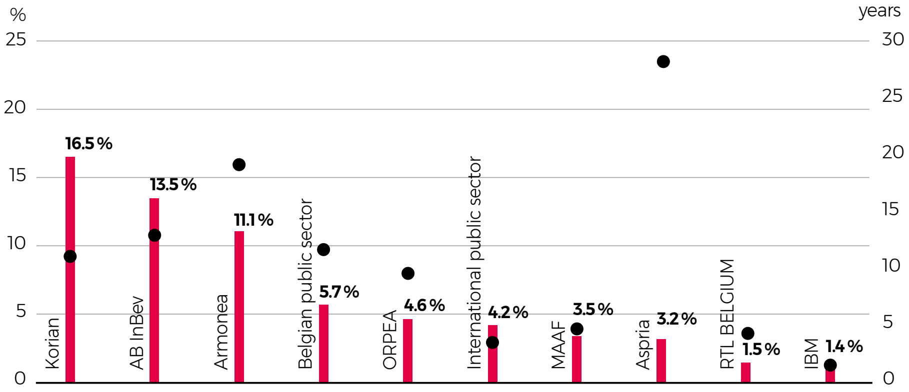
Lease maturities	Share of the consolidated portfolio
Leases > 9 years	**51.4 %**
Healthcare real estate	32.5 %
Property of distribution networks - Pubstone	13.5 %
Offices - public sector	4.3 %
Other	0.6 %
Offices - private sector	0.5 %
Leases 6-9 years	**3.8 %**
Offices	2.2 %
Healthcare real estate	1.3 %
Other	0.2 %
Property of distribution networks - Cofinimur I	0.1 %
Leases < 6 years	**44.8 %**
Offices	29.6 %
Healthcare real estate	11.7 %
Property of distribution networks - Cofinimur I	3.5 %
TOTAL	**100 %**

TENANTS

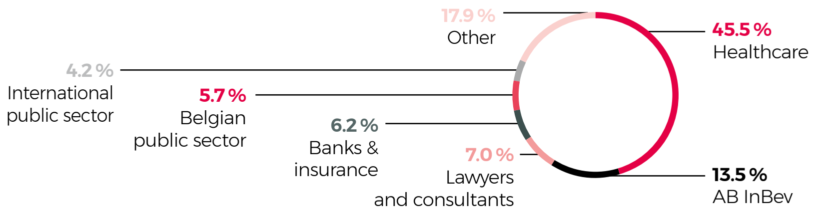
Our consolidated portfolio consists of 555 tenants from a range of sectors. The diversification contributes to our moderate risk profile.

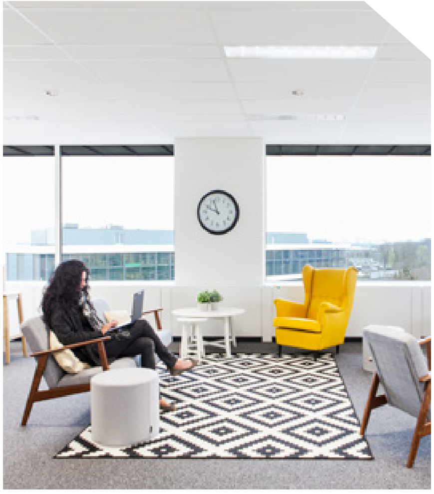
The listed French group Korian, a healthcare specialist, is our Group's leading tenant. It is followed by AB InBev which leases the Pubstone pubs/restaurants portfolio.

TOP 10 TENANTS AT 31.12.2017 - IN CONTRACTUAL RENTS
AND WEIGHTED AVERAGE RESIDUAL LEASE LENGTH OF LEASES UNTIL THE FIRST BREAK OPTION AT 31.12.2017 - IN NUMBER OF YEARS



BREAKDOWN OF THE CONSOLIDATED PORTFOLIO BY TENANT BUSINESS SEGMENT AT 31.12.2017 - IN CONTRACTUAL RENTS





Flex Corner® - Park Hill office building - Brussels Decentralised (BE)

Lounge® - The Gradient office building - Brussels Decentralised (BE)

CHANGE IN RENTAL INCOME

Gross rental income increased from 207.1 million EUR in 2016 to 208.5 million EUR in 2017, i.e., an increase of 0.7 %. On a like-for-like basis, gross rental income increased by 0.1 %. The table below shows the change in gross rental income for the various real estate segments and countries in 2017, on a like-for-like basis.

On a like-for-like basis, indexing and new rentals contributed to an increase of the gross rental income of 1.4 % and 1.8 % respectively, whereas departures and lease renegociations reduced the gross rental income by 2.9 % and 0.4 % respectively.

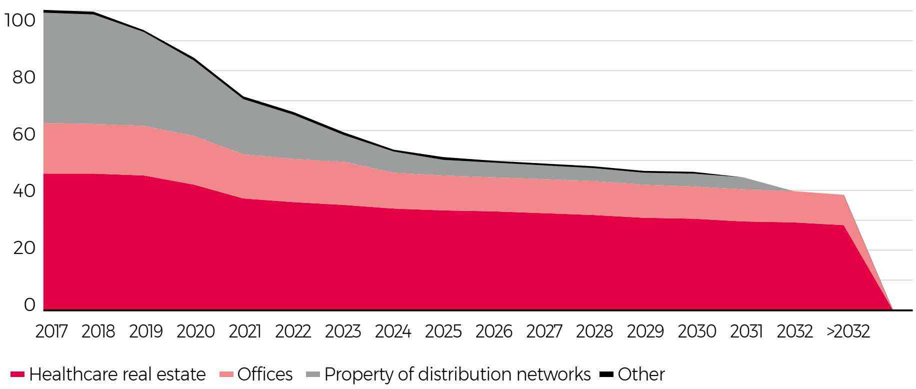
CHANGE IN GROSS RENTAL INCOME ON A LIKE-FOR-LIKE BASIS, BY REAL ESTATE SEGMENT AND BY COUNTRY IN 2017

Real estate segment and country	Change in gross rental income on a like-for-like basis	Share of the consolidated portfolio
Healthcare real estate	**+ 1.5 %**	**45.3 %**
Belgium	+ 2.0 %	24.4 %
France	+ 0.6 %	11.5 %
The Netherlands	+ 0.5 %	5.2 %
Germany	+ 1.9 %	4.2 %
Offices	**- 1.9 %**	**38.1 %**
Property of distribution networks	**+ 0.1 %**	**15.8 %**
Pubstone Belgium	+ 0.1 %	8.2 %
Pubstone Netherlands	- 0.5 %	4.0 %
Cofinimur I	+ 0.7 %	3.6 %
Other	**+ 0.1 %**	**0.8 %**
TOTAL	**- 0.1 %**	**100 %**

GUARANTEED RENTAL INCOME

We are able to secure our long-term revenue thanks to our portfolio diversification strategy and our active commercial management. Over 71 % of our rental income is contractually guaranteed until 2021. This percentage increases to 77 % if no termination options are exercised and all of our tenants remain in place until the contractual end of their lease.

GUARANTEED RENTAL INCOME AT 31.12.2017 - IN CONTRACTUAL RENTS (IN %)

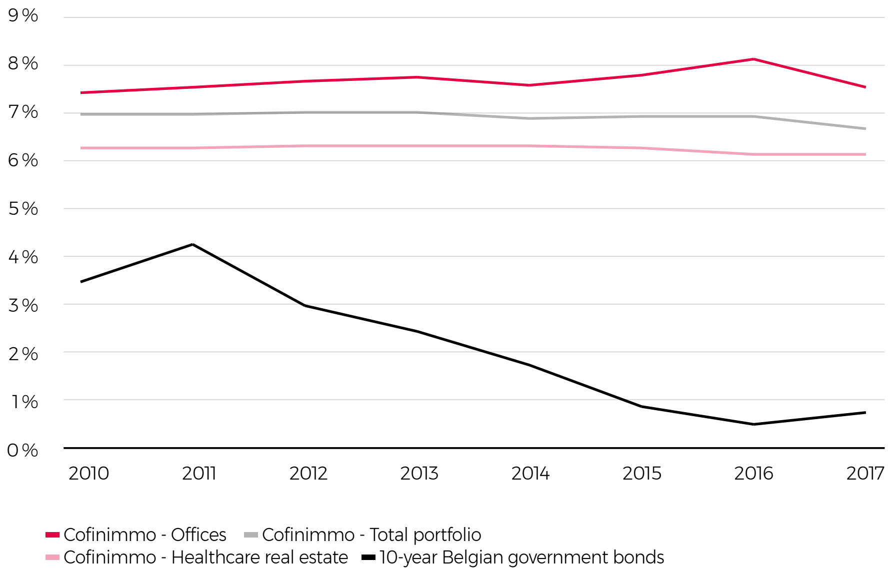


RENTAL YIELD

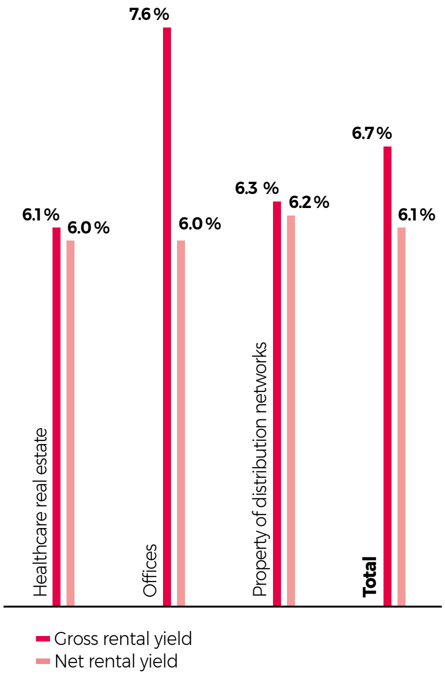
Rental yield is defined as the rental income for rented spaces and the estimated rental value of unoccupied space, divided by the fair value of the buildings as established by the real estate experts. This rental yield is defined as the capitalisation rate of rental income applied to real estate assets. Diversification of our portfolio in terms of real estate segments and geographies has guaranteed the stability of our rental yields over time.

The difference between gross rental yields ➔ 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.

CAPITALISATION RATES APPLIED TO THE COFINIMMO PORTFOLIO AND YIELD ON 10 YEARS BELGIAN GOVERNMENT BONDS AT 31.12.2017



GROSS/NET YIELDS PER REAL ESTATE SEGMENT AT 31.12.2017



"IN THE ACTUAL LOW INTEREST RATE ENVIRONMENT, WE NOTICE A COMPRESSION OF LONG-TERM LEASED ASSETS' RENTAL YIELDS,IN THE HEALTHCARE SEGMENT AS WELL AS IN THE OFFICE SEGMENT."

STÉPHANIE LEMPEREUR,
HEAD OF CORPORATE FINANCE

Medical Office Buildings
1. Oosterstraat - Baarn (NL)
2. De Driesten - Eemnes (NL)

In 2017, we acquired five medical office buildings in the Netherlands. We have initiated our investments in this segment in 2016 and today we own nine assets of this type. They are occupied by various healthcare professionals (physicians, dentists, chemists, physiotherapists, psychologists,...), each being one of our tenants. Commercial management of these assets is ensured by a Dutch specialised manager tasked with maintaining the occupancy rate at an optimal level on the long-term, with a focus on ensuring the complementarity of the professions located in each centre, for the benefit of patients and the healthcare professionals working there.

SECTOR INFORMATION

Real estate segment and country	Number of buildings	Surface area (in m²)	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 the consolidated portfolio in contractual rents (in %)
Healthcare real estate	**145**	**754,739**	**12**	**1,588.9**	**45.3 %**	**99,852.4**	**45.5 %**
Belgium	57	387,467	10	856.2	24.4 %	51,583.6	23.5 %
France	50	215,977	+ than 15	402.5	11.5 %	25,779.7	11.8 %
The Netherlands	29	86,161	8	181.6	5.2 %	12,339.5	5.6 %
Germany	9	65,134	8	148.6	4.2 %	10,149.6	4.6 %
Offices	**85**	**665,680**	**15**	**1,335.1**	**38.1 %**	**80,478.7**	**36.7 %**
Property of distribution networks	**1,260**	**402,221**	**+ than 15**	**555.2**	**15.8 %**	**37,272.9**	**17.0 %**
Pubstone Belgium	752	297,776	+ than 15	287.6	8.2 %	19,671.2	9.0 %
Pubstone Netherlands	232	45,367	+ than 15	140.1	4.0 %	9,898.0	4.5 %
Cofinimur I	276	59,078	+ than 15	127.5	3.6 %	7,703.7	3.5 %
Other	**3**	**15,830**	**7**	**28.6**	**0.8 %**	**1,871.0**	**0.8 %**
TOTAL	**1,493**	**1,838,470**	**14**	**3,507.8**	**100 %**	**219,475.0**	**100 %**

EVENTS AFTER 31.12.2017

EXTENSION OF THE COMMERCIAL PAPER PROGRAMME

In January 2018, Cofinimmo has extended its commercial paper programme from 500 million EUR to 650 million EUR.

APPOINTMENT OF A NEW CHIEF EXECUTIVE OFFICER

The term of Mr. Jean-Edouard Carbonnelle as Managing Director will expire at the end of the next Ordinary General Meeting, which will take place on 09.05.2018. Mr. Jean-Edouard Carbonnelle has chosen not to request its renewal.

The Board of Directors has co-opted Mr. Jean-Pierre Hanin as Director of the Group, with immediate effect, subject to the approval of the FSMA. At the General Meeting of 09.05.2018, the Board of Directors will propose the appointment of Mr. Jean-Pierre Hanin as Director. Subject to this appointment and to the approval of the FSMA, the Board will designate him as Chief Executive Officer and Managing Director, and, as such, as Chairman of the Executive Committee. As from 01.03.2018 and until the Ordinary General Meeting of 09.05.2018, Mr. Jean-Pierre Hanin will act as Special Advisor to the Chairman of the Board of Directors.

Mr. Jean-Pierre Hanin has a licentiate degree in Law from the KUL (Catholic University of Leuven). He also holds a Master in Tax Management from the Solvay Business School and a LL.M from Georgetown University. He started his career as a business lawyer. He then joined various international groups where he took up financial and management positions, among which Chief Financial Officer and Chief Executive Officer of Lhoist Group, global leader in lime and dolime. More recently, he was Chief Financial Officer then manager of the Building Performance division of the construction materials group Etex. His functions led him to operate in various regions all over the world for over 20 years, and to carry out both consolidation and development activities.

DEPARTURE OF THE CHIEF FINANCIAL OFFICER

During the meeting of the Board of Directors on 09.11.2017, Mr. Jérôme Descamps, Chief Financial Officer of Cofinimmo, presented his resignation as Director of the Group, for personal reasons. This resignation was effective on 08.02.2018. Mr. Jean-Edouard Carbonnelle, Chief Executive Officer of Cofinimmo, supervise the financial teams and operations as of this date and until the appointment of a new Chief Financial Officer.

COFINIMMO GRANTS A 99-YEAR LEASEHOLD ON THE EGMONT I & II OFFICE BUILDINGS IN BRUSSELS

On 13.02.2018, Cofinimmo and EGMONT LUXEMBURG SARL, a company under Luxemburg law, signed a private agreement by which the latter is granted, under certain conditions in line with market practices, a 99-year leasehold on the Egmont I and II office buildings, located in Brussels. This will result in the payment to Cofinimmo of a first fee of 369.54 million EUR. EGMONT LUXEMBURG SARL is an investment vehicle set up by a South Korean financial institution.

The Egmont I (36,616 m²) and Egmont II (16,262 m²) office buildings, located in Brussels' Central Business District, were built in 1997 and in 2006 respectively to house the Belgian Ministry of Foreign Affairs, Foreign Trade and Cooperation Development. Cofinimmo acquired the Egmont I building in 2004 and built the Egmont II building in 2005-2006 for a total investment of 225.8 million EUR. It signed a lease with the Buildings Agency (Belgian Federal State) for the letting of the entire office complex, maturing on 31.05.2031. In 2009, it sold 96 % of the future rents from the lease with the Buildings Agency to BNP Paribas Fortis (then named Fortis Banque/Bank).

On 13.02.2018, Cofinimmo bought back the future rents from the lease with the Buildings Agency that it had sold to BNP Paribas Fortis in 2009. It then signed an agreement with EGMONT LUXEMBURG SARL

Office buildings Egmont I & II – Brussels CBD (BE)

regarding the granting of a 99-year **leasehold right** on the Egmont I and II buildings. The leasehold is granted in exchange of the payment to Cofinimmo at the signature of the deed of a first fee of 369.54 million EUR, excluding registration rights, a figure above the fair value of the assets on Cofinimmo's balance sheet at 31.12.2017, plus the price paid to buy back the lease receivables. A 20,000 EUR annual acknowledgment fee will also be paid by the lessee to Cofinimmo during the entire duration of the leasehold. Cofinimmo retains a residual interest on the buildings on its balance sheet.

Subject to the agreement of South Korean administrative authorities on the transfer of funds, the signature of the authentic leasehold deed and the payment of the first fee should take place at the end of March 2018. Failing this, Cofinimmo would receive an important indemnity.

The signing of the leasehold will enable Cofinimmo to reduce the rental risk at the end of the lease as well as coming one-step closer to its goal to see the share of healthcare real estate in its global portfolio increase to 50 % by the end of 2019. Taking these elements into account and barring any major events, Cofinimmo foresees a net result from core activities – Group share of 6.56 EUR/share, a current cash flow of 5.97 EUR/share and a gross dividend of 5.50 EUR/ordinary share for the financial year 2018.

CANCELLATION OF TWO CALL OPTIONS OF A FOREIGN CURRENCY AGAINST EUROS

On 15.02.2018, Cofinimmo cancelled the two call options of a foreign currency against euros it incurred in 2016. Cofinimmo took advantage of the actual favorable market conditions to cancel these options. The premiums relating to the latter have been booked as charges during the 2016 and 2017 financial years. These cancellations will lead to a positive impact on the 2018 consolidated income statement.

CONCLUSION OF A NEW CREDIT LINE

In February 2018, Cofinimmo has concluded a new credit line for an amount of 120 million EUR for eight years.

No other major event took place between 31.12.2017 and the time of writing this Annual Financial Report.

2018 OUTLOOK

ASSUMPTIONS

ASSET VALUATION

The fair value of our real estate portfolio included in the projected consolidated balance sheet at 31.12.2018 corresponds to the fair value of the overall portfolio at 31.12.2017, plus the large-scale renovation expenses planned for 2018.

MAINTENANCE, REPAIRS AND LARGE-SCALE RENOVATIONS

Our projections, produced per building, include maintenance and repair costs which are entered as 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 2018 projections are in the amount of 17.9 million EUR for office buildings and 6.1 million EUR for the pubs/restaurants of the Pubstone portfolio.

INVESTMENTS AND DIVESTMENTS

The following investment and divestment projects are included in our 2018 projections:

- investments in healthcare real estate in Belgium, France, the Netherlands, and Germany in the amount of 43.7 million EUR, resulting from the delivery of new units or the extension of existing units to which we are legally committed;
- sales of pubs/restaurants (Pubstone portfolio) and of insurance companies (Cofinimur I) in the amount of 5.3 million EUR.

➔ The main projects for the future are detailed on pages 63 and 76 of this Report.

RENTS

Our 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.

Our projections also include the cost of refurbishments, a period without tenants, rental charges and taxes on empty premises which are applicable in the event of tenant departure, as well as agent commissions to re-rent the premises. Our 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 we have sold to a third party.

A positive or negative change of 1 % in the occupancy rate of our office portfolio would lead to a cumulative increase or decrease in the net result from core activities per share and per year of 0.03 EUR.

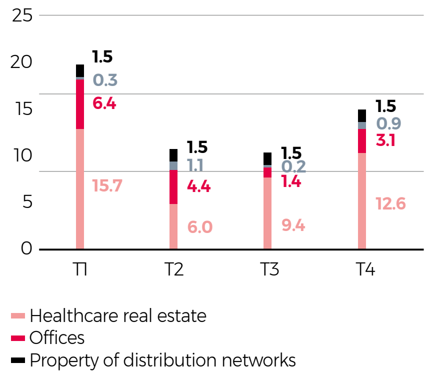
INFLATION

The contracts in effect are indexed. The inflation rate used for rent increases is between 1.1 % and 2.2 % depending on the country, for leases indexed in 2018[1].

The sensitivity of our 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 result from core activities per share and per year of 0.02 EUR.

Guimard 10-12 office building
Brussels Leopold District (BE)

2018 REFURBISHMENT AND INVESTMENT PROGRAMME
(X 1,000,000 EUR)



[1] External data

FINANCIAL EXPENSES

The technical charges are estimated for each building, according to the identified needs and the building's age. These charges should increase between 2017 and 2018 following the recent acquisitions in healthcare real estate in The Netherlands and Germany, where the maintenance obligations for the landlord are more important than in the other countries.

The corporate management costs are estimated per expenses type according to the evolution of the Group contemplated for the financial year. Their positive evolution between 2017 and 2018 is mainly due to one-off charges booked in 2017.

The calculation of our financial expenses is based on the assumption of a change in interest rates as anticipated by the future rate curve[1] and on our current bank and bond contract loans. Given the hedging instruments we have implemented, the total cost of debt in 2018, 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 our 2018 outlook, either in the balance sheet or the income statements.

The forecasted tax charge includes, on one hand, the estimation of the recurring tax charges per company, and on the other hand, an anticipation of the identified tax risks.

CONSOLIDATED INCOME STATEMENTS

The future market value of our 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 refurbishments.

Changes in our shareholders' equity will depend on the net result from core activities, on the result of financial instruments, on the result on the portfolio as well as on the allocation of dividends. Our shareholders' equity is shown before distribution of dividends for the financial year. The shareholders' equity include the dividend payment relating to the 2017 financial year and are established before the dividend distribution relating to the 2018 financial year.

1 External data.

NET RESULT FROM CORE ACTIVITIES PER SHARE

Based on current expectations and in the absence of any major unforeseen events, we expect a net result from core activities - Group share of 6.54 EUR per share for the 2018 financial year, stable compared to the 2017 financial year (6.53 EUR).

This assumption enables us to maintain a debt ratio well below 50 % at 31.12.2018.

As a reminder, the net result from core activities – Group share does not include the result on financial instrument – Group share, nor the result on portfolio – Group share.

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 our part and have not been certified by an auditor.

However, our Statutory Auditor, Deloitte Reviseurs d'Entreprises/ Bedrijfsrevisoren SC s.f.d. SCRL, represented by Mister Rik Neckebroeck, has confirmed that our forecasts have been appropriately established on the basis shown and that the accounting basis used to make the projections conforms to the accounting methods we use for the preparation of our consolidated accounts which are established using accounting methods that comply with IFRS standards, as implemented by the Belgian Royal Decree of 13.07.2014.

If applicable, we 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 that the consolidated debt ratio does not exceed 65 % of consolidated assets. The plan must be sent to the FSMA (➔ see page 201).

DIVIDEND PER SHARE

Our Board of Directors expects to propose a gross dividend per ordinary share of 5.50 EUR to our shareholders for the 2018 financial year, that is, a consolidated pay-out ratio of 84.2 %.

The proposed dividend of 5.50 EUR for the 2018 financial year represents a gross yield of 5.1 % compared to the average market price of the ordinary share for the 2017 financial year and to a gross yield of 6.2% compared to the net asset value of the share at 31.12.2017 (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 2018. This article includes a waiver of the obligation to pay a dividend under certain circumstances. We will, nevertheless, exercise our option to do so under these circumstances if the net profit and the requirement of Article 617 of the Company Code allow us to.

6.54 EUR/share

Forecast of the 2018 net result from core activities - Group share

5.50 EUR/ ordinary share

Forecast of the 2018 gross dividend payable in 2019

CONSOLIDATED INCOME STATEMENTS

2018 PROJECTED CONSOLIDATED INCOME STATEMENT - ANALYTICAL FORM

(x 1,000 EUR)	31.12.2018	31.12.2017
NET RESULT FROM CORE ACTIVITIES		
Rental income, net of rental-related expenses	203,210	203,862
Writeback of lease payments sold and discounted (non-cash item)	13,371	12,473
Rental-related expenses and taxes on rented properties not recovered	-1,650	-1,432
Taxes on refurbishment not recovered	-4,655	-2,113
Redecoration costs, net of tenant compensation for damages	-2,459	-2,847
Property result	**208,177**	**209,943**
Technical costs	-7,268	-5,396
Commercial costs	-1,515	-1,583
Taxes and charges on unlet properties	-4,499	-5,128
Property result after direct property costs	**194,895**	**197,836**
Corporate management costs	-24,736	-25,789
Operating result (before result on portfolio)	**170,159**	**172,047**
Financial income	5,398	5,594
Net interest charges	-30,872	-29,926
Other financial charges	-438	-626
Share in the net result from core activities of associated companies and joint ventures	470	466
Taxes	-452	-3,865
Net result from core activities	**144,265**	**143,690**
Minority interests related to the net result from core activities	-4,858	-4,600
Net result from core activities - Group share	**139,407**	**139,090**
Number of shares participating in the result of the period	21,308,702	21,308,702
Net result from core activities per share - Group share	**6.54**	**6.53**

CONSOLIDATED BALANCE SHEET

2018 PROJECTED CONSOLIDATED BALANCE SHEET

(x 1,000 EUR)	31.12.2018	31.12.2017
Non-current assets	**3,745,275**	**3,689,016**
Goodwill	85,156	85,156
Investment properties	3,553,956	3,506,981
Finance lease receivables	102,963	85,148
Trade receivables and other non-current assets	4,440	4,441
Participations in associated companies and joint ventures	7,760	7,290
Current assets	**93,698**	**93,566**
Assets held for sale	0	800
Finance lease receivables	1,899	1,826
Cash and cash equivalents	22,531	22,532
Other current assets	69,268	68,408
TOTAL ASSETS	**3,847,973**	**3,782,582**
Shareholders' equity	**1,999,673**	**1,986,440**
Shareholders' equity attributable to shareholders of parent company	1,914,512	1,903,160
Minority interests	85,161	83,280
Liabilities	**1,848,300**	**1,796,142**
Non-current liabilities	**1,226,493**	**1,222,857**
Non-current financial debts	1,116,526	1,112,890
Other non-current financial liabilities	109,967	109,967
Current liabilities	**621,807**	**573,285**
Current financial debts	510,000	462,810
Other current financial liabilities	111,807	110,475
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,847,973**	**3,782,582**

STATUTORY AUDITOR'S REPORT ON THE FORECASTS

Deloitte.

Dear Sirs,

This letter confirms our understanding of the arrangements made with you concerning the following work you We report on the forecasted Net result from core activies - Group share of Cofinimmo SA/NV ("the Company") and its subsidiaries (together "the Group") for the 12 months period ending 31 December 2018 (the "Forecast"). The Forecast, and the material assumptions upon which it is based are set out on pages 50 to 53 of the Annual Financial Report 2017 ("the 2017 Annual Report of the Group") issued by the Company dated 22 March 2018. We do not report on the other elements of the projected consolidated income statement, on the projected consolidated balance sheet nor on the projected dividend as mentioned on pages 51, 52 and 53 of the 2017 Annual Report of the Group.

This report is prepared in accordance with the principles as defined under Annex I item 13.2 of the European Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") 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 Forecast in accordance with 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 Forecast 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 I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the registration

Basis of Preparation of the Forecast

The Forecast has been prepared on the basis of assessments stated on pages 50 to 53 of the 2017 Annual Report and is based on a projection for the 12 months to 31 December 2018. The basis of preparation of the Forecast should be in accordance with the Group's principles of financial reporting

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 Forecast has been prepared and considering whether the Forecast has been accurately computed based upon the disclosed assumptions and the accounting policies of the Group. Whilst the assumptions upon which the Forecast 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 Forecast 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 Forecast has been properly compiled on the basis stated.

Since the Forecast 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 Forecast 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.

The Net result from core activies - Group share does not include the possible financial consequences of the preliminary sales agreement for the buildings Egmont I and Egmont II, signed on February 13, 2018.

Opinion

In our opinion, the Forecast 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 I item 1.2 of the Prospectus Directive Regulation.

Zaventem, 22 March 2018

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Rik Neckebroeck

REAL ESTATE STRATEGY IN ACTION

THE KEY ASPECTS OF OUR REAL ESTATE STRATEGY ARE DIVERSIFICATION BY TYPE OF ASSET AND COUNTRY, DIFFERENTIATION, GRANULARITY OF THE PORTFOLIO AND PROXIMITY TO OUR CUSTOMERS (➔ **SEE THE 'STRATEGY' CHAPTER IN THIS REPORT)**. CONCRETELY, WE INVEST IN FOUR REAL ESTATE SEGMENTS: HEALTHCARE REAL ESTATE, OFFICES, PROPERTY OF DISTRIBUTION NETWORKS AND PUBLIC-PRIVATE PARTNERSHIPS.

HEALTHCARE REAL ESTATE

We were one of the first European real estate companies to acquire, develop and redevelop healthcare assets on a large scale. We are now one of the leading investors in healthcare real estate in Continental Europe. The segment is our primary growth vehicle. Our objective is to have this type of asset accounting for 50 % of our total portfolio by 2019.

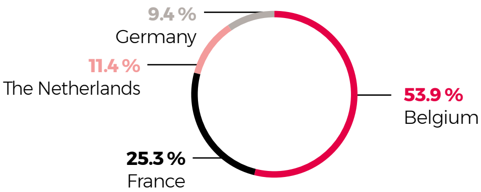
45.3 % of the overall portfolio

1,589 MEUR Fair value of the portfolio

99 % Occupancy rate

6.13 % Gross rental yield

BREAKDOWN OF THE HEALTHCARE REAL ESTATE PORTFOLIO BY COUNTRY - AT FAIR VALUE



KEY EVENTS IN 2017:

- Acquisition of four nursing and care homes in Germany
- Acquisition of five medical office buildings in the Netherlands
- Acquisition of a care centre for people suffering from mental disorders, located in Alphen aan den Rijn (NL)
- Delivery of the renovation works on a rehabilitation clinic in Heerlen (NL)
- Delivery of the reconversion works of an office building into a nursing and care home in Brussels (BE)
- Renovation and extension works of three nursing and care homes in Belgium

OFFICES

We have been active in the office market for the last 30 years. We have anticipated the changes in the market by proposing new solutions such as Flex Corners® and Lounges® and by emphasising on the energy performance of our buildings, ahead of legal requirements whenever possible. We carry out asset arbitrages on a regular basis to ensure the quality of our portfolio.

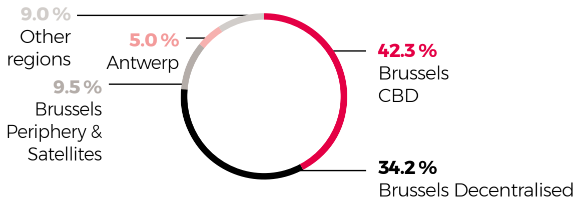
38.1 % of the overall portfolio

1,335 MEUR Fair value of the portfolio

88 % Occupancy rate

7.57 % Gross rental yield

BREAKDOWN OF THE OFFICE PORTFOLIO BY GEOGRAPHICAL AREA AT 31.12.2017 - AT FAIR VALUE



KEY EVENTS IN 2017:

- Reconstruction works of the Belliard 40 building (Brussels CBD)
- Start of demolition/reconstruction works on the Quartz building (formerly Arts/Kunst 19H - Brussels CBD)
- Opening of a Lounge® in The Gradient building (Brussels Decentralised)
- Opening of four new Flex Corners®
- Active marketing of vacant office space, notably in the five buildings acquired in 2016
- Filing of a claim for cancellation with the Council of State relating to the procedure to put Souverain/Vorst 25 building (Brussels Decentralised) on a conservation list.

PROPERTY OF DISTRIBUTION NETWORKS

We own and manage two real estate distribution networks acquired through sale & leaseback transactions. The first consists of a portfolio of pubs/restaurants leased to AB InBev (Pubstone portfolio) and the second of a portfolio of insurance agencies leased to the MAAF Group (Cofinimur I portfolio). These asset networks generate stable, long-term income.

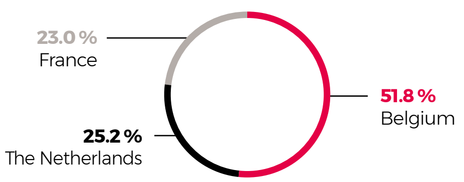
15.8 % of the overall portfolio

555 MEUR Fair value of the portfolio

98 % Occupancy rate

6.31 % Gross rental yield

BREAKDOWN OF THE PROPERTY OF DISTRIBUTION NETWORKS PORTFOLIO BY COUNTRY AT 31.12.2017 - AT FAIR VALUE



KEY EVENTS IN 2017:

- Delivery of the renovation works on the historical Cheval Marin building (Brussels CBD) leased to AB InBev
- Sale of 22 pubs/restaurants from the Pubstone portfolio
- Construction works on one insurance agency in France
- Sale of three insurance agencies from the Cofinimur I portfolio

PUBLIC-PRIVATE PARTNERSHIPS

We have been private partners in a number of Public-Private Partnerships which build to measure and maintain specific-use buildings such as a prison, a law court, a fire station and a student residence. These buildings are leased on the long-term to public tenants who become owners of the buildings at the end of the lease (finance lease contracts).

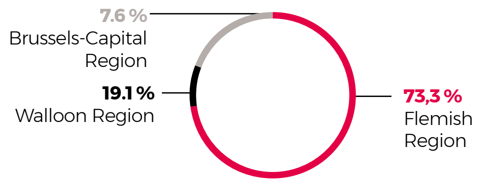
7 Number of assets

148,500 m^2 Above-ground surface area

100 % Occupancy rate

6.9 % Internal rate of return

DISTRIBUTION OF THE PUBLIC-PRIVATE PARTNERSHIP PORTFOLIO BY REGION AT 31.12.2017 - ABOVE-GROUND SURFACE AREA



HEALTHCARE REAL ESTATE:
OUR GROWTH MARKET

WITH A PORTFOLIO LOCATED IN FOUR COUNTRIES AND CONSISTING OF 145 ASSETS INCLUDING NURSING AND CARE HOMES, MEDICAL OFFICE BUILDINGS, ACUTE CARE AND REHABILITATION CLINICS AND SPORT AND WELLNESS CENTRES, WE ARE CURRENTLY ONE OF THE MAJOR INVESTORS IN HEALTHCARE REAL ESTATE IN CONTINENTAL EUROPE, A POSITION WE INTEND TO STRENGTHEN OVER THE COMING YEARS.

Kaiser Karl revalidation clinic – Bonn (DE)

MARKET CHARACTER-ISTICS[1]

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 increasing, 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 and in Germany with growth estimated at 30,000 and 250,000 additional beds respectively. In addition, obsolete buildings to be rebuilt will provide over 100,000 and 110,000 beds respectively.

[1] Sources : Cushman & Wakefield, Degroof Petercam, Eurostat, Real Capital Analytics.

45.3 %
of the overall portfolio

1,589
million EUR
Fair value of the portfolio

99 %
Occupancy rate

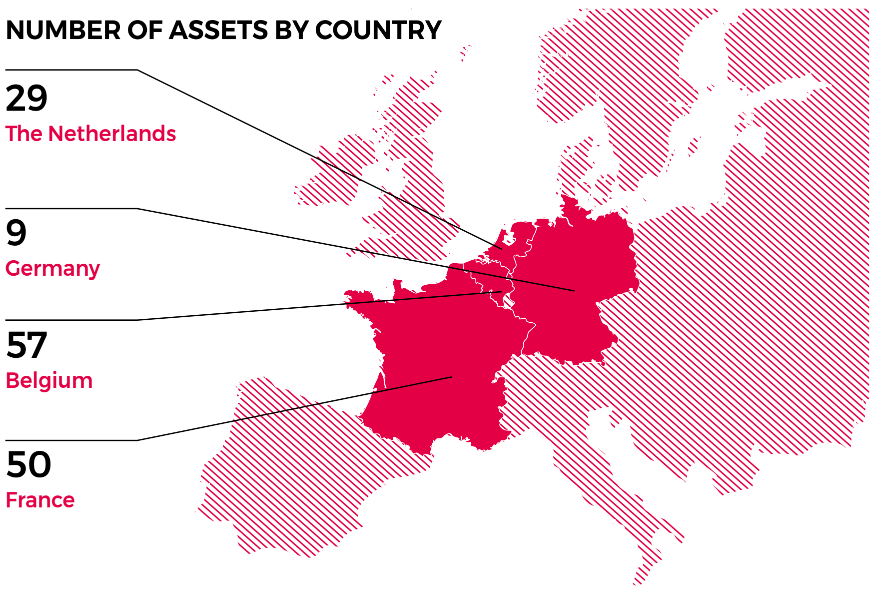
145
Number of assets

12,846
Number of beds

755,000 m²
Above-ground surface area

1. Henri Dunant nursing and care home - Brussels (BE)
2. Seniorenresidenz Calau nursing and care home – Calau (DE)

NUMBER OF ASSETS BY COUNTRY



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. In 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 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 a group owning over 72,000 beds spread over 715 sites in four countries. Consolidation provides operators with a better distribution of risks, easier access to financing, more regular contact with the public authorities and some economies of scale.

A FAVOURABLE LEGAL ENVIRONMENT

Healthcare financing is highly regulated given that the public sector is involved. This is particularly 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 area 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 percentage of the index.

"WE INVEST IN HEALTHCARE ASSETS IN FOUR COUNTRIES, WHICH ARE AT VARIOUS MATURITY STAGES. IN BELGIUM, IN FRANCE AND TO A LESSER EXTENT IN GERMANY, REAL ESTATE AND INSURANCE COMPANIES AS WELL AS INVESTMENT FUNDS SHARE THE MARKET. IN THE NETHERLANDS, WE FACE LESS COMPETITION AND THE TYPES OF FACILITIES IN WHICH WE CAN INVEST ARE MORE DIVERSIFIED."

SÉBASTIEN BERDEN,
HEAD OF HEALTHCARE

HEALTHCARE REAL ESTATE INVESTMENT MARKET

Given the above, healthcare real estate is attracting a growing number of investors. Over 21 billion EUR were invested (construction and purchases) in healthcare real estate in Europe between 2007 and 2016. 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 investments 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. However, in 2016, the majority of transactions were 'traditional investments'.

The growing investor appetite for healthcare real estate is reflected by a rental yield compression: for example, between 2014 and 2017, the average rental yields decreased from 5.5 % to less than 5.0 % in Belgium, from 5.8 % to 4.7 % in France, and from 7.0 % to 5.8 % in Germany. In the Netherlands, yields decrease is more balanced, with an evolution from 7.0 % to 6.5 % between 2016 and 2017.

1. Christinenhof nursing and care home-Lüneburg (DE)

2. Medical office building - De Waterlinie - Uithoorn (NL)

3. Plataan revalidation clinic - Heerlen (NL)

HEALTHCARE REAL ESTATE STRATEGY

Our primary strategic goal is to expand our healthcare real estate portfolio at a pace compatible with the opportunity to generate a sufficient yield level and with our ability to acquire or build functional buildings of excellent technical quality. Concretely, given the opportunities seen in the market, we expect this segment to account for 50 % of our total portfolio by the end of 2019.

NEW MARKETS (THE NETHERLANDS AND GERMANY)

- 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 we have 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 five years.
- On the investment side, healthcare assets have been very popular in Belgium and France, and more recently in Germany, resulting in a 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 the **'new' markets** like Germany and the Netherlands, our strategy is both to acquire assets and to develop others for operators. **In more mature markets** like Belgium and France, our strategy consists in, on one hand, developing or redeveloping existing assets and, on the other, taking advantage of investor appetite for this type of asset for arbitrage. We are also actively **diversifying our portfolio** to improve its risk profile. In addition, all of our healthcare real estate investments are made in a **sustainable and socially responsible way**.

ASSET ACQUISITIONS

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

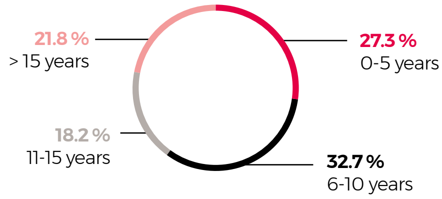
- **intrinsic qualities:** size of rooms and other areas, terrace or garden, light, functionality for residents/patients and care staff, etc.;
- **energy performance:** technical facilities, insulation, etc.;
- **operator-tenant:** experience level, care quality reputation, financial solidity, growth 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 demographics, etc.

(RE)DEVELOPMENT PROJECTS

We are able to support the growth of healthcare operators thanks to our real estate expertise and our integrated approach (one-stop shopping). The services we offer range from simple financing to larger-scale projects which include design, construction and delivery of new buildings. We have an experienced team which includes financial, technical and legal expertise. All of our staff are up-to-date with the latest developments in healthcare real estate.

Over the past ten years, we have assisted healthcare facility operators with more than 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 creates value.

BREAKDOWN OF THE CONSOLIDATED PORTFOLIO BY BUILDING AGE AT 31.12.2017 –
AT FAIR VALUE



COMMITTED INVESTMENT IN PROGRAMME HEALTHCARE REAL ESTATE[1] AT 31.12.2017

Building	Operator	Type of work	Number of beds (addit.)	Surface area (addit.)	Work completion (estimated)
Belgium					
De Nootelaer Keerbergen	Senior Living Group (Korian Group)	Renovation and extension	+ 5	+ 500 m²	Q1 2019
Zonneweelde Rijmenam	Senior Living Group (Korian Group)	Renovation and extension	+ 32 beds + 21 service flats	+ 5,430 m²	Q1 2021
Zonnewende Aartselaar	Senior Living Group (Korian Group)	Renovation and extension	+ 13 service flats	+ 3,500 m²	Q1 2018
France					
Domaine de Vontes Esvres-sur-Indre	Inicéa	Renovation and extension	+ 60	+ 2,214 m²	Q3 2018
The Netherlands					
Gorinchem	Philadelphia Zorg	Construction of a care centre for persons suffering from a mental disability	36	2,365 m²	Q1 2019
Germany					
Bismarckpark Gelsenkirchen	Curanum (Korian Group)	Renovation	109 beds	6,466 m²	Q4 2018

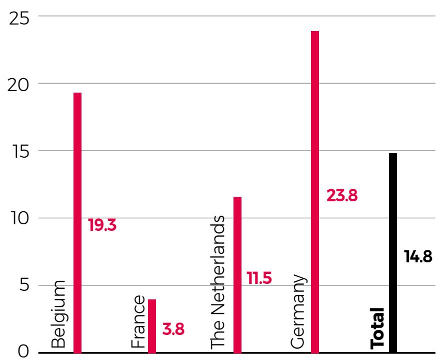
1 All projects are pre-leased and have been taken into account in the 2018 financial year forecast (**➔ see the 'Outlook' chapter of this report**).

ASSET ARBITRAGE

We initiated a selective asset arbitrage policy for our most mature markets, i.e. Belgium and France, four years ago. The policy consists in selling non-strategic assets and reinvesting the funds in other assets which better match our vision. This enables us to take advantage of the growing appetite of certain investors for this type of asset, while optimising the composition of our portfolio.

The main 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 BY COUNTRY UNTIL THE FIRST BREAK OPTION AT 31.12.2017 - IN NUMBER OF YEARS



FOLLOW-UP OF THE FINANCIAL PERFORMANCE OF ACQUIRED SITES

We periodically receive a financial data report from the operators of each site we own. This enables us to assess the financial sustainability of each operation and, specifically, the cover rate of the rent by the operational cash flow and/or the site's free cash flow. A comparison of the prices paid by residents/patients for housing and care range each operation compared to neighbouring sites and provides an appreciation of the risk associated with acquiring new units.

DIVERSIFICATION

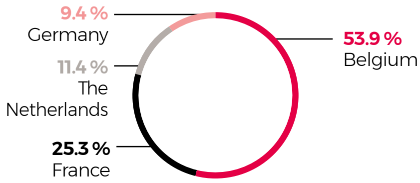
We are actively diversifying our portfolio to mitigate the risks related with our investments in healthcare real estate.

The diversification is taking place at three levels:

- **by country:** we currently hold healthcare assets in Belgium, France, the Netherlands and Germany;
- **by operator-tenant:** we have nearly 30 healthcare operators in our client-tenant database;
- **by asset type:** our healthcare real estate portfolio includes nursing and care homes, service flats ↓, revalidation clinics, psychiatric clinics, medical office buildings, care centres for the elderly and the disabled, acute care clinics and sport and wellness centres.

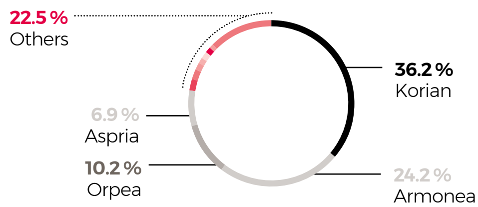
This enables us to avoid becoming overly dependent on any given financing or social security system.

BREAKDOWN OF THE CONSOLIDATED PORTFOLIO BY COUNTRY AT 31.12.2017 - AT FAIR VALUE



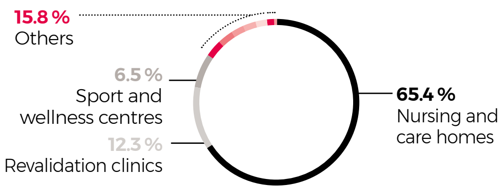
BREAKDOWN OF THE CONSOLIDATED PORTFOLIO BY OPERATOR-TENANT AT 31.12.2017 - IN CONTRACTUAL RENTS

2.2 %	Kaiser Karl Klinik
1.9 %	Inicéa
1.4 %	Bergman Clinics
1.3 %	Vivalto
1.2 %	Le Noble Age
1.1 %	Sevagram
1.0 %	ECR
12.4 %	Other



BREAKDOWN OF THE CONSOLIDATED PORTFOLIO BY TYPE OF ASSET AT 31.12.2017 - AT FAIR VALUE

3.6 %	Psychatric clinics
2.8 %	Care centres for elderly people
2.7 %	Medical office buildings
2.4 %	Service flats
2.3 %	Acute care clinics
1.3 %	Care centres for the disabled
0.7 %	Hospital parking



SUSTAINABLE DEVELOPMENT

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

Conversely, our decisions and actions regarding the management of the (re)development of healthcare real estate can have a significant impact on sustainable development. First, because we consistently work to provide the best possible response to changing needs in the housing and care of vulnerable and dependent persons by developing innovative and comfortable tailor-made buildings. Then, because we are very careful about our presence in the urban fabric by paying special attention to aesthetics and building mix in neighbourhoods. Lastly, because we promote the use of modern techniques and sustainable materials to reduce the carbon footprint of the buildings we develop. As a result, we fully assume our social and environmental responsibility.

Nursing and care home Vivalys (formerly Woluwe 106-108) - Brussels (BE)

2017 ACHIEVEMENTS IN GERMANY

31.2
million EUR
Investments in 2017

Between
5.7 %
and
6.2 %
Initial gross rental yield

1. CHRISTINENHOF NURSING AND CARE HOME

Lüneburg

Acquisition of the Christinenhof nursing and care home

Year built/renovated:	2001
Above-ground surface area:	6,100 m²
Number of beds:	140
Operator-tenant:	Casa Reha (Korian Group)
Duration and type of lease:	17 years – Dach und Fach ↓
Acquisition price:	12.6 million EUR

2. VILLA SONNENMOND NURSING AND CARE HOME

Neustadt

Acquisition of the Villa Sonnenmond nursing and care home

Year built/renovated (extension):	1999 (2012)
Above-ground surface area:	2,940 m²
Number of beds:	71
Operator-tenant:	Convivo
Duration and type of lease:	25 years – Dach und Fach
Acquisition price:	6.1 million EUR

3. BISMARCKPARK NURSING AND CARE HOME

Gelsenkirchen

Acquisition of the Bismarckpark nursing and care home, to be partially renovated

Year built/renovated:	1998 (2018)
Above-ground surface area after works:	6,466 m²
Number of beds after work:	109
Operator-tenant:	Curanum (Korian Group)
Duration and type of lease:	17 years – Dach und Fach
Acquisition price (budget of works):	11.4 million EUR (1.0 million EUR)

4. RIESA NURSING AND CARE HOME

Riesa

Agreement for the acquisition of the Riesa nursing and care home under construction

Timing of works:	Q1 2017 – Q2 2018
Above-ground surface area:	6,450 m²
Number of beds:	138
Operator-tenant:	Azurit
Duration and type of lease:	25 years – Dach und Fach
Acquisition price:	15.1 million EUR

2017 ACHIEVEMENTS IN THE NETHERLANDS

36.6
million EUR
Investments in 2017

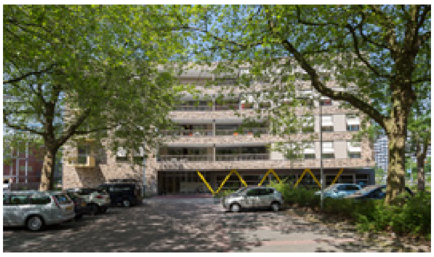
10.5
million EUR
Divestments in 2017

Between
6.4 %
and
8.1 %
Initial gross rental yield

1. CENTRE FOR PERSONS SUFFERING FROM MENTAL DISORDERS

Alpen aan den Rijn

Acquisition of a care centre for persons suffering from mental disorders



Year built/renovated:	2017
Above-ground surface area:	3,967 m²
Number of units:	45
Operator-tenant:	Gemiva
Duration and type of lease:	20 years – double net
Acquisition price:	9.3 million EUR

2. CARE CENTRE FOR PERSONS SUFFERING FROM DEMENTIA

Bavel

Delivery of the construction works for a care centre for persons suffering from dementia

Timing of works:	Q3 2016 – Q1 2017
Above-ground surface area:	2,142 m²
Number of beds:	22
Operator-tenant:	Martha Flora
Duration and type of lease:	20 years – double net
Budget of works:	4.3 million EUR

3. DE TWEESPRONG CARE CENTRE FOR ELDERLY PEOPLE

Oosterhout

Sale of the De Tweesprong care centre for elderly people. Reconversion into residential

Year built/renovated:	2014
Above-ground surface area:	6,061 m²
Number of beds:	55
Sale price:	10.5 million EUR

4. MEDICAL OFFICE BUILDINGS

Baarn, Eemnes, Oisterwijk (2) and Tiel

Acquisition of five medical office buildings

Above-ground surface area:	9,768 m²
Tenants:	various (para) medical professionals
Average occupancy rate as at 31.12.2017:	99.1 %
Weighted average residual lease length at 31.12.2017:	5.4 years – double net
Acquisition price:	20.1 million EUR

5. PLATAAN REVALIDATION CLINIC

Heerlen

Delivery of the renovation works on the Plataan revalidation clinic

Timing of works:	Q1 2016 - Q3 2017
Above-ground surface area after works:	14,700 m²
Number of beds after works:	127
Operator-tenant:	Sevagram
Duration and type of lease:	15 years – triple net
Budget of works:	11.1 million EUR

6. CARE CENTRE FOR PEOPLE SUFFERING FROM MENTAL DISORDERS

Gorinchem

Acquisition of a land for the construction of a care centre for people suffering from mental disorders

Timing of works:	Q1 2018 – Q1 2019
Above-ground surface area:	2,365 m²
Number of beds:	36
Operator-tenant:	Philadelphia Zorg
Duration and type of lease:	15 years – double net
Acquisition price (budget of works):	0.4 million EUR (3.9 million EUR)

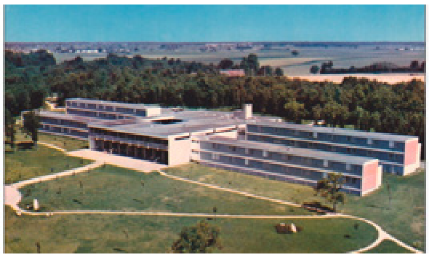
2017 ACHIEVEMENTS IN FRANCE

2.9
million EUR
Investments in 2017

1. DOMAINE DE VONTES CARE AND REHABILITATION CLINIC (SSR)

Esvres-sur-Indre

Renovation and extension works on the Domaine de Vontes care and rehabilitation clinic (SSR)



Timing of works:	Q4 2016 – Q3 2018
Above-ground surface area after works:	8,566 m²
Number of beds after works:	165
Operator-tenant:	Inicéa
Duration and type of lease:	12 years – double net
Budget of works:	8.5 million EUR

2017 ACHIEVEMENTS IN BELGIUM

17.7
million EUR
Investments in 2017

Between
5.9 %
and
6.5 %
Initial gross rental yield

1. DE NOOTELAER NURSING AND CARE HOME

Keerbergen

Renovation and extension works of the De Nootelaer nursing and care home

Timing of works:	Q3 2016 – Q1 2019
Above-ground surface area after works:	2,028 m²
Number of beds after works:	43
Operator-tenant:	Senior Living Group (Korian Group)
Duration and type of lease:	27 years – triple net
Budget of works:	2.5 million EUR

2. ZONNEWENDE NURSING AND CARE HOME

Aartselaar

Renovation and extension works of the Zonnewende nursing and care home

Timing of works:	Q1 2017 – Q1 2018
Above-ground surface area after works:	13,189 m²
Number of beds after works:	168 + 22 service flats
Operator-tenant:	Senior Living Group (Korian Group)
Duration and type of lease:	20 years – triple net
Budget of works:	6.3 million EUR

3. ZONNEWEELDE NURSING AND CARE HOME

Rijmenam

Renovation and extension works of the Zonneweelde nursing and care home

Timing of works:	Q3 2017 – Q1 2021
Above-ground surface area after works:	15,071 m²
Number of beds after works:	160 + 35 service flats
Operator-tenant:	Senior Living Group (Korian Group)
Duration and type of lease:	27 years – triple net
Budget of works:	14.5 million EUR

4. VIVALYS NURSING AND CARE HOME

(Formerly Woluwe 106-108) Brussels

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

Timing of works:	Q3 2016 – Q4 2017
Above-ground surface area after works:	8,033 m²
Number of beds after works:	151
Operator-tenant:	Vivalto
Duration and type of lease:	27 years – triple net
Budget of works:	12.4 million EUR

OFFICES:
DYNAMIC MANAGEMENT OF WORK SPACES

WE HAVE BEEN A MAJOR PLAYER IN THE BRUSSELS OFFICE MARKET FOR OVER 30 YEARS. WE RELY ON THE EXPERIENCE WE HAVE ACCUMULATED IN THE SECTOR TO PROACTIVELY AND DYNAMICALLY MANAGE OUR 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 FORWARD-LOOKING OUTLOOK ON THE LONG-TERM.

Woluwe 58 office building - Brussels Decentralised (BE)

MARKET CHARACTER-ISTICS[1]

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 delegations and the non-profits organisations 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.

38 %
of the overall portfolio

1,335
million EUR
Fair value of the portfolio

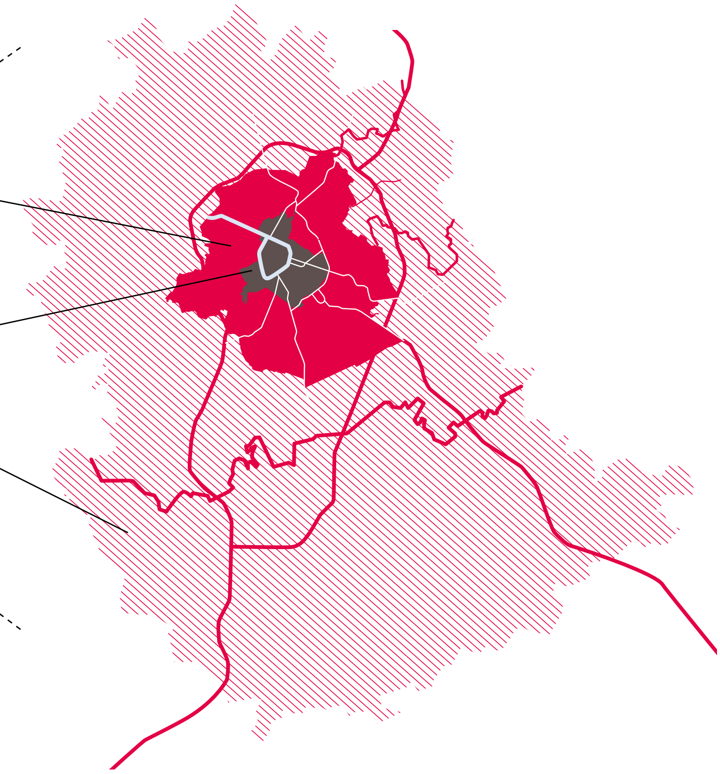
88 %
Occupancy rate

85
Number of assets

665,700 m^2
Above-ground surface area

1. Loi/Wet 34 office building - Brussels Leopold District (BE)
2. Omega Court office building - Brussels Decentralised (BE)

NUMBER OF ASSETS BY GEOGRAPHICAL AREA



9 Antwerp

33 Brussels Decentralised

19 Brussels CBD

21 Brussels Periphery & Satellites

3 Others

[1] Sources : CBRE, Cushman & Wakefield, Jones Lang LaSalle.

THE BRUSSELS OFFICE RENTAL MARKET

DEMAND

Rental demand in the Brussels office market reached 397,000 m² in 2017. Although, the rental demand is lower compared to last year (454,000 m²), it is very much in line with the average performance over the last decade (400,000 m²).

Transactions with public authorities (Belgian and European) accounted for more than 40 % of the take-up. Amongst the 2017 most significant rentals, are included the STIB rental in the office building 'Belgolaise' (12,000 m²), the rental of the Permanent Representation of Romania to the European Union in the 'Da Vinci' office building located in the Leopold District (7,635 m²), the rental of the Brussels Capital Region in the 'Poincaré' office building in the Brussels Decentralised area (8,000 m²) and the pre-lease by CEFIC in Cofinimmo's Belliard 40 office building currently under construction (7,000 m²) in the Leopold District.

OFFERING

In 2017, only 18,000 m² of new speculative developments were delivered on the Brussels market. Currently, the construction of 470,000 m² of office buildings, of which 160,000 m² on speculative basis, is in progress.

The most important development projects are the 'Manhattan Center' and the 'Maritime Station' in the North District, the 'Spectrum' in the Leopold district and the 'PassPort' in the Brussels periphery. Cofinimmo, in particular, will deliver in February 2018 a 18,700 m² office surface (of which 60 % already pre-let in 2017)in the Belliard 40 building and will redevelop the Quartz building (formerly Arts/Kunst 19H), an office building of 8,600 m² in the Leopold district of which the delivery is planned for the end of 2019.

VACANCY

At the end of 2017, the rental vacancy on the Brussels office market represented 8.7 %. This slight decrease (9.2 %) compared to 2016 is due to the low amount of new speculative buildings, on the one hand, and to the increase of converted office buildings into alternative uses in the Brussels Louise and decentralized districts, on the other hand. The boom in demand of flex and coworking spaces in the Brussels office buildings, in line with the trends in the other european cities, also reduces the rental vacancy.

The Brussels office market is still characterised by a diversified dynamics. The vacancy rate in the Brussels Louise and North districts improved. Their rates, which respectively reached 12 % and 8 % in 2016, slowly approached those of the Centre and Leopold districts (6.2 % and 5.4 % respectively). The vacancy rates of the airport district and the Brussels periphery remained unchanged (15-20 %).

THE BRUSSELS OFFICE INVESTMENT MARKET

In 2017, the investments in the Brussels office market amounted to 1.4 billion EUR, a level similar to previous years. The most important transcations related to the Zuiderport, Engie Towers, Brederode and Meeus 8 office buildings as well as the Corporate Village and the Nerviens 85.

The long-term cash flows and the lower prices of the Brussels office market, in comparison with the London, Paris or Frankfurt office markets, attracted worldwide investors. Although Belgian investors still represented 36 % of the overall investments, in 2017, the market was dominated by foreign investors, in particular, Asian (32 %), US and Australians.

The prime yield for offices in Brussels continued to decline: end 2017, they stood at 4.40 % in the Central Business District and at 3.65 % for long leased assets.

"THE VACANCY RATE IN GRADE A BUILDINGS IS PARTICULARLY LOW IN BRUSSELS. IN THIS CONTEXT, WE DECIDED TO LAUNCH DEMOLITION/ RECONSTRUCTION PROJECTS ON A SPECULATIVE BASIS ON TWO OF OUR OFFICE BUILDINGS LOCATED IN THE LEOPOLD DISTRICT: BELLIARD 40 AND QUARTZ (FORMERLY ARTS/ KUNST 19H). AS WITH THE BELLIARD 40, THE MOST ADVANCED PROJECT, 60 % OF THE OFFICE SPACES WERE PRE-LET BEFORE THE DELIVERY OF THE WORKS."

DIRK HUYSMANS, HEAD OF OFFICES

OFFICES STRATEGY

Our strategic objective in the office sector is to meet the needs of our tenants through proactive rental management which takes into account 'new working methods', forward-looking renovation and reconversion programme and a sound arbitrage policy. In practice, the Group seeks to optimise the composition of its portfolio in terms of the age, size and location of assets.

LOCAL, PROACTIVE OPERATIONAL AND COMMERCIAL MANAGEMENT

CENTRAL LOCATIONS

Renovation and rebuilding to maintain a high-quality portfolio

DECENTRALISED LOCATIONS

Reconversions for alternate uses

SELECTIVE ARBITRAGE OF ASSETS

SUSTAINABLE AND SOCIALLY RESPONSIBLE DEVELOPMENT.

We work to build long-term relationships with our tenants. Office buildings are, therefore, managed **entirely 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.

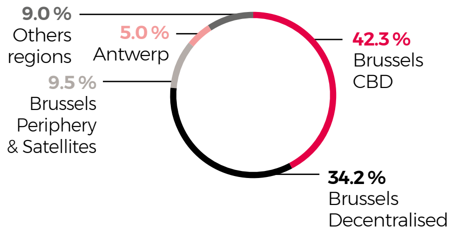
The Brussels office market is a two-speed market. **Central locations** are highly valued by both tenants and investors. At 31.12.2017, the rental vacancy rate was 6.1 % in the Brussels CBD with yields reaching 4.4 % for buildings with 3/6/9 leases. In **decentralised locations**, on the other hand, the vacancy rate ranged between 10 % and 20 %, depending on the area, and investor demand was weaker. In this context, we adjust our strategy by district.

- In the central locations, renovations and reconstructions are intended to optimise the composition of the portfolio and meet strong rental demand.
- In the decentralised areas, we implement innovative solutions to attract tenants and, when an office building becomes vacant and is at the end of its technical life, we plan its reconversion for an alternative use.

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

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

BREAKDOWN OF THE CONSOLIDATED PORTFOLIO BY GEOGRAPHICAL AREA AT 31.12.2017 - AT FAIR VALUE (IN %)



Arts/Kunst 46 office building - Brussels Leopold District (BE)

1. Loi/Wet 34 office building - Brussels Leopold District (BE)
2. Montoyer 10 office building - Brussels Leopold District (BE)
3. Science/Wetenschap 41 office building - Brussels Leopold District (BE)

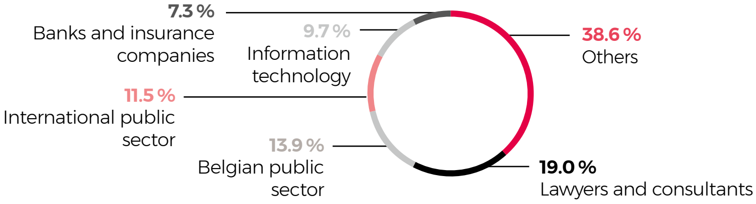
Mid-2016, we have acquired five medium-sized office buildings, mainly located in the Brussels Leopold District : Arts/Kunst 46, Loi/Wet 34, Montoyer 10, Science/Wetenschap 41 and Souverain/Vorst 280. Their marketing commercialisation has been particularly encouraging. In 18 months, thanks to an active marketing and appropriate lay-out, their vacancy rate decreased from 15 % to 8 %.

PROXIMITY TO CLIENTS

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

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

BREAKDOWN OF THE CONSOLIDATED PORTFOLIO BY TENANT BUSINESS SEGMENT AT 31.12.2017 –
IN CONTRACTUAL RENTS (IN %)



PROACTIVE RENTAL MANAGEMENT

The rental vacancy risk faced by Cofinimmo each year involves an average of 10 % to 15 % of our office portfolio. A commercial strategy based on a close relationship with our 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 best meet the needs of tenants in terms of work space flexibility, mobility and diversity. The development of the Flex Corners® and Lounges® concepts are examples of this.

FLEX CORNER® BY COFINIMMO

This innovative concept enables clients looking for smaller office spaces to lease a private space in an office building 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.

This concept was initiated in 2016 and is now available in eight of the buildings in our portfolio which had vacant space. The occupancy rate of the Flex Corners exceeded 60 % at the end of 2017.

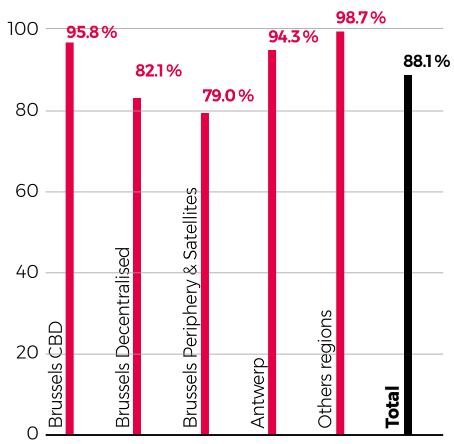
THE LOUNGE® BY COFINIMMO

We finalised our second 'Lounge® by Cofinimmo' in 2017 in The Gradient building in Brussels (Woluwe-Saint-Pierre/ Sint-Pieters-Woluwe). Note that the first 'Lounge®' was inaugurated in 2016 in the Park Lane in Diegem.

We provide 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 our 'Community Manager'. The concept meets the growing need for a range of different types of work spaces.

Cofinimmo's office portfolio occupancy rate was 88.1 % at 31.12.2017 compared to 90.9 % for the Brussels office market overall[1].

OCCUPANCY RATE BY GEOGRAPHICAL AREA AT 31.12.2017



New leases and renegotiated leases were signed for over 67,600 m² of office space in 2017. The most important transactions involved the Belliard 40 and Noordkustlaan 16 buildings. The weighted average residual duration[2] of the Cofinimmo office portfolio was 4.3 years at 31.12.2017.

In addition, 72 % of the rental vacancy risk was secured. Of the 99,280 m² with the potential to become vacant in 2017:

- **40 % were not vacated or renegotiated;**
- **19 % were not vacated, but were renegotiated;**
- **13 % were vacated then re-leased.**

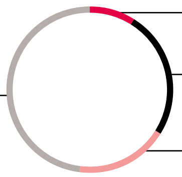
The average reversion rate of leases under renegotiations and new leases was -9 % in 2017.

1 Source : Cushman & Wakefield.
2 Until tenant's first break option.

REDEVELOPMENT PROJECTS

Our 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 our portfolio, create value and, in general, responsibly transform the urban landscape.

BREAKDOWN OF THE CONSOLIDATED PORTFOLIO BY BUILDING AGE AT 31.12.2017 – AT FAIR VALUE



OFFICE INVESTMENT PIPELINE AT 31.12.2017

Building	Type of work	Area	Work completion (estimated)
Belliard 40	Demolition and redevelopment of offices	20,320 m²	Q1 2018
Bourget 40	Renovation	14,250 m²	Q3 2020
Quartz (formerly Arts/ Kunst 19H)	Demolition and redevelopment of offices	9,052 m²	Q4 2019
Serenitas	Complete refurbishment of Building B and partial refurbishment of Building C	14,905 m²	Q2 2020
Souverain/Vorst 23	Reconversion to residential	22,800 m²	Q1 2022
Tenreuken	Construction of flats	To be determined	Q2 2021
The Gradient	Renovation floor +6 and specialised technical room	1 546 m²	Q2 2018

Belliard 40 office building - Brussels Leopold District (BE)

The Belliard 40 office building is under reconstruction works. This is an ambitious project : bringing up green and open spaces in this much-travelled urban Rue Belliardstraat, with the creation of a plaza in front of the building, and the construction of a five-storey atrium which unveils an interior garden at the back of the building. From a technical standpoint, the latter will be equipped with cutting-edge technical facilities and will be 100 % passive. The delivery of the works is foreseen in March 2018. Marketing is already a success : almost 60 % of its surface area are already pre-let.

SELECTIVE ARBITRAGE OF ASSETS

We have implemented a selective arbitrage policy for our office buildings while maintaining our 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) and to optimise the composition of our portfolio in terms of age, size, location and the rental situation of the buildings. The funds collected are reinvested in assets for which we believe we can create value via a higher occupancy level, suitable upgrades and, over the long term, large-scale renovation works followed by new leases.

"WE IMPLEMENT A 'LIFE CYCLE' APPROACH IN THE TECHNICAL MANAGEMENT OF OUR BUILDINGS. WHEN AN OFFICE BUILDING BECOME VACANT AND IS AT THE END OF ITS TECHNICAL LIFE, WE 'RECYCLE' IT IN BRUSSELS' CENTRAL LOCATIONS, WHERE THE DEMAND IS HIGH, WE MAKE AN EXTENSIVE RENOVATION. IN MORE DECENTRALISED LOCATIONS, WE CONSIDER THE EVENTUAL RECONVERSION IN OTHER USES."

DOMIEN SZEKÉR,
HEAD OF PROJECT DEVELOPMENT

SUSTAINABLE DEVELOPMENT

One of our primary goals for the daily management of our office portfolio consists in implementing a sustainable environmental approach.

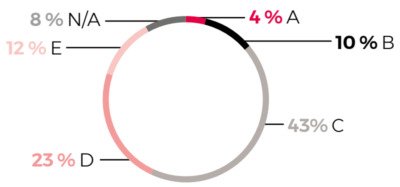
Raising the awareness of our tenants about their energy consumption and the signing of agreements with green energy providers are intended to reduce the environmental footprint of our buildings. We have been using energy data management software for a number of years. It collates all of the consumption data for all of the common areas of the offices we manage, as well as private consumption data provided by our tenants on a voluntary basis. The tool enables the identification of potential sources of savings and measurement of the impact of investments made. We also continued to install remote meters in 2017, bringing to 55 the number of buildings connected to the energy accounting software package in real time.

We received a Building Energy Performance (PEB) certificate for 13 of our office buildings, i.e. 22 % of our office portfolio in terms of surface area. The certificates include the energy performance and CO_2 emissions coefficients of the buildings. They are prepared by approved companies as the assets are sold or leased. Of the buildings certified, 80 % have a better energy performance than the average of buildings in Brussels, which is currently between D and E.

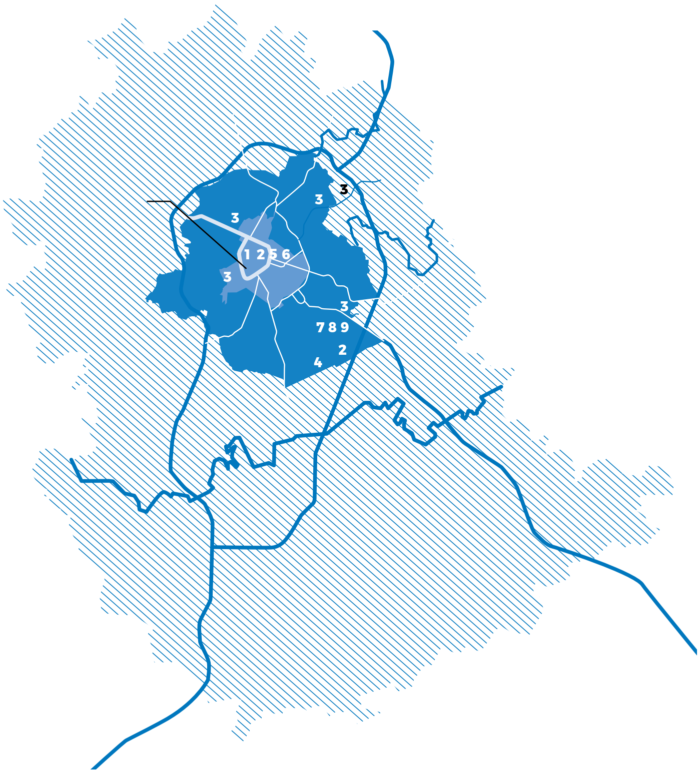
In addition, we are pursuing our BREEAM certification policy, giving preference to buildings being sold. Obtaining an environmental certificate meets a dual objective: on one hand, to promote the commercial competitiveness of the buildings and, on the other, to implement a continuous improvement process for the environmental performance of the assets. 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 31.12.2017, 106,474 m² of Cofinimmo's offices were BREEAM certified, i.e. 13 % of our office portfolio and PPP.

The decisions we take and actions we implement to manage re(development) projects can also have a significant impact on sustainable development. We strive 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, we work to transform the urban landscape responsibly by paying special attention to aesthetics and the building mix in neighbourhoods. Lastly, we promote the use of modern techniques and sustainable materials to reduce the carbon footprint of the buildings we develop and we also recycle work site waste whenever possible.

BREAKDOWN OF COFINIMMO OFFICE BUILDINGS WHICH OBTAINED PEB CERTIFICATION, BY SCORE RECEIVED AT 31.12.2017



2017 ACHIEVEMENTS



43.0
million EUR
Investments in 2017

67,600 m^2
Surfaces secured or rented in 2017

1. BELLIARD 40

Demolition and reconstruction

Timing of works:	Q1 2015 – Q1 2018
Above-ground surface area:	20,320 m²
Budget of works:	44 million EUR
Marketing:	60 % of surface area pre-let at 31.12.2017

2. QUARTZ (FORMERLY ARTS/KUNST 19H)

Demolition and reconstruction

Timing of works:	Q3 2017 – Q4 2019
Above-ground surface area:	9,052 m²
Budget of works:	24 million EUR
Marketing:	In progress

3. OMEGA COURT, PAEPSEM BUSINESS PARK, PARK HILL AND SOUVERAIN/VORST 36

Opening of four 'Flex Corners® by Cofinimmo'

Above-ground surface area:	3,020 m²
Average occupancy rate as at 31.12.2017 for the eight 'Flex Corners®':	60 %

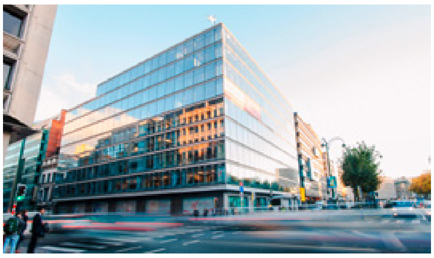
4. THE GRADIENT

Opening of a 'Lounge® by Cofinimmo'

Timing of works:	Q2 2016 - Q2 2017
Above-ground surface area:	1,050 m²
Budget of works:	2.3 million EUR
Occupancy rate of The Gradient building as at 31.12.2017:	89 % (vs. 64 % at 31.12.2015)

5. ARTS/KUNST 46, LOI/WET 34, MONTOYER 10, SCIENCE/WETENSCHAP 41 AND SOUVERAIN/VORST 280

Active marketing of the buildings acquired in 2016



Above-ground surface area:	34,600 m²
Average occupancy rate as at 31.12.2017:	92 %[1] (vs. 85 % at acquisition)
Internal rate of return between the acquisition date and 31.12.2017:	7.8 %

6. EGMONT I & II

Ongoing negotiations on the granting of a leasehold on the two office buidlings

Above-ground surface area:	53,000 m²
Occupancy rate:	100 %

7. SOUVERAIN/VORST 25

Ongoing negotiations on the sale of the office building and the surrounding park

The tenant AXA left at the beginning of August 2017
Ongoing negotiations for the potential sale of the site to the American State Department
Appeal for cancellation submitted to the Council of State for the request to list the building

8. SOUVERAIN/VORST 23

Procedure to obtain permits for a reconversion into residential in progress

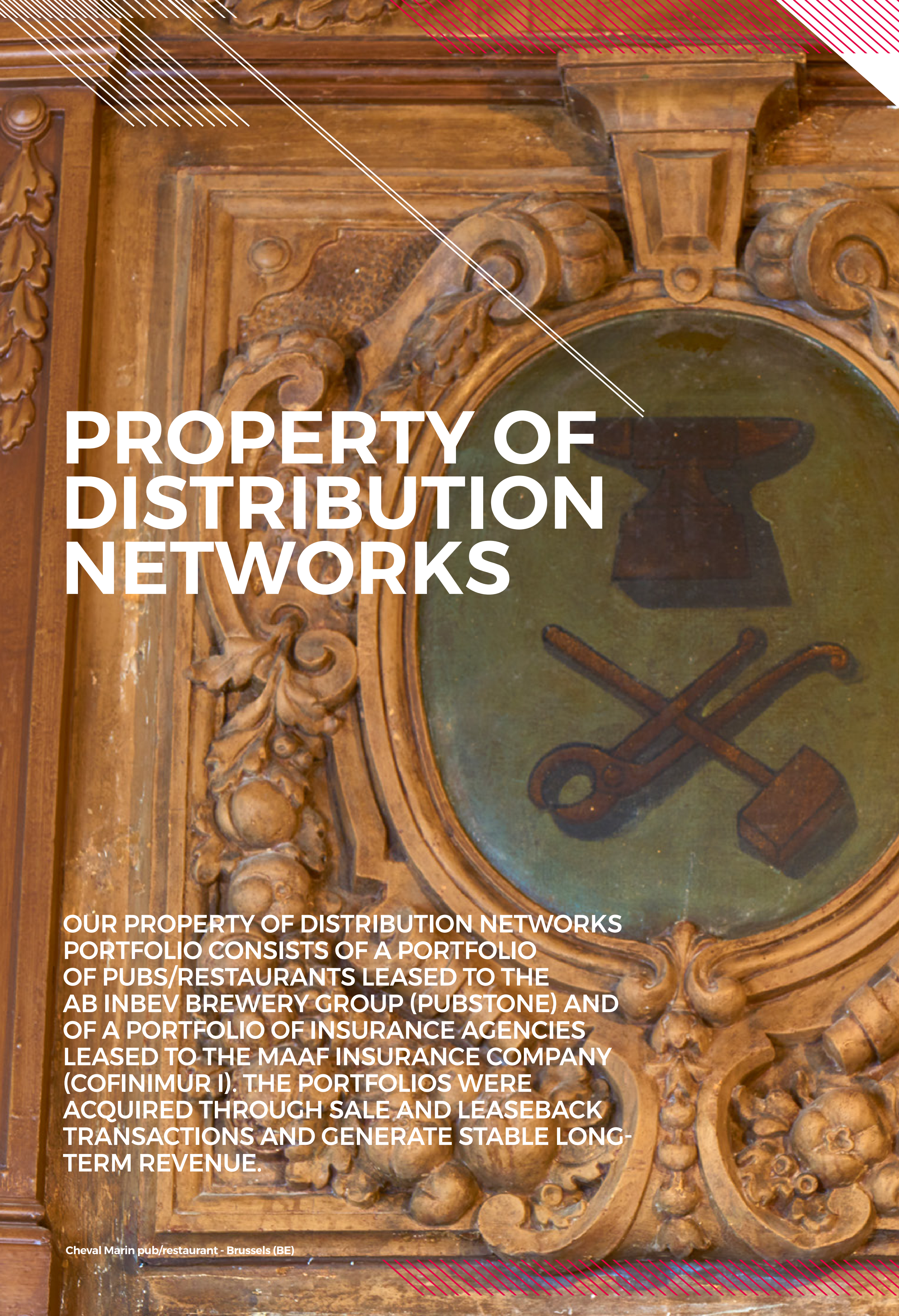
Timing of works:	2018 - 2022
Number of flats:	222
Above-ground surface area:	22,800 m²
Budget of works:	63 million EUR

9. TENREUKEN

Procedure to obtain permits for a residential development in progress

Timing of works:	2019 - 2021
Number of flats:	To be determined
Above-ground surface area:	To be determined
Budget of works:	To be determined

1 Including lease agreements signed in 2017 but not yet effective at 31.12.2017.



PROPERTY OF DISTRIBUTION NETWORKS

OUR PROPERTY OF DISTRIBUTION NETWORKS PORTFOLIO CONSISTS OF A PORTFOLIO OF PUBS/RESTAURANTS LEASED TO THE AB INBEV BREWERY GROUP (PUBSTONE) AND OF A PORTFOLIO OF INSURANCE AGENCIES LEASED TO THE MAAF INSURANCE COMPANY (COFINIMUR I). THE PORTFOLIOS WERE ACQUIRED THROUGH SALE AND LEASEBACK TRANSACTIONS AND GENERATE STABLE LONG-TERM REVENUE.

Cheval Marin pub/restaurant - Brussels (BE)

MARKET CHARACTER-ISTICS

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

1. La Vignette pub/restaurant - Leuven (BE)
2. MAAF insurance agency - Villejuif (FR)

1.

2.

STRATEGY

The main characteristics we look for in our property of distribution networks portfolios are their acquisition at an attractive price as part of sale & leaseback transactions, their usefulness as a retail network for the tenant, the granularity of risk they carry and the potential to optimise their composition over time.

SALE & LEASEBACK TRANSACTIONS

The sale price per square metre requested by the seller is generally reasonable given that it is for buildings which we lease back to the seller. The latter is responsible for paying rent after the sale.

OPTIMISATION OF THE POINTS-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 retail outlets 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 OF TENANTS FOR THE MANAGEMENT, DEVELOPMENT AND RENOVATION OF THE ASSETS

We maintain an ongoing dialogue with occupant/tenant to increase the geographical scope of their sales network. Buildings with leases that won't be renewed on expiration or which require renovation works in the medium term can thus be identified in advance. In addition, we can acquire new buildings the tenant would like to include in his network.

PUBSTONE : PUBS AND RESTAURANTS

We acquired an entire portfolio of pubs/restaurants at the end of 2007 under the terms of a property partnership. It was previously owned by Immobrew SA/NV, a subsidiary of AB InBev, since renamed Pubstone SA/NV. We lease the premises back to AB InBev under a commercial lease for an initial average term of 23 years. AB InBev sub-leases the premises to operators and retains an indirect stake of 10 % in the Pubstone organisation (➔ **see organisation chart on pages 214 and 215**). We assume no risk with respect to the commercial operation of the pubs and restaurants, but we handle the structural maintenance of 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, our internal Pubstone team consists of eight people, excluding support services, who work in portfolio management (Property and Project Management). There are three team members in the Netherlands.

"IN DECEMBER 2017, WE CELEBRATED THE TEN YEARS OF OUR PARTNERSHIP WITH AB INBEV. THE PUBSTONE PORTFOLIO IS MANAGED WITH A PROACTIVE LONG-TERM APPROACH: WE DIALOGUE WITH AB INBEV ON A REGULAR BASIS IN ORDER TO BEST ANTICIPATE THEIR NEEDS AND OPTIMISE THE POINT-OF-SALE NETWORK FOR THEIR PRODUCTS. THAT IS THE KEY TO THE SUCCESS OF THIS PARTNERSHIP."

JIMMY GYSELS,
HEAD OF BUSINESS UNIT PUBSTONE

PROJECTS COMPLETED IN 2017

SALE OF 22 PUBS/RESTAURANTS

In 2017, we sold 22 pubs/restaurants (14 located in Belgium and 8 located in the Netherlands) vacated by AB InBev through our subsidiaries, Pubstone and Pubstone Properties, for a gross total amount of 6.3 million EUR. This is more than the investment value of the assets as determined by the independent real estate expert on 31.12.2016.

TECHNICAL WORK AND REFURBISHMENT PROJECTS

In 2017, our Property and Project Management operations teams supervised 390 technical interventions on the pubs and restaurants portfolio (348 in Belgium and 42 in the Netherlands). They managed 242 renovation projects (151 in Belgium and 91 in the Netherlands), for a total of 5.1 million EUR. This consisted primarily of exterior painting, woodwork and roofing.

12 %
of the overall portfolio

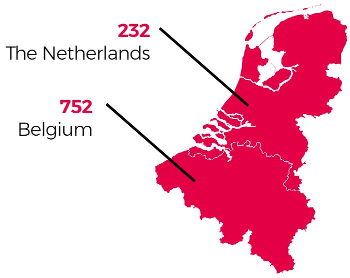
428
million EUR
Fair value of the portfolio

98 %
Occupancy rate

13 years
Residual lease length

343,100 m^2
Above-ground surface area

NUMBER OF ASSETS PER COUNTRY AT 31.12.2017



MAIN RENOVATION PROJECTS IN 2017

Location	Type of work
Belgium	
Cheval Marin - Rue du Marché aux Porcs 25 - Brussels	Complete restoration of the historical building
Place Léopold 9 - Mons/Bergen	Complete renovation
Onze-Lieve-Vrouwstraat 2 - Herent	Complete renovation
The Netherlands	
Brink 22 - Deventer	Complete renovation
Napoleonseweg 15 - Ittervoort	Complete renovation

At the end of 2015, we acquired the listed Cheval Marin building through our Pubstone subsidiary. Built in 1680, it is located close to Place Sainte-Catherine/ Sint-Katelijneplein in Brussels. It was vacant for several years and has now been fully restored: the façades, frame and interior have been restored to their original condition. AB InBev has leased the renovated building which will soon be home to a pub/restaurant.

COFINIMUR I :
INSURANCE AGENCIES

In December 2011, we acquired a portfolio of commercial agencies from the MAAF Group for our Cofinimur I 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. We are responsible for the Asset and Property Management missions for the entire portfolio.

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

PROJECTS COMPLETED IN 2017

SALE OF THREE INSURANCE AGENCIES

In 2017, we sold three insurance agencies via our Cofinimur I subsidiary for a total gross amount of 0.8 million EUR. This was more than the investment value of the asset as determined by the independent real estate expert on 31.12.2016.

RENOVATION AND CONSTRUCTION PROJECTS

In 2017, the MAAF Group renovated six insurance agencies, fulfilling its contractual obligations. In addition, our Asset and Property Management operations teams supervised the construction of a new agency located in Meyzieu. They are both leased to MAAF/ GMF for a fixed period of at least nine years. Our total investment amount was 0.1 million EUR.

4 %
of the overall portfolio

128
million EUR
Fair value of the portfolio

96 %
Occupancy rate

5 years
Average residual lease length

59,100 m²
Above-ground surface area

276
Number of assets

PUBLIC-PRIVATE PARTNERSHIPS

WE INVEST IN SPECIAL-USE BUILDINGS IN BELGIUM VIA PUBLIC-PRIVATE PARTNERSHIPS (PPP). WE CONTRIBUTE TO THE RENOVATION AND IMPROVEMENT OF PUBLIC AND SEMI-PUBLIC REAL ESTATE ASSETS IN THIS WAY.
TO DATE, OUR PPP PORTFOLIO CONSISTS OF SIX ASSETS IN OPERATION.

Courthouse - Antwerp (BE)

STRATEGY

We strive to meet the specific needs of public authorities and provide our real estate and financial expertise for long-term partnerships. They are usually the subject of public contracts.

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

We do not bear the construction risk for this type of property investment. This is the responsibility of an appointed general contractor, with whom we agree to a flat fee payable upon delivery of the building. However, we supervise the quality and execution of the construction works.

We are also responsible for upkeep and maintenance throughout the tenancy, which is usually under a long lease (emphytheusis). At the end of the lease, the public authority has the option to purchase the property or to transfer ownership free of charge. We do not have perpetual ownership of the properties and, as a result, they are booked under the section 'finance lease receivables' on our balance sheet (87.0 million EUR at 31.12.2017).

ASSETS IN THE COFINIMMO PPP PORTFOLIO IN OPERATION AT 31.12.2017

Property	Surface area (in m²)
Courthouse Antwerp	72,132
Prison Leuze-en-Hainaut	28,316
Fire station Antwerp	23,323
Police station Hekla zone	9,645
Student housing Nelson Mandela Brussels (Ixelles/Elsene)	8,088
Police station Termonde	3,800
Student housing Depage Brussels (Ixelles/Elsene)	3,196

Police station - Hekla zone (BE)

FINANCIAL STRATEGY IN ACTION

Our financial strategy is characterised by the diversification of our financing sources, regular access to the capital markets, a debt ratio close to 45 % and optimisation of the duration and cost of financing
(➔ **see the 'Strategy' chapter of this Report**).
We do not grant any mortgages or provide any other guarantees to our creditors than those listed on pages 208 and 209.

Our debt and confirmed lines of credit are not subject to any early repayment clauses, or changes in margin, related to our 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 our real estate portfolio.

The ratios were met at 31.12.2017 and throughout the 2017 financial year. In addition, no payment defaults on our loan contracts, nor violations of the terms and conditions of these same contracts are expected in the coming 12 months.

Villa Sonnenmond nursing and care home - Neustadt (DE)

In September 2017, we acquired Villa Sonnenmond nursing and care home, located in the Rheinland-Palatinate land. The site, which consists of a main building with two extensions, has been arranged as a colourful interior village with lighted streets, small squares with trees and benches, a town hall, a post office and a hairdresser. This concept of a 'village in the building', where everything is built around the idea of memory, ies particularly adapted for disoriented elderly people. It has received the 'bpa-Quality Award' in 2009.

DEBT STRUCTURE

CONSOLIDATED FINANCIAL DEBTS

At 31.12.2017, our current and non-current consolidated financial debt was 1,575.7 million EUR. It consisted of the following:

Bond market

- 399.0 million EUR for three non-convertible bonds:

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	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

- 214.2 million EUR for a convertible bond 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 %	143.4843	0.1875 %	15.09.2016	15.09.2021

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

- 467.5 million EUR in commercial paper, of which 411.5 million EUR with an initial duration of less than one year and 56.0 million EUR with an initial duration longer than three years;
- 3.1 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

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

KEY FIGURES AT 31.12.2017

43.8 %
Debt ratio

1.9 %
Average cost of debt in 2017

4.7 years
Average debt maturity

BBB
Standard & Poor's rating

"COFINIMMO WAS THE FIRST EUROPEAN REAL ESTATE COMPANY TO ISSUE 'GREEN & SOCIAL BONDS', TO (RE)FINANCE, ON ONE HAND, OFFICES WITH A HIGH ENERGY EFFICIENCY, AND, ON THE OTHER, HEALTHCARE ASSETS DEDICATED TO VULNERABLE PEOPLE.

VALÉRIE KIBIETA,
HEAD OF TREASURY

CURRENT FINANCIAL DEBT

At 31.12.2017, our current financial debt was 462.8 million EUR, of which:

- 411.5 million EUR in commercial paper with a duration of less than one year, of which 132.0 million EUR with a duration longer than 95 days. Short-term commercial paper issues are fully hedged by liquidity on confirmed long-term lines of credit. We benefit 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 for drawdowns on credit lines maturing in 2018;
- 1.3 million EUR in other loans (primarily account debits).

The liquidity of our confirmed lines of credit was 849.6 million EUR at 31.12.2017. All of these latter cover the outstanding short-term commercial paper (411.5 million EUR), the committed pipeline for the 2018-2019 period (119.0 million EUR), as well as the refinancing of lines of credit maturing 2018 (50.0 million EUR) and 2019 (200.0 million EUR)

CONSOLIDATED DEBT RATIOS

We met all financial debt ratio limits at 31.12.2017. Our regulatory debt ratio[1] was 43.8 % (compared to 43.7 % at 31.12.2016). Note that the legal limit for RRECs is 65 %.

Our Loan-to-Value financial debt ratio[2] was 43.4 % on 31.12.2017.

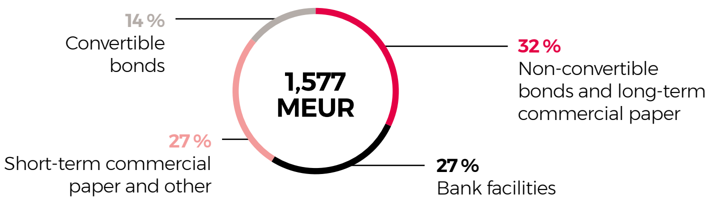
When our credit agreements refer to a debt limit, they refer to the regulatory ratio and cap it at 60 %.

DEBT MATURITY

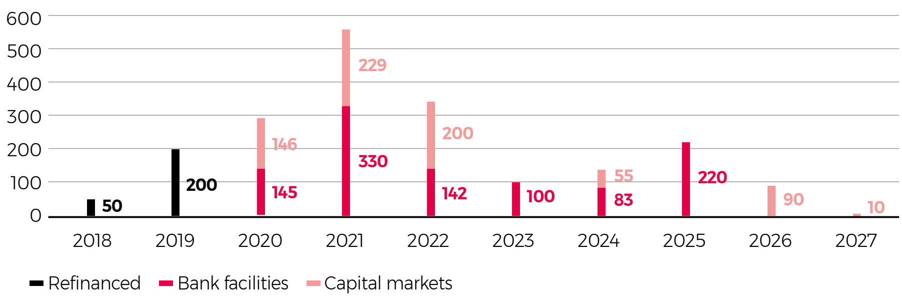
The weighted average maturity of our financial commitments changed from 4.8 years at 31.12.2016 to 4.7 years at 31.12.2017. The calculation excludes short-term commercial paper maturities which are entirely hedged by tranches available on long-term credit lines. It does not take into account the maturities for which refinancing is already in place.

Confirmed long-term loans (credit lines, bonds, commercial paper over one year and term loans), which totalled 2,009.0 million EUR at 31.12.2017, will mature consistently through 2027. Maximum 27.8 % of the outstanding amount matures in a single year, in this case 2021.

COMPOSITION OF THE DEBT AT 31.12.2017



SCHEDULE OF LONG-TERM FINANCIAL COMMITMENTS AT 31.12.2017 (X 1,000,000 EUR)



1. Legal ratio calculated according to RREC legislation: Financial and other debt/Total assets.
2. The ratio is defined as: Net financial debt/Fair value of assets and finance lease receivables.

AVERAGE COST OF DEBT AND INTEREST RATE HEDGING

The average cost of our debt, including bank margins, was 1.9 % for the 2017 financial year, compared to 2.4 % for the 2016 financial year (➔ **see Note 16**).

We have implemented partial hedging of our floating rate debt via the use of IRS. The goal is to secure at least 50 % of overall debt over the next five years. Given this context, we use a global approach (macro hedging). As a result, we do not hedge each variable-rate line of credit individually.

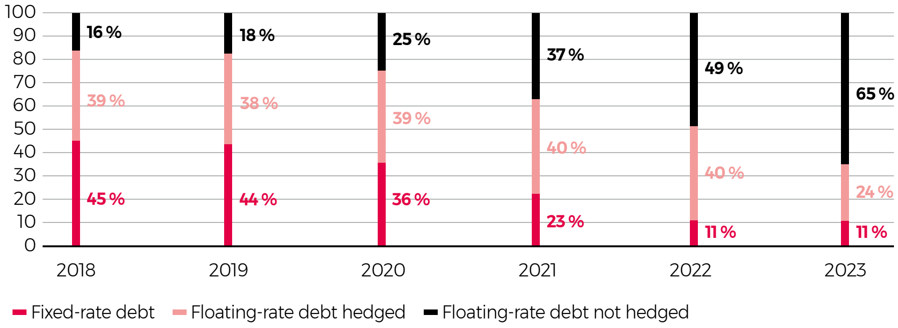
At 31.12.2017, the distribution of fixed-rate debt, of our hedged floating-rate debt and of our non-hedged floating-rate debt was as indicated in the following graph (➔ **see Note 24**).

At 31.12.2017, the anticipated interest rate risk was hedged at over 75 % through 2020. However, Cofinimmo's result remains sensitive to changes in interest rates (➔ **see the 'Risk factors' chapter of this Report**).

FINANCIAL RATING

We have received a long- and short-term financial rating from the Standard & Poor's rating agency since 2001. In 2017, Standard & Poor's confirmed the company's BBB/stable outlook rating for the long term and A-2 for the short term. Our liquidity is rated high, based on the significant liquidity available on our credit lines.

BREAKDOWN OF FIXED-RATE DEBT, OF THE FLOATING-RATE DEBT HEDGED AND OF THE FLOATING RATE DEBT NOT HEDGED AT 31.12.2017 - IN %



CURRENCY RISK HEDGING

We signed a sales contract for a building in foreign currency. In order to hedge against fluctuations in the currency exchange rate against the euro, we contracted two sales options of this currency for euros which guarantee a minimum price for the property in euros, with a cap on the maximum euro amount. This limits the risk of loss and we can still partially benefit from a future change in the exchange rate in our favour. The sensitivity of the intrinsic value of the two options to fluctuations in exchange rates is not material[1].

FINANCING TRANSACTIONS IN 2017

We continued to strengthen our financial resources and our balance sheet structure in 2017 in order to meet our investment commitments. The financing transactions over the financial year enabled us to further diversify our financing sources, reduce the cost of our debt and extend maturities.

DISTRIBUTION OF THE 2016 DIVIDEND IN NEW SHARES

Following the proposal to allocate the 2016 dividend in the form of new ordinary shares, our shareholders opted to reinvest up to 41 % of their 2016 dividends in new ordinary shares, therefore enabling an increase in our capital of 33.2 million EUR. The subscription price for the new shares was set at 103.95 EUR.

RENEWAL OF LINES OF CREDIT

The following lines of credit were renewed in 2017:

- a line of credit of 50 million EUR at a fixed rate for eight years;
- a line of credit of 100 million EUR at a variable rate for eight years;
- a line of credit of 62 million EUR at a variable rate for seven years;
- a line of credit of 21 million EUR at a variable rate for seven years;
- a line of credit of 70 million EUR at a variable rate for eight years.

EXTENSION OF THE MATURITY OF A SYNDICATED LOAN

At the end of August 2017, we exercised the option to extend a syndicated loan of 300 million EUR for one year. Its maturity date is now set to 05.11.2021.

REDEMPTION OF THE NON-CONVERTIBLE BONDS ISSUED IN 2013

On 23.10.2017, we redeemed the non-convertible bonds issued in 2013 at their issue price for a total of 50 million EUR. Note that the bonds opened rights to an annual coupon of 2.78 %.

INTEREST RATE SWAPS

In 2017, new IRS (Interest Rate Swaps) were entered into in the notional amount of 200 million EUR for the 2023-2025 period. Following this transaction, the nominal amount hedged for the period is 400 million EUR.

1. On 15.02.2018, Cofinimmo cancelled the two sales options of this foreign currency against euros (➔ **See chapter 'Events after 31.12.2017' of this Report**).

CORPORATE GOVERNANCE STATEMENT

WE APPLY THE STRICTEST CORPORATE GOVERNANCE STANDARDS AND CONTINUOUSLY ASSESS OUR METHODS AGAINST THE PRINCIPLES, PRACTICES AND REQUIREMENTS IN EFFECT IN THIS FIELD.

Montoyer 10 office building - Brussels Leopold District (BE)

REFERENCE CODE

This governance statement is included the provisions of the 2009 Belgian Corporate Governance Code ('Code 2009') and those of the Law of 06.04.2010 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 website (Moniteur Belge/Belgisch Staatsblad) and at **www.corporategovernancecommittee.be**.

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

Our Corporate Governance Charter can be viewed on our website at **www.cofinimmo.com**. It was last updated on 09.11.2017.

INTERNAL CONTROL AND RISK MANAGEMENT

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

To do so, we selected the Enterprise Risk Management (ERM) model developed by COSO (Committee of Sponsoring Organisations of the Treadway Commission - **www.coso.org**) as our frame of reference. COSO is a private sector organisation. Its goal is to promote quality improvements in financial reporting through 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 risk management;
- 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 and 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;
- our Executive Committee's integration of the notion of risk for any investment, transaction and 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, respect for individuals and a whistleblowing procedure;
- adherence to task separation principles and the application of rules regarding the delegation of powers clearly established at all levels of the Company;
- the application of strict criteria for human resources management, particularly with respect to selection, staff recruitment rules, training policy, periodic performance assessment procedures and setting of annual targets;
- the monitoring of procedures and the formalisation of processes;
- an updated disaster recovery plan.

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

Our strategy is defined every two years by our 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 the 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 our Executive Committee then submitted to our Board of Directors for approval.

IDENTIFICATION, ANALYSIS AND MANAGEMENT OF RISKS

This point includes the identification of risk events, their analysis and the measures taken 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, legal constraints and the environment 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 our business activities and our new commitments, 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 a specific risk analysis 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 departments in response to the risks identified:

- at the financial level: the differences 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 our 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 of our tenants are checked quarterly by our 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 an ERP application (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 or 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 COFB, COFP1 and COFP2 registered shares are integrated 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 Executive Committee meets weekly to discuss important issues dealing with the Company's operations and business.
- the Management Board, comprising the four members of the Executive Committee and the managers of the operational entities, also meets weekly to discuss 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.

SURVEILLANCE AND MONITORING

We prepare a closing each quarter using the same procedures as for 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 the 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. During the course of the year, the Executive Committee invites each head of department to present an update on the evolution of their specific business activities.

We also have 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.

SHAREHOLDING STRUCTURE AT 31.12.2017[1]

Our Board of Directors declares that the shareholders listed do not have different voting rights.

	Number of ordinary shares	%	Number of preference shares	%	Total number of shares (voting rights)	%
BlackRock, Inc.	1,182,102	5.7 %	0	0.0%	1,182,102	5.5 %
Crédit Agricole Group	1,068,707	5.2 %	0	0.0 %	1,068,707	5.0 %
Cofinimmo Group (treasury shares)[2]	42,172	0.2 %	0	0.0 %	42,172	0.2 %
Free float	18,374,400	88.9 %	683,493	100.0 %	19,057,893	89.3 %
Number of shares issued	**20,667,381**	**100.00 %**	**683,493**	**100.0 %**	**21,350,874**	**100.0 %**

1 Situation based on the transparency declarations received by virtue of the Law of 02.05.2007. Any changes notified since 31.12.2017 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 treasury shares held by the Cofinimmo Group have been suspended.

DIVERSITY POLICY

Diversity (cultural, generational, linguistic and gender) and equal opportunity are deeply rooted in Cofinimmo's corporate culture. We have been awarded the 'Diversity Label' for over ten years in a row. It rewards our initiatives in the areas of recruiting, personnel management and the external positioning of our company.

DIVERSITY ON THE BOARD OF DIRECTORS AND ITS COMMITTEES

The diversity of our Board of Directors is reflected in the significant presence of women, of three different nationalities and in the range of member backgrounds. This selection has been intentional to expand the knowledge of the Board and its committees.

DIVERSITY IN MANAGEMENT

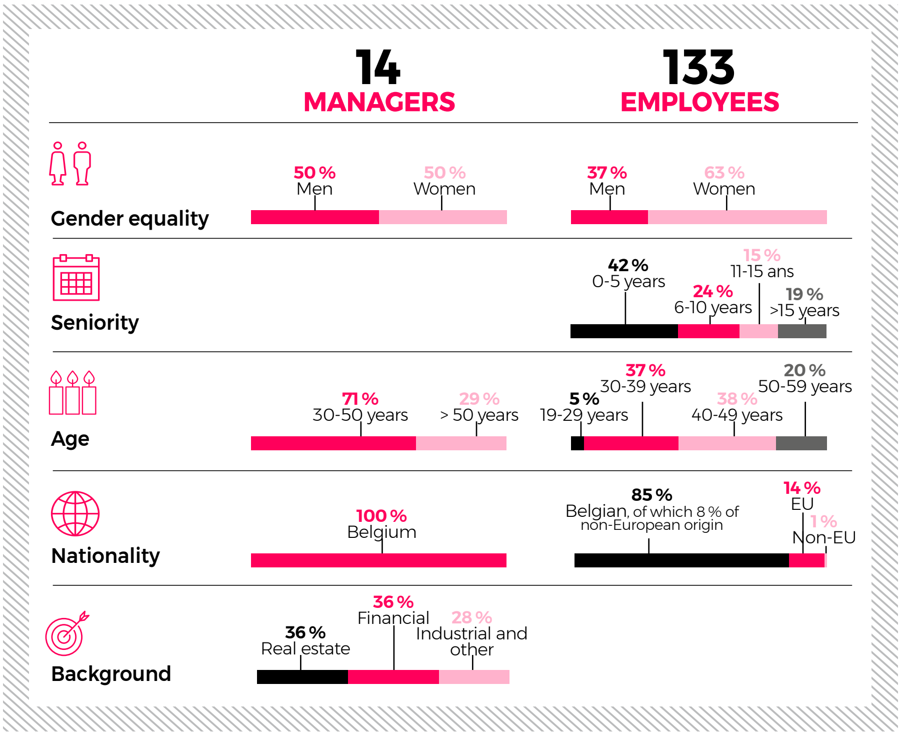
50 % of our managers are women. This proportion demonstrates our equal opportunity approach to management. One woman manages an operational team while the others have management positions in support teams (human resources, accounting, finance, treasury, communications and investor relations).

	Board of Directors	Executive Committee	Audit Committee	Nomination, Compensation and Corporate Governance Committee
Independent members/total	8/12 (67 %)	n/a	3/3 (100 %)	4/4 (100 %)
Gender equality (%)	M: 58 % F: 42 %	M: 75 % F: 25 %	M: 33 % F: 67 %	M: 75 % F: 25 %
Age	30-50 years: 17 % > 50 years: 83 %	30-50 years: 50 % > 50 years: 50 %	30-50 years: 0 % > 50 years: 100 %	30-50 years: 0 % > 50 years: 100 %
Internationalisation	33 %	25 %	33 %	50 %
Background	Financial: 25 % Real estate: 42 % Industrial and Other: 33 %	Financial: 25 % Real estate: 50 % Industrial and Other: 25 %	Financial: 67 % Real estate: 33 % Industrial and Other: 0 %	Financial: 0 % Real estate: 25 % Industrial and Other: 75 %

EMPLOYEE DIVERSITY

Equality, demonstrated by the regular renewal of our 'Investors in People' label, is an integral part of our human resources management. It is present at every level and every field: training, coaching, skills transfer and career management.

Cofinimmo is one of the few real estate companies with such a high level of participation by women: our employees are primarily women. In addition, the cultural and educational background of our employees is varied, which stimulates creativity in-house. Generational diversity combines experience with innovation.



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, our Board currently comprises 12 Directors, including (i) eight Non-Executive and independent as meant by Article 526ter of the Company Code, and (ii) four Executive Directors (members of the Executive Committee).

MR. Jacques van Rijckevorsel
Independent Director, Chairman of the Board of Directors and Chairman of the Nomination, Remuneration and Corporate Governance Committee

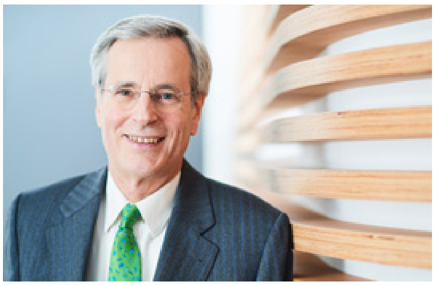
- **Gender:** M
- **Nationality:** Belgian
- **Year of birth:** 1950
- **Start of term:** 10.05.2017
- **Last renewal:** -/-
- **End of term:** 12.05.2021
- **Current position:** Director of Cliniques Universitaires Saint-Luc (UCL) (Avenue Hippocrate/Hippocratuslaan 10, Brussels)
- **Current mandates:** Cliniques Universitaires Saint-Luc, Duve Institute, N-Side, Synergia Medical, Fondation Médicale Reine Elisabeth, Comité de Gestion des Amis de l'Abbaye de la Cambre, Fondation Saint-Luc, Fondation Louvain, Louvain School of Management, Consultative Committee of ING Brussels
- **Previous mandates:** Solvay, CEFIC, Belgian-Luxembourg Chamber of Commerce for Russia and Belarus

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:** 10.05.2017
- **End of term:** 12.05.2021
- **Current position:** Partner of Edmond de Rothschild Corporate Finance SA/NV (Rue du Faubourg Saint Honoré 47, 75401 Paris CEDEX 08, France)
- **Current mandates:** Aina Investment Fund (Luxembourg) and Orox Asset Management SA (Switzerland), two entities of Edmond de Rothschild Group, Gecina SA (France), Lapillus OPCI
- **Previous mandates:** Segro PLC SA (United Kingdom), Axcior Immo and Axcior Corporate Finance SA (France)

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 mandates:** several mandates in Cofinimmo Group subsidiaries, Société d'Habitations de Tournai SA/NV, European Public Real Estate Association (EPRA), EPRA Taxation & Regulatory Committee, Union Professionnelle du Secteur Immobilier (UPSI/BVS), Société Royale d'Économie Politique de Belgique ASBL/VZW, Belgian Finance Club
- **Previous mandates:** -/-



MR. Olivier Chapelle
Independent Director, member of the Nomination, Remuneration 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/Olympiadelaan 2, 1040 Brussels)
- **Current mandates:** Guberna, Fédération des Entreprises Belges (FEB/VBO)
- **Previous mandates:** 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/Kanselarijstraat 2/1, 1000 Brussels)
- **Current mandates:** several mandates in Cobepa Group subsidiaries (Cobepa Nederland, Cobepa North America, Cosylva, Financière Cronos, Puccini Partners, Ibel, Mascagna, Mosane, Sofiréal, Sophielux 1, Sophinvest, Ulran), JF Hillebrand AG, AG Insurance, Degroof Equity, Guimard Finance
- **Previous mandates:** Cobib, Cobic, Cobsos, Groupement Financier Liégeois, Kanelium Invest, SGG Holdings, Sapec, Sophielux 2, Sofireal (now Cobid)

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 mandates:** several mandates in Cofinimmo Group subsidiaries, Denis Intérieur SA/NV, European Quarter Area Management Association (EQuAMA), Urban Land Institute (ULI)
- **Previous mandates:** -/-

MR. Jérôme Descamps
Executive Director (until 08.02.2018)

- **Gender:** M
- **Nationality:** French
- **Year of birth:** 1967
- **Start of term:** 13.05.2015
- **Last renewal:** -/-
- **End of term:** 08.02.2018
- **Current position:** Chief Financial Officer (CFO) of Cofinimmo SA/NV (boulevard de la Woluwe/Woluwedal 58, 1200 Brussels)
- **Current mandates:** several mandates in Cofinimmo Group subsidiaries.
- **Previous mandates:** Altraplan Luxembourg, Private Estate Life, Saphir II, Société de la Tour Eiffel

MR. Maurice Gauchot
Independent Director, member of the Nomination, Remuneration 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 (Avenue Pierre Ier de Serbie 16, 75116 Paris, France)
- **Current mandates:** Stone Estate (Zurich)
- **Previous mandates:** CBRE Holding France, Codic SA/NV

MRS. Diana Monissen
Independent Director, member of the Nomination, Remuneration and Corporate Governance Committee

- **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) de Prinses Maxima Centrum voor Kinderoncologie (Lundlaan 6, 3584 EA Utrecht, the Netherlands)
- **Current mandates:** Culturele Hoofdstad, MC Slotervaat
- **Previous mandates:** -/-

MRS. Françoise Roels
Executive Director

- **Gender:** F
- **Nationality:** Belgian
- **Year of birth:** 1961
- **Start of term:** 27.04.2007
- **Last renewal:** 10.05.2017
- **End of term:** 12.05.2021
- **Current position:** Secretary General & Group Counsel of Cofinimmo SA/NV (boulevard de la Woluwe/Woluwedal 58, 1200 Brussels)
- **Current mandates:** several mandates in Cofinimmo Group subsidiaries, EPRA Regulatory Committee, Women on Board ASBL/VZW, Aspria Holdings BV
- **Previous mandates:** Euroclear Pension Fund

MRS. Cécile Scalais
Independent Director

- **Gender:** F
- **Nationality:** Belgian
- **Year of birth:** 1955
- **Start of term:** 10.05.2017
- **Last renewal:** -/-
- **End of term:** 12.05.2021
- **Current position:** Legal director of Belfius Insurance SA/NV (Avenue Galilée/Galileelaan 5, 1210 Brussels)
- **Current mandates:** Coquelets SA/NV, Immo Malvoz SPRL/BVBA, Immo Zeedrift NV/SA, ImmoActivity SA/NV, Legros-Renier-les Amarantes Seigneurie de Loverval SA/NV, LFB SA/NV
- **Previous mandates:** Eurco Irelant Ltd, AIS Consulting SA/NV, International Wealth Insurer SA/NV, North Light SA/NV, Pole Star SA/NV

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:** Member of the Executive Committee of Allianz Benelux and Chief Life, Health & Investment Management (Rue de Laekenstraat 35, 1000 Brussels)
- **Current mandates:** several mandates in Allianz Group subsidiaries in the Netherlands (Allianz Nederland Groep NV, Allianz Nederland Levensverzekering NV)
- **Previous mandates:** Assurcard, Allianz Benelux SA/NV, Allianz Nederland Asset Management BV

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.

The goal of reaching a ratio of at least one third of Board members of a different gender from that of the other members, in accordance with the provisions of the Law of 28.07.2011 intended to ensure the gender diversity of the Board of Directors of listed companies, was met on 11.05.2016. The Ordinary General Meeting of 10.05.2017 approved the appointment of Cécile Scalais, increasing the number of women on our Board from four to five, thereby exceeding a third of its members. In addition, our Board of Directors decided in 2016 that its future composition would eventually ensure parity between men and women.

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

TERMS COMPLETED DURING 2017

MR. André Bergen

Independent Director, Chairman of the Board of Directors, and Chairman of the Nomination, Remuneration 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 mandates:** Delta Lloyd (Amsterdam), Sapient Investment Managers (Cyprus)
- **Previous mandates:** Delta Lloyd Group, Aspria Holding, Cofinimmo SA/NV, and a number of mandates in Cofinimmo Group subsidiaries

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/Galilelaan 5, 1210 Brussels)
- **Current mandates:** 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/NV 1 & 2, ReKode SA/NV
- **Previous mandates:** Banque Transatlantique Belgium, Axa Private Management, Cofinimmo SA/NV

MR. Alain Schockert

Director representing 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:** Director of Banque Degroof Petercam SA/NV (Rue de l'Industrie/Nijverheidsstraat 44, 1040 Brussels)
- **Current mandates:** Banque Degroof Petercam SA/NV, Banque Degroof Petercam Luxembourg SA/NV, Degroof Petercam Corporate Finance SA/NV, Degroof Equity SA/NV
- **Previous mandates:** Cofinimmo SA/NV

"THE NON-PROFIT ORGANISATION WOMEN ON BOARD, WHICH I CHAIR, PROMOTE THE PRESENCE OF WOMEN ON BOARDS OF DIRECTORS. WE ARE CONVINCED THAT DIVERSITY OF GENDER IN PARTICULAR, ENRICH THE EXCHANGE OF IDEAS IN GOVERNING BODIES."

FRANÇOISE ROELS,
SECRETARY GENERAL & GROUP COUNSEL

DIRECTOR RENEWALS AND APPOINTMENTS

The Ordinary General Meeting of 10.05.2017 approved the appointments of Mr. Jacques van Rijckevorsel and Mrs. Cécile Scalais as Independent Directors as meant by Article 526ter of the Company Code. The General Meeting also approved the renewal of the term of Mrs. Françoise Roels as Executive Director and of Mrs. Inès Archer-Toper as Independent Director as meant in Article 526ter of the Company Code. Their terms will expire on 12.05.2021.

Mr. Jean-Edouard Carbonnelle's term will end at the General Meeting of 09.05.2018. Consequently, an subject to the opproval of the FSMA, the Board of Directors will propose the appointment of Mr. Jean-Pierre Hanin as Executive Director at the General Meeting of 09.05.2018. Should they be approved by the General Meeting and FSMA, his term will end on 11.05.2022. Mr. Jean-Pierre Hanin has been co-opted as Director on 08.02.2018. In addition, the resignation of Mr. Jérôme Descamps was effective 08.02.2018. The Board of Directors would like to thank Mr. Carbonnelle and Mr. Descamps for their contribution to the Company's administration and growth.

Taking into account the proposed appointments at the Ordinary General Meeting of 09.05.2018, the Board of Directors is aligned with the Charter of the Board of Directors which requires that the body have 11 members.

Taking into account the appointment proposal to the General Meeting of 09.05.2018, the Board of Directors will be temporarily composed by 11 members.

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 of the Directors, who are jointly and severally 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 and organisation of the decision-making bodies and appointment of their members).

The Board of Directors' rules of operation are detailed in the Board of Directors' Charter which can be consulted on the website **www.cofinimmo.com**.

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 nine times in 2017.

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 2017, including:

- the review of guidelines for Cofinimmo's strategy and development;
- analysis and approval of investments, divestments and (re)development projects;
- Granting of a 99-year leasehold on the Egmont I and II office buildings;
- the acquisition of healthcare real estate assets in Germany;
- a proposal to shareholders to opt for a 2016 dividend in shares;
- the absorption of SPRL/BVBA Trias Bel Leopold II – T under the regime of Articles 676, 719 et seq. of the Company Code;
- the review of the Enterprise Governance Charter;
- evaluation of the Executive Committee, setting of its objectives, fixed and variable remuneration and the introduction of a Stock Appreciation Rights Plan for the members of the Executive Committee and Management;
- the recruiting of candidates for the position of Executive Director and a Managing Director position;
- the proposal to the Ordinary General Meeting of 10.05.2017 to appoint Mrs. Cécile Scalais and Mr. Jacques van Rijckevorsel as Independent Directors as meant in Article 526ter of the Company Code;
- the proposal to the Ordinary General Meeting of 10.05.2017 to renew the terms of office of Mrs. Françoise Roels as Executive Director and member of the Executive Committee and of Mrs. Inès Archer-Toper, as Independent Director as meant in Article 526ter of the Company Code;
- subject to approval by FSMA, the proposal to the Ordinary General Meeting of 09.05.2018 to appoint Mr. Jean-Pierre Hanin;
- follow-up of the actions proposed within the framework of the self-assessment done in 2015.

AUDIT COMMITTEE

CURRENT COMPOSITION

Our Audit Committee is made up of three Directors, all independent as meant by Article 526ter of the Company Code. They are Mr. Xavier de Walque (Chairman), Mrs. Inès Archer-Toper and Mrs. Kathleen Van de 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 are not entitled to vote.

The Chairman of the Audit Committee is appointed by the members of the Committee. The members of the Audit Committee must be experts in the Company's field of activities. At least one member must have accounting and auditing expertise.

ROLE OF THE AUDIT COMMITTEE

The role of the Audit Committee consists primarily in:

- monitoring the process of compiling financial information and the presentation of recommendations or proposals to ensure its integrity;
- reporting to the Board of Directors on the results of the statutory audit of the annual accounts and, if applicable, the consolidated accounts, and providing explanations on the way the statutory audit of the annual accounts and, if applicable, of the consolidated accounts, contributed to the integrity of the financial information and the role the Audit Committee played in the process;
- reviewing the effectiveness of the company's internal control and risk management mechanisms;
- reviewing the internal audit and its effectiveness;
- reviewing the statutory audit of the annual and consolidated accounts, including the questions and recommendations made by the auditor responsible for auditing the consolidated accounts;
- ensuring the independence of the auditor responsible for auditing the consolidated accounts, in particular with respect to the provision of additional services to the Company;
- analysing, together with the auditor, the threats to their independence and the measures implemented to mitigate the threats when the total fees for a public interest entity described in Article 4/1 exceed the criteria set in Article 4, § 3 of Regulation (EU) no. 537/2014;
- providing a recommendation to the Board of Directors on the appointment of the statutory auditor and, if applicable, of the Company Auditor responsible for the statutory audit of the consolidated accounts.

The current composition of the Audit Committee and the tasks it has been assigned meet the requirements of the Law of 17.12.2008 concerning the creation of an Audit Committee in listed and financial companies and by the Law of 07.12.2016. The Audit Committee's operating rules are detailed in the Audit Committee Charter which can be consulted on the website **www.cofinimmo.com**.

AUDIT COMMITTEE ACTIVITY REPORT

The Audit Committee met on five occasions during 2017.

It addressed matters that fall within its remit 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 audits 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;
- review of the Auditor's conclusions on IT procedures and their recommendations on EMIR legislation;
- the Internal Auditor's reports on the take over of MAAF assets' management, document management and credit risk management;
- assessment of the Group's Risk Management standards;
- review of major risks;
- review of the internal valuation of assets;
- review of the proposed changes to accounting rules starting on 01.01.2018;
- review of the analytical framework for healthcare sector tenant solvency;
- review of the update to the goodwill impairment model for France;
- review of new legislation;
- modification of the Audit Committee Charter to align it with the Law of 07.12.2016 on the organisation and public supervision of statutory auditors;
- renewal of the Company Auditor's mandate
- self-assessment.

NOMINATION, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE

CURRENT COMPOSITION

The Nomination, Remuneration and Corporate Governance Committee is made up of four Independent Directors as meant by Article 526ter of the Company Code. They are Mr. Jacques van Rijckevorsel (Chairman), Mr. Olivier Chapelle, Mr. Maurice Gauchot and Mrs. Diana Monissen. 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 it has been assigned 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 can be viewed in its charter. It can be consulted at
www.cofinimmo.com.

NOMINATION, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE ACTIVITY REPORT

The Committee met five times in 2017.

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;
- review of the remuneration of the Executive Directors and of members of Management;
- proposal to the Board of Directors to introduce a Stock Appreciation Rights Plan for the members of the Executive Committee and Management.

With respect to the composition of the Board of Directors:

- the search process for two 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 expired at the Ordinary General Meeting of 10.05.2017. This analysis resulted in the proposal to the Ordinary General Meeting of 10.05.2017 to appoint Mrs. Cécile Scalais and Mr. Jacques van Rijckevorsel as Independent Directors as meant by Article 526ter of the Company Code;
- the recommendation to the Board of Directors to renew the terms of Mrs. Inès Archer-Toper as Independent Director as meant in Article 526ter of the Company Code and of Mrs. Françoise Roels as Executive Director and member of the Executive Committee at the Ordinary General Meeting of 10.05.2017;
- the search process for two new Executive Directors, members of the Executive Committee, with analysis of the existing skills on the Board and those that need to be provided following the expiration of the term of Mr. Jean-Edouard Carbonnelle following the Ordinary General Meeting of 09.05.2018 and the resignation of Mr. Jérôme Descamps. The analysis resulted in the proposal to the Ordinary General Meeting of 09.05.2018 to appoint Mr. Jean-Pierre Hanin as Executive Director and member of the Executive Committee subject to approval by FSMA;

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 Carbonnelle (CEO), our Executive Committee consists of three Executive Directors who are Mr. Xavier Denis (COO), Mrs. Françoise Roels (Secretary General & Group Counsel) and the CFO. Mr. Jérôme Descamps assumed the position of CFO until 08.02.2018. Mr. Jean-Edouard Carbonnelle supervises the financial teams and operations as of 09.02.2018 and until the appointment of a new Chief Financial Officer.

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 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 consulted 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 decisions to acquire or dispose of buildings 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 (until 08.02.2018)

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 Loyens law firm, 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), candidate in philosophy (RUG 1984) and holds a master's diploma in taxation (École Supérieure des Sciences Fiscales 1986).

EVALUATION OF THE PERFORMANCE 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.

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.
The evaluation 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 specific managerial responsibility.

Name	Position
Sébastien Berden	Head of Healthcare Properties
Yeliz Bicici	Head of Development
Chantal Cabuy	Chief Human Resources Officer
Hanna De Groote	Environmental Manager
Valérie De Vos	Head of Information Management
Steve Deraedt	Head of Information Technology
Andrée Doucet	Sr. Corporate Legal Officer (until 31.07.2017)
Ellen Grauls	Head of External Communication & Investor Relations
Jimmy Gysels	Head of Business Unit Pubstone
Dirk Huysmans	Head of Offices Belgium
Valérie Kibieta	Head of Treasury & Project Financing
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	Sr. Corporate Legal Officer
Sophie Wattiaux	Sr. 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 tere are transactions with conflicting interests should arise between Belfius Insurance and Cofinimmo or between Allianz Benelux and Cofinimmo, the situations could result in the application of Article 523 of the Company Code and be qualified as potential conflicts of interest for Mrs. Cécile Scalais, Director appointed on the recommendation of Belfius Insurance, and for Mrs. Kathleen Van Den Eynde, Director appointed on the recommendation of Allianz Benelux.

In 2017, three decisions, taken during two Board of Directors' sessions, resulted in the application of Article 523 of the Company Code.

During the session of 09.02.2017, the Board of Directors deliberated on (i) the Board of Directors' assessment of the 2016 objectives, (ii) fixed remuneration for 2017 and variable remuneration for 2016 for the members of the Executive Committee, as well as on (iii) the Executive Committee's objectives for the 2017 financial year.

Extract of the minutes of the Board of Directors meeting of 09.02.2017
"5. CNR report, e.g. (decision)

[...]

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

5.7. Pursuant to Article 523 of the Company Code, the members of the Executive Committee, being Mr. Carbonnelle, Mr. Denis and Mr. Descamps and Mrs. Roels stated that they had a property interest which conflicted with the Company's and of which the Auditor had been informed.

5.8. Following an extensive review of the services provided by, and accomplishments of, the Executive Committee in 2016, the Board address the subject of the salary package of the Executive Committee members.

[...]

5.10. After an extensive review, and on the recommendation of the Nomination, Remuneration and Corporate Governance Committee, the Board assessed the accomplishments of the Executive Committee as follows:

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

5.11. The result was variable remuneration of 62.25 % (83 % of 75 %) of 2016 annual fixed remuneration:

- *Mr. Carbonnelle: 349,300 EUR x 62.25 % = 217,439.25 EUR;*
- *for each of the members of the Executive Committee: 280,000 EUR x 62.25 % = 174,300 EUR*

5.12. Half of the variable remuneration is subject to phantom stock plan rules with payment spread over time according to the rules of the plan. Part of the other half will be allocated to pension promises as follows:

- *Mr. Carbonnelle: 108,720 EUR;*
- *Mrs. Roels: 40,000 EUR.*

[...]

5.15. On proposal of the Nomination, Remuneration and Corporate Governance Committee, the Board defined the 2017 objectives of the Executive Committee as follows:

- *the net result from core activities per share (25 %);*
- *the cost/income ratio (15 %);*
- *the office occupancy rate (15 %) and overall (5 %);*
- *the management of large-scale projects (25 %);*
- *other (25 %).*

During the meeting of 09.11.2017, the Board of Directors deliberated on (i) the end of contract terms for Mr. Jérôme Descamps, and (ii) the Stock Appreciation Rights plan.

Extract of the minutes of the Board of Directors meeting of 09.11.2017

"7. Report of the Nomination and Remuneration Committee (decision)

Pursuant to Article 523 of the Company Code, the members of the Executive Committee, being Mr. Carbonnelle, Mr. Denis and Mr. Descamps and Mrs. Roels stated that they had a property interest which conflicted with the Company's of which the Auditor had been informed. The members of the Executive Committee leave the room.

[...]

Stock Appreciation Rights Plan

7.2. The Directors were informed of the proposed rules for the Stock Appreciation Rights Plan which will replace the stock option plan in 2017.

[...]

7.4. The Board approved the plan with the exception of the rules applicable in the event of retirement, disability or death. The Board asked Mrs. Roels and Mr. de Walque to prepare an amendment to the rules.

7.5. The Board decided to grant Stock Appreciation Rights units to Management as follows: to the CEO, 2,050; to the COO and the Secretary General, 1,600 each; to the Managers, 2,150, i.e. a total of 7,400 units. The grant date of the units will be provided at a future Board meeting. The units granted to the CEO can be exercised at any time after the end-of-contract date until the end of the exercise period (ten years). The granting to other beneficiaries will follow the rules as amended.

End of Mr. Jérôme Descamps' contract

7.6. The Chairman informed the Board that Mr. Descamps, on one hand, and Mr. Carbonnelle and himself, on the other, had mutually agreed on the end of management contract terms for Mr. Descamps' position as Chief Financial Officer and member of the Executive Committee of Cofinimmo. The contract will end on 08.02.2018. This also includes his position as Director on the Board of Cofinimmo and of some of its subsidiaries.

7.7. Under these agreements, Mr. Descamps will benefit from a departure allowance corresponding to a remuneration of 12 months (fixed + variable), a variable remuneration for 2017 for a maximum amount of 119,500 EUR. The contract terms foresee as well that Mr. Descamps will be granted the non vested Phantom Stock Plan units for the 2015 and 2016 financial years.

During the financial year 2017, no decisions nor operations resulted in the application of Article 524 of the Company Code. Article 37 of the Law of 14.05.2014 on Regulated Real Estate Companies contains special provisions applicable when one of the persons referred to in the Article (Director or shareholder of a subsidiary of the public or institutional RREC, etc.) acts as counterparty in an operation with the RREC or a company it controls. There were no transactions of this type in 2017.

CODE OF CONDUCT

Our Code of Conduct explicitly stipulates that the members of our company bodies and of our 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

We have 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, reports a concern about an irregularity they have observed affecting or potentially affecting third parties including clients, suppliers, other members of the company, the company itself (its assets, income, 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, we have inserted a Dealing Code in our Enterprise Governance Charter containing the rules which must be followed by Directors and Designated Persons wishing to trade the financial instruments we issue. The Dealing Code specifically prohibits the purchase and sale of Cofinimmo shares during the period running from the day after each quarter's closing date up until (and including) the 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

Our Executive Committee 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 our financial position or profitability. 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

Mrs. Françoise Roels, Secretary General & Group Counsel, is our 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

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

RESEARCH AND DEVELOPMENT

We did not carry out any research and development activities during 2017, except for the construction and large-scale renovation projects which are mentioned in the chapter 'Transactions and performances in 2017'.

POWER OF REPRESENTATION

Article 17 of our 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 on 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;
- Mr. 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 and the notarial act of 14.12.2017 published in the Belgian Official Gazette on 15.01.2018 (Moniteur Belge/ Belgisch Staatsblad), for leases, works, loans, borrowings, credit facilities and collaterals, information and communication technologies, human resources, tax management, hedging operations, fund transfer operations and insurance operations.

COFINIMMO'S ARTICLES OF ASSOCIATION

Extracts from our Articles of Association are published on pages 249 to 257 of this Annual Financial Report. The most recent updates were made at the Board of Directors' meetings of 11.01.2017, 01.02.2017, 13.04.2017, 01.06.2017, 07.07.2017, 12.10.2017, and 01.02.2018.

INFORMATION REQUIRED UNDER ARTICLE 34 OF THE ROYAL DECREE OF 14.11.2007[1]

CAPITAL STRUCTURE[2]

Shares	Number	Capital (in EUR)	%
Ordinary (COFB)	20,667,381	1,107,536,109.24	96.80 %
Preference (COFP1)	395,011	21,168,088.31	1.85 %
Preference (COFP2)	288,482	15,459,347.84	1.35 %
TOTAL	21,350,874	1,144,163,545.39	100.00 %

Our share capital is 1,144,163,545.39 EUR and is divided into 21,350,874 fully paid up shares, each of which represents an equal share, of which 20,667,381 ordinary shares without par value and 683,493 preference shares without par value; that is, a series of 395,011 P1 preference shares and a series of 288,482 P2 preference shares. Each preference share carries a dividend payable by priority over the dividends payable on the ordinary shares. The gross annual value 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 post, 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 ↓) as of the 15th year (2019) following their issue, subject to the conditions and in accordance with the procedure defined in Article 8 of the Articles of Association.

Lastly, the preference share has priority in the event of liquidation.

On 15.09.2016, the Company issued convertible bonds into ordinary shares, expiring on 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 providing new and/or existing shares, a cash payment, or a combination thereof. The exchange parity will be partially adjusted based on the level of the dividend beyond a certain threshold and based on the normal anti-dilution provisions for this type of issue. The conversion period will be open, at all times, 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 described in the operating notice for this purpose. The latter can be consulted on the company's 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 1,528,533 ordinary shares would be created, conferring the same number of voting rights.

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.

STOCK OPTION PLAN

The members of the Executive Committee and the Management benefit from a stock option plan as explained on page 111 and 112 of this 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 the transaction and their respective exercise prices may be adapted in line with the exchange rate applied to existing company shares. In this case, our 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. The last options granted were for the 2016 financial year.

AUTHORISED CAPITAL

The Extraordinary General Meeting of 01.02.2017 granted the Board of Directors renewed 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 the General Meeting.

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

(i) 1,127,000,000.00 EUR, if the capital increase 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,

(ii) 225,000,000.00 EUR for all other forms of capital increases not covered by point (i) 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.

On 01.06.2017, the Board of Directors used this option for a capital increase by a contribution in kind of rights to dividends in the amount of 17,131,419.60 EUR, such that the amount by which the Board of Directors could increase the capital subscribed for authorised capital was 1,109,868,580.40 EUR.

DECISION-MAKING BODIES

Directorships may be revoked at any time. In the event that one or more mandates is 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 treasury 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 share 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 share price on the day preceding the date of the transaction (acquisition, pledge), without Cofinimmo being entitled to hold more than 10 % of the total issued shares at any time. At 31.12.2017, Cofinimmo SA/NV held 42,172 treasury 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 114 of this Annual Financial Report.

CHANGE OF CONTROL

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.

The Ordinary General Meeting of 10.05.2017 approved (i) the change of control clause governing the issue of Green and Social Bonds on 02.12.2016, and (ii) the change of control clauses provided for in the general conditions of the bilateral credit facilities contracted for the daily management of treasury and of company outstandings amounts.

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, POINT 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.

Since 2016, Non-Executive Directors residing in other countries receive 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 mandate 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 consists 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 of their 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 net remuneration in Company shares. The remuneration in shares is for the first 20,000 EUR net payable either to a new Non-Executive Director for the first financial year of their term or to a Non-Executive Director already in place and, in this case, for the financial year 2017. The shares are subject to an unavailability agreement until the end date of the final term, for any reason whatsoever. The dividends allocated during the unavailability period 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 31.12.2017
Jacques van Rijckevorsel (Term started on 10.05.2017)	5/5	4/4	3/3	66,666.66	300
André Bergen (Term ended 10.05.2017)	4/4	1/1	3/3	41,666.66	0
Inès Archer-Toper	7/9	-/-	6/6	59,450.00	191
Olivier Chapelle	9/9	5/5	-/-	52,950.00	311
Xavier de Walque	9/9	-/-	6/6	59,200.00	500
Christophe Demain (Term ended 10.05.2017)	3/4	-/-	-/-	15,833.33	0
Maurice Gauchot	9/9	5/5	-/-	62,950.00	192
Diana Monissen (Member of the Nomination, Remuneration and Corporate Governance Committee since May 2017)	8/9	4/4	-/-	54,925.00	181
Cécile Scalais (Term started on 10.05.2017)	4/5	-/-	-/-	23,333.33	0[1]
Alain Schockert (Term ended 10.05.2017)	4/4	1/1	-/-	22,337.49	0
Kathleen Van den Eynde	6/9	-/-	3/6	43,350.00	0[1]

1 Given that Mrs. Cécile Scalais and Mrs. Kathleen Van den Eynde are Directors appointed on the recommendation of the Belfius Insurance and Allianz Benelux shareholders, respectively, they are not required to hold shares.

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 sotck plan (phantom stock unit plan);
- the stock option plan, applicable for the last time in 2016;
- the Stock Appreciation Rights Plan, applicable for the first time in 2017;
- 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 Audit Committee meetings and Mrs. 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. The 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. Variable remuneration cannot exceed 75 % of annual fixed remuneration.

Variable remuneration is only paid if the budget is at least 80 % achieved. 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 2017 financial year were:

- net result from core activities per share (15 %);
- cost/income ratio (15 %);
- office occupancy rate (15 %) and overall (5 %);
- management of large-scale projects (25 %);
- other (25 %).

The Nomination, Remuneration and Corporate Governance Committee assessed the achievement of the 2017 objectives by the members of the Executive Committee and proposed to the Board of Directors variable remuneration of 54 % of the fixed annual remuneration. The proposal was accepted by the Board of Directors.

From the 2013 financial year on, and in 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 08.02.2018, the Board of Directors decided (i) to spread the allocation of the remuneration for 2017 over a period of three years, and (ii) for half of the variable remuneration, to make the amount eventually allocated in 2019 and 2020 dependent on changes in the price of the Cofinimmo ordinary share since 08.02.2018 (provisional allocation). The variable remuneration will be spread over three years. Therefore, 50 % of the variable remuneration will be paid in 2018, 25 % will be definitively allocated in February 2019 and the last 25 % definitively allocated in February 2020.

In order to be able to determine the amount of variable remuneration to finally allocate in 2019 and 2020, half of the variable remuneration as determined on 08.02.2018 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 can, at its discretion, either decide to allocate all or part of the variable remuneration included in the spreading plan, or not, in the form of unilateral pension promises.

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**.

Phantom stock unit plan

	2017 scheme[1]	2016 scheme[2]		2015 scheme[3]		
	Number of stock units	Number of stock units	Amount payable in 2018	Number of stock units	Amount payable in 2017	Amount payable in 2018
Jean-Edouard Carbonnelle	909	1,034	56,051	1,086	60,023	61,823
Xavier Denis	729	829	44,930	824	45,537	46,903
Jérôme Descamps	0	829	44,930	746	41,241	42,478
Françoise Roels	729	829	44,930	855	47,256	48,673

The granting of variable remuneration for the 2018 financial year will depend on the achievement of the following key objectives:

- net result from core activities per share (10 %);
- management of large-scale projects (15 %);
- office occupancy rate (10 %);
- cost/income ratio (10 %);
- Review of the strategic plan (25 %)
- other (30 %).

STOCK OPTION PLAN

The company has decided not to offer anymore a stock option plan as of the financial year 2017.

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.

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 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 until the initial term of the plan. 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 found 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 they are granted (i.e. three years) according to the progressive acquisition method as vesting occurs.

Stock options granted and accepted[4]

	2016 scheme	2015 scheme	2014 scheme	2013 scheme	2012 scheme	2011 scheme	2010 scheme	2009 scheme	2008 scheme	2007 scheme	2006 scheme	Total
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	17,450
Xavier Denis	0	0	0	0	-/-	-/-	-/-	-/-	-/-	-/-	-/-	0
Jérôme Descamps	0[5]	0[5]	-/-	-/-	-/-	-/-	-/-	-/-	-/-	-/-	-/-	0
Françoise Roels	1,600	1,600	0	0	1,600	1,350[6]	1,000	1,000[7]	1,000	1,000	1,000	8,800

1 The fair value of the ordinary share on the date of provisional allocation date of 08.02.2018, being 103.70 EUR;

2 The fair value of the ordinary share on the provisional allocation date of 09.02.2017, being 105.13 EUR and the fair value of the ordinary share on the definitive allocation date of 01.03.2018 is 102.90 EUR; therefore, the amount payable in 2018 is increased by the gross dividend allocated since the provisional allocation date.

3 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 definitive allocation dates of 01.03.2017 and 01.03.2018 is 105.084 EUR and 102.90 EUR, respectively; therefore, the amounts payable in 2017 and 2018 are increased by the gross dividend allocated since the provisional allocation date.

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

5 The 3,200 options granted and accepted by Mr. Jérôme Descamps in 2015 (1,600) and in 2016 (1,600) were cancelled following his resignation.

6 Mrs. Françoise Roels has exercised in 2017 the 1,350 options granted and accepted in 2011.

7 Mrs. Françoise Roels has exercised in 2016 the 1,000 options granted and accepted in 2009.

Characteristics of the 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

Number of shares held at 31.12.2017

	NUMBER OF SHARES HELD
Jean-Edouard Carbonnelle	679
Xavier Denis	800
Jérôme Descamps	0
Françoise Roels	1,350

STOCK APPRECIATION RIGHTS PLAN

The Stock Appreciation Rights Plan (SAR Plan) was implemented at Cofinimmo for the first time in 2017. The SAR Plan is intended for the Company's Executive Committee and its Managers. It is primarily intended to maximise the long-term value of Cofinimmo by aligning the interests of the Executive Committee and the Managers with those of shareholders, by increasing the long-term view of business activities and by attracting and retaining key talent.

The SAR Plan provides rights to the value in cash of the difference between the share price of Cofinimmo's ordinary share on the date of exercise and on the date of granting plus an amount equivalent to the gross dividend allocated to the ordinary share since the allocation date.

SAR 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 SAR exercise period is ten years as of the allocation date.

SAR will only vest on the vesting date, in one time and in their totality, after three years, i.e. on the first calendar day of the month following the third anniversary of the allocation date. If the SAR have not been exercised at the end of the exercise period, they become null and void ipso facto. In the event of voluntary or involuntary departure (excluding premature termination for serious reasons), permanent work incapacity or early retirement of a beneficiary, the SAR accepted and vested must be exercised at the first exercise period following the termination date. SAR not vested are cancelled.

In the event of involuntary departure of a beneficiary for serious reasons, the SAR allocated, whether vested or not, but as yet not exercised, are cancelled.

In the event of death, the SAR allocated, whether vester or not, are definitely acquired and will be considered as exercised at the first exercise option following the death.

The conditions governing the allocation and exercise of the SAR 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.

A detailed description of the SAR Plan can be found in Appendix of the Corporate Governance Charter available on the Company website at **www.cofinimmo.com**.

Number of Stock Appreciation Rights granted

	2017 scheme
Jean-Edouard Carbonnelle	2,050
Xavier Denis	1,600
Jérôme Descamps	0
Françoise Roels	1,600

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.

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

OTHER BENEFITS

The annual costs of medical cover come to 3,176 EUR for the CEO and to 6,219 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 all expenses incurred to carry out professional duties. Executive Committee members also receive a mobile phone. The remuneration allocated to Executive Committee members covers all of their duties within the Cofinimmo Group.

Executive Director remuneration[1] for the 2017 financial year

(in EUR)	CEO[2]	Other members of the Executive Committee
Fixed remuneration	349,300	840,000
Variable remuneration for the financial year		
Total amount	188,622	421,900
in cash/in pension promises	94,311	210,950
in stock units	94,311	210,950
Savings and provident scheme	80,000	186,000
Other benefits: medical cover, company car, mobile phone, other insurances, expenses.	29,745	81,438
TOTAL REMUNERATION	647,667	1,529,338

MODIFICATION OF THE REMUNERATION POLICY AS FROM 2018

The Board of Directors has asked the Nomination, Remuneration and Corporate Governance Committee to analyse the structure and the composition of the Directors' short and long-term remuneration, the aim being to align their remuneration with the company's strategy, to be effective as from 2019.

1 Does not include the compensatory allowance given to Mr. Jérôme Descamps amounting to 593,344 EUR.
2 In status of independent, total cost for the company.

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 independent 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 initiates 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

An 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).

Our auditor is SC s.f.d. SCRL Deloitte, Reviseurs d'Entreprises/Bedrijfsrevisoren, represented by Mr. Rik Neckebroeck, an auditor certified by FSMA, and registered to the Institut des Reviseurs d'entreprises/ Instituut voor Bedrijfsrevisoren under number A01529 with registered office at 1930 Zaventem, Luchthaven Nationaal 1J. Mr. Bernard De Meulemeester was replaced by Mr. Rik Neckebroeck on 10.05.2017.

The auditor, Deloitte, Reviseurs d'Entreprises/Bedrijfsrevisoren, received fixed remuneration of 105,400 EUR (excluding VAT) for reviewing and certifying Cofinimmo's statutory and consolidated accounts. The fees for certifying the accounts of Cofinimmo's statutory subsidiaries came to 107,600 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 totalled 52,300 EUR (excluding VAT) for the financial year. The fees cap of 70 % of audit fees applied to other services provided by the auditor Deloitte, Reviseurs d'Entreprises/ Bedrijfsrevisoren, is fulfilled.

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.

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 Winssinger & Associés SA/NV (with registered office 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 Esplanade Général de Gaulle 77, 92081 Paris La Défense cedex, France). It is registered with the Nanterre companies register under no. 332 11 574 and is represented by 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 is 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). 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. Malthussstraat 5, 1066 JR Amsterdam, the Netherlands). It is registered under no. NL 34180284 and is represented by Mr. Bart Kruijssen.
- in Germany, valuation is carried out by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (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 Kadel.

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.

Terms of mandate of the real estate experts at 01.01.2018

CUSHMAN & WAKEFIELD					
Segment	Number of assets under mandate	Location	Natural persons	Start of term	End of term
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	276	France	Jérôme Salomon	01.01.2018	31.12.2020
Property of distribution networks - Pubstone	232	The Netherlands	Leopold Willems	01.01.2017	31.12.2019
Property of distribution networks - Pubstone	752	Belgium	Emeric Inghels	01.01.2017	31.12.2019
PRICEWATERHOUSECOOPERS					
Segment	Number of assets under mandate	Location	Natural persons	Start of term	End of term
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	29	The Netherlands	Bart Kruijssen	01.01.2018	31.12.2020
Healthcare real estate	9	Germany	Dirk Kadel	01.01.2018	31.12.2020
JONES LANG LASALLE					
Segment	Number of assets under mandate	Location	Natural persons	Start of term	End of term
Offices	28	Belgium	Rod Scrivener	01.01.2017	31.12.2019
Healthcare real estate	6	France	Aurélie Valencia	01.01.2017	31.12.2019

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 expert when the other party is a financial sponsor of the public 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 gain an 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 1,042,600 EUR (including VAT) in 2017, allocated as follows: 617,000 EUR for Cushman & Wakefield, 314,300 EUR for PricewaterhouseCoopers and 111,300EUR for Jones Lang LaSalle.

PROPERTY REPORT

OVERVIEW OF THE REAL ESTATE PORTFOLIO PER SEGMENT AT 31.12.2017

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	1,315	242	1,589	6.1 %
Offices	1,606	1,557	1,335	7.6 %
Property of distribution networks	523	23	555	6.3 %
Other	19	19	29	6.4 %
TOTAL	**3,463**	**1,841**	**3,508**	**6.7 %**

OVERVIEW OF THE TOP 10 INVESTMENT PROPERTIES AT 31.12.2017

Property	Address	Year of construction/ last renovation	Year of acquisition	Super-structure (in m²)	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
Belliard 40 Brussels	Rue Belliard/Belliardstraat 40 1000 Brussels	2018	2000	20,320	-	0 %	-	2.5 %
Egmont I Brussels	Rue du Pépin/Kernstraat 36 1000 Brussels	1997	2004	36,616	3,989	100 %	3,989	2.4 %
Souverain/ Vorst 23-25 Brussels	Boulevard du Souverain/ Vorstlaan 23-25 1170 Brussels	S25: 1970 S23: 1987	2000	56,891	-	0 %	-	1.6 %
The Gradient Brussels	Avenue de Tervueren/ Tervurenlaan 270-272 1150 Brussels	1976 (2013)	1997	19,579	3,448	89 %	3,796	1.5 %
Bourget 42 Brussels	Avenue du Bourget/ Bourgetlaan 42 1130 Brussels	2001	2002	25,746	3,136	68 %	4,106	1.4 %
Guimard 10-12 Brussels	Rue Guimard/ Guimardstraat 10-12 1000 Brussels	1980 (2015)	2004	10,410	2,481	100 %	2,482	1.4 %
Albert Ier 4 Charleroi	Rue Albert 1er 4 6000 Charleroi	1967 (2005)	2005	19,189	2,805	100 %	2,601	1.3 %
La Rasante Brussels	Rue Sombre/Donkerstraat 56 1200 Brussels	2004 (2012)	2007	7,196	2,625	100 %	1,770	1.3 %
Damiaan Tremelo	Pater Damiaanstraat 39 3120 Tremelo	2003 (2014)	2008	20,274	2,559	100 %	2,559	1.2 %
Georgin 2 Brussels	Avenue Jacques Georgin/ Jacques Georginstraat 2 1030 Brussels	2007	2007	17,439	3,257	100 %	2,741	1.1 %
Other				1,604,810	195,175	95 %	203,650	84.3 %
TOTAL				**1,838,470**	**219,475**	**95 %**	**227,694**	**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 (for healthcare assets in Belgium and in France, pubs of the Pubstone portfolio and some office buildings), nor those related to finance leases. This amount also does not include insurances related to buildings rent by the MAAF Group (first rank insurances on all properties in full ownership and second rank insurances on co-owned properties) and covered for their reconstruction value.

2 The occupancy rate is calculated as follows: contractual rents divided by contractual rents + ERV (Estimated Rental Value) on unlet spaces.

3 The Estimated Rental Value takes into account the market data, the property's location, its quality and, for healthcare asset, the tenant's financial date (EBITDAR) (if available) and the number of beds.

The rental situation of buildings under finance lease, for which the tenants benefit from a purchase option at the end of the lease, is described hereunder:

INVENTORY OF BUILDINGS EXCLUDING INVESTMENT PROPERTIES

Property	Superstructure (in m²)	Contractual rents[1] (x 1,000 EUR)	Occupancy rate[2]	Tenant
Financial assets under finance leases				
Courthouse - Antwerp	72,132	1,417	100 %	Building Agency[3]
Firestation - Antwerp	23,323	198	100 %	City of Antwerp
Police station - HEKLA zone	3,800	661	100 %	Federal police
Student housing Depage - Brussels	3,196	83	100 %	ULB - Brussels University
Student housing Nelson Mandela - Brussels	8,088	1,123	100 %	ULB - Brussels University
Prison - Leuze-en-Hainaut	28,316	756	100 %	Building Agency[3]
Assets held in joint ventures				
EHPAD ↓ Les Musiciens - Paris	4,264	1,352	100 %	ORPEA

1 Part of the unsold lease payments, varying from 4 % to 100 % depending on the properties.
2The occupancy rate is calculated as follows: contractual rents divided by contractual rents + Estimated Rental Value of unlet spaces.
3 Belgian Federal State.

The table hereafter includes:

- properties for which Cofinimmo receives rents;
- properties with lease payments partially or entirely sold to a third party and of which Cofinimmo keeps the ownership and the residual value[1];
- different projects and renovations in progress.

It does not include the properties held by the Group's subsidiaries under equity consolidation.

All properties of the consolidated portfolio are held by Cofinimmo SA/NV, except those asterisked, which are partially or entirely held by one of its subsidiaries (see Note 39).

Inventory of the property portfolio

Property	Year of construction/last renovation/extension	Superstructure (in m²)	A Contractual rents (x 1,000 EUR)	C=A/B Occupancy rate[2]	B Rents + ERV on unlet premises (x 1,000 EUR)	Estimated Rental Value[3] (x 1,000 EUR)
HEALTHCARE REAL ESTATE		**754,739**	**99,830**	**99 %**	**100,589**	**102,684**
BELGIUM		**387,467**	**51,562**	**100 %**	**51,562**	**49,968**
Operator: Anima Care		**6,752**	**723**	**100 %**	**723**	**659**
ZEVENBRONNEN - WALSHOUTEM	2001 (2012)	6,752	723	100 %	723	659
Operator: Armonea		**199,051**	**24,178**	**100 %**	**24,178**	**23,582**
BINNENHOF - MERKSPLAS	2008	3,775	445	100 %	445	427
DAGERAAD - ANTWERP	2013	5,020	868	100 %	868	838
DE WYNGAERT - ROTSELAAR	2008 (2010)	6,878	797	100 %	797	778
DEN BREM - RIJKEVORSEL	2006 (2015)	5,408	718	100 %	718	711
DOMEIN WOMMELGHEEM - WOMMELGEM	2002	6,836	789	100 %	789	768
DOUCE QUIÉTUDE - AYE	2007	4,635	460	100 %	460	421
EUROSTER - MESSANCY	2004	6,392	1,205	100 %	1,205	1,152
HEIBERG - BEERSE	2006 (2011)	13,568	1,430	100 %	1,430	1,395
HEMELRIJK - MOL	2009	9,362	1,037	100 %	1,037	1,043
HENRI DUNANT - EVERE (BRUSSELS)	2014	8,570	1,210	100 %	1,210	1,196
HEYDEHOF - HOBOKEN	2009	2,751	359	100 %	359	359
HOF TER DENNEN - VOSSELAAR*	1982 (2008)	3,279	466	100 %	466	457
LA CLAIRIÈRE - WARNETON	1998	2,533	270	100 %	270	243
LAARSVELD - GEEL	2006 (2009)	5,591	873	100 %	873	793
LAARSVELD SERVICEFLATS - GEEL	2009	809	60	100 %	60	60
LAKENDAL -ALOST/AALST*	2014	7,894	815	100 %	815	815
LE CASTEL - JETTE (BRUSSELS)	2005	5,893	500	100 %	500	454
LE MENIL - BRAINE-L'ALLEUD	1991	5,430	597	100 %	597	575
LES TROIS COURONNES - ESNEUX	2005	4,519	558	100 %	558	540
L'ORCHIDÉE - ITTRE	2003 (2013)	3,634	584	100 %	584	549
L'ORÉE DU BOIS - WARNETON	2004	5,387	587	100 %	587	567
MILLEGHEM - RANST	2009 (2016)	9,592	976	100 %	976	980
NIEUWE SEIGNEURIE - RUMBEKE*	2011 (2015)	5,079	764	100 %	764	760
NETHEHOF - BALEN	2004	6,471	649	100 %	649	635
NOORDDUIN - COXYDE/KOKSIJDE	2015	6,440	859	100 %	859	859
RÉSIDENCE DU PARC - BIEZ	1977 (2013)	12,039	662	100 %	662	695
SEBRECHTS - MOLENBEEK-SAINT-JEAN/ ST-JANS-MOLENBEEK (BRUSSELS)	1992	8,148	1,078	100 %	1,078	989

1 The 'Contractual rents' section comprises the reconstitution of sold and discounted lease payments and, if applicable, the share of unsold lease payments (see Note 21).
2 The occupancy rate is calculated as follows: contractuel rents divided by contractual rents + Estimated Rental Value on unlet spaces.
3 The Estimated Rental Value takes into account the market data, the property's location, its quality and, for healthcare asset, the tenant's financial date (EBITDAR) (if available) and the number of beds.

Property	Year of construction/last renovation/extension	Superstructure (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)
T'SMEEDESHOF - OUD-TURNHOUT	2003 (2012)	15,191	1,961	100 %	1,961	1,938
TILLENS - UCCLE/UKKEL (BRUSSELS)	2015	4,960	1,063	100 %	1,063	1,063
VOGELZANG - HERENTALS	2009 (2010)	8,044	980	100 %	980	976
VONDELHOF - BOUTERSEM	2005 (2009)	4,923	558	100 %	558	546
Operator: Aspria		**7,196**	**2,625**	**100 %**	**2,625**	**1,770**
LA RASANTE - WOLUWE-SAINT-LAMBERT/ ST-LAMBRECHTS-WOLUWE (BRUSSELS)	2004 (2012)	7,196	2,625	100 %	2,625	1,770
Operator: Calidus		**6,063**	**749**	**100 %**	**749**	**670**
WEVERBOS - GENTBRUGGE	2011	6,063	749	100 %	749	670
Operator: Le Noble Age		**6,891**	**1,197**	**100 %**	**1,197**	**1,197**
PARKSIDE - LAEKEN/LAKEN (BRUSSELS)	1990 (2013)	6,891	1,197	100 %	1,197	1,197
Operator: ORPEA Belgium		**24,775**	**3,511**	**100 %**	**3,511**	**3,511**
L'ADRET - GOSSELIES	1980	4,800	473	100 %	473	473
LINTHOUT - SCHAERBEEK /SCHAARBEEK (BRUSSELS)	1992	2,837	461	100 %	461	461
LUCIE LAMBERT - BUIZINGEN	2004	8,314	1,477	100 %	1,477	1,477
RINSDELLE - ETTERBEEK (BRUSSELS)	2001	3,054	554	100 %	554	554
TOP SENIOR - TUBIZE/TUBEKE	1989	3,570	369	100 %	369	369
VIGNERON - RANSART	1989	2,200	177	100 %	177	177
Operator: Senior Living Group (Korian Group)		**128,706**	**17,247**	**100 %**	**17,247**	**17,247**
ARCUS - BERCHEM-SAINTE-AGATHE/ ST-AGATHA-BERCHEM (BRUSSELS)	2008 (2009)	10,719	1,815	100 %	1,815	1,815
BETHANIE - SAINT-SERVAIS	2005	4,780	498	100 %	498	498
DAMIAAN - TREMELO	2003 (2014)	20,274	2,559	100 %	2,559	2,559
LA CAMBRE - WATERMAEL-BOITSFORT/ WATERMAAL-BOSVOORDE (BRUSSELS)	1982	13,023	1,920	100 %	1,920	1,920
NOOTELAER - KEERBERGEN	1998 (2011)	1,528	223	100 %	223	223
PALOKE - MOLENBEEK-SAINT-JEAN/ ST-JANS-MOLENBEEK (BRUSSELS)	2001	11,262	1,331	100 %	1,331	1,331
PRINSENPARK - GENK	2006 (2013)	11,035	1,380	100 %	1,380	1,380
PROGRÈS - LA LOUVIÈRE*	2000	4,852	501	100 %	501	501
ROMANA - LAEKEN/LAKEN (BRUSSELS)	1995	4,375	873	100 %	873	873
SEIGNEURIE DU VAL - MOUSCRON/ MOESKROEN	1995 (2008)	6,797	1,147	100 %	1,147	1,147
TEN PRINS - ANDERLECHT (BRUSSELS)	1972 (2011)	3,342	525	100 %	525	525
VAN ZANDE - MOLENBEEK-SAINT-JEAN/ ST-JANS-MOLENBEEK (BRUSSELS)	2008	3,463	414	100 %	414	414
ZONNETIJ - AARTSELAAR	2006 (2013)	7,817	822	100 %	822	822
ZONNEWEELDE - KEERBERGEN	1998 (2012)	6,106	759	100 %	759	759
ZONNEWEELDE - RIJMENAM	2002	9,644	1,426	100 %	1,426	1,426
ZONNEWENDE - AARTSELAAR	1978 (2013)	9,689	1,054	100 %	1,054	1,054

Property	Year of construction/last renovation/extension	Superstructure (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: Vivalto		**8,033**	**1,332**	**100 %**	**1,332**	**1,332**
VIVALYS (formerly Woluwe 106-108) - BRUSSELS	1983 (2017)	8,033	1,332	100 %	1,332	1,332
FRANCE		**215,977**	**25,779**	**97 %**	**26,479**	**30,674**
Operator: Handra		**3,230**	**405**	**100 %**	**405**	**350**
CAUX DU LITTORAL - NÉVILLE*	1950 (2016)	3,230	405	100 %	405	350
Operator: Inicéa		**18,336**	**1,902**	**100 %**	**1,902**	**2,475**
CHAMPGAULT - ESVRES-SUR-INDRE*	1972 (1982)	2,200	169	100 %	169	150
DOMAINES DE VONTES - ESVRES-SUR-INDRE*	1967	6,352	212	100 %	212	750
HORIZON 33 - CAMBES*	1972 (2009)	3,288	351	100 %	351	375
PAYS DE SEINE - BOIS-LE-ROY*	2004 (2010)	6,496	1,170	100 %	1,170	1,200
Operator: Korian		**153,429**	**17,524**	**96 %**	**18,224**	**22,624**
ASTRÉE - SAINT-ETIENNE*	2006	3,936	419	100 %	419	525
AUTOMNE - REIMS*	1990	3,552	627	100 %	627	627
AUTOMNE - SARZEAU*	1994	2,482	429	100 %	429	429
AUTOMNE - VILLARS-LES-DOMBES*	1992	2,889	396	100 %	396	396
BROCELIANDE - CAEN*	2003	4,914	688	100 %	688	650
BRUYÈRES - LETRA*	2009	5,374	724	100 %	724	724
CANAL DE L'OURCQ - PARIS*	2004	4,550	879	100 %	879	850
CENTRE DE SOINS DE SUITE - SARTROUVILLE*	1960	3,546	360	100 %	360	800
CHATEAU DE LA VERNEDE - CONQUES-SUR-ORBIEL*	1992 (1998)	3,789	499	100 %	499	900
DEBUSSY - CARNOUX-EN-PROVENCE*	1996	3,591	358	100 %	358	358
ESTRAIN - SIOUVILLE-HAGUE*	1976 (2004)	8,750	661	100 %	661	1,400
FRONTENAC - BRAM*	1990 (2014)	4,019	296	100 %	296	400
GLETEINS - JASSANS-RIOTTIER*	1990 (1994)	2,500	258	100 %	258	420
GRAND MAISON - L'UNION*	1992 (2009)	6,338	743	100 %	743	800
L'ERMITAGE - LOUVIER*	2007	4,013	461	100 %	461	500
LE CLOS DU MURIER - FONDETTES*	2008	4,510	560	100 %	560	500
LE JARDIN DES PLANTES - ROUEN*	2004	3,000	260	100 %	260	250
LES AMARANTES - TOURS*	1996	4,208	463	100 %	463	730
LES HAUTS D'ANDILLY - ANDILLY*	2008	3,069	478	100 %	478	400
LES HAUTS DE JARDY - VAUCRESSON*	2008	4,373	694	100 %	694	1,070
LES HAUTS DE L'ABBAYE - MONTIVILLIERS*	2008	4,572	506	100 %	506	650
LES JARDINS DE L'ANDELLE - PERRIERS-SUR-ANDELLE*	2009	3,348	430	100 %	430	350
LES LUBÉRONS - LE PUY-SAINTE-RÉPARADE*	1990 (2016)	6,414	664	100 %	664	750
LES OLIVIERS - LE PUY-SAINTE-RÉPARADE*	1990	4,130	456	100 %	456	750
MEUNIÈRES - LUNÈL*	1988	4,275	695	100 %	695	530
MONTPRIBAT - MONFORT-EN-CHALOSSE*	1972 (1999)	5,364	607	100 %	607	580
OLIVIERS - CANNES LA BOCCA*	2004	3,114	410	100 %	410	410
POMPIGNANE - MONTPELLIER*	1972	6,201	830	100 %	830	1,000
PONT - BÉZONS*	1988 (1999)	2,500	208	100 %	208	500
ROUGEMONT - LE MANS*	2006	5,986	401	100 %	401	725
SAINT GABRIEL - GRADIGNAN*	2008	6,274	740	100 %	740	1,000
SAINTE BAUME - NANS-LES-PINS*	1970 (2002)	5,100	0	0 %	700	700
VILLA EYRAS - HYÈRES*	1991	7,636	648	100 %	648	800
WILLIAM HARVEY - SAINT-MARTIN-D'AUBIGNY*	1989 (2016)	5,112	676	100 %	676	1,150

Property	Year of construction/last renovation/ extension	Superstructure (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: Mutualité de la Vienne		**1,286**	**114**	**100 %**	**114**	**95**
LAC - MONCONTOUR*	1991	1,286	114	100 %	114	95
Operator: ORPEA France		**39,696**	**5,834**	**100 %**	**5,834**	**5,130**
BELLOY - BELLOY*	1991 (2009)	2,559	450	100 %	450	350
CUXAC - CUXAC-CABARDÈS*	1989	2,803	396	100 %	396	170
HAUT CLUZEAU - CHASSENEUIL*	2007	2,512	399	100 %	399	340
HELIO MARIN - HYÈRES*	1975	12,957	1,741	100 %	1,741	1,450
LA JONCHERE - RUEIL-MALMAISON*	2007	3,731	767	100 %	767	890
LA RAVINE - LOUVIERS*	2000 (2010)	3,600	638	100 %	638	520
LA SALETTE - MARSEILLE*	1956	3,582	603	100 %	603	500
LAS PEYRÈRES - SIMORRE*	1969	1,895	156	100 %	156	100
LE CLOS SAINT SÉBASTIEN - SAINT-SÉBASTIEN-SUR-LOIRE*	2005	3,697	555	100 %	555	650
VILLA NAPOLI - JURANÇON*	1950	2,360	129	100 %	129	160
THE NETHERLANDS		**86,161**	**12,339**	**100 %**	**12,399**	**11,892**
Assets directly leased to healthcare professionals		**18,864**	**3,009**	**99 %**	**3,047**	**2,853**
DE DRIESTEN - EEMNES*	2011	1,055	169	93 %	182	165
DE VOORSTE STROOM - OISTERWIJK*	2008	1,571	229	100 %	229	209
LEIDEN - LEIDEN*	2012	1,762	249	100 %	249	257
OISTERWIJK - OISTERWIJK*	2007	1,768	285	100 %	285	240
OOSTERSTRAAT - BAARN*	1963 (2011)	1,423	204	100 %	204	196
ORANJEPLEIN - GOIRLE*	2013	1,854	348	100 %	348	279
PIUSHAVEN - TILBURG*	2011	2,257	428	100 %	428	393
TIEL - TIEL*	2009	3,951	504	100 %	504	535
WATERLINIE - UITHOORN*	2013	3,223	593	96 %	618	579
Operator: Bergman Clinics		**10,612**	**1,399**	**100 %**	**1,399**	**1,271**
BRAILLELAAN 5 - RIJSWIJK*	2013	2,133	244	100 %	244	218
RIJKSWEG 69-69A - NAARDEN*	2010	5,821	881	100 %	881	788
RUBENSSTRAAT 165-173 - EDE*	1991 (2014)	2,658	274	100 %	274	265
Operator: DC Klinieken		**3,152**	**434**	**100 %**	**434**	**409**
KRIMKADE 20 - VOORSCHOTEN*	1992	1,181	202	100 %	202	192
LOUIS ARMSTRONGWEG 28 - ALMERE*	2000	1,971	232	100 %	232	217
Operator: Domus Magnus		**3,342**	**995**	**100 %**	**995**	**917**
LAURIERSGRACHT - AMSTERDAM*	1968 (2010)	3,342	995	100 %	995	917
Operator: European Care Residences		**6,778**	**1,025**	**100 %**	**1,025**	**1,005**
KEIZERHOF - UTRECHT*	1968 (2009)	6,778	1,025	100 %	1,025	1,005
Operator: Gemiva		**3,967**	**530**	**100 %**	**530**	**514**
CASTORSTRAAT 1 - ALPHEN AAN DEN RIJN*	2016	3,967	530	100 %	530	514
Operator: Sevagram		**14,700**	**1,130**	**100 %**	**1,134**	**1,134**
PLATAAN - HEERLEN *	2017	14,700	1,130	100 %	1,134	1,134
Operator: Stichting Amphia			**727**	**100 %**	**727**	**727**
AMPHIA - BREDA*	2016		727	100 %	727	727
Operator: Stichting ASVZ		**1,686**	**182**	**91 %**	**200**	**184**
GANTELWEG - SLIEDRECHT*	2011	1,686	182	91 %	200	184
Operator: Stichting Gezondheidszorg Eindhoven (SGE)		**2,730**	**336**	**100 %**	**336**	**336**
STRIJP-Z - EINDHOVEN*	2015	2,730	336	100 %	336	336
Operator: Stichting JP van den Bent		**1,576**	**202**	**100 %**	**202**	**200**
HOF VAN ARKEL - TIEL*	2012	1,576	202	100 %	202	200

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Operator: Stichting Leger des Heils		**1,177**	**152**	**100 %**	**152**	**90**
NIEUWE STATIONSTRAAT - EDE*	1985 (2008)	1,177	152	100 %	152	90
Operator: Stichting Martha Flora		**2,142**	**348**	**100 %**	**348**	**334**
KLOOSTERSTRAAT - BAVEL	2017	2,142	348	100 %	348	334
Operator: Stichting Philadelphia Zorg		**4,883**	**410**	**100 %**	**410**	**478**
BARONIE 149-197 - ALPHEN AAN DEN RIJN*	2016	2,000	173	100 %	173	212
CHURCHILLAAN - LOPIK*	2015	2,883	237	100 %	237	266
Operator: Stichting Rijnstate		**3,591**	**414**	**100 %**	**414**	**414**
MARGA KLOMPELAAN 6 - ARNHEM*	1994	3,591	414	100 %	414	414
Opérateurs : Stichting Sozorg & Martha Flora		**3,074**	**477**	**100 %**	**477**	**489**
DE RIDDERVELDEN - GOUDA*	2014	3,074	477	100 %	477	489
Operator: Stichting Zorggroep Noordwest-Veluwe		**3,887**	**569**	**100 %**	**569**	**537**
ARCADE NW - ERMELO *	2014	3,887	569	100 %	569	537
GERMANY		**65,134**	**10,150**	**100 %**	**10,150**	**10,150**
Operator: Aspria		**18,028**	**4,295**	**100 %**	**4,295**	**4,295**
MASCHSEE CLUB - HANOVER*	2009	10,228	2,275	100 %	2,275	2,275
UHLENHORST CLUB - HAMBURG*	2012	7,800	2,020	100 %	2,020	2,020
Operator: Azurit Rohr		**6,717**	**525**	**100 %**	**525**	**525**
BRÜHL - CHEMNITZ*	2007	6,717	525	100 %	525	525
Operator: Celenus (ORPEA Group)		**4,706**	**831**	**100 %**	**831**	**831**
NEXUS - BADEN-BADEN*	1896 (2005)	4,706	831	100 %	831	831
Operator: Convivo		**2,940**	**378**	**100 %**	**378**	**378**
SONNENMOND - NEUSTADT*	1999 (2012)	2,940	378	100 %	378	378
Operator: Curanum (Korian Group)		**6,466**	**706**	**100 %**	**706**	**706**
BISMARCKPARK - GELSENKIRCHEN*	1998	6,466	706	100 %	706	706
Operator: Kaiser Karl Klinik (Eifelhöhen-Klinik Group)		**15,577**	**2,200**	**100 %**	**2,200**	**2,200**
KAISER KARL KLINIK - BONN*	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
Operator: Sozialkonzept (Korian Group)		**6,100**	**655**	**100 %**	**655**	**655**
CHRISTINENHOF - LÜNEBURG*	2001	6,100	655	100 %	655	655
OFFICES		**474,645**	**67,049**	**86 %**	**77,929**	**73,935**
Brussels Leopold & Louise districts		**81,408**	**16,425**	**93 %**	**17,573**	**17,145**
ARTS/KUNST 46	1998	11,516	1,770	76 %	2,330	2,299
ARTS/KUNST 47-49	1977 (2009)	6,915	1,365	99 %	1,377	1,302
AUDERGHEM/OUDERGEM 22-28	2004	5,853	1,254	92 %	1,370	1,345
GUIMARD 10-12	1980 (2015)	10,410	2,481	100 %	2,487	2,482
LOI/WET 34	2001	6,882	1,228	100 %	1,228	1,222
LOI/WET 57	2001	10,279	1,836	99 %	1,857	1,999
LOI/WET 227	1976 (2009)	5,885	1,463	91 %	1,615	1,442
MEEÛS 23	2010	8,807	2,086	98 %	2,134	2,134
MONTOYER 10	1976	6,205	1,195	88 %	1,356	1,198
SCIENCE/WETENSCHAP 41	1960 (2001)	2,899	541	89 %	609	552
TRÔNE/TROON 98	1986	5,757	1,206	100 %	1,210	1,170

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Brussels Decentralised		**222,848**	**28,828**	**81 %**	**35,657**	**33,076**
BOURGET 40*	1998	14,262	1,573	86 %	1,826	1,615
BOURGET 42	2001	25,746	3,136	68 %	4,594	4,106
BOURGET 44	2001	14,085	2,295	96 %	2,393	2,269
BOURGET 50	1998	4,878	412	57 %	720	733
BRAND WHITLOCK 87-93	1991	6,066	764	79 %	964	950
COCKX 8-10 (Omega Court)*	2008	16,557	1,448	54 %	2,666	2,652
COLONEL BOURG/KOLONEL BOURG 105	1978 (2001)	2,634	243	80 %	302	318
COLONEL BOURG/KOLONEL BOURG 122	1988 (2006)	4,129	484	79 %	613	551
CORNER BUILDING	1996 (2011)	3,440	174	41 %	426	411
GEORGIN 2	2007	17,439	3,257	100 %	3,257	2,741
HERRMANN DEBROUX 44-46	1992	9,666	1,539	96 %	1,610	1,501
MOULIN A PAPIER/PAPIERMOLEN 55	1968 (2009)	3,499	538	100 %	539	462
PAEPSEM BUSINESS PARK	1992	26,521	2,059	80 %	2,570	2,371
SERENITAS	1995	19,823	3,344	89 %	3,767	3,074
SOUVERAIN/VORST 24	1997 (2016)	3,897	0	0 %	553	553
SOUVERAIN/VORST 36	1998	8,310	667	47 %	1,406	1,446
SOUVERAIN/VORST 280	1989 (2005)	7,074	828	86 %	959	1,071
THE GRADIENT	1976 (2013)	19,579	3,448	89 %	3,856	3,796
WOLUWE 102	1985 (2009)	8,090	1,379	100 %	1,382	1,292
WOLUWE 58 (+ parking Saint-Lambert/Sint-Lambertus)	1986 (2001)	3,868	758	99 %	766	684
WOLUWE 62	1988 (1997)	3,285	482	99 %	488	480
Brussels Periphery		**77,685**	**8,461**	**80 %**	**10,567**	**10,354**
LEUVENSESTEENWEG 325	1975 (2006)	6,292	414	75 %	553	523
NOORDKUSTLAAN 16 A-B-C (West-End)	2009	10,022	1,668	96 %	1,734	1,688
PARK LANE	2000	35,480	4,038	78 %	5,163	4,975
PARK HILL*	2000	16,675	1,512	66 %	2,288	2,229
WOLUWELAAN 151	1997	9,216	829	100 %	829	939
Brussels Satellites		**8,232**	**818**	**69 %**	**1,185**	**1,170**
WATERLOO OFFICE PARK I	1995 (2004)	2,360	286	80 %	361	341
WATERLOO OFFICE PARK J	1995 (2004)	2,360	277	87 %	318	336
WATERLOO OFFICE PARK L	1995 (2004)	3,512	255	50 %	506	493
Antwerp Periphery		**36,575**	**5,300**	**94 %**	**5,622**	**5,391**
AMCA - AVENUE BUILDING	2010	9,403	1,508	94 %	1,610	1,599
AMCA - LONDON TOWER	2010	3,530	550	92 %	600	548
GARDEN SQUARE	1989	7,464	937	97 %	965	937
PRINS BOUDEWIJNLAAN 41	1989	6,014	873	94 %	933	914
PRINS BOUDEWIJNLAAN 43	1980	6,007	860	92 %	940	821
VELDKANT 35	1998	4,157	572	100 %	574	572
Other regions		**47,897**	**7,217**	**99 %**	**7,325**	**6,799**
ALBERT Ier 4 - CHARLEROI	1967 (2005)	19,189	2,805	100 %	2,805	2,601
MECHELEN STATION - MALINES/ MECHELEN	2002	28,708	4,412	98 %	4,520	4,198

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OFFICE BUILDINGS WITH SOLD LEASE RECEIVABLES		**102,725**	**13,414**	**100 %**	**13,421**	**13,421**
Brussels Centre		**52,878**	**5,648**	**100 %**	**5,648**	**5,648**
EGMONT I*	1997	36,616	3,989	100 %	3,989	3,989
EGMONT II*	2006	16,262	1,659	100 %	1,659	1,659
Brussels Decentralised		**20,199**	**2,444**	**100 %**	**2,444**	**2,444**
COLONEL BOURG/KOLONEL BOURG 124*	1988 (2009)	4,137	294	100 %	294	294
EVEREGREEN	1992 (2006)	16,062	2,150	100 %	2,150	2,150
Brussels Leopold & Louise district		**26,188**	**4,544**	**100 %**	**4,551**	**4,551**
LOI/WET 56	2008	9,484	1,725	100 %	1,728	1,728
LUXEMBOURG/LUXEMBURG 40	2007	7,522	995	100 %	995	995
NERVIENS/NERVIERS 105	1980 (2008)	9,182	1,664	100 %	1,664	1,664
MEEÛS 23 (+ parking)	2010		160	98 %	164	164
Other regions		**3,460**	**778**	**100 %**	**778**	**778**
MAIRE 19 - TOURNAI*	1997	3,460	778	100 %	778	778
PROPERTY OF DISTRIBUTION NETWORKS		**402,221**	**37,273**	**98 %**	**38,090**	**36,014**
PUBSTONE		**343,143**	**29,569**	**98 %**	**30,049**	**27,823**
Pubstone Belgium (752 buildings)*		**297,776**	**19,671**	**99 %**	**19,967**	**19,173**
Brussels		40,878	3,794	99 %	3,827	3,974
Flandres		184,269	11,610	99 %	11,722	11,586
Wallonia		72,629	4,267	97 %	4,418	3,613
Pubstone The Netherlands (232 buildings)*		**45,367**	**9,898**	**98 %**	**10,082**	**8,650**
MAAF (276 buildings)*		**59,078**	**7,704**	**96 %**	**8,041**	**8,191**
OTHER		**15,830**	**1,871**	**100 %**	**1,878**	**1,602**
Antwerp Periphery		**61**	**0**	**0 %**	**7**	**7**
NOORDERPLAATS (AMCA)*	2010	61	0	0 %	7	7
Brussels Periphery		**6,124**	**547**	**100 %**	**547**	**405**
MERCURIUS 30	2001	6,124	547	100 %	547	405
Other regions		**9,645**	**1,324**	**100 %**	**1,324**	**1,190**
KROONVELDLAAN 30 - TERMONDE/DENDERMONDE	2012	9,645	1,324	100 %	1,324	1,190
TOTAL INVESTMENT PROPERTIES AND WRITEBACK OF SOLD AND DISCOUNTED LEASE PAYMENTS		**1,750,160**	**219,437**	**94,6 %**	**231,907**	**227,656**
HEALTHCARE RENOVATION PROJECTS						
The Netherlands						
WIJNKOPERSTRAAT 90-94 - GORINCHEM*						

Property	Year of construction/last renovation/extension	Superstructure (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)
OFFICE RENOVATION PROJECTS		**88,310**				
QUARTZ (formerly ARTS/KUNST 19H)		11,099				
BELLIARD 40		20,320				
SOUVERAIN/VORST 23-25		56,891				
LAND RESERVE HEALTHCARE REAL ESTATE			**23**		**23**	**23**
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/LOUIZA 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
WOUWE 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
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		**1,838,470**	**219,475**		**231,945**	**227,694**

REAL ESTATE VALUER'S REPORT

CONTEXT

We have been engaged by Cofinimmo to value its real estate assets as of **31 December 2017** with a view to finalising its financial statements at that date.

Cushman & Wakefield (C&W), PwC Entreprise Advisory cvba/scrl (PwC) and JLL sprl/bvba have each separately valued a part of the portfolio of offices and other properties[1].

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

The value of Cofinimmo's portfolio in the healthcare sector represented 45.3% of the total portfolio in 2017. Cofinimmo holds close to €1,589m in this sector spread over 4 countries distributed over 145 resthouses and 12,846 beds.

Like the majority of European countries, Belgium is faced with an increasing and rapid ageing of its population. On January 1, 2017 Belgium recorded 11,322,088 inhabitants. Within this population, it is estimated that approximately 2.09 million people are above 65 years old. This represents 18.5% of the total population. By 2035, one reckons that this figure will reach 24%. At present, Belgium has 147,942 beds distributed over 1,493 resthouses. The number of beds has increased by 8% in five years.

According to several studies published these recent years, the need for additional beds is significant in order to meet the rising demand related to the arrival at the retiring age of the baby boomers and related to the increased life expectancy. By 2030, the need could reach 190,000. This represents an increase of 28% or approx. 3,200 beds p.a.

We notice already a will by the government for the construction of additional beds to meet future needs. In Wallonia, we see that the government has approved the unblocking of entire construction projects of resthouses. 677 additional beds should appear by 2020 for a total investment close to 200 million euros.

The eagerness of investors for such type of real estate asset together with the decrease in interest rates generate a drop in yields. Today, certain transactions are completed at yields below 5%.

THE OFFICE MARKET

All the information below, which covers Belgium and Luxembourg, was obtained from the databases, analyses and market reports of Cushman & Wakefield.

The value of the Cofinimmo portfolio in the office sector amounts to 38.1% of the total portfolio.

The office market in Belgium closed the year 2017 with a total take-up of 758,000 m² (rental, extension, purchase for own occupation), a level fully in line with that observed in 2016 (760,000m²). The Belgian market was helped by the sound performance of the Flemish region which registered a take-up exceeding 320,000 m² (compared with 263,000 m² the previous year).

The Brussels market (including the outskirts) registered a take-up of 381,000 m² in 2017. This represents an 18% drop from 2016 -- a level that is slightly below the average for the last five years (400,000 m²). The lack of transactions of significant size contributes to this lower level than last year, as only four transactions exceeded the 10,000 m² mark. Beyond the drop in floor space take-up, 350 transactions were registered in all during the previous year, i.e. a 14% drop compared with 2016, and the lowest number recorded since 2011.

The public sector (European Union, federal, regional and local Belgian administrative authorities) accounts for 95,000 m² of this take-up, down sharply from 2016, when the take-up was more than 170,000 m². Conversely, co-working spaces gained currency and constitute a decisive element for 2017, with the opening of three shared spaces operated by Tribes, new offices rented by Spaces, the announcement of the partnership between Silversquare and Befimmo... No fewer than 25,000 m² were taken up over the entire year, i.e. 6.5% of the total take-up.

Considering the year 2017 as a whole, 206,000 m² of office space were delivered on the Brussels market. The main developments pertain to custom-developed buildings for their occupants, including the 120,000 m² of the new NATO headquarters along the Boulevard Léopold III. Only 8,500 m² were delivered

1 Other properties: semi-industrial, retail, leisure and residential.

speculatively. 430,000 m² in new developments (demolition/reconstruction, major renovation or new buildings) are planned for the period 2018-2020, of which 177,000 m² are due to be delivered in 2018. Some 220,000 m² were launched at risk including Belliard 40 (18,000m², Cofinimmo, Rue Belliard, which is highly successful, as more than 12,000 m² are already pre-let).

Vacancy continued its slow decrease, and fell to 9.01% at the end of 2017, its lowest level since 2007. Major differences appear depending on the neighbourhood: the CBD (the sub-markets of Léopold, Centre, Nord [North], Midi [South] and Louise) registers a vacancy level of only 6.1%, whereas the Decentralized segment and the Outskirts post rates of 13.7% and 15.6% respectively. Another significant element is that there are less than 50,000 m² of available floor space in the most recent buildings (less than 5 years old). Two points emerge here: the interest of the occupants in the accessibility to and quality of their buildings in their decision-making processes. In 2018, the arrival of several speculative developments on the market could lead to a slight increase in the vacancy rate, in a context where relocations are always accompanied with more reduced space per workstation.

Prime rents have gone up for the first time in a number of years in Brussels. Still at €275 at the end of 2016, they went up by €30 over 2017 to attain a record high of €305/m²/year. The scarce quality floor space available and the certainty of some landlords that they can get high rents have contributed to this significant price increase. Rents in the European quarter, the city centre and the Nord [North] quarter have gone up this year, to €305, €260 and €200/m²/year respectively. The average rents are, for their part, far more stable, at €165/m²/year for the entire Brussels market. Once again, major differences are observed depending on the district. Already up by €30 in 2017, prime rents should continue to rise in 2018, thanks to buildings recently put on the market or in the process of delivery. Prime rents could thus rise to €325/m²/year by the end of 2018.

The volume of investments continues to put in a fine performance as more than €3.2 billion have been invested in Belgium across the spectrum. More than €1.7 billion were invested in the office sector in Belgium, including €1.4 billion in Brussels in 2017, one of the highest levels recorded in recent years, thanks in particular to the appetite of Asian investors for the Brussels market. In broader terms, there is a perceptible interest in all types of office products, both buildings under long-term leases and what are known as "value-added" products, although the latter are more difficult to sell. The investment profiles obviously differ, in particular Australians and Canadians, who made their entry in the Belgian and Brussels market this year. It is worth noting nonetheless that although the favourable cycle continues on the investment market and Brussels capitalizes on it, transactions take time and there is a real need to have all the necessary guarantees to reassure investors, especially in a market where all the transactions of a substantial volume are still the exception at this time.

The prime yields continue to come under pressure due to the effect of the low interest policy pursued by the European Central Bank and the competition between investors for the best products. The prime yields for buildings with 6/9 leases amount to 4.4% whereas those for long-term leases attain 3.65%. In spite of a slight upturn in interest rates expected by the end of 2018 from the European Central Bank, investors, in search of returns on their investment, are going to continue to be active on the office investment market in Brussels. This could be accompanied by new slight reductions in prime yields which could drop to 4.25% (6/9 leases) and below the 3.6% mark for buildings with long-term leases.

DISTRIBUTION NETWORK – REAL ESTATE (PUBSTONE & COFINIMUR I)

Cofinimmo's share in distribution network real estate was estimated at 15.8% as at 31 December 2017. The subsidiaries (Pubstone for the restaurant/café sector in Belgium and the Netherlands, and Cofinimur I for the local agencies/shops sectors in France) have a highly diversified risk profile geographically as well as through their particular nature between commercial real estate and investment properties with possible redevelopment potential. The fair value of the properties held in the distribution network real estate segments is €555 million.

The economic climate has been improving continuously since 2013 with a stable GDP rate of ca. 1.5% per year, which has in particular boosted consumer confidence to its highest point since 2010. The favourable economic climate is a positive element for the distribution network sector which has nonetheless suffered in the aftermath of the attacks of 22 March and the terrorist threat which remained at the highest level throughout 2017. The tourism and hotel sector were hard hit by this climate, with a drop in the number of customers in cafés and restaurants in the first part of the year. The situation improved nonetheless as the year progressed.

Past and future developments differ widely depending on the location, with secondary cities and regions suffering more than the others. This applies both to shops in general and to cafés and restaurants in particular. The drop in customers in the country's secondary cities was confirmed in 2017, entailing a rise in the number of empty commercial remises in particular. It is also worth noting that the new concepts geared to food and catering have been gaining ground in recent months and could contribute to a renewed commercial impetus in certain well organized and busy thoroughfares.

Arbitrage activities in this portfolio should consequently continue in the years to come, with Cofinimmo investments being characterized by a search for security (long-term leases with sole occupants with a stable financial base), relatively low rent levels and relatively attractive acquisition prices per m². Sales and leaseback operations for properties situated in attractive locations that are suitable for multiple future uses are given priority. Moreover, this part of the portfolio can also offer opportunities for sales "per unit" for 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 8 February 2006 and reviewed on 30/06/2017, the "average" transaction cost for properties over EUR 2,500,000 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 8 February 2006 and reviewed on 30/06/2017) for properties over EUR 2,500,000 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 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 31 December 2017 is estimated at EUR 3,654,429,000.

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 31 December 2017, corresponding to the fair investment value under IAS/IFRS, is estimated at EUR 3,507,781,000.

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 6.31% of the investment value.

If the properties were to be let in full, the yield would increase to 6.67%.

Investment properties have an occupancy rate of 94.62%.

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 % 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.

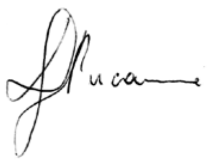
The assets are broken down as follows:

	Investment value	Fair Value	% Fair Value
Healthcare	1,652,655,000	1,588,913,000	45.3 %
Offices	1,368,497,000	1,335,119,000	38.1 %
Distribution prop. net.	604,019,000	555,205,000	15.8 %
Others	29,258,000	28,544,000	0.8 %
TOTAL	3,654,429,000	3,507,781,000	100 %

PWC OPINION

The investment value of the part of Cofinimmo's real estate portfolio valued by PwC is estimated as of 31 December 2017 at EUR 1,122,075,000 and the fair value (after the deduction of the transaction costs) is estimated at EUR 1,088,401,000..

Jean-Paul DUCARME FRICS
Director PwC[1]

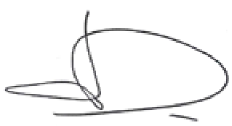


Ann SMOLDERS
PwC Partner

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 31 December 2017 at EUR 2,141,671,000 and the fair value (after deduction of transaction costs) at EUR 2,038,226,000.

Emeric Inghels, MRICS
C&W Director



JLL OPINION

The investment value of the part of Cofinimmo's real estate portfolio valued by JLL in Belgium is estimated as of 31 December 2017 at EUR 390,683,000 and the fair value (after the deduction of transaction costs) is estimated at EUR 381,154,000.

Roderick Scrivener, FRICS
JLL Director

1 JP Ducarme Consulting SPRL/BVBA is represented by Jean-Paul Ducarme, its permanent representative.

COFINIMMO ON THE STOCK MARKET

COFINIMMO OFFERS FOUR INSTRUMENTS LISTED ON THE STOCK MARKET, EACH OF WHICH PROVIDES DIFFERENT RISK, LIQUIDITY AND YIELD PROFILES.

Plataan revalidation clinic - Heerlen (NL)

In December 2015, we acquired the Plataan revalidation clinic, located on the major hospital site in Heerlen, near Maastricht. Since then the building was subject to a large-scale renovation of which the delivery of works took place in September 2017. The refurbished clinic counts 127 beds in a contemporary and pleasant environment, for its residents as well as for the staff working in it.

THE ORDINARY SHARE

Cofinimmo's ordinary share has been listed on NYSE Euronext Brussels (ticker: COFB) since 1994. We are the leading listed real estate company on the BEL20 index. Cofinimmo's ordinary share is also listed on the Euronext 150 index, as well as on the **EPRA Europe** and **GPR250** real estate indexes. At 31.12.2017, Cofinimmo's ordinary share **market capitalisation** was 2.3 billion EUR.

STOCK MARKET CONTEXT

2017 has been an intense political year. Emmanuel Macron's election in France focused the attention during the first half-year, while the second half-year was characterised by German elections with no clear outcome, by the implementation of the long-awaited tax reform in the United-States and by the Catalan's political claims. Over the past year, there were no shortage in terms of geopolitical risks, particularly with the rising tensions in the Korean peninsula.

However, this heavy political agenda did not hinder the strong economic recovery. 2017 was marked by a dynamic growth in most of the major countries. Central banks have been able to either gradually strengthen their monetary policy (Fed in particular) or to maintain a very accomodative posture (ECB in particular).

The strength of the growth and the more flexible fiscal policy expected in the United States have led to a new noteworthy year on the stock markets. As an illustration, the BEL20 and EPRA Europe indexes ended the year with an increase of 10.3 % and 9.3% respectively.

SHARE TREND

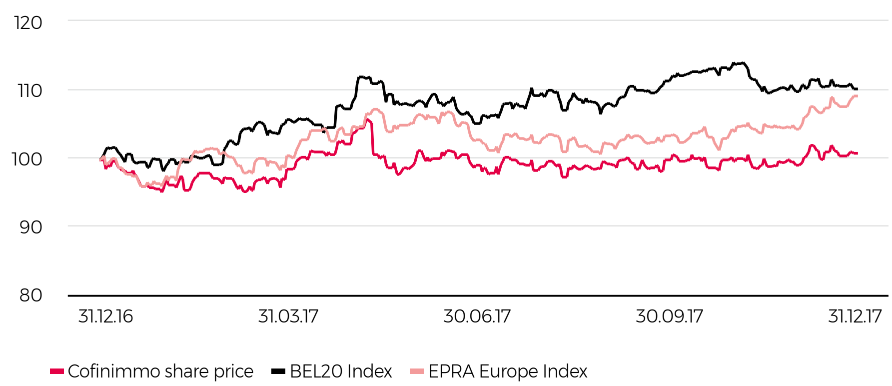
The first graph below shows Cofinimmo's share performance in 2017 (without applying any adjustments on the 2016 dividend payment date) compared to the BEL20 and EPRA Europe indexes. The Cofinimmo share price fluctuated between 103.40 EUR and 115.25 EUR, with an average annual share price of 107.82 EUR. The closing price at 29.12.2017 was 109.75 EUR, a 1.0 % increase over the previous year.

The second graph below shows the Cofinimmo share price in relation to its net asset value (in fair value) over the past ten years. The share traded at an average discount of 0.9 % over ten years and at an average premium of 17.2 % in 2017.

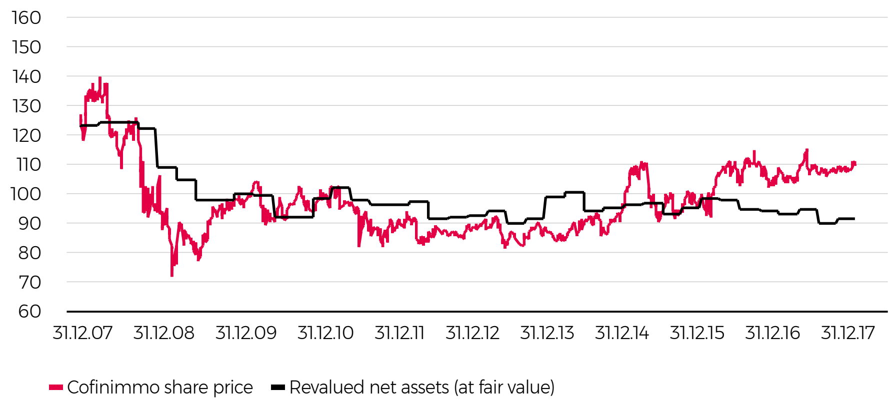
6.1 %
Total return of the ordinary share in 2017

17.2 %
Average premium of the ordinary share on the net asset value (in fair value) in 2017

MARKET PERFORMANCE (BASIS 100 AT 31.12.2016)



COMPARISON OF THE SHARE PRICE AND THE REVALUED NET ASSET PER SHARE (IN EUR)



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. Assuming the reinvestment of the 2016 dividend made available for payment in June 2017, the Cofinimmo share achieved a total return of 6.1 % over 2017.

The graph below illustrates the performance of the Cofinimmo share compared to the BEL20 and EPRA Europe indexes over the past ten years, dividend yield ⬇ included. During this period, the Cofinimmo share generated a total return of 63.4 %, i.e. an average annual return of 6.3 %. The BEL20 and EPRA indexes recorded total variations of 40.9 % and 71.4 %, respectively, which corresponds to average annual yields of 4.1 % and 7.1 %.

SHAREHOLDERS/INVESTOR PROFILE

Cofinimmo has a large number of investors with diversified profiles. They include, on one hand, retail shareholders located primarily in Belgium and, on the other, a large base of institutional investors in Belgium, Germany, France, Luxembourg, the Netherlands, the United Kingdom, Switzerland, and North America.

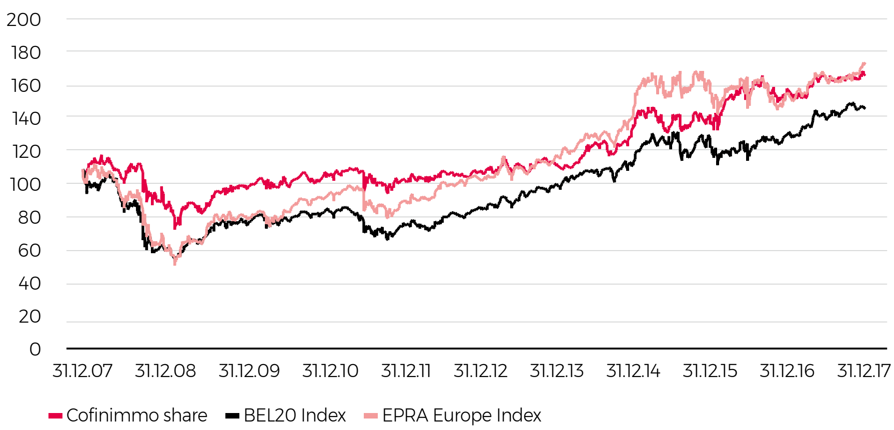
At 31.12.2017, two shareholders had exceeded the 5 % ownership threshold which required a transparency declaration. They were the French insurance group Crédit Agricole and the BlackRock investment fund, which hold 5.0 % and 5.5 % of Cofinimmo's capital, respectively.

COFINIMMO SHARE LIQUIDITY

Cofinimmo continued its efforts to enhance the liquidity of its share in 2017. The company participated in 30 roadshows and conferences throughout the year. Cofinimmo also invested in promotional campaigns to boost its image aimed at both institutional and retail investors.

With a market capitalisation of its ordinary shares of 2.3 billion EUR and an average daily volume of 3.6 million EUR, or just over 33,670 shares, Cofinimmo's liquidity level is sufficient to keep it on the radar screen of major institutional investors.

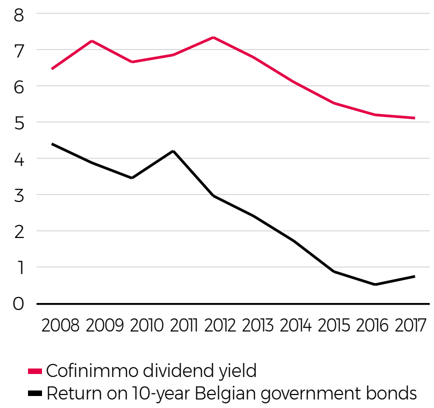
TOTAL RETURN (BASIS 100 AT 31.12.2007)



" IN 2017, COFINIMMO'S SHARE OFFERED A TOTAL RETURN OF 6.1 %, A LEVEL IN LINE WITH THE SHARE'S ANNUAL AVERAGE RETURN OVER THE LAST TEN YEARS AND HIGHER THAN THE RETURN OF THE BEL20 INDEX. "

ELLEN GRAULS, HEAD OF CORPORATE COMMUNICATION & INVESTOR RELATIONS

COMPARISON BETWEEN THE COFINIMMO DIVIDEND YIELD AND THE 10-YEAR OLO RATE
(IN %)



DIVIDEND

At the Ordinary General Shareholders' Meeting of 09.05.2018, the Board of Directors will propose a dividend in line with the forecast published in the 2016 Annual Financial Report, i.e. 5.50 EUR gross per ordinary share. This dividend corresponds to a gross yield of 5.1 % compared to the average price of the ordinary share during the 2017 financial year (compared to a gross yield of 5.2 % in 2016).

The graph on this page shows the dividend yield of the Cofinimmo share compared to the Belgian government's 10-year borrowing rate (10-year OLO) over the past ten years. Over the period, the Cofinimmo share provided an average yield on the dividend of 6.3 %, compared to an average ten-year OLO rate of 2.5 %.

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.

ISIN BE0003593044	2017	2016	2015
Share price (in EUR)			
Highest	115.25	114.65	110.83
Lowest	103.40	92.12	90.15
At close	109.75	108.65	98.41
Average	107.82	105.77	99.52
Dividend yield[1]	**5.1 %**	**5.2 %**	**5.5 %**
Gross yield[2] **(over 12 months)**	**6.1 %**	**14.1 %**	**11.2 %**
Dividend[3]			
Gross	5.50[4]	5.50	5.50
Net	3.85[4]	3.85	4.02
Volume			
Average daily volume	33,670	46,619	46,900
Annual volume	8,585,830	12,027,768	12,006,493
Number of shares entitled to share in the consolidated results of the financial year	**20,667,381**	**20,345,637**	**20,344,378**
Market capitalisation at close (x 1,000 EUR)	**2,268,245**	**2,210,553**	**2,002,090**
Free Float	**90 %**	**95 %**	**100 %**
Velocity ↓	**41.5 %**	**59.1 %**	**59.0 %**
Adjusted velocity ↓	**46.2 %**	**65.7 %**	**65.6 %**
Pay-out ratio[5]	**84.2 %**	**85.9 %**	**85.1 %**

1 Gross dividend on the average annual share price.
2 Increase in the share price + dividend yield.
3 Dividends are subject to a 30 % withholding tax.
4 Forecast.
5 Net result from core activities - Group 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 2017 financial year, 2,060 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 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 Report**).

ISIN BE0003811289 (COFP1) - ISIN BE0003813301 (COFP2)	COFP1		COFP2	
	2017	2016	**2017**	2016
Share price (in EUR)				
At close	127.00	127.00	100.10	151.00
Average	n/a	126.65	102.58	100.11
Dividend yield[1]	**5.0 %**	**5.0 %**	**6.2 %**	**6.4 %**
Gross return[2] (over 12 months)	**5.0 %**	**5.5 %**	**-27.5 %**	**58.9 %**
Dividend[3]				
Gross	6.37[4]	6.37	6.37[4]	6.37
Net	4.46[4]	4.46	4.46[4]	4.46
Volume				
Average daily volume[5]	0	16	62	22
Annual volume	0	16	802	178
Number of shares entitled to share in the consolidated results of the financial year	**395,011**	**395,048**	**288,482**	**290,505**
Market capitalisation at close (x 1,000 EUR)	**50,166**	**50,171**	**28,877**	**43,866**

1 Gross dividend on the average annual share price.
2 Increase in the share price + dividend yield.
3 Dividends are subject to a 30 % withholding tax.
4 Forecast.
5 Average calculated based on the number of stock listing days on which volume was recorded.

Tillens nursing and care home – Brussels (BE)

Henri Dunant nursing and care home – Brussels (BE)

CONVERTIBLE BONDS

Cofinimmo has issued one convertible bond
(**see the 'Financial resources management' chapter in this Report**).

ISIN BE0002259282 (Cofinimmo SA/NV 2016-2021)	2017	2016
Share price (in EUR)		
At close	142.62	141.77
Average	141.42	142.34
Average yield through maturity (annual average)	**0.8 %**	**0.8 %**
Effective yield at issue	**0.2 %**	**0.2 %**
Interest coupon (in %)		
Gross (per tranche of 146.00 EUR)	0.19	0.19
Net (per tranche of 146.00 EUR)	0.13	0.13
Number of shares	**1,502,196**	**1,502,196**
Conversion price (in EUR)	**143.48**	**146.00**

NON-CONVERTIBLE BONDS

Cofinimmo issued four non-convertible bonds, including a Green and Social Bond
(➔ **see the 'Financial resources management' chapter in this Report)**.

ISIN BE6241505401 (Cofinimmo SA/NV 2012-2020)	2017	2016	2015
Share price (in %)			
At close	104.49	103.71	105.92
Average	103.73	104.39	106.52
Average yield to maturity (annual average)	**1.4 %**	**2.3 %**	**2.0 %**
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	2.49	2.59
Number of shares	**1,400**	**1,400**	**1,400**

ISIN BE0002224906 (Cofinimmo SA/NV 2015-2022)	2017	2016	2015
Share price (in %)			
At close	101.44	102.36	99.94
Average	101.97	102.23	100.08
Average yield to maturity (annual average)	**1.6 %**	**1.4 %**	**1.9 %**
Effective yield at issue	**1.9 %**	**1.9 %**	**1.9 %**
Interest coupon (in %)			
Gross (per tranche of 100,000 EUR)	1.92	1.92	1.92
Net (per tranche of 100,000 EUR)	1.34	1.34	1.40
Number of shares	**1,900**	**1,900**	**1,900**

ISIN BE0002267368 (Cofinimmo SA/NV 2016-2026)	2017	2016	2015
Share price (in %)			
At close	95.95	99.61	n/a
Average	96.19	n/a	n/a
Average yield to maturity (annual average)	**2.2 %**	**1.7 %**	**n/a**
Effective yield at issue	**1.7 %**	**1.7 %**	**n/a**
Interest coupon (in %)			
Gross (per tranche of 100,000 EUR)	1.70	1.70	n/a
Net (per tranche of 100,000 EUR)	1.19	1.19	n/a
Number of shares	**700**	**700**	**n/a**

ISIN BE0002269380 (Cofinimmo SA/NV 2016-2024)	2017	2016	2015
Share price (in %)			
At close	99.00	100.21	n/a
Average	99.49	99.97	n/a
Average yield to maturity (annual average)	**2.2 %**	**2.0 %**	**n/a**
Effective yield at issue	**2.0 %**	**2.0 %**	**n/a**
Interest coupon (in %)			
Gross (per tranche of 100,000 EUR)	2.00	2.00	n/a
Net (per tranche of 100,000 EUR)	1.40	1.40	n/a
Number of shares	**550**	**550**	**n/a**

SHAREHOLDING STRUCTURE AT 31.12.2017[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)	%
BlackRock, Inc.	1,182,102	5.7 %	0	0.0 %	1,182,102	5.5 %
Crédit Agricole Group	1,068,707	5.2 %	0	0.0 %	1,068,707	5.0 %
Cofinimmo Group	42,172	0.2 %	0	0.0 %	42,172	0.2 %
Free float	18,374,400	88.9 %	683,493	100.0 %	19,057,893	89.3 %
Number of shares issued	20,667,381	100 %	683,493	100 %	21,350,874	100 %

SHAREHOLDER'S CALENDAR

Interim report: results at 31.03.2018	26.04.2018
2017 Ordinary General Meeting of Shareholders	09.05.2018
Payment of the 2017 dividend (ordinary shares)[2]	
Coupon	31
Coupon detachment date (Ex-date ↓)	11.05.2018
Record date ↓	14.05.2018
Dividend payment date	as from 15.05.2018
Payment of the 2017 dividend (preference shares)[2]	
Coupons	19 (COFP1) and 18 (COFP2)
Coupon detachment date (Ex-date)	11.05.2018
Record date	14.05.2018
Dividend payment date	as from 15.05.2018
Half-year Financial Report: results at 30.06.2018	26.07.2018
Interim report: results at 30.09.2018	08.11.2018
Annual press release: results at 31.12.2018	07.02.2019

1 Situation based on the transparency declarations received by virtue of the Law of 02.05.2007. Any changes notified since 31.12.2017 have been published according to the provisions of the above-mentionned Law and can be consulted on the Company's website at **www.cofinimmo.com**.

2 Subject to approval by the Ordinary General Meeting of 09.05.2018.

DATA ACCORDING TO THE EPRA PRINCIPLES[1]

EPRA PERFORMANCE INDICATORS

Definition		31.12.2017		31.12.2016	
		(x 1,000 EUR)	EUR/share	(x 1,000 EUR)	EUR/share
1 EPRA Earnings	Current result from strategic operational activities.	139,090	6.53	134,260	6.40
EPRA Diluted Earnings	Current result from strategic operational activities, taking into account the potential dilution from financial instruments that are 'in-the-money' at the closing date.	139,090	6.52	134,260	6.39
2 EPRA NAV	Net Asset Value (NAV) adjusted to include the investment properties at their fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.	1,989,481	93.26	1,949,466	92.76
3 EPRA NNNAV	EPRA NAV adjusted to include the fair value of (i) financial instruments, (ii) debt and (iii) deferred taxes.	1,946,459	91.24	1,908,473	90.81

Definition		31.12.2017		31.12.2016	
			in %		in %
4 (i) EPRA Net Initial Yield (NIY)	Annualised gross rental income based on the passing rents at the closing date, less property charges, divided by the market value of the portfolio, increased with estimated transaction costs resulting from the hypothetical disposal of investment properties.		5.63 %		5.96 %
(ii) EPRA 'Topped-up' NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods and other incentives.		5.69 %		6.01 %
5 EPRA Vacancy rate	Estimated Rental Value (ERV) of vacant space divided by the ERV of the total portfolio		5.48 %		5.63 %
6 EPRA Cost ratio (direct vacancy costs included)	Administrative/operational expenses per IFRS income statement, including the direct costs of vacant buildings, divided by the gross rental income, less ground rent costs.		23.26 %		22.33 %
7 EPRA Cost ratio (direct vacancy costs excluded)	Administrative/operational expenses per IFRS income statement, less the direct costs of vacant buildings, divided by the gross rental income, less ground rent costs.		19.80 %		19.50 %

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 VAN, EPRA NNNAV and EPRA cost ratios are calculated according to the definitions included in the 'EPRA Best Practice 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 SHARE[1]

(x 1,000 EUR)	2017	2016
IFRS earnings per financial statements	**137,362**	**97,393**
Adjustments to calculate EPRA Earnings, to exclude:	**1,728**	**36,868**
(i) Changes in fair value of investment properties	-10,261	-11,626
(ii) Gains or losses on disposal of investment properties and other non-financial assets	-1,443	-2,691
(v) Goodwill impairment	14,100	12,000
(vi) Changes in fair value of financial instruments	-1,678	38,286
(vii) Costs & interest on acquisitions and joint ventures	982	1,668
(viii) Deferred taxes in respect of EPRA adjustments	69	-1,182
(x) Minority interests in respect of the above adjustments	-41	413
EPRA Earnings	**139,090**	**134,260**
Number of shares	21,308,702	20,986,326
EPRA Earnings per share (in EUR)	**6.53**	6.40
EPRA diluted result	**139,090**	**134,260**
Diluted number of shares[2]	21,333,177	21,016,591
EPRA diluted result per share (in EUR)	**6.52**	6.39

EPRA NET ASSET VALUE (NAV)

(x 1,000 EUR)	2017	2016
NAV per financial statements	**1,903,159**	**1,852,922**
NAV per share per financial statements (in EUR)	**89.31**	**88.29**
Effect of the exercise of options, convertible debts or other equity instruments[2]	0	0
Diluted NAV, after the exercise of options, convertible debts and other equity instruments	**1,903,159**	**1,852,922**
To include:		
(i) Revaluation at fair value of finance lease receivables	43,300	55,551
To exclude:		
(i) Fair value of the financial instruments	47,118	63,526
(ii) Deferred taxes	40,152	35,814
(iii) Goodwill as a result of deferred taxes	-44,248	-58,347
EPRA NAV	**1,989,481**	**1,949,466**
Number of shares[2]	21,333,177	21,016,591
EPRA NAV per share (in EUR)	**93.26**	92.76

EPRA TRIPLE NET ASSET VALUE (NNNAV)

(x 1,000 EUR)	2017	2016
EPRA NAV	**1,989,481**	**1,949,466**
To include:		
(i) Fair value of the financial instruments	-47,118	-63,526
(iii) Deferred taxes	4,096	22,533
EPRA NNNAV	**1,946,459**	**1,908,473**
Number of shares[2]	21,333,177	21,016,591
EPRA NNNAV per share (in EUR)	**91.24**	90.81

1 The summary and the comments on the consolidated income statements are on page 28 and 30 of the current Annual Financial Report.

2 In accordance with the 'EPRA Best Practices Recommendations', the Mandatory Convertible Bonds (MCB) issued in 2011, the convertible bonds issued in 2016 and part of the treasury shares reserved for stock options being 'out-of-the-money' at 31.12.2017 are not taken into account in the calculation of the 2017 EPRA diluted result. At 31.12.2016, the Mandatory Convertible Bonds (MCB) issued in 2011, the convertible bonds issued in 2016 and par of the treasury shares reserved for stock options being 'out-of-the-money' at 31.12.2016 are not taken into account in the calculation of the 2016 EPRA diluted result.

EPRA NET INITIAL YIELD (NIY) AND EPRA 'TOPPED-UP' NIY[1]

(x 1,000,000 EUR)	2017									
	Healthcare real estate				Offices	Property of distribution networks			Other	TOTAL
	Belgium	France	Netherlands	Germany		Belgium	Netherlands	France		
Investment properties at fair value	856.2	402.5	181.7	148.6	1,335.1	287.6	140.1	127.5	28.5	3,507.8
Assets held for sale	-	-0.8	-	-	-	-	-	-	-	-0.8
Development projects	-11.1	-	-1.6	-	-157.7	-	-	-0.6	-	-171.0
Properties available for lease	**845.1**	**401.7**	**180.1**	**148.6**	**1,177.4**	**287.6**	**140.1**	**126.9**	**28.5**	**3,336.0**
Estimated transaction costs and rights resulting from the hypothetical disposal of investment property	21.1	27.5	6.9	7.8	29.4	31.5	8.4	8.9	0.8	142.3
Gross up completed property portfolio valuation	**866.2**	**429.2**	**187.0**	**156.4**	**1,206.8**	**319.1**	**148.5**	**135.8**	**29.3**	**3,478.3**
Annualised gross rental income	51.6	25.8	12.3	10.1	80.5	19.7	9.9	7.7	1.9	219.5
Property charges	-0.6	-0.4	-0.4	-1.2	-20.3	-0.7	-0.2	-0.2	0.3	-23.7
Annualised net rental income	**51.0**	**25.4**	**11.9**	**8.9**	**60.2**	**19.0**	**9.7**	**7.5**	**2.2**	**195.8**
Rent-free periods expiring within 12 months and other lease incentives	-	-	-	-	2.2	-	-	-	-	2.2
Topped-up net annualised rental income	**51.0**	**25.4**	**11.9**	**8.9**	**62.4**	**19.0**	**9.7**	**7.5**	**2.2**	**198.0**
EPRA NIY	**5.88 %**	**5.90 %**	**6.37 %**	**5.74 %**	**4.98 %**	**5.96 %**	**6.55 %**	**5.49 %**	**7.63 %**	**5.63 %**
EPRA 'Topped-up' NIY	**5.88 %**	**5.90 %**	**6.37 %**	**5.74 %**	**5.17 %**	**5.96 %**	**6.55 %**	**5.49 %**	**7.63 %**	**5.69 %**

EPRA VACANCY RATE[2]

(x 1,000 EUR)	2017									
	Healthcare real estate				Offices	Property of distribution networks			Other	TOTAL
	Belgium	France	Netherlands	Germany		Belgium	Netherlands	France		
Rental space (in m²)	387,467	215,977	86,161	65,134	665,680	297,776	45,367	59,078	15,830	**1,838,470**
ERV[3] of vacant space	-	700	59	-	10,887	296	184	337	7	**12,470**
ERV[3] of the total portfolio	49,991	30,674	11,892	10,150	87,371	19,173	8,650	8,191	1,602	**227,694**
EPRA Vacancy rate	**0.00 %**	**2.28 %**	**0.50 %**	**0.00 %**	**12.46 %**	**1.54 %**	**2.13 %**	**4.11 %**	**0.44 %**	**5.48 %**

1 For more details on the segment information, refer to Note 5.
2 For more details on the rental vacancy rate, See page 42 of this Report.
3 ERV = Estimated Rental Value.

2016									
Healthcare real estate				Offices	Property of distribution networks			Other	TOTAL
Belgium	France	Netherlands	Germany		Belgium	Netherlands	France		
815.6	411.1	156.1	117.1	1,286.7	283.6	142.4	126.9	26.9	3,366.3
-	-2.0	-	-	-	-	-	-0.7	-	-2.7
-13.1	-	-15.6	-	-36.1	-1.3	-	-0.5	-1.4	-68.0
802.5	**409.1**	**140.5**	**117.1**	**1,250.6**	**282.3**	**142.4**	**125.6**	**25.5**	**3,295.6**
20.1	28.1	2.0	6.0	31.3	31.0	8.5	8.7	0.6	136.3
822.6	**437.2**	**142.5**	**123.1**	**1,281.9**	**313.3**	**150.9**	**134.3**	**26.1**	**3,431.9**
49.3	25.6	9.6	8.3	92.7	19.5	10.1	7.7	1.8	224.6
-0.8	-0.4	-0.4	-0.1	-17.0	-0.5	-0.5	-0.1	-0.2	-20.0
48.5	**25.2**	**9.2**	**8.2**	**75.7**	**19.0**	**9.6**	**7.6**	**1.6**	**204.6**
-	-	-	-	1.7	-	-	-	-	1.7
48.5	**25.2**	**9.2**	**8.2**	**77.4**	**19.0**	**9.6**	**7.6**	**1.6**	**206.3**
5.90 %	5.78 %	6.42 %	6.66 %	5.90 %	6.05 %	6.34 %	5.65 %	6.42 %	5.96 %
5.90 %	5.78 %	6.42 %	6.66 %	6.04 %	6.05 %	6.34 %	5.65 %	6.42 %	6.01 %

EPRA - EVOLUTION OF GROSS RENTAL INCOME[1]

(x 1,000 EUR)	2016	2017					
Segment	**Gross rental income[2]**	**Gross rental income - At comparable scope vs. 2016**	**Acquisitions**	**Disposals**	**Other**	**Regularisation of rental income related to previous periods**	**Gross rental income[2] - At current scope**
Healthcare real estate	**88,639**	**89,930**	**6,431**	**-517**	**-**	**-**	**95,844**
Healthcare real estate Belgium	48,718	49,683	157	-6	-	-	49,834
Healthcare real estate France	25,410	25,571	203	-	-	-	25,774
Healthcare real estate Netherlands	7,628	7,662	4,036	-511	-	-	11,187
Healthcare real estate Germany	6,883	7,014	2,035	-	-	-	9,049
Offices	**90,192**	**89,911**	**3,007**	**-**	**-6,940**	**11**	**85,989**
Property of distribution networks	**37,474**	**37,497**	**-**	**-278**	**-**	**-**	**37,219**
Pubstone Belgium	19,605	19,623	-	-207	-	-	19,416
Pubstone Netherlands	10,088	10,038	-	-30	-	-	10,008
Cofinimur I	7,781	7,836	-	-41	-	-	7,795
Other	**2,039**	**2,040**	**-**	**-94**	**-**	**-**	**1,946**
TOTAL PORTFOLIO	**218,344**	**219,378**	**9,438**	**-889**	**-6,940**	**11**	**220,998**

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.

2 Writeback of lease payments sold and discounted included.

INVESTMENT PROPERTIES - RENTAL DATA[1]

(x 1,000 EUR)	2017					
Segment	**Gross rental income for the period[2]**	**Net rental income for the period**	**Available rental space (in m²)**	**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	**95,844**	**95,757**	**754,739**	**99,852**	**102,707**	**0.74 %**
Healthcare real estate Belgium	49,834	49,775	387,467	51,584	49,991	0.00 %
Healthcare real estate France	25,774	25,774	215,977	25,779	30,674	2.28 %
Healthcare real estate Netherlands	11,187	11,159	86,161	12,339	11,892	0.50 %
Healthcare real estate Germany	9,049	9,049	65,134	10,150	10,150	0.00 %
Offices	**85,989**	**80,922**	**665,680**	**80,479**	**87,371**	**12.46 %**
Property of distribution networks	**37,219**	**37,219**	**402,221**	**37,273**	**36,014**	**2.27 %**
Pubstone Belgium	19,416	19,416	297,776	19,671	19,173	1.54 %
Pubstone Netherlands	10,008	10,008	45,367	9,898	8,650	2.13 %
Cofinimur I	7,795	7,795	59,078	7,704	8,191	4.11 %
Other	**1,946**	**1,916**	**15,830**	**1,871**	**1,602**	**0.44 %**
TOTAL PORTFOLIO	**220,998**	**215,814**	**1,838,470**	**219,475**	**227,694**	**5.48 %**

INVESTMENT PROPERTIES - VALUATION DATA[4]

(x 1,000 EUR)	2017			
Segment	**Fair value of the portfolio**	**Changes in the fair value over the period**	**EPRA Net Initial Yield (in %)**	**Changes in fair value over the period (in %)**
Healthcare real estate	**1,576,232**	**13,148**	**5.98 %**	**0.84 %**
Healthcare real estate Belgium	845,039	21,663	5.88 %	2.63 %
Healthcare real estate France	402,540	-8,728	5.90 %	-2.12 %
Healthcare real estate Netherlands	180,053	-89	6.37 %	-0.05 %
Healthcare real estate Germany	148,600	302	5.74 %	0.21 %
Offices	**1,177,378**	**-17,776**	**4.98 %**	**-1.49 %**
Property of distribution networks	**554,645**	**2,986**	**6.03 %**	**0.54 %**
Pubstone Belgium	287,574	2,493	5.96 %	0.88 %
Pubstone Netherlands	140,116	-857	6.55 %	-0.61 %
Cofinimur I	126,955	1,350	5.49 %	1.07 %
Other	**28,544**	**3,025**	**7.63 %**	**11.85 %**
TOTAL PORTFOLIO	**3,336,799**	**1,383**	**5.63 %**	**0.04 %**

Reconciliation with IFRS income statement

Investment properties under development	170,982	8,878		
TOTAL	**3,507,781**	**10,261**		

1 For more details on the rental data, **refer to the property report (pages 118 to 127).**
2 Writeback of lease payments sold and discounted included.
3 ERV = Estimated Rental Value.
4 For more details on the valuation data, refer to the property report **(pages 118 to 127)** and on the management report **(pages 56 to 85).**

2016					
Gross rental income for the period[2]	Net rental income for the period	Available rental space (in m²)	Passing rent at the end of the period	ERV[3] at the end of the period	Vacancy rate at the end of the period
88,639	**88,305**	**713,811**	**92,907**	**95,758**	**0.76 %**
48,718	48,405	385,243	49,358	47,217	0.00 %
25,410	25,410	216,622	25,626	31,003	2.26 %
7,628	7,607	62,318	9,599	9,214	0.34 %
6,883	6,883	49,628	8,324	8,324	0.00 %
90,192	**85,903**	**663,336**	**92,748**	**99,238**	**11.79 %**
37,474	**37,471**	**408,635**	**37,316**	**35,907**	**1.81 %**
19,605	19,602	302,113	19,470	18,850	1.48 %
10,088	10,087	47,035	10,060	8,773	2.07 %
7,781	7,782	59,487	7,786	8,284	2.29 %
2,039	**1,994**	**15,830**	**1,841**	**1,636**	**0.00 %**
218,344	213,673	1,801,612	224,812	232,539	5.63 %

2016			
Fair value of the portfolio	Changes in the fair value over the period	EPRA Net Initial Yield (in %)	Changes in fair value over the period (in %)
1,471,288	**56 458**	**5.98 %**	**4.00 %**
802,523	26,598	5.90 %	3.43 %
411,134	21,425	5.78 %	5.50 %
140,547	5,796	6.42 %	4.33 %
117,084	2,649	6.66 %	2.37 %
1,250,574	**-60,167**	**5.90 %**	**-4.60 %**
550,993	**15,502**	**6.03 %**	**2.90 %**
282,250	9,716	6.05 %	3.57 %
142,408	-4,135	6.34 %	-2.82 %
126,335	9,922	5.65 %	8.52 %
25,519	**378**	**6.42 %**	**1.51 %**
3,298,374	12,182	5.96 %	0.37 %

67,957	-556		
3,366,331	11,626		

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	**14.8**	**15.0**	**404**	**5,562**	**16,361**	**315**	**4,951**	**20,450**
Healthcare real estate Belgium	19.3	19.3	-	13	14	-	8	8
Healthcare real estate France	3.8	3.8	169	5,197	14,741	150	4,610	18,970
Healthcare real estate Netherlands	11.5	12.4	224	348	1,590	154	329	1,456
Healthcare real estate Germany	23.8	25.2	11	4	16	11	4	16
Offices	**4.3**	**5.3**	**9,011**	**8,676**	**29,683**	**7,726**	**8,332**	**27,834**
Property of distribution networks	**11.2**	**14.4**	**8**	**-**	**3,039**	**10**	**-**	**3,059**
Pubstone Belgium	12.8	16.8	-	-	-	-	-	-
Pubstone Netherlands	12.8	16.8	-	-	-	-	-	-
Cofinimur I	4.8	4.9	8	-	3,039	10	-	3,059
Other	**10.9**	**10.9**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL PORTFOLIO	**10.3**	**11.3**	**9,423**	**14,238**	**49,083**	**8,051**	**13,283**	**51,343**

(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	**846**	**6,169**	**15,545**	**797**	**5,531**	**19,679**
Healthcare real estate Belgium	-	13	15	-	8	8
Healthcare real estate France	169	5,804	14,134	150	5,190	18,390
Healthcare real estate Netherlands	666	348	1,380	636	329	1,265
Healthcare real estate Germany	11	4	16	11	4	16
Offices	**11,524**	**13,198**	**35,187**	**10,017**	**12,706**	**34,696**
Property of distribution networks	**43**	**47**	**3,011**	**74**	**37**	**3,042**
Pubstone Belgium	-	-	-	-	-	-
Pubstone Netherlands	-	-	-	-	-	-
Cofinimur I	43	47	3 011	74	37	3,042
Other	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL PORTFOLIO	**12,413**	**19,414**	**53,743**	**10,888**	**18,274**	**57,417**

1 ERV = Estimated Rental Value.
2 First break option for the tenant.

EPRA COST RATIOS

	(x 1,000 EUR)	2017	2016
(i)	**Administrative/operational expenses per IFRS income statement**	**-48,541**	**-46,403**
	Cost of rent-free periods	-4,253	-4,287
	Charges and taxes not recovered from the tenant on let properties	-3,545	-1,984
	Net redecoration expenses	-2,847	-1,552
	Technical costs	-5,396	-5,901
	Commercial costs	-1,583	-1,508
	Taxes and charges on unlet properties	-5,128	-4,469
	Property management costs or Corporate management costs	-25,789	-26,702
(v)	**Share of joint venture expenses**	**-34**	**-26**
	EPRA COST RATIO (DIRECT VACANCY COSTS INCLUDED) (A)	**-48,575**	**-46,429**
(ix)	**Direct vacancy costs**	**7,240**	**5,884**
	EPRA COSTS (DIRECT VACANCY COSTS EXCLUDED) (B)	**-41,335**	**-40,545**
(x)	**Gross rental income less ground rent costs**	**208,115**	**207,218**
(xii)	**Share of joint venture gross rental income**	**698**	**689**
	Gross rental income (C)	**208,813**	**207,907**
	EPRA cost ratio (direct vacancy costs included) (A/C)	**23.26 %**	22.33 %
	EPRA cost ratio (direct vacancy costs excluded) (B/C)	**19.80 %**	19.50 %
*	Overhead and operational expenses capitalised (including share of joint ventures)	1,722	1,405

Cofinimmo capitalises overhead costs and operational expenses (legal fees, project management fees, capitalised interests, etc.) directly linked to development projects.

DEVELOPMENT PROJECTS

During 2017, Cofinimmo has done multiple renovation works. For more details on ongoing and future works, see page 63 of the 'Healthcare real estate' section, page 76 of the 'Offices' section, and pages 82 and 83 of the 'Property of distribution networks' section.

ANNUAL ACCOUNTS

CONSOLIDATED ACCOUNTS

CONSOLIDATED GLOBAL RESULT (INCOME STATEMENT)

(x 1,000 EUR)	Notes	2017	2016
A. NET RESULT			
Rental income	6	204,043	203,051
Writeback of lease payments sold and discounted	6	12,473	11,265
Rental-related expenses	6	-181	-121
Net rental income	5, 6	**216,335**	**214,195**
Recovery of property charges	7	1,725	50
Recovery income of charges and taxes normally payable by the tenant on let properties	8	43,753	42,368
Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	7	-4,572	-1,602
Charges and taxes normally payable by the tenant on let properties	8	-47,298	-44,352
Property result		**209,943**	**210,659**
Technical costs	9	-5,396	-5,901
Commercial costs	10	-1,583	-1,508
Taxes and charges on unlet properties		-5,128	-4,469
Property management costs	11	-18,052	-18,659
Property charges		**-30,159**	**-30,537**
Property operating result		**179,784**	**180,122**
Corporate management costs	11	-7,737	-8,043
Operating result before result on the portfolio		**172,047**	**172,079**
Gains or losses on disposals of investment properties	5, 12	1,443	2,302
Gains or losses on disposal of other non-financial assets	5, 12	0	389
Changes in fair value of investment properties	5, 13, 22	10,261	11,626
Other result on the portfolio	5, 14	-15,822	-13,902
Operating result		**167,929**	**172,494**
Financial income	15	5,594	5,207
Net interest charges	16	-29,926	-32,309
Other financial charges	17	-626	-848
Changes in the fair value of financial assets and liabilities	18	1,678	-38,286
Financial result		**-23,280**	**-66,236**
Share in the result of associated companies and joint ventures	39	1,205	701
Pre-tax result		**145,854**	**106,959**
Corporate tax	19	-3,864	-5,906
Exit tax	19	-69	1,182
Taxes		**-3,933**	**-4,724**
Net result		**141,921**	**102,235**
Minority interests	39	-4,559	-4,842
NET RESULT - GROUP SHARE		**137,362**	97,393
NET RESULT FROM CORE ACTIVITIES - GROUP SHARE		**139,090**	134,260
RESULT ON FINANCIAL INSTRUMENTS - GROUP SHARE		**1,063**	-38,850
RESULT ON THE PORTFOLIO - GROUP SHARE		**-2,791**	1,983

(x 1,000 EUR)	Notes	2017	2016
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 hedging instruments		656	51
Impact of the recycling on the income statement of hedging instruments which relationship with the hedged risk was terminated	18	11,281	5,914
Other elements of the global result		**11,937**	**5,965**
Minority interests	39	0	0
OTHER ELEMENTS OF THE GLOBAL RESULT - GROUP SHARE		**11,937**	5,965

(x 1,000 EUR)	Notes	2017	2016
C. GLOBAL RESULT			
Global result		**153,858**	**108,200**
Minority interests	39	-4,559	-4,842
GLOBAL RESULT - GROUP SHARE		**149,299**	103,358

RESULT PER SHARE - GROUP SHARE

The calculation of the result per share at the closing date is based on the net result from core activities/ net result attributable to the ordinary and preferred shareholders being 139,090 KEUR (2016 : 134,260 KEUR)/137,362 KEUR (2016 : 97,393 KEUR) and on the number of ordinary and preference shares entitled to share in the result closed at 31.12.2017 being 21,308,702 (2016 : 20,986,326).

The diluted result per share take into account the impact of the theoretical conversion of the convertible bonds issued by Cofinimmo, of the Mandatory Convertible Bonds (MCB) issued by Cofinimur I as well as stock options.

(in EUR)	Notes	2017	2016
Net result - Group share		**137,362,317**	**97,393,088**
Number of ordinary and preference shares entitled to share in the result of the period		21,308,702	20,986,326
Net result from core activities per share - Group share		**6.53**	**6.40**
Result on financial instruments per share - Group share		**0.05**	**-1.85**
Result on the portfolio per share - Group share		**-0.13**	**0.09**
Net result per share - Group share		**6.45**	**4.64**
Net diluted result - Group share		**137,769,806**	**86,789,374**
Number of ordinary shares entitle to share in the result of the period taking into account the theoretical conversion of the convertible bonds and stock options[1]		22,731,584	20,783,108
Net diluted result per share - Group share		6.06	4.18

1 In accordance with IAS 33, the 2016 convertible bond (maturity 2021) has been included in the calculation of the net diluted result in 2016 and 2017 as it would have had a dilutive impact on the net diluted result per share.

DIVIDEND PER SHARE [1]

(in EUR)	Paid in 2017	Paid in 2016
Gross dividends attributable to ordinary shareholders	111,654,548	105,732,122
Gross dividend per ordinary share	5.50	5.50[2]
Net dividend per ordinary share	3.85	4.015
Gross dividends attributable to preference shareholders	4,366,629	4,368,208
Gross dividend per preference share	6.37	6.37
Net dividend per preference share	4.459	4.65

A gross dividend for the 2017 financial year for ordinary shares of 5.50 EUR per share (net dividend per share of 3.85 EUR) for a total dividend of 113,438,649.50 EUR will be proposed at the Ordinary General Meeting of 09.05.2018. The number of ordinary shares entitled to the dividend for the 2017 financial year was 20,625,209 on the date the accounts were closed.

The Board of Directors has proposed the suspension of the right to a dividend for 36,175 ordinary treasury shares still held by Cofinimmo as part of its stock option plan and the cancellation of of the right to a dividend for the 5,997 remaining treasury shares.

A gross dividend for the 2017 financial year for preference shares of 6.37 EUR per share (net dividend per share of 4.459 EUR) for a total dividend of 4,353,850.41 EUR will be proposed at the Ordinary General Meeting of 09.05.2018. The number of preference shares entitled to the dividend for the 2017 financial year was 683,493 on the closing date of the accounts.

The withholding tax rate applicable to dividends allocated since 01.01.2017 is 30% (formerly 27 %). Belgian law provides for exemptions which dividend beneficiaries can benefit from depending on their status and the eligibility conditions to be met. In addition, the agreements in place to prevent double taxation provide for reductions in the withholding tax on dividends.

SHARES

	Total	
(number)	2017	2016
Number of shares (A)		
AT 01.01	**21,031,190**	21,030,226
Capital increase	319,684	
Conversion of convertible bonds into ordinary shares		964
AT 31.12	**21,350,874**	21,031,190
Treasury shares held by the Group (B)		
AT 01.01	**44,864**	50,114
Treasury shares (sold/acquired) - net	-2,692	-5,250
AT 31.12	**42,172**	44,864
Number of shares outstanding (A-B)		
AT 01.01	**20,986,326**	20,980,112
Capital increase	319,684	
Conversion of convertible bonds into ordinary shares		964
Treasury shares (sold/acquired) - net	2,692	5,250
AT 31.12[3]	**21,308,702**	20,986,326

1 Based on the parent company's result

2 The gross dividend for the new ordinary shares created following the capital increase of 12.05.2015 was 3.54 EUR (net 2.58 EUR), which was the dividend for the period from 12.05.2015 to 31.12.2015.

3 The number of shares outstanding also includes preference shares of which amounted to 683,493 at the end of 2017 (2016: 685,553). The difference results from the conversion of 2,060 preference shares into ordinary shares during 2017.

SHARE CLASSES

The Group issued two classes of shares:

Ordinary shares: The holders of ordinary shares are entitled to dividends when they are declared and are entitled to one vote per share at the Company's General Shareholders' Meetings. The par value of each ordinary share was **53.59 EUR** at 31.12.2017. Ordinary shares are listed on Euronext Brussels' Primary Market.

Convertible preference shares: two separate series of preference shares were issued in 2004. They both have the same main characteristics:

- Priority right to an annual gross fixed dividend of 6.37 EUR per share, capped at that amount and non-cumulative;
- Priority right to a distribution equal to the issue price of the shares in the event of liquidation, capped at that amount;
- Option for the holder to convert their preference shares into ordinary shares starting on the fifth anniversary of their issue date (01.05.2009) at the rate of one ordinary share for one preference share;
- Option for a third party designated by Cofinimmo (for example, one of its subsidiaries) to buy in cash, at the issue price, as of the 15th anniversary of their issue (2019), any preference shares which have not yet been converted;
- Preference shares are registered and listed on Euronext Brussels' Primary Market. They provide identical voting rights to those of 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 the two series is **53.33 EUR** per share.

Shares held by the Group: At 31.12.2017, the Group held 42,172 ordinary shares as treasury stock (31.12.2016): 44,864) **(➔ See page 36)**.

In accordance with the Law of 14.12.2005 on the abolition of bearer shares, as amended by the Law of 21.12.2013, the Company proceeded with the sale of the physical securities still outstanding and received a report from its Auditor certifying the conformity of the procedure implemented for this sale.

AUTHORISED CAPITAL

For more information, **➔ See the 'Corporate Governance Statement' chapter.**

CONSOLIDATED FINANCIAL POSITION (BALANCE SHEET)

(x 1,000 EUR)	Notes	31.12.2017	31.12.2016
Non-current assets		**3,689,016**	**3,547,181**
Goodwill	5, 20	85,156	99,256
Intangible assets	23	826	751
Investment property	5, 21	3,506,981	3,363,636
Other tangible assets	23	926	635
Non-current financial assets	24	871	758
Finance lease receivables	25	85,148	75,718
Trade receivables and other non-current assets		1,370	29
Deferred taxes	39	448	
Participations in associated companies and joint ventures	39	7,290	6,398
Current assets		**93,566**	**114,101**
Assets held for sale	5, 26	800	2,695
Finance lease receivables	25	1,826	1,795
Trade receivables	27	23,698	25,642
Tax receivables and other current assets	28	19,917	20,446
Cash and cash equivalents		22,532	41,271
Accrued charges and deferred income	29	24,793	22,252
TOTAL ASSETS		**3,782,582**	3,661,282
Shareholders' equity		**1,986,440**	1,919,459
Shareholders' equity attributable to shareholders of parent company		**1,903,160**	**1,852,923**
Capital	p. 156-157	1,141,904	1,124,628
Share premium account	p. 156-157	520,655	504,544
Reserves	p. 156-157	103,239	126,358
Net result for the financial year	p. 156-157	137,362	97,393
Minority interests	39	83,280	66,536
Liabilities		**1,796,142**	1,741,823
Non-current liabilities		**1,222,857**	**1,074,668**
Provisions	30	25,886	16,890
Non-current financial debts	24	1,112,890	970,604
Banks	24	378,559	247,709
Other	24	734,331	722,895
Other non-current financial liabilities	24	43,729	49,971
Deferred taxes	31	40,352	37,203
Exit tax	31	200	1,387
Other	31	40,152	35,816
Current liabilities		**573,285**	**667,155**
Current financial debts	24	462,810	558,167
Banks	24	51,287	121,645
Other	24	411,523	436,522
Other current financial liabilities	24	4,544	12,949
Trade debts and other current debts	32	81,362	72,280
Exit tax	32	0	0
Other	32	81,362	72,280
Accrued charges and deferred income	33	24,569	23,759
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,782,582**	3,661,282

CALCULATION OF DEBT RATIO

(x 1,000 EUR)		2017	2016
Non-current financial debts		1,112,891	970,604
Other non-current financial liabilities (except for hedging instruments)	+	281	152
Current financial debts	+	462,810	558,167
Trade debts and other current debts	+	81,363	72,280
Total debt	=	**1,657,343**	**1,601,203**
Total assets		3,782,582	3,661,282
Hedging instruments	-	871	758
Total assets (except hedging instruments)	/	**3,781,711**	**3,660,524**
DEBT RATIO	=	**43.83 %**	43.74 %

CONSOLIDATED STATEMENT OF CASH FLOWS

(x 1,000 EUR)	Notes	2017	2016
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**41,271**	22,040
Operating activities			
Net result for the period		137,362	97,393
Adjustments for interest charges and income		24,770	27,476
Adjustments for gains and losses on disposal of property assets		-1,443	-2,691
Adjustments for non-cash charges and income	34	-6,497	30,141
Changes in working capital requirements	35	2,825	-8,416
CASH FLOW RESULTING FROM OPERATING ACTIVITIES		**157,017**	143,903
Investment activities			
Investments in intangible assets and other tangible assets		-914	-882
Acquisitions of investment properties	36	-52,455	-112,679
Extensions of investment properties	36	-50,249	-27,277
Investments in investment properties	36	-18,545	-14,716
Acquisitions of consolidated subsidiaries	4	-1,058	-14,549
Disposals of investment properties	36	19,409	7,361
Disposals of assets held for sale	36		77
Disposals of consolidated subsidiaries			389
Payment of exit tax		-1,067	-626
Finance lease receivables		1,771	1,159
Other cash flows from investment activities			12
CASH FLOW RESULTING FROM INVESTMENT ACTIVITIES		**-103,108**	-161,731
Financing activities			
Acquisitions/disposals of own shares		247	534
Dividends paid to shareholders		-83,326	-110,746
Capital increase			103
Coupons paid to minority shareholders	39	-1,076	-403
Coupons paid to mandatory convertible bond (MCB)-holders	39	-2,496	-2,752
Increase of financial debts[1]		91,080	627,216
Decrease of financial debts[2]		-50,001	-406,760
Financial income received		5,973	5,586
Financial charges paid		-30,352	-31,774
Other cash flows from financing activities		-2,697	-43,945[3]
CASH FLOW RESULTING FROM FINANCING ACTIVITIES		**-72,648**	37,059
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		**22,532**	41,271

1 In 2017, the amount of 91,080 KEUR includes credit lines drawing of 95,491 KEUR as well as the redemption of a bank loan relating to the acquisition of the Castorstraat N.V. subsidiary. (For more details, **see Note 4**). In 2016, this amount included in addition to the increased bank loans, the convertible bonds issue for 219.3 million EUR, the private bond placement for 70 million EUR as well as the Green and Social bonds issue for 55 million EUR.

2 The 50 million EUR in 2017 corresponds to the maturity of a bond issued in 2013. In 2016, this amount included primarily the redemption 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. (For more details, **see 'Management of financial resources' chapter of this Annual Financial Report**).

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(x 1,000 EUR)	At 01.01.2016	Allocation of the 2015 net result	Dividends/ Coupons
Capital	**1,124,295**		
Share premiums	**504,240**		
Reserves	**127,597**	**103,967**	**-110,677**
Reserve of the positive/negative balance of changes in fair value of real estate assets	-175,817	-5,221	
Reserve of estimated transfer rights resulting from the hypothetical disposal of investment property	-71,725	-3,227	
Reserve of the balance of changes in fair value of authorised hedging instruments to which the hedging accounting defined in IFRS is applied	-9,673	-846	
Reserve of the balance of changes in fair value of authorised hedging instruments to which the hedging accounting defined in IFRS is not applied	-85,175	4,387	
Distributable reserve	464,775	108,563	-110,677
Non-distributable reserve	5,212	311	
Net result of the financial year	103,967	-103,967	
Total shareholders' equity attributable to shareholders of the parent company	**1,860,099**	**0**	**-110,677**
Minority interests	**64,516**		**-3,155**
TOTAL SHAREHOLDERS' EQUITY	**1,924,615**	**0**	**-113,832**

(x 1,000 EUR)	At 01.01.2017	Allocation of the 2016 net result	Dividends/ Coupons
Capital	**1,124,628**		
Share premiums	**504,544**		
Reserves	**126,358**	**97,393**	**-116,930**
Reserve of the positive/negative balance of changes in fair value of real estate assets	-181,038	23,081	
Reserve of estimated transaction costs resulting from the hypothetical disposal of investment property	-74,480	-11,097	
Reserve of the balance of changes in fair value of authorised hedging instruments to which the hedging accounting defined in IFRS is applied	-4,554	-2,414	
Reserve of the balance of changes in fair value of authorised hedging instruments to which the hedging accounting defined in IFRS is not applied	-80,788	61,196	
Distributable reserve	462,027	26,317	-116,930
Non-distributable reserve	5,191	310	
Net result of the financial year	97,393	-97,393	
Total shareholders' equity attributable to shareholders of the parent company	**1,852,923**	**0**	**-116,930**
Minority interests	**66,536**		**-3,572**
TOTAL SHAREHOLDERS' EQUITY	**1,919,459**	**0**	**-120,502**

1 It mainly concerns the alignment of the valuation method of the Mandatory Convertible Bonds (MCBs) issued by Cofinimur I with that of the other minority interests of the Group. Until 2016, the fair value of the MCBs was estimated at their historical value. In 2017, this position was reviewed: the fair value of the MCBs is now estimated at their historical value.

Share issue	Acquisitions/ Disposals of treasury shares	Hedging of cash flows	Transfer between distributable reserves and non-distributable reserves on asset disposals	Other	Result of the financial year	At 31 12 2016
52	**281**					**1,124,628**
51	**253**					**504,544**
0	**0**	**5,965**	**0**	**-494**	**0**	**126,358**
						-181,038
			472			-74,480
		5,965				-4,554
						-80,788
			-472	-162		462,027
				-332		5,191
					97,393	97,393
103	**534**	**5,965**	**0**	**-494**	**97,393**	**1,852,923**
				333	**4,842**	**66,536**
103	**534**	**5,965**	**0**	**-161**	**102,235**	**1,919,459**

Share issue	Acquisitions/ Disposals of treasury shares	Hedging of cash flows	Transfer between distributable reserves and non-distributable reserves on asset disposals	Other	Result of the financial year	At 31 12 2017
17,131	**144**					**1,141,904**
16,009	102					**520,655**
0	**0**	**11,937**	**0**	**-15,520**	**0**	**103,239**
				-11,804		-169,760
			483	1,140		-83,954
		11,937				4,969
						-19,592
			-483	-4,812		366,119
				-44		5,457
					137,362	137,362
33,140	**247**	**11,937**	**0**	**-15,520**	**137,362**	**1,903,160**
				15,758[1]	**4,559**	**83,280**
33,140	**247**	**11,937**	**0**	**238**	**141,921**	**1,986,440**

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 31.12.2017 comprise the Company and its subsidiaries (together referred to as the 'Group'). The consolidation scope has evolved since 31.12.2016. Cofinimmo acquired the shares of a company and created two new subsidiaries during the year. Moreover, the Extraordinary General Meetings of subsidiairies of 18.07.2017 and 14.12.2017 respectively approved the mergers by absorption of two subsidiaries aiming to simplify the Group's organisation.
➔ **The consolidation scope at 31.12.2017 is presented on Note 39 of this Annual Financial report**.

The consolidated statutory financial statements were adopted by the Board of Directors on 22.03.2018 and will be submitted to the General Shareholders' Meeting of 09.05.2018.

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 2016, 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 2017, 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 construction or development projects. Our lease contracts will not be impacted as they remain under the application of the IFRS 16 standard. Only the recognition of the income in as part of specific maintenance contracts will be impacted. However, our analisys did not indicate any material impact for the Group.

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. Considering the Group's activities, our analysis did not reveal any significant changes following the entry in force of this new standard.

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 39.**

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 section 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 rights or VAT. A share of transfer rights 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 transfer rights 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. In the event of a disposal, the transfer rights 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 exceeding 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.

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 will be recorded separately under the item 'Changes in the fair value of investment properties' according to the following formula:

$$\left(\left(\frac{\text{FV year n-1}}{\text{NRFVyear n-1}}\right) * \text{ Cumulative change year n}\right) - \left(\left(\frac{\text{VR year n-2}}{\text{VNR year n-2}}\right) * \text{ Cumulative change year n-1}\right)$$

in which :

FV : reduced fair value of the property (resulting from the information mentioned in the two precedings paragraphs);

NRFV : non-reduced fair value of the property (that is, if the future rental income would have not been sold and as established at each closing date by the independent real estate experts according to the real estate market) ;

Cumulative change : Change of the cumulative non-reduced faire value since the disposal of the future rents.

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: 3-4 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 follwing 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 consequence, the operating result before result on the portfolio (and thus the net result from 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 concessions 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 recovery from the tenants is presented separately.

II 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. Stock options

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. **See Note 40**.

W. Estimates, judgments and main sources of concern

I Fair value of the property portfolio

Cofinimmo's portfolio is valued quarterly by independent 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.

II Financial instruments

The fair value of the Group's financial instruments is calculated on the basis of the market values in the Bloomberg software[1]. 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 vy the authority to appoint Directors for determining joint or overall control.

When a property portfolio meets the definition of a business combination as defined 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 independent real estate experts.
More details are given in Note 39.

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 litterature (**www.bloomberg.com**).

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 0.053 % of the total turnover over the period 1996-2017. 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 healthcare assets and accommodation of elderly people and the buildings of the distribution networks are almost occupied at 100 %. The first one are rented to operator groups whose solvency is analysed annually. The second one 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 1,841.4 million EUR [1], compared with a fair value of the investment properties of 1,642.6 million EUR at 31.12.2017, 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.

➔ **Details of the Group's financial risk are provided in Note 24.**

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 portfolio 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.

NOTE 4. ACQUISITIONS OF SUBSIDIARIES AND JOINT VENTURES

On 24.04.2017, Cofinimmo purchased via its Superstone subsidiary, the shares (100 %) of a Dutch company (Castorstraat BV), owner of a care home in the Netherlands. In July 2017, this subsidiary has been absorbed by Superstone.

General information	
Company	Castorstraat BV
Segment	Healthcare
Country	The Netherlands
% held by the Cofinimmo group at 31.12.2017 - full consolidation	100 %
Net amount paid at acquisition (x 1,000 EUR)	
Price paid by Cofinimmo for the buyback of shares	1,058
Cash from the acquisition balance sheet	0
Net cash outflow	1,058
Assets and liabilities taken over at acquisition (x 1,000 EUR)	
Non-current assets	9,000
Current assets	9
Non-current liabilities	2,644
Current liabilities	5,130

This acquisition was not considered business combinations, as defined within the scope of IFRS 3, because it does not concern acquisition of 'business' as such, defined as an integrated combination of activities and assets.

NOTE 5. SECTOR INFORMATION

In fair value, healthcare real estate 45.3 % of the portfolio, offices represent 38.1 %, property of distribution networks 15.8 % and the other business sectors 0.8 %.

➜ **The different property segments are described on pages 56 to 85.**

	Healthcare real estate								Offices					
(x 1,000 EUR)	Belgium		France		Netherlands		Germany		Brussels CBD [1]		Brussels Decentralised		Brussels Periphery	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
INCOME STATEMENT														
Net rental income	49,775	48,405	25,774	25,505	11,159	7,607	9,049	6,883	25,413	24,440	35,078	41,025	8,356	8,106
Property result after direct property costs	49,233	47,956	25,332	25,167	10,020	7,189	8,616	6,763	23,056	21,612	25,218	34,451	6,189	5,989
Property management costs														
Corporate management costs														
Gains or losses on disposals of investment properties and other non-financial assets	-16				-365					388	0			1
Changes in fair value of investment properties	22,946	27,189	-11,485	21,392	-253	5,934	302	2,649	44,199	-7,056	-47,562	-48,524	-7,937	-5,866
Other result on the portfolio			-6,931	-1,507	-301	-101	-397	-1,188						
Operating result	72,163	75,145	6,916	45,052	9,102	13,022	8,521	8,224	67,254	14,944	-22,345	-14,073	-1,748	124
Financial result														
Share in the result of associated companies and joint ventures			1,205	701										
Taxes														
NET RESULT														
NET RESULT - GROUP SHARE														
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
BALANCE SHEET														
Assets														
Goodwill			23,329	26,929										
Investment property of which:	856,160	815,598	401,740	409,134	181,613	156,103	148,600	117,084	564,649	478,203	456,529	492,469	126,451	133,832
Development projects	11,121	13,075			1,560	15,556			102,060	34,925	54,822	305	380	370
Assets held for own use											8,752	8,995		
Assets held for sale			800	2,000										
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 36 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				Property of distribution networks						Other		Amounts not allocated		Total	
Antwerp		Other regions		Pubstone Belgium		Pubstone Netherlands		Cofinimur I France							
2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
4,731	**4,781**	**7,767**	**7,978**	**19,416**	**19,602**	**10,056**	**10,087**	**7,845**	**7,782**	**1,916**	**1,994**			**216,335**	**214,195**
4,250	**4,412**	**7,357**	**7,592**	**18,757**	**19,098**	**9,890**	**9,605**	**7,600**	**7,643**	**2,318**	**1,303**			**197,836**	**198,781**
												-18,052	-18,659	-18,052	-18,659
												-7,737	-8,043	-7,737	-8,043
151		0		1,413	2,232	-145	57	-26	12	430		0		1,443	2,691
139	1,150	4,183	-792	2,333	9,571	-857	-4,135	1,229	10,019	3,025	97			10,261	11,626
				-7,000	-6,699	-3,064	-4,410					1,872	3	-15,822	-13,902
4,539	**5,562**	**11,541**	**6,800**	**15,502**	**24,202**	**5,824**	**1,117**	**8,803**	**17,674**	**5,773**	**1,400**	**-23,917**	**-26,699**	**167,929**	**172,494**
												-23,280	**-66,236**	**-23,280**	**-66,236**
														1,205	701
												-3,933	**-4,724**	**-3,933**	**-4,724**
														141,921	102,235
														137,362	97,393

2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
				37,277	44,277	24,550	28,050							85,156	99,256
67,379	67,284	120,110	114,892	287,574	283,561	140,116	142,408	127,515	126,180	28,544	26,889			3,506,981	3,363,636
479	506			0	1,311			560	540	0	1,369			170,983	67,957
														8,752	8,995
									695					800	2,695
												189,644	195,695	189,644	195,695
														3,782,582	3,661,282
												1,986,440	1,919,459	1,986,440	1,919,459
												1,903,159	1,852,923	1,903,160	1,852,923
												83,280	66,536	83,280	66,536
												1,796,142	1,741,823	1,796,142	1,741,823
														3,782,582	3,661,282

NOTE 6. RENTAL INCOME AND RENTAL-RELATED EXPENSES

(x 1,000 EUR)	2017	2016
Rental income	**204,043**	**203,051**
Rents	208,704	207,199
Gross potential income[1]	222,216	219,286
Vacancy[2]	-13,512	-12,087
Cost of rent-free periods	-4,253	-4,287
Concessions granted to tenants	-930	-383
Indemnities for early termination of rental contracts[3]	522	522
Writeback of lease payments sold and discounted	**12,473**	**11,265**
Rental-related expenses	**-181**	**-121**
Rent payable on rented premises	-75	-107
Writedowns on trade receivables	-113	-22
Writeback of writedowns on trade receivables	7	8
TOTAL	**216,335**	214,195

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 rate agreed upon disposal), 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)	2017	2016
Rental income from operating leases	204,043	203,051
Interest income in respect of finance leases	4,961	4,842
Capital receipts in respect of finance leases	1,800	1,805
TOTAL	**210,804**	209,698

1 The gross potential income corresponds to the sum of the real rents and the estimated rents attributed to unlet spaces.
2 The rental vacancy is calculated on unlet spaces based on the rental value estimated by independent real estate experts.
3 Early termination compensations are booked 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)	2017	2016
Operating lease	**2,286,212**	**2,285,757**
Less than one year	213,599	211,402
Between one and five years	538,695	530,955
More than five years	1,533,918	1,543,400
Finance lease	**86,974**	**77,513**
Less than one year	1,826	1,795
Between one and five years	26,336	24,501
More than five years	58,812	51,217
TOTAL	**2,373,186**	2,363,270

NOTE 7. NET REDECORATION EXPENSES[1]

(x 1,000 EUR)	2017	2016
Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease[2]	4,572	1,602
Recovery of property charges	-1,725[3]	-50
TOTAL	**2,847**	1,552

NOTE 8. TAXES AND CHARGES ON RENTED PROPERTIES NOT RECOVERED FROM TENANTS

(x 1,000 EUR)	2017	2016
Recovery income of charges and taxes normally payable by the tenant on let properties	**43,753**	**42,368**
Rebilling of rental charges invoiced to the landlord	17,687	16,657
Rebilling of withholding taxes and other taxes on let properties	26,066	25,711
Charges and taxes normally payable by the tenant on let properties	**-47,298**	**-44,352**
Rental charges invoiced to the landlord	-17,869	-16,564
Withholding taxes and other taxes on let properties	-27,316	-26,307
Taxes on refurbishment not recovered	-2,113	-1,481
TOTAL	**-3,545**	-1,984

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.

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 The increase of the redecoration costs, net of tenant compensation for damages is mainly explained by the rehabilitation works realised in the Bourget 42 office building after the departure of IBM end 2016, as well as the works on the Loi/Wet 34 office building acquired in 2016, ahead of the occupation of new tenants.

3 The recovery of property charges result from the receipt, during the first quarter 2017, of a rental compensation of 1.6 million EUR following the acquisition by the Group in 2016 of the Loi/Wet 34 office building.

NOTE 9. TECHNICAL COSTS

(x 1,000 EUR)	2017	2016
Recurrent technical costs	**4,822**	**4,927**
Repairs	4,348	4,634
Insurance premiums	474	293
Non-recurrent technical costs	**574**	**974**
Major repairs (building companies, architects, engineering offices, etc.)[1]	807	771
Damage expenses	-233	203
Losses providing from disasters and subject to insurance cover	1,071	803
Insurance compensation for losses providing from disasters	-1,304	-600
TOTAL	**5,396**	5,901

NOTE 10. COMMERCIAL COSTS

(x 1,000 EUR)	2017	2016
Letting fees paid to real estate brokers	529	659
Advertising	104	117
Fees paid to experts	950	732
TOTAL	**1,583**	1,508

1 Except for capital expenditures.

NOTE 11. MANAGEMENT COSTS

Management costs are split between asset management costs and other costs.

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.

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.

The internal costs of property management and corporate management costs are divided as follows:

	Property management costs		Corporate management costs		TOTAL	
(x 1,000 EUR)	**2017**	2016	**2017**	2016	**2017**	2016
Office charges	**1,747**	**2,014**	**749**	**464**	**2,496**	**2,478**
Fees paid to third parties	**2,575**	**5,231**	**1,103**	**981**	**3,678**	**6,212**
Recurrent	1,704	2,575	730	934	2,434	3,509
Non-recurrent	871	2,656	373	47	1,244	2,703
Public relations, communication and advertising	**435**	**555**	**187**	**846**	**622**	**1,401**
Personnel expenses	**11,934**	**10,302**	**5,115**	**4,246**	**17,049**	**14,548**
Salaries	9,263	7,422	3,970	3,522	13,233	10,944
Social security	1,648	1,841	707	352	2,355	2,193
Pensions and other benefits	1,023	1,039	438	372	1,461	1,411
Taxes and regulatory fees	**1,361**	**557**	**583**	**1,506**	**1,944**	**2,063**
TOTAL	**18,052**	18,659	**7,737**	8,043	**25,789**	26,702

The changes between 2016 and 2017 are explained by a reorganisation, realised in 2017, of the various items of the corporate management costs.

The real estate experts' fees amounted to 1,042,600 EUR for the year 2017 and include the recurring and non-recurring fees. These honoraria are partly calculated based on a fixed amount per square metre and partly on a fixed amount per property.

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. As from 2016, the minimum return required by law on the supplementary pension decreased to 1.75 %.

The rate guaranteed by the insurer is 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.

EMOLUMENTS OF THE AUDITOR

The fixed emoluments of Deloitte, Reviseurs d'Entreprises/Bedrijfsrevisoren for reviewing and certifying Cofinimmo's company and consolidated accounts amounted to 105,400 EUR (excluding VAT). Its emoluments for certifying the company accounts of Cofinimmo's subsidiaries amounted to 107,600 EUR (excluding VAT) and are calculated per company based on their effective performances.

(x 1,000 EUR)	2017	2016
Emoluments of the Auditor	**255**	**333**
Emoluments for the execution of a mandate of company Auditor	213	258
Emoluments for exceptional services or special assignments within the Group	42	95
Other certification assignments	16	28
Other assignments external to the auditing duties	26	67
Emoluments of people with whom the Auditor is connected	**10**	**54**
Emoluments for exceptional services or special assignments within the Group	10	54
Tax advisory duties	10	37
Other assignments external to the auditing duties		17
TOTAL	**265**	387

The emoluments of the company Auditors, other than Deloitte, appointed for the Group's French companies amounted to 15 KEUR (excluding VAT) in 2017 and are not included in the table above.

NOTE 12. RESULT ON DISPOSALS OF INVESTMENT PROPERTIES AND OTHER NON-FINANCIAL ASSETS

(x 1,000 EUR)	2017	2016
Disposal of investment properties		
Net disposal of properties (selling price - transaction costs)	19,409	7,438
Book value of properties sold (fair value of assets sold)	-17,966	-5,136
SUBTOTAL	**1,443**	**2,302**
Disposal of other non-financial assets		
Net disposals of other non-financial assets		
Other		389
SUBTOTAL		**389**
TOTAL	**1,443**	2,691

The disposals of investment properties in 2017 relate to each segment (**➔ See Note 36 for more details**). In 2016, these disposals concerned exclusively the property of distribution networks segment.

NOTE 13. CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

(x 1,000 EUR)	2017	2016
Positive changes in the fair value of investment properties	111,068	105,539
Negative changes in the fair value of investment properties	-100,807	-93,913
TOTAL	**10,261**	11,626

(➔ 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)	2017	2016
Changes in the deferred taxes[1]	-3,384	-1,806
Writeback of rents already earned but not expired	326	-432
Goodwill impairment[2]	-14,100	-12,000
Other	1,336	336
TOTAL	**-15,822**	-13,902

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)	2017	2016
Interests and dividends received[3]	633	365
Interest receipts from finance leases and similar receivables	4,961	4,842
TOTAL	5,594	5,207

1 ➔ **See Note 31.**
2 ➔ **See Note 20.**
3 The amount of dividends received is null at 31.12.2017.

NOTE 16. NET INTEREST CHARGES

(x 1,000 EUR)	2017	2016
Nominal interest on borrowings	**16,550**	**19,061**
Bilateral loans - floating rate	2,941	2,804
Commercial papers - floating rate	547	917
Investment credits - floating or fixed rate	549	578
Bonds - fixed rate [1]	12,102	10,548
Convertible bonds [2]	411	4,214
Reconstitution of the nominal value of financial debts	**812**	**696**
Charges relating to authorised hedging instruments	**9,708**	**9,230**
Authorised hedging instruments qualifying for hedge accounting under IFRS		
Authorised hedging instruments not qualifying for hedge accounting under IFRS	9,708	9,230
Income relating to authorised hedging instruments		
Authorised hedging instruments qualifying for hedge accounting under IFRS		
Authorised hedging instruments not qualifying for hedge accounting under IFRS		
Other interest charges [3]	**2,856**	**3,322**
TOTAL	**29,926**	**32,309**

The effective interest charges on loans correspond to an average effective interest rate on loans of 1.95 % (2016: 2.41 %). The effective charge without taking into account the hedging instruments stands at 1.32 %. This percentage can be split up between 0.19 % for the borrowings at fair value and 1.51 % for the borrowings measured at amortised cost.[4]

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)	2017	2016
Bank fees and other commissions	426	367
Other	200	481
TOTAL	**626**	**848**

1 The increase of nominal interest on bonds with fixed rates results from the issue of two bonds in the fourth quarter of 2016 for an amount of 70 million EUR and 55 million EUR, respectively.

2 The decrease of nominal interest on convertible bonds result of the buyback in 2016 of the convertible bond issued in 2013, as well as the issue in 2016 of a new convertible bond.

3 There are commissions on unused credit facilities.

4 The interest on borrowings at amortised cost (2017: 19,807 KEUR/2016: 18,865 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 (2017: 10,119 KEUR/2016: 13,444 KEUR) consists of 'Charges and income resulting from authorised hedging instruments allowed' as well as 'Convertible bonds'.

NOTE 18. CHANGES IN THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

(x 1,000 EUR)	2017	2016
Authorised hedging instruments qualifying for hedge accounting	**-11,444**	**-7,392**
Changes in fair value of authorised hedging instruments qualifying for hedge accounting[1]	-163	-1,478
Impact of the recycling on the income statement of hedging instruments which relationship with the hedged risk was terminated	-11,281	-5,914
Authorised hedging instruments not qualifying for hedge accounting	**13,203**	**13,604**
Changes in fair value of authorised hedging instruments not qualifying for hedge accounting[2]	14,478	5,782
Convertible bonds	-1,275	7,822
Other	**-81**	**-44,498**[3]
TOTAL	**1,678**	-38,286

Only the changes in the ineffective part of the fair value of cash flow hedging instruments ('cash flow hedge'), as well as the changes in the fair value of trading instruments ('trading'), 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)	2017	2016
CORPORATE TAX	**-3,864**	-5,906
Parent company	**-3,261**	**-4,564**
Pre-tax result	124,317	101,191
Result exempted from income tax due to the RREC regime	-124,317	-101,191
Taxable result from non-deductible costs	4,184	4,065
Tax at rate of 33.99 %	-1,422	-1,382
Other	-1,839	-3,182
Subsidiaries	**-603**	**-1,342**
EXIT TAX - SUBSIDIARIES	**-69**	1,182

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 393 KEUR (2016 : 0 KEUR) and a charge of 556 KEUR (2016 : 1,478 KEUR).

2 The gross amounts are respectively an income of 19,236 KEUR (2016 : 13,016 KEUR) and a charge of 4,758 KEUR (2016 : 7,234 KEUR).

3 In 2016, the amount of 44,498 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 buyback (5,833 KEUR) of the convertible bond borne in 2016 ➔ **See Financial Annual Report 2016**).

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 rights 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 01.01.2017	100,157	39,250	26,929	166,336
AT 31.12.2017	**100,157**	**39,250**	**26,929**	**166,336**
WRITEDOWNS				
AT 01.01.2017	**55,880**	**11,200**		**67,080**
Writedowns recorded during the financial year	7,000	3,500	3,600	14,100
AT 31.12.2017	**62,880**	**14,700**	**3,600**	**81,180**
BOOK VALUE				
AT 01.01.2017	**44,277**	**28,050**	**26,929**	**99,256**
AT 31.12.2017	**37,277**	**24,550**	**23,329**	**85,156**

IMPAIRMENT TEST

At the end of the financial year 2017, 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 (projection of cash flows) and the residual valuation approach. To carry out the calculation, the independent real estate experts take as main assumptions the indexation rate, the capitalization 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 2017, the result of this test (illustrated in the table on the left) leads to an impairment of 7,000 KEUR on the goodwill of Pubstone Belgium, 3,500 KEUR on the goodwill of Pubstone Netherlands and 3,600 KEUR for CIS. During the financial year 2017, the fair value of the Pubstone Belgium and Pubstone Netherlands portfolios recorded positive variations of 2,333 KEUR and of 857 KEUR, whereas the fair value of CIS recorded a negative variation of 12,264 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 metre assessed by the expert at 31.12.2017 indexed to 1 % (2016: 1 %) per year. Out of caution, in the cash flow projection, this margin was reduced to nil in the cash flow projection since 2015.

The indexation considered on these cash flows stands at 1.40 % for Pubstone Belgium and 1.50 % for Pubstone Netherlands. In 2016, the indexation was 1.60 % for Pubstone Belgium and 1.30 % for Pubstone Netherlands.

The discount rate used amounts to 5.51 % (2016: 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, except for some assets for which the Group considers a high probability of release at the end of the lease.

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 31.12.2017, 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 (2016: 2 %).

The discount rate used amounts to 5.51 % (2016: 5.60 %).

Impairment of goodwill

(x 1,000 EUR)				
Building group	**Goodwill**	**Net book value**[1]	**Value**	**Impairment**
Pubstone Belgium	44,277	331,851	324,851	-7,000
Pubstone Netherlands	28,050	168,458	164,958	-3,500
CIS France	26,929	316,550	312,950	-3,600
TOTAL	**99,256**	**816,859**	**802,759**	**-14,100**

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	+5.51 %	-5.15 %	-5.37 %	+5.81 %
Pubstone Netherlands	+5.16 %	-4.83 %	-5.06 %	+5.45 %
CIS France	+4.91 %	-4.55 %	-5.61 %	+6.15 %

Sensitivity analysis of the impairment when the main variables of the impairment test vary

Impairment amount to be recorded by change of parameters[2] (in %)					
Building group	**Impairment loss recognised**	**Change in inflation**		**Change in discount rate**	
		+0.50 %	-0.50 %	+0.50 %	-0.50 %
Pubstone Belgium	-7,000	0	-23,696	-24,410	0
Pubstone Netherlands	-3,500	0	-11,444	-11,816	0
CIS France	-3,600	0	-17,845	-21,154	0
TOTAL	-14,100				

1 Including goodwill.
2 The value 0 was indicated when the value in use is higher than the net book value.

NOTE 21. INVESTMENT PROPERTY

(x 1,000 EUR)	Properties available for lease	Development projects	Assets held for own use	Total
AT 01.01.2016	**3,061,314**	**61,544**	**8,625**	**3,131,483**
Capital expenditures	12,095	29,675	552	42,322
Acquisitions	160,035	4,565		164,600
Transfers from/to Development projects	28,078			28,078
Transfers from/to Properties available for rent		-28,078		-28,078
Sales/Disposals (fair value of assets sold/disposed of)	-5,065	-7		-5,072
Writeback of lease payments sold and discounted	11,265			11,265
Increase/Decrease in the fair value	18,962	258	-182	19,038
AT 31.12.2016	**3,286,684**	**67,957**	**8,995**	**3,363,636**
Investments	16,206	56,649	-6	72,849
Acquisitions	58,988	622		59,610
Transfer from/to Properties available for lease	-35,951			-35,951
Transfers from/to Properties available for rent		36,646		36,646
Sales/Disposals (fair value of assets sold/disposed of)	-16,493	-1,474		-17,967
Writeback of lease payments sold and discounted	12,473			12,473
Increase/Decrease in the fair value	5,340	10,582	-237	15,685
AT 31.12.2017	**3,327,247**[1]	**170,982**	**8,752**	**3,506,981**[1]

The fair value of the portfolio, as determined by the independent experts, stands at 3,507,781 KEUR at 31.12.2017. It includes investment properties for 3,506,981 KEUR and assets held for sale for 800 KEUR.

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 rights) 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 rights. 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.

1 Including the faire value of the investment properties subject to disposal of receivables, which amounts to 250,126 KEUR.

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, 10.0 % 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 right 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 experts[1] 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.

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 rights resulting from the hypothetical disposal of investment properties'.

The 2.5 % transaction costs have been applied to the subsequent acquisitions of buildings. At 31.12.2017, the difference between the investment value and the fair value of the global portfolio amounted to 146.65 million EUR or 6.88 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 9.31 %. Since that date, Cofinimmo has undertaken 222 asset disposals for a total of 1,569.55 million EUR. This gain would have been 11.19 % if the deduction of transaction costs and transfer duties had been recognised as from 1996.

The transfer rights applied to the buildings located in France, the Netherlands and Germany amount to 6.88 %, 4.76 % and 5.25 % 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.

1 Cushman & Wakefield, de Crombrugghe & Partners, Wissinger & Associates, Stadim and Troostwijk-Roux

Determination of the valuation level of the fair value of the investment properties

(x 1,000 EUR)	31.12.2017	31.12.2016
Asset category[1]	**Level 3**	**Level 3**
Healthcare real estate	**1,588,913**	**1,499,918**
Belgium	845,039	802,523
France	402,540	411,134
Netherlands	180,053	140,547
Germany	148,600	117,084
Healthcare real estate under development	12,681	28,630
Offices	**1,335,119**	**1,286,680**
Antwerp	66,900	66,778
Brussels CBD	462,589	443,278
Brussels Decentralised	401,707	492,164
Brussels Periphery/ Satellites	126,072	133,462
Other regions	120,110	114,892
Offices under development	157,741	36,106
Property of distribution networks	**555,205**	**552,844**
Pubstone Belgium	287,574	283,561
Pubstone Netherlands	140,116	142,408
Cofinimur I France	127,515	126,875
Other	**28,544**	**26,889**
TOTAL	**3,507,781**[2]	3,366,331

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.

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 : obersvable data other than the quoted prices included in level 1;
- level 3 : unobservable data.

2 Including assets held for sale for 800 KEUR.

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 metres 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 2017, 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 2017, 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 2017.

Changes in the fair value of investment properties, based on unobservable data

(x 1,000 EUR)	
Fair value at 01.01.2017	**3,366,331**
Gains/losses recognised on the income statement	14,485
Acquisitions	59,610
Extensions/Redevelopments	26,269
Investments	46,580
Writeback of lease payments sold	12,473
Disposals	-17,967
Fair value at 31.12.2017	**3,507,781**

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.

Determination of the valuation level of the fair value of the investment properties

(x 1,000 EUR)					
Asset category	**Fair value 31.12.2017**	**Valuation method**	**Unobservable data** [1]	**Extreme values (weighted average) at 31.12.2017**	**Extreme values (weighted average) at 31.12.2016**
HEALTHCARE REAL ESTATE	1,588,913				
Belgium	845,039	**Discounted cash flow**	Estimated Rental Value (ERV)	70 - 199 (144) EUR/m²	70 - 199 (129) EUR/m²
			Discount rate	6.20 % - 6.80 % (6.35 %)	6.00 % - 6.90 % (6.53 %)
			Capitalisation rate of the final net ERV	7.10 % - 8.90 % (8.26 %)	7.00 % - 9.25 % (7.98 %)
			Inflation rate	1.75 %	1.75 %
		Capitalisation of Estimated Rental Value	Estimated Rental Value (ERV)	58 - 246 (140) EUR/m²	54 - 387 (140) EUR/m²
			Capitalisation rate	5.50 % - 6.75 % (5.87 %)	5.50 % - 7.15 % (5.93 %)
France	402,540	**Discounted cash flow**	Estimated Rental Value (ERV)	53 - 245 (154) EUR/m²	53 - 280 (155) EUR/m²
			Discount rate	4.75 % - 6.75 % (4.78 %)	4.75 % - 7.50 % (4.80 %)
			Capitalisation rate of the final net ERV	4.25 % - 12.31 % (5.83 %)	4.35 % - 12.31 % (5.82 %)
			Inflation rate	0.90 % - 1.58 % (1.20 %)	0.60 % - 1.92 % (1.30 %)
		Capitalisation of Estimated Rental Value	Estimated Rental Value (ERV)	53 - 245 (153) EUR/m²	53 - 280 (153) EUR/m²
			Capitalisation rate	4.12 % - 21.59 % (6.98 %)	4.24 % - 32.74 % (7.06 %)
Netherlands	180,053	**Discounted cash flow**	Estimated Rental Value (ERV)	76 - 275 (148) EUR/m²	76 - 262 (151) EUR/m²
			Capitalisation rate	4.50 % - 10.20 % (5.87 %)	4.90 % - 9.50 % (5.98 %)
Germany	148,600	**Discounted cash flow**	Estimated Rental Value (ERV)	78 - 259 (173) EUR/m²	141 - 254 (198) EUR/m²
			Discount rate	5.85 % - 8.30 % (7.07 %)	6.45 % - 8.20 % (7.38 %)
			Capitalisation rate of the final net ERV	5.30 % - 7.65 % (6.52 %)	6.05 % - 7.70 % (6.96 %)
			Inflation rate	1.80 %	1.50 %
		Capitalisation of Estimated Rental Value	Estimated Rental Value (ERV)	78 - 259 (173) EUR/m²	141 - 254 (198) EUR/m²
			Capitalisation rate	5.30 % - 7.65 % (6.52 %)	6.05 % - 7.70 % (6.96 %)
Healthcare real estate under development	12,681	**Residual value**	Estimated Rental Value (ERV)	117 - 177 (140) EUR/m²	73 - 178 (119) EUR/m²
			Capitalisation rate	5.50 %	5.75 % - 7.25 % (5.91 %)
			Costs to completion	n/a[2]	n/a[2]
			Inflation rate	1.75 %	1.50 %

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).

(x 1,000 EUR)					
Asset category	**Fair value 31.12.2017**	**Valuation method**	**Unobservable data**[1]	**Extreme values (weighted average) at 31.12.2017**	Extreme values (weighted average) at 31.12.2016
OFFICES	**1,335,119**				
Antwerp	**66,900**	**Discounted Estimated Rental Value**	Estimated Rental Value (ERV)	126 - 170 (150) EUR/m²	120 - 166 (146) EUR/m²
			Capitalisation rate	7.00 % - 8.50 % (7.77 %)	7.00 % - 8.40 % (7.35 %)
Brussels CBD	**462,589**	**Discounted cash flow**	Estimated Rental Value (ERV)	215 - 239 (232) EUR/m²	210 - 228 (223) EUR/m²
			Discount rate	4.00 %	4.25 % - 4.50 % (4.32 %)
			Capitalisation rate of the final net ERV	6.00 %	6.25 % - 6.50 % (6.32 %)
			Inflation rate	1.75 %	1.70 %
		Discounted Estimated Rental Value	Estimated Rental Value (ERV)	178 - 245 (215) EUR/m²	169 - 245 (209) EUR/m²
			Capitalisation rate	4.50 % - 7.25 % (5.47 %)	4.90 % - 7.25 % (5.71 %)
Brussels Decentralised	**401,707**	**Discounted cash flow**	Estimated Rental Value (ERV)		171 - 203 (199) EUR/m²
			Discount rate		3.50 % - 4.00 % (3.94 %)
			Capitalisation rate of the final net ERV		7.00 % - 7.95 % (7.83 %)
			Inflation rate		2.00 %
		Discounted Estimated Rental Value	Estimated Rental Value (ERV)	63 - 194 (154) EUR/m²	60 - 172 (149) EUR/m²
			Capitalisation rate	6.15 % - 11.00 % (7.62 %)	6.15 % - 9.00 % (7.40 %)
Brussels Periphery/ Satellites	**126,072**	**Discounted Estimated Rental Value**	Estimated Rental Value (ERV)	83 - 180 (134) EUR/m²	60 - 182 (134) EUR/m²
			Capitalisation rate	7.75 % - 10.00 % (8.33 %)	7.45 % - 9.00 % (7.97 %)
Other regions	**120,110**	**Discounted Estimated Rental Value**	Estimated Rental Value (ERV)	120 - 182 (134) EUR/m²	130 - 186 (140) EUR/m²
			Capitalisation rate	5.75 % - 6.30 % (6.07 %)	5.95 % - 6.95 % (6.48 %)
Offices under development	**157,741**	**Residual value**	Estimated Rental Value (ERV)	202 - 206 (205) EUR/m²	
			Discount rate	4.00 % - 5.25 % (4.24 %)	
			Capitalisation rate of the final net ERV	5.25 % - 8.35 % (7.77 %)	
			Inflation rate	2.00 %	
		Residual value	Estimated Rental Value (ERV)	99 - 248 (228) EUR/m²	99 - 225 (222) EUR/m²
			Capitalisation rate of the final net ERV	4.30 % - 9.35 % (5.82 %)	5.45 % - 9.35 % (5.56 %)
			Costs to completion	n/a[2]	n/a[2]
			Inflation rate	1.70 % - 2.00 % (1.83 %)	1.75 % - 2.00 % (1.98 %)

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).

(x 1,000 EUR)					
Asset category	**Fair value 31.12.2017**	**Valuation method**	**Unobservable data [1]**	**Extreme values (weighted average) at 31.12.2017**	Extreme values (weighted average) at 31.12.2016
PROPERTY OF DISTRIBUTION NETWORKS	**555,205**				
Pubstone Belgium	**287,574**	**Discounted cash flow**	Estimated Rental Value (ERV)	13 - 353 (64) EUR/m²	13 - 353 (62) EUR/m²
			Discount rate	6.45 %	6.55 %
			Capitalisation rate of the final net ERV	6.75 %	6.75 %
			Inflation rate	1.75 %	1.75 %
		Discounted Estimated Rental Value	Estimated Rental Value (ERV)	13 - 353 (64) EUR/m²	13 - 353 (62) EUR/m²
			Capitalisation rate	4.00 % - 9.50 % (5.95 %)	4.00 % - 12.00 % (6.02 %)
Pubstone Netherlands	**140,116**	**Discounted Estimated Rental Value**	Estimated Rental Value (ERV)	47 - 495 (210) EUR/m²	41 - 495 (206) EUR /m²
			Capitalisation rate	3.65 % - 11.00 % (6.06 %)	3.65 % - 11.00 % (6.06 %)
Cofinimur I France	**127,515**	**Discounted cash flow**	Estimated Rental Value (ERV)	85 - 700 (150) EUR /m²	85 - 700 (150) EUR /m²
			Discount rate	4.75 %	4.75 %
			Capitalisation rate of the final net ERV	3.99 % - 12.79 % (6.88 %)	3.97 % - 12.73 % (6.90 %)
			Inflation rate	0.50 % - 1.62 % (1.33 %)	0.50 % - 1.63 % (1.32 %)
		Discounted Estimated Rental Value	Estimated Rental Value (ERV)	85 - 700 (150) EUR /m²	85 - 700 (150) EUR /m²
			Capitalisation rate	3.75 % - 13.82 % (6.03 %)	3.80 % - 12.16 % (6.13 %)
OTHER	**28,544**				
Other	**28,544**	**Discounted Estimated Rental Value**	Estimated Rental Value (ERV)	66 - 123 (113) EUR/m²	39 - 128 (110) EUR/m²
			Capitalisation rate	4.35 % - 9.00 % (5.92 %)	4.00 % - 8.20 % (6.73 %)
TOTAL	**3,507,781**				

SENSITIVITY OF THE BUILDING'S FAIR VALUE TO CHANGES OF THE UNOBSERVABLE DATA

A 10 % increase in the Estimated Rental Value would give rise to an increase in the portfolio's fair value of 263,080 KEUR. A 10 % decrease in the Estimated Rental Value would give rise to a decrease in the portfolio's fair value of 273,395 KEUR.

A 0.5 % increase in the capitalisation rates would give rise to a decrease in the portfolio fair value of 232,545 KEUR. A 0.5 % decrease in the capitalisation rates would give rise to an increase in the portfolio fair value of 268,944 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 square metres 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 infuenced by the realisation of the works on budget and on time.

1 ➔ **Net rental income is incorporated in Note 6.**

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/Wet 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/Doornik. 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/Wet 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, the sold receivables not terminated at the moment should be repurchased 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)	2017	2016
Properties available for lease	2,820	12,488
Development projects	8,878	-556
Assets held for own use	-237	-196
Assets held for sale	-1,200	-110
TOTAL	**10,261**	11,626

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	
	2017	2016	**2017**	2016
AT 01.01	**751**	565	**635**	364
Acquisitions	**386**	**467**	**528**	**427**
IT software	386	467		
Office fixtures and fittings			528	427
Depreciation	**311**	**281**	**236**	**142**
IT software	311	281		
Office fixtures and fittings			236	142
Disposals				**14**
Office fixtures and fittings				14
AT 31.12	**826**	751	**926**	635

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 % to 33 % ;
- IT software: 25 %.

NOTE 24. FINANCIAL INSTRUMENTS

A. CATEGORIES AND DESIGNATION OF FINANCIAL INSTRUMENTS

(x 1,000 EUR)							31.12.2017
	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	Accrued interest not yet due	Fair value qualification
NON-CURRENT FINANCIAL ASSETS			**871**	**86,518**	**129,780**		
Hedging instruments			**871**		**871**		
Derivative instruments			871		871		Level 2
Credits and receivables				**86,518**	**128,909**		
Non-current finance lease receivables				85,148	127,539		Level 2
Trade receivables and other non-current assets				1,370	1,370		Level 2
CURRENT FINANCIAL ASSETS				**43,056**	**43,965**		
Credits and receivables				**25,525**	**26,434**		
Current finance lease receivables				1,826	2,736		Level 2
Trade receivables				23,698	23,698		Level 2
Cash and cash equivalents				**17,531**	**17,531**		**Level 2**
TOTAL			**871**	**129,574**	**173,745**		
NON-CURRENT FINANCIAL LIABILITIES		**217,377**	**43,445**	**895,808**	**1,156,631**	**7,773**	
Non-current financial debts		**217,377**		**895,525**	**1,112,890**	**7,773**	
Bonds				453,861	453,861	7,612	Level 2
Convertible bonds		214,239			214,239	121	Level 1
(Mandatory) Convertible bonds		3,139			3,139		Level 2
Bank debts				378,559	378,559		Level 2
Commercial papers - floating rate				56,000	56,000		Level 2
Rental guarantees received				7,092	7,092		Level 2
Other non-current financial liabilities			**43,445**	**284**	**43,729**		
Derivative instruments			43,445		43,445		Level 2
Other				284	284		Level 2
CURRENT FINANCIAL LIABILITIES			**4,544**	**544,172**	**548,716**	**1,820**	
Current financial debts				**462,810**	**462,810**	**1,098**	
Commercial papers - floating rate				411,500	411,500		Level 2
Bonds							Level 2
Convertible bonds						1	Level 1
Bank debts				51,287	51,287	1,098	Level 2
Other				23	23		Level 2
Other current financial liabilities			**4,544**		**4,544**	**722**	
Derivative instruments			4,544		4,544	722	Level 2
Trade debts and other current debts				**81,363**	**81,363**		**Level 2**
TOTAL		**217,377**	**47,989**	**1,439,981**	**1,705,347**	**9,552**	

(x 1,000 EUR)							31.12.2016
	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	Accrued interest not yet due	Fair value qualification
NON-CURRENT FINANCIAL ASSETS			**758**	**75,747**	**130,770**		
Hedging instruments			**758**		**758**		
Derivative instruments			758		758		Level 2
Credits and receivables				**75,747**	**130,012**		
Non-current finance lease receivables				75,718	129,983		Level 2
Trade receivables and other non-current assets				29	29		Level 2
CURRENT FINANCIAL ASSETS				**66,466**	**67,753**		
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
Cash and cash equivalents				**39,771**	**39,771**		**Level 2**
TOTAL			**758**	**142,214**	**198,522**		
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**	**11,282**	
Current financial debts				**558,167**	**558,167**	**9,281**	
Commercial papers - floating rate				386,500	386,500		Level 2
Bonds				50,000	50,000	7,898	Level 2
Convertible bonds						121	Level 1
Bank debts				121,645	121,645	1,263	Level 2
Other				22	22		Level 2
Other current financial liabilities			**12,949**		**12,949**	**2,001**	
Derivative instruments			12,949		12,949	2,001	Level 2
Trade debts and other current debts				**62,865**	**62,865**		**Level 2**
TOTAL		**216,481**	**62,920**	**1,375,155**	**1,654,556**	**11,282**	

Monetary and non-monetary changes of the financial liabilities

		Monetary changes	Non-monetary changes		
(x 1 000 EUR)	31.12.2016		Acquisitions	Fair value changes	31.12.2017
NON-CURRENT FINANCIAL LIABILITIES	**1,020,574**	**141,389**	**0**	**-5,628**	**1,156,335**
Non-current financial debts	**970,603**	**141,389**	**0**	**898**	**1,112,890**
Bonds	453,690	171			453,861
Convertible bonds	212,963			1,276	214,239
Mandatory Convertible Bonds (MCB)	3,517			-378	3,139
Banks	247,709	130,850			378,559
Commercial paper - floating rate	46,000	10,000			56,000
Rental guarantees received	6,724	368			7,092
Other non-current financial debts	**49,971**	**0**	**0**	**-6,526**	**43,445**
Derivative instruments	49,971			-6,526	43,445
CURRENT FINANCIAL LIABILITIES	**571,116**	**-100,319**	**4,962**	**-8,405**	**467,354**
Current financial debts	**558,167**	**-100,319**	**4,962**	**0**	**462,810**
Commercial paper - floating rate	386,500	25,000			411,500
Bonds	50,000	-50,000			
Banks	121,645	-75,320	4,962		51,287
Other	22	1			23
Other current financial liabilities	**12,949**	**0**	**0**	**-8,405**	**4,544**
Derivative instruments	12,949			-8,405	4,544
TOTAL	**1,591,690**	**41 070**	**4,962**	**-14,033**	**1,623,689**

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

After initial recognition, financial instruments (derivative instruments, convertible bonds) 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.

Changes in the fair value of the convertible bonds

(x 1,000 EUR)	2017		2016	
	AT 01.01	**212,963**	**AT 15.09**	**219,321**
Residual change in fair value attributable to changes in credit risk of the instrument recognised during the financial year		4,551		-7,195
Change in the fair value attributable to changes in market conditions generating a market risk (interest rate, share prices) during the financial year		-3,275		837
	AT 31.12	**214,239**	**AT 31.12**	**212,963**

In September 2016, Cofinimmo repurchased convertible bonds issued in 2013 and at the same time issued new convertible bonds maturing in 2021, which lead to the cancellation of the bonds (convertible bonds

2018) and the recognition of new bonds (convertible bonds 2021).

At 31.12.2017, the convertible bond maturing in 2021 has a total fair value of 214,238,687 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' 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' 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 obained 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.

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). A part of the funds are borrowed at a floating rate.

Breakdown of borrowings (non-currents and currents) at floating rate and at fixed rate (calculated on their nominal values)

(x 1,000 EUR)	2017	2016
At floating rate	827,900	782,500
At fixed rate	742,480	742,882
TOTAL	**1,570,380**	1,525,382

In accordance with its hedging policy, the Group hedges at least 50 % 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.

Cofinimmo took advantage of the low interest rates in 2017 to increase the hedge of its floating rate debt until 2025. The hedging period of minimum five years was chosen to offset the negative effect this time lag would have on the net income and and to forestall the adverse impact o any rise in short-term interest rates, increasing interest charges and a rise of inflation having as consequence an increase of the indexed rental contracts. Finally, a rise in real interest rates would probably be accompanied or rapidly followed by a recovery 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. In accordance with IAS 39, this is applicable if an efficiency test is performed and a documentation is establised to support the 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 interest rates on the net result from core activities. A change in interest rate will impact the non-hedged part of the floating debt through an increase or a decrease of interest charges. A change in interest rate will have as additional consequence a change of the IRS fair value, which will be booked 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)	2017		2016	
Change	Income statement	Equity	Income statement	Equity
+1 %	-0.23	0.00	-1.12	0.00
-1 %	0.15	0.00	1.06	0.00

The table above shows that an interest rate increase of 1 % generates a loss of 0.23 million EUR, while a 1 % decline of interest rate leads to a gain of 0.15 million EUR. The equity is not directly affected by the change of interest rate.

The difference between 2016 and 2017 can be explained by the actual low interest rate environment.

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 31.12.2017, the risk is considered unlikely. (**For more information, see chapter 'Cofinimmo on the stock market' of this Annual Financial Report.**)

CURRENCY RISK

The Group negotiate 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[1].

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)	2017	2016
Between one and two years	256,157	246,518
Between two and five years	667,002	581,641
Beyond five years	294,956	365,454
TOTAL	**1,218,115**	1,193,614

1 On 15.02.2018, Cofinimmo has cancelled these two call options on this foreign currency against euro (**see chapter 'Events after 31.12.2017' of this Annual Financial Report.**).

Non-current undrawn borrowing facilities

(x 1,000 EUR)	**2017**	2016
Expiring within one year	0	0
Expiring after one year	849,600	1,060,000

COLLATERALISATION

The book value of the pledged financial assets stands at 54,517,699 EUR at 31.12.2017 (2016: 54,653,574 EUR). The terms and conditions of the pledged financial assets are detailed in Note 39. During 2017, 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 31.12.2017, 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. 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 Swap is 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 rate fixed at 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 31.12.2017, the change in fair value of these options are partially allocated in the income statement (- 109,827 EUR) and partially in sharerholders' equity (578,074 EUR). Cofinimmo has reviewed downwards the likelihood of the hedged risk, it has requalified in 2017 these cash flows hedging instruments as instruments held for trading[1].

1 On 15.02.2018, Cofinimmo has cancelled these two call options on this foreign currency against euro (**➜ see chapter 'Events after 31.12.2017' of this Annual Financial Report.)**.

FLOATING-RATE BORROWINGS AT 31.12.2017 HEDGED BY DERIVATIVE FINANCIAL INSTRUMENTS

The floating-rate debt (829 million EUR) is obtained by deducting from the total debt (1,576 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)	2017	2016
Financial debts	**1,575,700**	1,528,771
Convertible bonds	-214,239	-212,963
Bonds - fixed rate	-453,861	-503,690
Mandatory convertible bonds (minimum fixed coupon)	-3,139	-3,517
Fixed-rate borrowings	-58,159	-8,709
Commercial paper - floating rate	-10,000	-10,000
Other (accounts receivable, rental guarantees received)	-7,126	-7,247
Debts at floating rate covered by derivate financial instruments	**829,176**	782,644

As explained in the 'Financial resources management' chapter, Cofinimmo's financial policy consists in maintaining a debt ratio of approximately 45 % with partial hedging of its floating-rate debt with IRS.

At 31.12.2017, Cofinimmo had floating-rate debt in the notional amount of 829 million EUR. The amount was hedged against interest rate risk by IRS in the notional amount of 540 million EUR.

During 2017, Cofinimmo has completed its interest rates hedging for the period 2023-2025 for a notional amount of 200 million EUR, bringing the total amount hedged for this period to 400 million EUR.

The restructuring of the FLOORS, which took place in 2015, resulted in a total cost of 32.1 million EUR. At 31.12.2017, a balance of 11.3 million EUR was entered in the section 'Impact of the recycling on the income statement of hedging instruments which relationship with the hedged risk was terminated (**See Note 18**).

Cofinimmo expects its portfolio to be partially financed by debt from 2018 to 2025. As a result, the Company will have an ongoing interest payment, which is the item hedged with the derivative financial instruments held for transaction purposes described above. At 31.12.2017 Cofinimmo had debt of 1,576 million EUR. Based on projections, the debt will be 1,648 million EUR at 31.12.2018, 1,708 million EUR at the end of 2019 and 1,663 million EUR at the end of 2020.

Interest rate derivative financial instruments

Period covered by the IRS	Active / Forward	Option	Exercise price	Floating Rate	2017 notional	2016 notional	First option
(x 1,000 EUR)							
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	0.68 %	1M	510,000	510,000	
2018-2019	Forward	IRS	1.46 %	1M	650,000	650,000	
2020	Forward	IRS	0.86 %	1M	350,000	350,000	
2020	Forward	IRS	2.64 %	1M	300,000	300,000	
2021	Forward	IRS	1.00 %	1M	150,000	150,000	
2021-2022	Forward	IRS	1.88 %	1M	500,000	500,000	
2022	Forward	IRS	1.31 %	1M	150,000	150,000	
2023	Forward	IRS	0.94 %	1M	400,000	200,000	
2024	Forward	IRS	1.06 %	1M	400,000	200,000	
2025	Forward	IRS	1.17 %	1M	400,000	200,000	

Obligation of liquidity at maturity, related to derivative financial instruments

(x 1,000 EUR)	2017	2016
Between one and two years	-21,606	-20,053
Between two and five years	-22,503	-29,666
Beyond five years	6,553	-5,776
TOTAL	**-37,556**	-55,495

These tables represent the net positions of assets and liabilities of derivative financial instruments.

Offsetting financial assets and financial liabilities

(x 1,000 EUR)						31.12.2017
	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	871		871	871		0
TOTAL	**871**	**0**	**871**	**871**	**0**	**0**

(x 1,000 EUR)						31.12.2017
	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	46,979		46,979	871		46,108
FOREX	1,010		1,010			1,010
TOTAL	**47,989**	**0**	**47,989**	**871**	**0**	**47,118**

Offsetting financial assets and financial liabilities

(x 1,000 EUR)						31.12.2016
	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	758		758	758		0
TOTAL	758	0	758	758	0	0

(x 1,000 EUR)						31.12.2016
	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 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

Summary of derivative financial instruments active at 31.12.2017

(x 1,000 EUR)							31.12.2017
Option	Period	Exercise price	Floating rate	2017 notional	2016 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

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 31.03.2017, 30.06.2017 and 30.09.2017, the debt ratio reached respectively 42.77 %, 45.00 % and 44.43 %, remaining below 50 %. On 31.12.2017, the debt ratio stood at 43.83 %.

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 refurbishment works to certain tenants. The average implicit yield of these finance lease contracts amounts to 5.15 % for 2017 (2016: 6.22 %). During the financial year 2017, conditional rents (indexations) were recorded as revenues of the period for 0.03 million EUR (2016: 0.06 million EUR).

(x 1,000 EUR)	2017	2016
Less than one year	4,393	4,771
More than one year but less than five years	17,551	17,958
More than five years	178,234	192,202
Minimum lease payments	**200,178**	214,931
Deferred financial income	-113,204	-137,418
Discounted value of minimum lease payments	**86,974**	77,514
Non-current finance lease receivables[1]	85,148	75,718
More than one year but less than five years	27,658	24,501
More than five years	57,490	51,217
Current finance lease receivables	1,826	1,795
Less than one year	1,826	1,795

NOTE 26. ASSETS HELD FOR SALE

(x 1,000 EUR)	2017	2016
AT 01.01	**2,695**	2,870
Disposals		-65
Increase/decrease of the fair value	-1,200	-110
Transfer to investment properties	-695	
AT 31.12	**800**	2,695

All the assets held for sale are investment properties.

NOTE 27. CURRENT TRADE RECEIVABLES

Gross trade receivables[2]

(x 1,000 EUR)	2017	2016
Gross trade receivables which are due but not provisioned	4,804	9,246
Gross trade receivables which are not due	18,866	16,772
Bad and doubtful receivables	632	598
Provisions for the impairment of receivables (-)	-604	-974
TOTAL	**23,698**	25,642

The Group has recognised a writedown on trade receivables of 106 KEUR (2016: 261 KEUR) during the year ended 31.12.2017. The Board of Directors considers that the book value of the trade receivables approximates their fair value.

1 ➔ The credit risk is detailed in the 'Risk factors' chapter of this Annual Financial Report.

2 The increase with respect to 2016, is explained by the reclassification in 2017 of a 10,498 KEUR financial provision to the liabilities, preliminarily booked at the credit of this item.

Gross trade receivables which are due but not provisioned

(x 1,000 EUR)	2017	2016
Due under 60 days ago	3,641	5,419
Due 60 to 90 days ago	4	208
Due over 90 days ago	1,159	3,619
TOTAL	**4,804**	9,246

Provisions for doubtful debts

(x 1,000 EUR)	2017	2016
AT 01.01	**974**	1,445
Use	-476	-209
Provisions charged to the income statement	106	-261
AT 31.12	**604**	974

NOTE 28. TAX RECEIVABLES AND OTHER CURRENT ASSETS

(x 1,000 EUR)	2017	2016
Taxes	**15,674**	**15,406**
Taxes	3,525	2,568
Regional taxes	2,507	3,182
Withholding taxes	9,642	9,656
Other	**4,243**	**5,040**
TOTAL	**19,917**	20,446

NOTE 29. DEFERRED CHARGES AND ACCRUED INCOME

(x 1,000 EUR)	2017	2016
Rent-free periods and incentives granted to tenants to be spread	2,263	1,520
Prepaid property charges	20,401	18,964
Prepaid interests and other financial charges	2,129	1,768
TOTAL	**24,793**	22,252

NOTE 30. PROVISIONS

(x 1,000 EUR)	2017	2016
AT 01.01	**16,890**	17,636
Provisions charged to the income statement	628	947
Uses	-794	-913
Provision writebacks credited to the income statement	-1,336	-780
Transfer	10,498	
AT 31.12	**25,886**	16,890

The provisions of the Group (25,886 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 22,635 KEUR (2016: 13,134 KEUR). In 2017, a provision of 10,498 KEUR, preliminarily booked at the credit of the item 'Non-current finance lease receivables' has been reclassified in the balance sheet liabilities.
- legal provisions to face its potential commitments vis-à-vis tenants or third parties for 3,251 KEUR (2016: 3,756 KEUR).

These provisions correspond to the discounted future payments considered as likely by the Board of Directors.

NOTE 31. DEFERRED TAXES

(x 1,000 EUR)	2017	2016
Exit Tax	**200**	**1,387**
Deferred taxes Pubstone Properties	29,672	29,915
Deferred taxes Cofinimmo SA, French branch	7,180	3,849
Deferred taxes Cofinimmo Luxembourg	232	173
Deferred taxes Kaizerstone	683	497
Deferred taxes Superstone	442	
Deferred taxes Aspria Maschsee	797	556
Deferred taxes Aspria Uhlenhorst	1,073	826
Deferred taxes Gestone	55	
Deferred taxes Gestone II	18	
Deferred taxes	**40,152**	**35,816**
TOTAL	**40,352**	37,203

The deferred taxes of the Dutch subsidiary Pubstone Properties BV as well as the subsidiary having at least one asset in Germany correspond to the taxation, at a rate of respectively 25 % and 15.825 %, 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 ('Withholding tax on benefits realised in France by foreign entities, i.e. 'branch tax'.) A provision for deferred taxes had to be established.

An amount of 448 KEUR of deferred taxes, mainly for the subsidiary Gestone II, has been booked on the asset side of the balance sheet as at 31.12.2017.

NOTE 32. TRADE DEBTS AND OTHER CURRENT DEBTS

(x 1,000 EUR)	2017	2016
Trade debts	**27,491**	24,145
Other current debts	**53,871**	48,135
Taxes, social charges and salaries debts	**36,212**	**32,312**
Taxes	33,456	29,978
Social charges	1,018	879
Salaries debts	1,738	1,455
Other	**17,659**	**15,823**
Dividend coupons	1,792	1,297
Provisions for withholding taxes and other taxes	11,159	9,880
Miscellaneous	4,708	4,646
TOTAL	**81,362**	72,280

NOTE 33. ACCRUED CHARGES AND DEFERRED INCOME

(x 1,000 EUR)	2017	2016
Rental income received in advance	11,778	10,854
Interests and other charges accrued and not due	12,402	12,773
Other	389	132
TOTAL	**24,569**	23,759

NOTE 34. NON-CASH CHARGES AND INCOME

(x 1,000 EUR)	2017	2016
Charges and income related to operating activities	**-2,259**	**-6,068**
Changes in the fair value of investment properties	-10,260	-11,626
Writeback of lease payments sold and discounted	-12,473	-11,265
Movements in provisions and stock options	-1,429	-696
Depreciation/Writedown (or writeback) on intangible and tangible assets	547	425
Exit tax	69	-1,182
Deferred taxes	3,384	1,806
Goodwill impairment	14,100	12,000
Rent-free periods	-742	-48
Minority interests	4,559	4,842
Other	-14	-324
Charges and income related to financing activities	**-4,238**	**36,209**
Changes in the fair value of financial assets and liabilities	-2,965	37,586
Other	-1,273	-1,377
TOTAL	**-6,497**	30,141

NOTE 35. CHANGES IN WORKING CAPITAL REQUIREMENTS

(x 1,000 EUR)	2017	2016
Movements in asset items	**-204**	**-7,553**
Trade receivables	1,944	-5,573
Tax receivables	-956	-551
Other short-term assets	115	-2,501
Deferred charges and accrued income	-1,307	1,072
Movements in liability items	**3,029**	**-863**
Trade debts	-2,792	-2,124
Taxes, social charges and salaries debts	3,612	8,353
Other current debts	2,081	1,283
Accrued charges and deferred income	128	-8,375
TOTAL	**2,825**	-8,416

NOTE 36. 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 2017 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	208	133	20,268	31,210	8			51,827
	Properties against shares								
	Companies against cash			9,000					9,000
	Subtotal	**208**	**133**	**29,268**	**31,210**	**8**			**60,827**
Development projects	Direct properties	-1		487			142		628
	Properties against shares								
	Companies against cash								
	Subtotal	**-1**		**487**			**142**		**628**
TOTAL		**207**	**133**	**29,755**	**31,210**	**8**	**142**		**61,455**

The sum of 52,455 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	16,886	2,757	4,213		33,050	1,441		58,347
TOTAL	**16,886**	**2,757**	**4,213**		**33,050**	**1,441**		**58,347**
Amount paid in cash	12,198	2,749	5,358		29,245	699		50,249
Change in provisions	4,688	8	-1,145		3,805	742		8,098
TOTAL	**16,886**	**2,757**	**4,213**		**33,050**	**1,441**		**58,347**

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	579	1	2,665	5	9,940	3,696		16,886
Assets held for own use					- 6			- 6
TOTAL	**579**	**1**	**2,665**	**5**	**9,934**	**3,696**		**16,880**
Amount paid in cash	310	20	3,238		10,794	4,183		18,545
Change in provisions	269	- 19	- 573	5	- 860	- 487		-1,665
TOTAL	**579**	**1**	**2,665**	**5**	**9,934**	**3,696**		**16,880**

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 31.12.2016 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			10,870			5,622		16,493
Result on the disposal of assets			-365			1,242		877
Net sales price received			10,506			6,864		17,370
Development projects								
Net book value	56				49		1,369	1,474
Result on the disposal of assets	-16				151		430	565
Net sales price received	40				200		1,799	2,039
TOTAL	**40**		**10,506**		**200**	**6,864**	**1,799**	**19,409**

NOTE 37. 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 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 Bestone SA have been pledged in favour of a bank under certain conditions.
- As a part of the assignment of long lease fees relating to current agreements with the Buildings Agency (Belgian Federal State) on the Egmont I and Egmont II, the shares of Bolivar Properties SA/NV have been pledged in favour of a bank under certain conditions[1].
- 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.

1 In the meantime, a leasehold agreement relating to Egmont I and Egmont II office buildings has been signed (➔ **see chapter 'Events after 31.12.2017'**)

- 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 holder, 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 and Pubstone Properties 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 Amphia, 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.

NOTE 38. INVESTMENT COMMITMENTS

The Group has capital commitments of 24,006 KEUR (31.12.2016: 24,415 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 39. 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	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries which are held at 100 %
	31.12.2017	31.12.2016	
BELLIARD III-IV PROPERTIES SA/NV Boulevard de la Woluwe/Woluwedal 58, 1200 Brussels	100	100	Belliard III-IV Propereties SA/NV holds the residual rights of the property Belliard III-IV, charged with a long-lease right (emphytéose/erfpacht).
BESTONE SA/NV Boulevard de la Woluwe/Woluwedal 58, 1200 Brussels	100	N/A	Bestone SA/NV holds: - 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 Maire 19 building in Tournai/Doornik; - temporary full ownership of the Noorderlaan 69 building; - a long-lease right (emphytéose/erfpacht) on the Colonel Bourg 124 building;
BOLIVAR PROPERTIES SA/NV Boulevard de la Woluwe/Woluwedal 58, 1200 Brussels	100	100	Bolivar Properties SA/NV holds a long-lease right (emphytéose/erfpacht) Egmont I and II[1] office buildings.

1 In the meantime, a leasehold agreement relating to Egmont I and Egmont II office buildings has been signed (➜ **see chapter 'Events after 31.12.2017')**

Name and addresses of the registered office Fully consolidated subsidiaries	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries which are held at 100 %
	31.12.2017	31.12.2016	
COFINIMMO INVESTISSEMENTS ET SERVICES SA Rue du Docteur Lancereaux 13 75008 Paris (France)	100	100	Cofinimmo Investissements et Services SA owns, directly or indirectly, 38 healthcare assets in France: - 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 du 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; - 5 psychiatric clinics: Champgault in Esvres-sur-Indre, Domaine de Vontes in Esvres-sur-Indre, Haut Cluzeau in Chasseneuil, Horizon 33 in Cambes and Pays de Seine in Bois-le-Roi; - 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 AC Napoli Rue du Docteur Lancereaux 13 75008 Paris (France)	100	100	
SCI Beaulieu Rue du Docteur Lancereaux 13 75008 Paris (France)	100	100	
SCI Chamtou Rue du Docteur Lancereaux 13 75008 Paris (France)	100	100	
SCI Cuxac II Rue du Docteur Lancereaux 13 75008 Paris (France)	100	100	
SCI de l'Orbieu Rue du Docteur Lancereaux 13 75008 Paris (France)	100	100	
SCI du Donjon Rue du Docteur Lancereaux 13 75008 Paris (France)	100	100	
SNC du Haut Cluzeau Rue du Docteur Lancereaux 13 75008 Paris (France)	100	100	
SARL Hypocrate de la Salette Rue du Docteur Lancereaux 13 75008 Paris (France)	100	100	
SCI La Nouvelle Pinède Rue du Docteur Lancereaux 13 75008 Paris (France)	100	100	
SCI Privatel Investissement Rue du Docteur Lancereaux 13 75008 Paris (France)	100	100	
SCI Résidence Frontenac Rue du Docteur Lancereaux 13 75008 Paris (France)	100	100	
SCI Sociblanc Rue du Docteur Lancereaux 13 75008 Paris (France)	100	100	
COFINIMMO LUXEMBOURG SA Boulevard Grande-Duchesse Charlotte 65 1331 Luxembourg (Luxembourg)	100	100	Cofinimmo Luxembourg SA holds a clinic in Baden-Baden in Germany.
COFINIMMO SERVICES SA/NV Boulevard de la Woluwe/Woluwedal 58, 1200 Brussels	100	100	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	100	100	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/Bergen region.
GESTONE SA/NV Boulevard de la Woluwe/Woluwedal 58, 1200 Brussels	100	100	Gestone SA/NV holds two nursing and care homes in Germany, one in Calau, one in Chemnitz.
GESTONE II SA/NV Boulevard de la Woluwe/Woluwedal 58, 1200 Brussels	100	N/A	Gestone II SA/NV holds three nursing and care homes in Germany, one in Lüneburg, on ine Gelsenkirchen and one in Neustadt.
KAISERSTONE SA Rue Eugène Ruppert 6 2453 Luxembourg (Luxembourg)	100	100	KaiserStone holds a clinic in Bonn, Germany.

Name and addresses of the registered office Fully consolidated subsidiaries	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries which are held at 100 %
	31.12.2017	31.12.2016	
LEOPOLD SQUARE SA/NV Boulevard de la Woluwe/Woluwedal 58, 1200 Brussels	100	100	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	100	100	Prime Bel Rue de la Loi - T SPRL/BVBA holds the Loi/Wet 34 office.
SUPERSTONE NV Claudius Prinsenlaan 128 4818 CP Breda (Netherlands)	100	100	Superstone NV holds eight acute care clinics, 10 care center for disabled and elderly people and 11 medical office buildings in the Netherlands. It has the status of 'Fiscale BeleggingsInstelling'.
TRIAS BEL SOUVERAIN-T SPRL/BVBA Boulevard de la Woluwe/Woluwedal 58, 1200 Brussels	100	100	Trias Bel Souverain - T SPRL/BVBA holds the Souverain/Vorst 280 office building.
WELLNESSTONE SA Rue Eugène Ruppert 6 2453 Luxembourg (Luxembourg)	100	100	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)

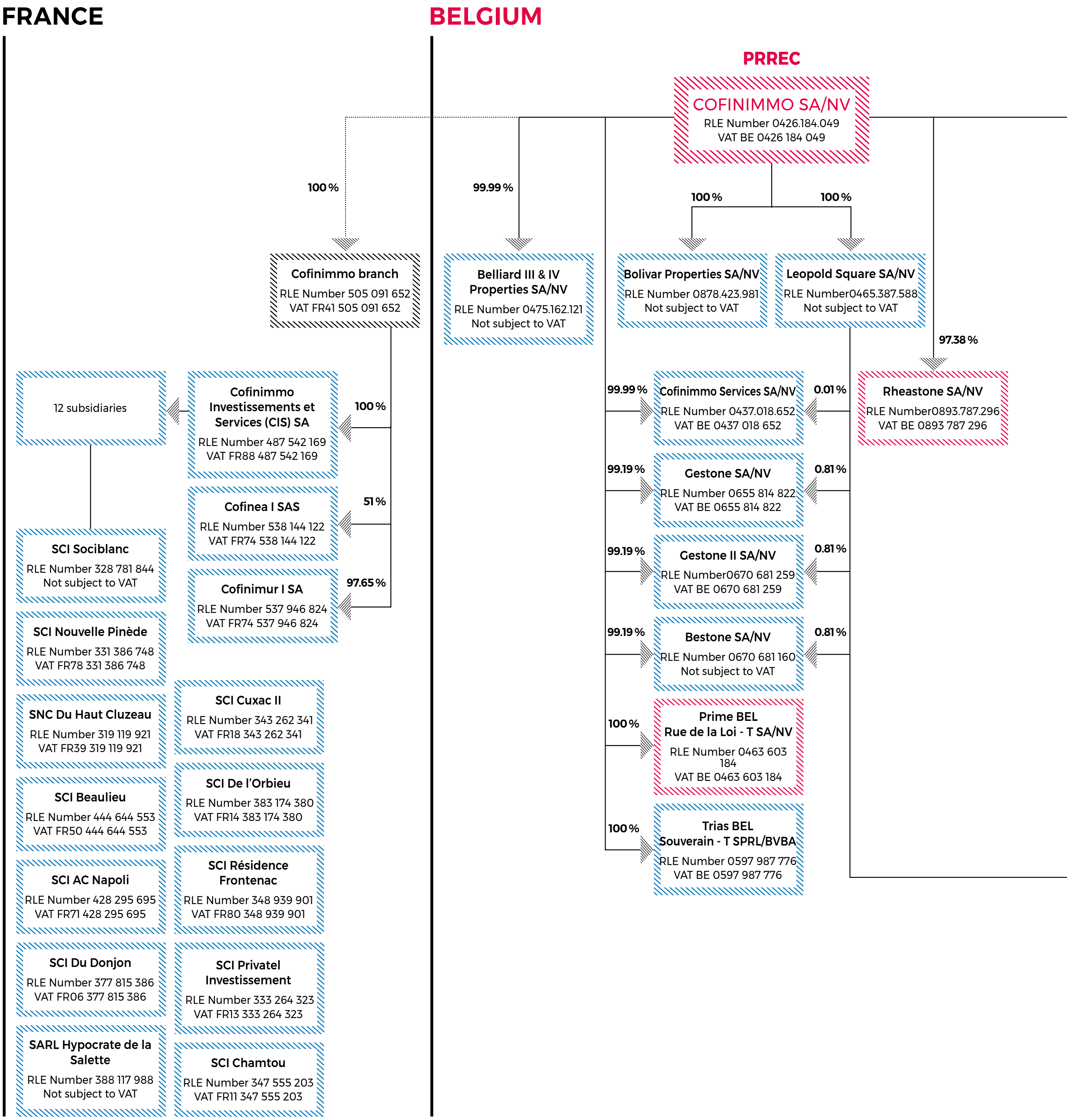
Name and addresses of the registered office Fully consolidated subsidiaries	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries which are not held at 100 %
	31.12.2017	31.12.2016	
ASPRIA MASCHSEE BV Claudius Prinsenlaan 128 4818 CP Breda (Netherlands)	94.9	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)	94.9	94.9	Aspria Uhlenhorst BV holds one sport and well-being centre located in Hamburg, Germany.
COFINIMUR I SA Rue du Docteur Lancereaux 13 75008 Paris (France)	97.65	97.65	Cofinimur I SA has a portfolio of 276 sites (branches and offices), located in France and used by the MAAF Group.
PUBSTONE GROUP SA/NV Boulevard de la Woluwe/Woluwedal 58, 1200 Brussels	90	90	Pubstone Group SA/NV holds a controlling interest in the company Pubstone SA/NV.
PUBSTONE SA/NV Boulevard de la Woluwe/Woluwedal 58, 1200 Brussels	99.99	99.99	Pubstone SA/NV owns 752 pubs/restaurants in Belgium.
PUBSTONE PROPERTIES BV Claudius Prinsenlaan 128 4818 CP Breda (Netherlands)	90[1]	90[1]	Pubstone Properties BV owns 232 pubs/restaurants in the Netherlands.
RHEASTONE SA/NV Boulevard de la Woluwe/Woluwedal 58, 1200 Brussels	97.38	97.38	Rheastone SA/NV owns four nursing homes.

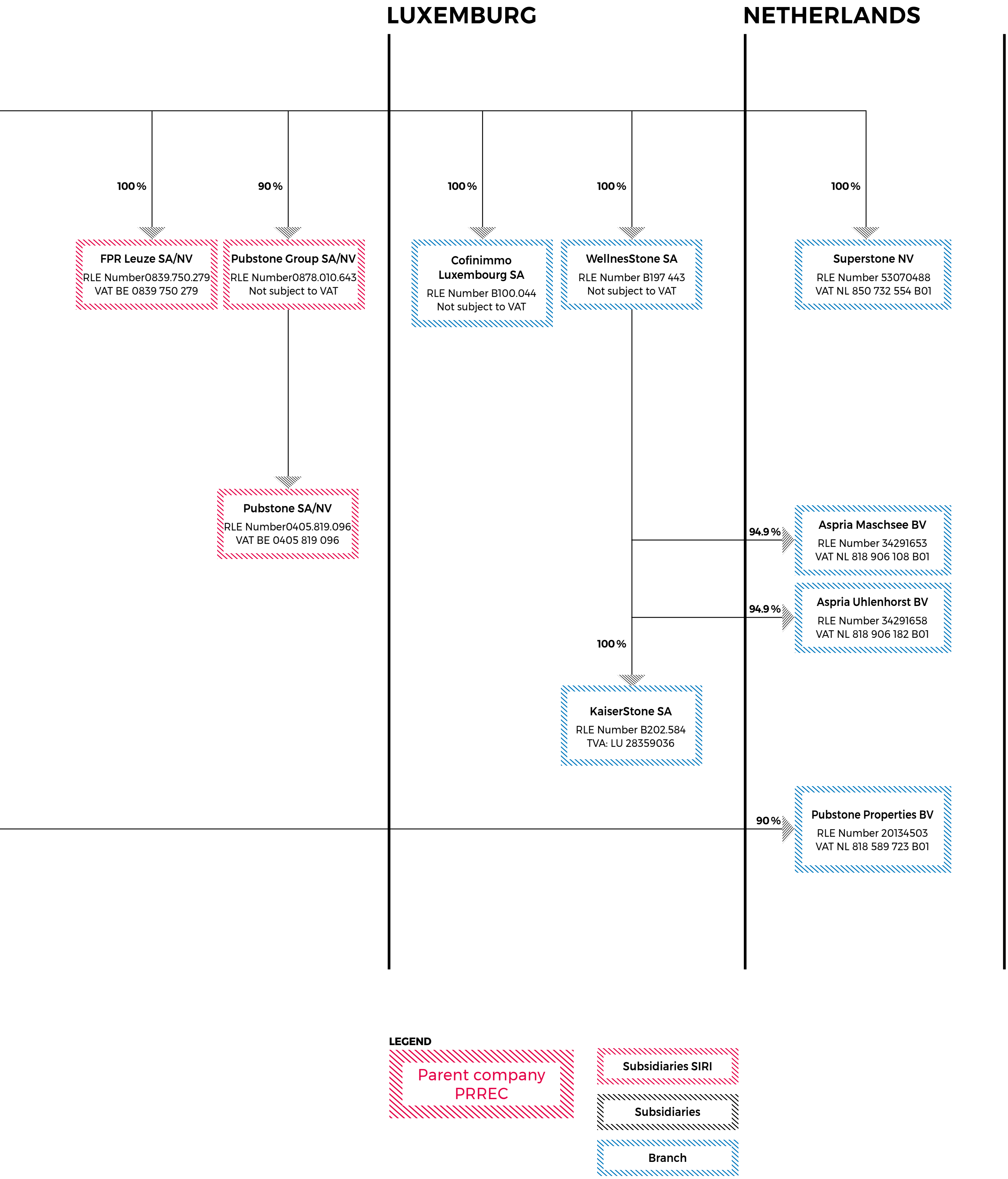
1 Economical Interest.

Joint ventures

Name and addresses of the registered office Fully consolidated subsidiaries	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries which are not held at 100 %
	31.12.2017	31.12.2016	
COFINEA I SAS Rue du Docteur Lancereaux 13 75008 Paris (France)	51	51	Cofinea I SAS 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.

GROUP STRUCTURE




LUXEMBURG
NETHERLANDS
100 %
90 %
100 %
100 %
100 %
FPR Leuze SA/NV
RLE Number0839.750.279
VAT BE 0839 750 279
Pubstone Group SA/NV
RLE Number0878.010.643
Not subject to VAT
Cofinimmo Luxembourg SA
RLE Number B100.044
Not subject to VAT
WellnesStone SA
RLE Number B197 443
Not subject to VAT
Superstone NV
RLE Number 53070488
VAT NL 850 732 554 B01
Pubstone SA/NV
RLE Number0405.819.096
VAT BE 0405 819 096
94.9 %
Aspria Maschsee BV
RLE Number 34291653
VAT NL 818 906 108 B01
94.9 %
Aspria Uhlenhorst BV
RLE Number 34291658
VAT NL 818 906 182 B01
100 %
KaiserStone SA
RLE Number B202.584
TVA: LU 28359036
90 %
Pubstone Properties BV
RLE Number 20134503
VAT NL 818 589 723 B01
LEGEND
Parent company PRREC
Subsidiaries SIRI
Subsidiaries
Branch

NON-CONTROLLING INTERESTS[1]

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 31.12.2017, InBev Belgium owns an indirect stake of 10 % in the Pubstone structure.

In addition, following the restructuration 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 31.12.2017, the minority interests amount to 83 million EUR vs. Cofinimmo's shareholders' equity of 1,986 million EUR, i.e. 4.2 %).

1 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	Rheastone	Aspria Maschsee	Aspria Uhlenhorst	Total
	ATLAND	MCB holders	InBev	Senior Assist	Aspria	Aspria	
AT 01.01.2016	**1,324**	**49,146**	**11,761**	**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		-350	-21			-403
Other		328		5			333
AT 31.12.2016	**1,365**	**49,693**	**12,940**	**1,466**	**666**	**406**	**66,536**
Interests on the income statement	68	3,075	1,115	86	121	94	4,559
Coupons MCB		-2,496					-2,496
Dividends	-19		-1,000	-58			-1,077
Other		15,758[1]					15,758
AT 31.12.2017	**1,414**	**66,030**	**13,055**	**1,494**	**787**	**500**	**83,280**

Joint ventures

At 31.12.2017, 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 31st
	31.12.2017
Amount of the Cofinimmo share in the result (x 1,000 EUR)	
Net result of core activities (at 100 %)	2,362
Other elements of the global result	154
Global result	2,516
% held by the Cofinimmo Group	51 %
Share in the result of associated companies or joint ventures	1,283
Amount of the interest at Cofinimmo (x 1,000 EUR)	
Participations in associated companies and joint ventures	7,290

1 It mainly concerns the alignment of the valuation method of the Mandatory Convertible Bonds (MCBs) issued by Cofinimur I with that of the other minority interests of the Group. Until 2016, the fair value of the MCBs was estimated at their historical value. In 2017, this position was reviewed: the fair value of the MCBs is now estimated at their market value.

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 40. 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 until 2016 included. In 2017, the stock option plan has not been proposed.

When they are exercised, the beneficiaries will pay the exercise price (per share) of the year in which the stock options were granted, 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.

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	6,825	7,525	3,000	3,320	4,095	8,035	5,740	7,215	6,730	7,300	8,000
Granted											
Cancelled	-1,600	-1,600		-500	-1,067	-1,386	-250	-695	-2,125	-2,050	-2,350
Exercised				-770	-1,428	-3,319	-3,770	-4,895	-880	-625	-2,300
Expired											
AT 31.12	5,225	5,925	3,000	2,050	1,600	3,330	1,720	1,625	3,725	4,625	3,350
Exercisable at 31.12			3,000	2,050	1,600	3,330	1,720	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	12.06.22	13.06.21
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

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 41. AVERAGE NUMBER OF PEOPLE LINKED BY AN EMPLOYMENT CONTRACT OR BY A PERMANENT SERVICE CONTRACT

	2017	2016
Average number of people linked by an employment contract or by a permanent service contract	135	127
Employees	131	123
Executive management personnel	4	4
Full-time equivalent	**129**	121

NOTE 42. 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 2,177,005 EUR of which 571,261 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 2017 with the ORPEA Group.
(➔ **For more details, see Note 39).**

There were no other transactions with other related parties.

NOTE 43. EVENTS AFTER 31.12.2017

Extension of the commercial paper programme

In January 2018, Cofinimmo has extended its commercial paper programme from 500 million EUR to 650 million EUR.

Cofinimmo grants a 99-year leasehold on the Egmont I & II office buildings in Brussels

On the 13.02.2018, Cofinimmo and EGMONT LUXEMBURG SARL, a company under Luxemburg law, signed a private agreement by which the latter is granted, under certain conditions in line with market practices, a 99-year leasehold on the Egmont I and II office buildings, located in Brussels. This will result in the payment to Cofinimmo of a first fee of 369.54 million EUR. EGMONT LUXEMBURG SARL is an investment vehicle set up by a South Korean financial institution

The Egmont I (36,616 m²) and Egmont II (16,262 m²) office buildings, located in Brussels' Central Business District, were built in 1997 and in 2006 respectively to house the Belgian Ministry of Foreign Affairs, Foreign Trade and Cooperation Development. Cofinimmo acquired the Egmont I building in 2004 and built the Egmont II building in 2005-2006 for a total investment of 225.8 million EUR. It signed a lease with the Buildings Agency (Belgian Federal State) for the letting of the entire office complex, maturing on 31.05.2031. In 2009, it sold 96 % of the future rents from the lease with the Buildings Agency to BNP Paribas Fortis (then named Fortis Banque/Bank).

On the 13.02.2018, Cofinimmo bought back the future rents from the lease with the Buildings Agency that it had sold to BNP Paribas Fortis in 2009. It then signed an agreement with EGMONT LUXEMBURG SARL regarding the granting of a 99-year leasehold right on the Egmont I and II buildings. The leasehold is granted in exchange of the payment to Cofinimmo at the signature of the deed of a first fee of 369.54 million EUR, excluding registration rights, a figure above the fair value of the assets on Cofinimmo's balance sheet at 31.12.2017, plus the price paid to buy back the lease receivables. A 20,000 EUR annual acknowledgment fee will also be paid by the lessee to Cofinimmo during the entire duration of the leasehold. Cofinimmo retains a residual interest on the buildings on its balance sheet.

Subject to the agreement of South Korean administrative authorities on the transfer of funds, the signature of the authentic leasehold deed and the payment of the first fee should take place at the end of March 2018. Failing this, Cofinimmo would receive an important indemnity.

The signing of the leasehold will enable Cofinimmo to reduce the rental risk at the end of the lease as well as coming one-step closer to its goal to see the share of healthcare real estate in its global portfolio increase to 50 % by the end of 2019. Taking these elements into account and barring any major events, Cofinimmo foresees a net result from core activities – Group share of 6.56 EUR/share, a current cash flow of 5.97 EUR/share and a gross dividend of 5.50 EUR/ordinary share for the financial year 2018.

Cancellation of two call options of a foreign currency against euros

On 15.02.2018, Cofinimmo cancelled the two call options of a foreign currency against euros it incurred in 2016. Cofinimmo took advantage of the actual favorable market conditions to cancel these options. The premiums relating to the latter have been booked as charges during the 2016 and 2017 financial years. These cancellations will lead to a positive impact on the 2018 consolidated income statement.

Conclusion of a new credit line

In February 2018, Cofinimmo has concluded a new credit line for an amount of 120 million EUR for eight years.

Dividend

The amount of the dividend proposed to shareholders at the Ordinary General Meeting of 09.05.2018 is 113,438,649.50 EUR for the ordinary shares and 4,353,820.41 EUR for the preference shares.

(➔ **For more details, see page 152)**.

No other major event took place between 31.12.2017 and the time of writing this Annual Financial Report.

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Statutory auditor's report to the shareholders' meeting for the year ended 31 December 2017

(Consolidated financial statements)

In the context of the audit of the consolidated financial statements of Cofinimmo SA ("the company") and its subsidiaries (jointly "the Group"), we hereby submit our statutory audit report to you. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These reports are one and indivisible.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 10 May 2017 in accordance with the proposal of the board of directors issued upon recommendation of the Audit Committee. Our mandate will expire on the date of the shareholders' meeting approving the consolidated financial statements for the year ending 31 December 2019. We have performed the statutory audit of the consolidated financial statements of Cofinimmo SA for at least 20 consecutive periods.

Report on the audit of the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 3 782 582 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 137 362 (000) EUR.

In our opinion, the consolidated financial statements of Cofinimmo SA give a true and fair view of the Group's net equity and financial position as of 31 December 2017 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit adresssed the key audit matters?
Valuation of investment properties • Investment properties measured at fair value (EUR 3 508 million) represent 93 per cent of the consolidated balance sheet total as at 31 December 2017. Changes in the fair values of the investment properties have a significant impact on the consolidated net result for the period and equity. • The portfolio includes completed investments and properties under construction and acquisitions. Divestments of investment properties are individually significant transactions. • The Group uses professionally qualified external valuers to fair value the Group's portfolio at three -monthly intervals. The valuers are engaged by the Directors and performed their work in accordance with the Royal Institute of Chartered Surveyors ('RICS') Valuation – Professional Standards. The valuers used by the Group have considerable experience in the markets in which the Group operates. • The portfolio is valued by the investment method of valuation, with development properties valued by the same methodology with a deduction for all costs necessary to complete the development together with a remaining allowance for risk. The key inputs into the valuation exercise are yields and current market rent, which are influenced by prevailing market forces, comparable transactions and the specific characteristics of each property in the portfolio. • Therefore, the audit risk appears in the assumptions and critical judgment linked to those key inputs. **Reference to disclosures** • We refer to the Financial Statements, including notes to the Financial Statements: Note 2, Significant accounting policies; Note 21, Investment property.	• We considered the internal control implemented by management and we carried out testing related to the design and implementation of controls over investment properties. • We assessed the competence, independence and integrity of the external valuers. • We discussed and challenged the valuation process, performance of the portfolio and significant assumptions and critical judgement areas, including occupancy rates, yields and development milestones. • We benchmarked and challenged the key assumptions to external industry data and comparable property transactions, in particular the yield. • We performed audit procedures to assess the integrity and completeness of information provided to the independent valuers related to rental income, key rent contract characteristics and occupancy. • We agreed the amounts per the valuation reports with the accounting records and from there we agreed the related balances with the financial statements. • As part of our audit procedures performed on the acquisitions and divestments of properties we examined significant contracts and documentation on the accounting treatment applied to these transactions. • Furthermore, we assessed the appropriateness of the disclosures provided on the fair value of investment properties.

Valuation of derivative financial instruments

- The Group enters to derivative instruments that are recognised at fair value. The Group uses derivative contracts mainly to hedge interest rate risks.
- The Group has applied, until the end of the third quarter, cash flow hedge accounting for one specific transaction (hedge of currency risk). The financial instruments are considered as economical hedges.
- Fair value are carried out by the Group on a quarterly basis and are compared with the fair value as received from the counterparties.
- Proper disclosures of the use of derivative financial instruments are relevant to the reader of the financial statements.
- Derivative transactions can be complex in nature and their valuation can be affected by a large number of variables. The valuation also includes an assessment of the credit risk of the counterparty (credit value adjustment) as well as the credit risk of the Group (debt value adjustment).
- Therefore, the key audit matter appears on the one hand in the valuation of these derivatives and on the other hand in the application of hedge accounting.

Reference to disclosures

- We refer to the Financial Statements, including notes to the Financial Statements: Note 2, Significant accounting policies; Note 18, Change in fair value in financial assets and liabilities; Note 24, Financial Instruments.

- We assessed the appropriateness of the accounting treatment and valuation methods that apply to derivative financial instruments.
- We considered the internal control implement by management and we carried out testing related to the design and implementation of controls over derivatives financial instruments. This involves re-performing the controls over the input used in the valuation of the derivative contracts for a sample of contracts and testing, on a sample basis, the accuracy of the data used such as nominal amounts, duration, interest rates. This also includes the re-performance of the reconciliation controls in which the Group reconciles the valuations as performed by the counterparties with its own valuations performed.
- We have validated the completeness of the derivative financial instruments by obtaining confirmations from all banks with whom the Group has engaged in this type of transactions.
- We have reconciled the marked-to-market values as calculated by the Group to the financial statements and confirmed by the banks.
- We have engaged Deloitte's valuation experts to independently test the valuation of a sample of derivative financial instruments, based on their contract terms.
- We have engaged Deloitte's valuation experts to review the documentation and the hedge effectiveness testing related to the cash flow hedge.
- We have reviewed the documentation related to the economical hedges.
- Furthermore, we assessed the appropriateness of the disclosures provided on derivative financial instruments.

Responsibilities of the board of directors for the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, if a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes any public disclosure about the matter.

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Report on other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements and other matters disclosed in this report.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian (revised) standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements and other matters disclosed in the annual report, as well as to report on these matters.

Aspects regarding the directors' report on the consolidated financial statements and other matters disclosed in this report

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for the period ended 31 December 2017 and it has been established in accordance with the requirements of article 119 of the Companies Code.

In the context of our statutory audit of the consolidated financial statements we are responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements and other information disclosed in the directors' report on the consolidated financial statements, i.e.:

- the required components of the Cofinimmo SA annual report in accordance with Articles 96 and 119 of the Companies Code, which appear in the following chapters: Risk factors, Management report –Key figures, Management report – Consolidated accounts, Management report – Transactions and performances in 2017, Management report - Events after 31 December 2017, Management report – 2018 Outlook, Management report - Management of financial resources, Management report – Corporate governance statement and Annual accounts

is free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such a material misstatement. We do not express any kind of assurance on the annual report.

Statements regarding independence

- We did not perform any services that are incompatible with the statutory audit of the consolidated financial statements and remained independent from the company during the performance of our mandate.
- The fees for the non-audit services compatible with the statutory audit of the consolidated financial statements as defined in article 134 of the Companies Code have been properly disclosed and disaggregated in the disclosures to the consolidated financial statements.

Other statements

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Zaventem, 22 March 2018

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Rik Neckebroeck

COMPANY ACCOUNTS

GLOBAL RESULT (INCOME STATEMENT) (ABBREVIATED FORMAT)

(x 1,000 EUR)	2017	2016
A. NET RESULT		
Rental income	122,240	127,691
Writeback of lease payments sold and discounted	12,473	11,265
Rental-related expenses	-247	-260
Net rental income	**134,466**	**138,696**
Recovery of property charges	126	50
Recovery income of charges and taxes normally payable by the tenant on rented properties	17,277	17,186
Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	-3,635	-1,582
Charges and taxes normally payable by the tenant on rented properties	-19,930	-18,922
Property result	**128,304**	**135,428**
Technical costs	-3,213	-4,161
Commercial costs	-763	-1,014
Taxes and charges on unlet properties	-4,661	-4,038
Property management costs	-13,488	-12,257
Other property charges	-6	-3
Property charges	**-22,131**	**-21,473**
Property operating result	**106,174**	**113,955**
Corporate management costs	-5,781	-7,249
Operating result before result on the portfolio	**100,393**	**106,706**
Gains or losses on disposals of investment properties	565	1
Gains or losses on disposal of other non-financial assets	259	352
Changes in fair value of investment properties	17,833	-26,568
Other result on the portfolio	-1,372	-1,185
Result on the portfolio	**17,285**	**-27,400**
Operating result	**117,678**	**79,306**
Financial income	42,844	30,424
Net interest charges	-22,559	-24,957
Other financial charges	-843	-1,180
Changes in the fair value of financial assets and liabilities	-12,803	17,599
Financial result	**6,639**	**21,886**
Pre-tax result	**124,317**	**101,191**
Corporate tax	-3,261	-4,564
NET RESULT	**121,056**	96,627
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		
Impact of the recycling on the income statement of hedging instruments which relationship with the hedged risk was terminated	11,281	5,914
OTHER ELEMENTS OF THE GLOBAL RESULT	**11,281**	5,914
C. Global result	**132,337**	102,541

APPROPRIATIONS AND DEDUCTIONS

(x 1,000 EUR)	2017	2016
A. Net result	**121,056**	96,627
B. Transfer from/to reserves	**-2,851**	19,814
Transfer to the reserve of the positive balance of changes in the fair value of investment properties	**-20,975**	**-61,527**
Financial year	-20,125	-61,527
Previous years	-850	
Transfer to the reserve of the negative balance of changes in the fair value of investment properties	**8,378**	**25,064**
Financial year	8,357	25,061
Previous years	21	3
Transfer to the reserve of the estimated transaction costs and rights resulting from the hypothetical disposal of investment property	**2,292**	**1,507**
Transfer to the reserve of the balance of the changes in fair value of authorised hedging instruments qualifying for hedge accounting	**2,670**	**2,414**
Financial year	2,507	1,478
Previous years	163	936
Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments not qualifying for hedge accounting	**-8,330**	**-61,196**
Financial year	-8,330	-139
Previous years		-61,057
Transfer from/to other reserves	**-199**	**-231**
Transfer from the result carried forward of previous years	**13,313**	**113,783**
C. Remuneration of the capital	**-43,640**	-36,320
Remuneration of the capital provided for in Article 13, § 1, paragraph 1 of the Royal Decree of 13.07.2014	-43,640	-36,320
D. Remuneration for financial year other than capital remuneration	**-74,565**	-80,121
Dividends	-74,153	-79,701
Profit-sharing scheme	-412	-420
E. Result to be carried forward	**171,258**	183,406

STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET) (ABBREVIATED FORMAT)

(x 1,000 EUR)	2017	2016
Non-current assets	**3,478,828**	**3,449,573**
Intangible assets	820	743
Investment property	2,255,085	2,156,690
Other tangible assets	907	614
Non-current financial assets	1,145,899	1,226,437
Finance lease receivables	75,333	65,087
Other non-current receivables	782	
Trade receivables and other non-current assets	1	2
Current assets	**54,730**	**61,211**
Current financial assets		
Finance lease receivables	1,551	1,532
Trade receivables	15,725	16,159
Tax receivables and other current assets	13,819	14,483
Cash and cash equivalents	1,615	8,615
Accrued charges and deferred income	22,020	20,422
TOTAL ASSETS	**3,533,558**	3,510,784

Shareholders' equity	**1,903,159**	1,852,935
Capital	1,144,164	1,127,032
Share premium account	600,021	584,012
Reserves[1]	37,919	45,264
Net result for the financial year	121,056	96,627
Liabilities	**1,630,399**	1,657,849
Non-current liabilities	**1,084,340**	**1,023,829**
Provisions	25,861	16,865
Non-current financial debts	1,007,653	953,144
Banks	286,400	255,000
Other	721,253	698,144
Other non-current financial liabilities	50,826	53,820
Current liabilities	**546,059**	**634,020**
Current financial debts	462,115	557,511
Other current financial liabilities	1,151	3,407
Trade debts and other currect debts	62,198	53,336
Accrued chargers and deferred income	20,596	19,766
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,533,558**	3,510,784

1 The reserves include the heading 'Reserve for own shares' for an amount of 3,864 KEUR at 31.12.2017.

CALCULATION OF DEBT RATIO

(x 1,000 EUR)		2017	2016
Non-current financial debts		1,007,653	953,144
Other non-current financial liabilities (except hedging instruments)	+	201	152
Current financial debts	+	462,115	557,511
Trade debts and other current debts	+	62,198	53,336
Uncalled amounts of acquired securities	+	180	180
Total debt	=	**1,532,347**	**1,564,323**
Total assets		3,533,558	3,510,784
Hedging instruments	-	871	758
Total assets (except hedging instruments)		**3,532,687**	**3,510,026**
DEBT RATIO		**43.38 %**	44.57 %

OBLIGATION TO DISTRIBUTE DIVIDENDS ACCORDING TO THE ROYAL DECREE OF 13.07.2014 CONCERNING RRECS

(x 1,000 EUR)	2017	2016
Net result	**121,056**	**96,627**
Depreciation (+)	540	419
Impairments (+)	-36	-18
Writeback of impairments (-)		
Writeback of lease payments sold and discounted	-12,473	-11,265
Other non-cash elements (+/-)	-6,892	-6,483
Result on disposal of property assets (+/-)	-824	-353
Changes in fair value of investment properties (+/-)	-6,792	-33,439
Corrected result (A)	**94,579**	**45,487**
Capital gains and losses realised[1] on property assets during the financial year (+/-)	824	353
Realised gains[1] on property assets during the year, exempt from the obligation to distribute if reinvested within four years (-)	-885	-441
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)	**-61**	**-88**
TOTAL (A+B) x 80 %	**75,615**	36,320
Debt decrease (-)	-31,975	
Obligation to distribute dividends	**43,640**	36,320

1 In relation to the acquisition value, increased by the capitalised renovation costs.

NON-DISTRIBUTABLE EQUITY ACCORDING TO ARTICLE 617 OF THE COMPANY CODE

(x 1,000 EUR)	2017	2016
Total balance sheet	**3,533,561**	**3,510,784**
Provision	-25,861	-16,865
Liabilities	-1,604,538	-1,640,984
Net assets	**1,903,162**	**1,852,935**
Distribution of dividends and profit-sharing plan	-118,205	-116,441
Net assets after distribution	**1,784,957**	**1,736,494**
Paid-up capital or, if greater, subscribed capital	1,144,164	1,127,032
Share premium account unavailable for distribution according to the Articles of Association	600,021	584,012
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	-59,514	-57,259
Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge account	2,363	-6,826
Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting	2,404	-5,927
Reserve for own shares		
Other reserves declared non-distributable by the General Meeting	2,816	3,418
Legal reserve		
Non-distributable equity according to Article 617 of the Company Code	**1,692,253**	**1,644,451**
Margin remaining after distribution	**92,704**	**92,042**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(x 1,000 EUR)	At 01.01.2016	Allocation of the 2015 net result	Dividends/ Coupons	Share issue
Capital	1,126,980			**52**
Share premiums	583,961			**51**
Reserves	45,576	**103,601**	**-110,498**	**0**
Reserve of the balance of changes in fair value of real estate assets	-115,721	-8,855		
Reserve of estimated transaction costs resulting from the hypothetical disposal of investment property	-54,918	-861		
Reserve of the balance of changes in fair value of authorised hedging instruments to which the hedging accounting defined in IFRS is applied	-9,479	-846		
Reserve of the balance of changes in fair value of authorised hedging instruments to which the hedging accounting defined in IFRS is not applied	-67,836	714		
Distributable reserve	824	0		
Non-distributable reserve	-1,245	219		
Net result of the financial year	293,951	113,230	-110,498	
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties				
Net result	103,601	**-103,601**		
Total shareholders' equity	1,860,118	**0**	**-110,498**	**103**

(x 1,000 EUR)	At 01.01.2017	Allocation of the 2015 net result	Dividends/ Coupons	Share issue
Capital	**1,127,032**			**17,131**
Share premiums	**584,012**			**16,009**
Reserves	**45,264**	**96,627**	**-116,441**	**0**
Reserve of the balance of changes in fair value of real estate assets	-124,576	36,463		
Reserve of estimated transaction costs resulting from the hypothetical disposal of investment property	-55,753	-1,507		
Reserve of the balance of changes in fair value of authorised hedging instruments to which the hedging accounting defined in IFRS is applied	-4,411	-2,414		
Reserve of the balance of changes in fair value of authorised hedging instruments to which the hedging accounting defined in IFRS is not applied	-67,122	61,196		
Distributable reserve	824			
Non-distributable reserve	-885	231		
Net result of the financial year	297,187	2,658	-116,441	
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	**0**			
Net result	**96,627**	**-96,627**		
Total shareholders' equity	**1,852,935**	**0**	**-116,441**	**33,140**

Exercise of option on Cofinimmo shares (SOP, treasury shares)	Acquisitions/ Disposals of treasury shares	Hedging of cash flows	Transfer between distributable reserves and non-distributable reserves on asset disposals	Other	Result of the financial year	**At 31.12.2016**
						1,127,032
						584,012
472	**-40**	**5,914**	**0**	**239**	**0**	45,264
						-124,576
			26			-55,753
		5,914				-4,411
						-67,122
						824
472	-331					-885
	291		-26	239		297,187
						0
					96,627	96,627
472	**-40**	**5,914**	**0**	**239**	**96,627**	1,852,935

Exercise of option on Cofinimmo shares (SOP, treasury shares)	Acquisitions/ Disposals of treasury shares	Hedging of cash flows	Transfer between distributable reserves and non-distributable reserves on asset disposals	Other	Result of the financial year	**At 31.12.2017**
						1,144,164
						600,021
44	**233**	**11,859**	**0**	**334**	**0**	**37,919**
						-88,113
			37			-57,223
		11,859				5,033
						-5,926
						824
-67	233					-488
111			-37	334		183,812
					121,056	**121,056**
						0
44	**233**	**11,859**	**0**	**334**	**121,056**	**1,903,159**

STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATUTORY STATEMENTS

Statutory auditor's report to the shareholders' meeting of Cofinimmo SA for the year ended 31 December 2017

(Annual accounts)

In the context of the statutory audit of the annual accounts of Cofinimmo SA (the "company"), we hereby submit our statutory audit report. This report includes our report on the annual accounts together with our report on other legal, regulatory and professional requirements. These reports are one and indivisible.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 10 May 2017, in accordance with the proposal of the board of directors issued upon recommendation of the audit committee and presentation of the works council. Our mandate will expire on the date of the shareholders' meeting deliberating on the annual accounts for the year ending 31 December 2019. We have performed the statutory audit of the annual accounts of Cofinimmo SA for at least 20 consecutive periods.

Report on the audit of the financial statements

Unqualified opinion

We have audited the annual accounts of the company, which comprise the statement of financial position as at 31 December 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flow for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The annual accounts show total assets of 3 533 558 (000) EUR and the income statement shows a profit for the year ended of 121 056 (000) EUR.

In our opinion, the annual accounts of Cofinimmo SA give a true and fair view of the net equity and financial position as of 31 December 2017 and of its results and its cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the annual accounts" section of our report. We have complied with all ethical requirements relevant to the statutory audit of the annual accounts in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit adressed the key audit matters?
Valuation of investment properties • Investment properties measured at fair value (EUR 2 255 million) represent 64 per cent of the balance sheet total as at 31 December 2017. Changes in the fair values of the investment properties have a significant impact on the net result for the period and equity. • The portfolio includes completed investments and properties under construction and acquisitions. Divestments of investment properties are individually significant transactions. • Cofinimmo SA uses professionally qualified external valuers to fair value the company's portfolio at three - monthly intervals. The valuers are engaged by the Directors and performed their work in accordance with the Royal Institute of Chartered Surveyors ('RICS') Valuation – Professional Standards. The valuers used by Cofinimmo SA have considerable experience in the markets in which the company operates. • The portfolio is valued by the investment method of valuation, with development properties valued by the same methodology with a deduction for all costs necessary to complete the development together with a remaining allowance for risk. The key inputs into the valuation exercise are yields and current market rent, which are influenced by prevailing market forces, comparable transactions and the specific characteristics of each property in the portfolio. • Therefore, the audit risk appears in the assumptions and critical judgment linked to those key inputs. **Reference to disclosures** • We refer to the annual accounts, including notes to the annual accounts: Note 2, Significant accounting policies; Note 18, Investment property.	• We considered the internal control implemented by management and we carried out testing related to the design and implementation of controls over investment properties. • We assessed the competence, independence and integrity of the external valuers. • We discussed and challenged the valuation process, performance of the portfolio and significant assumptions and critical judgement areas, including occupancy rates, yields and development milestones. • We benchmarked and challenged the key assumptions to external industry data and comparable property transactions, in particular the yield. • We performed audit procedures to assess the integrity and completeness of information provided to the independent valuers related to rental income, key rent contract characteristics and occupancy. • We agreed the amounts per the valuation reports with the accounting records and from there we agreed the related balances with the financial statements. • As part of our audit procedures performed on the acquisitions and divestments of properties we examined significant contracts and documentation on the accounting treatment applied to these transactions. • Furthermore, we assessed the appropriateness of the disclosures provided on the fair value of investment properties.

Valuation of derivative financial instruments	
• Cofinimmo SA enters to derivative instruments that are recognised at fair value. Cofinimmo SA uses derivative contracts mainly to hedge interest rate risks. • Cofinimmo SA has applied, until the end of the third quarter, cash flow hedge accounting for one specific transaction (hedge of currency risk). The financial instruments are considered as economical hedges. • Fair value are carried out by Cofinimmo SA on a quarterly basis and are compared with the fair value as received from the counterparties. • Proper disclosures of the use of derivative financial instruments are relevant to the reader of the financial statements. • Derivative transactions can be complex in nature and their valuation can be affected by a large number of variables. The valuation also includes an assessment of the credit risk of the counterparty (credit value adjustment) as well as the credit risk of Cofinimmo SA (debt value adjustment). • Therefore, the key audit matter appears on the one hand in the valuation of these derivatives and on the other hand in the application of hedge accounting. **Reference to disclosures** • We refer to the annual accounts, including notes to the annual accounts: Note 2, Significant accounting policies; Note 16, Change in fair value in financial assets and liabilities; Note 21, Financial Instruments.	• We assessed the appropriateness of the accounting treatment and valuation methods that apply to derivative financial instruments. • We considered the internal control implement by management and we carried out testing related to the design and implementation of controls over derivatives financial instruments. This involves re-performing the controls over the input used in the valuation of the derivative contracts for a sample of contracts and testing, on a sample basis, the accuracy of the data used such as nominal amounts, duration, interest rates. This also includes the re-performance of the reconciliation controls in which Cofinimmo SA reconciles the valuations as performed by the counterparties with its own valuations performed. • We have validated the completeness of the derivative financial instruments by obtaining confirmations from all banks with whom Cofinimmo SA has engaged in this type of transactions. • We have reconciled the marked-to-market values as calculated by Cofinimmo to the financial statements and confirmed by the banks. • We have engaged Deloitte's valuation experts to independently test the valuation of a sample of derivative financial instruments, based on their contract terms. • We have engaged Deloitte's valuation experts to review the documentation and the hedge effectiveness testing related to the cash flow hedge. • We have reviewed the documentation related to the economical hedges. • Furthermore, we assessed the appropriateness of the disclosures provided on derivative financial instruments.

Responsibilities of the board of directors for the annual accounts

The board of directors is responsible for the preparation and fair presentation of the annual accounts in accordance with the financial reporting framework applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of the annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes any public disclosure about the matter.

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Report on other legal, regulatory and professional requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the annual accounts, for maintaining the company's accounting records in compliance with the legal and regulatory requirements applicable in Belgium, as well as for the company's compliance with the Companies Code and the company's articles of association.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary (Revised in 2018) to the International Standards on Auditing (ISA), our responsibility is to verify, in all material respects, the director's report on the annual accounts and compliance with certain obligations referred to in the Companies Code and the articles of association, as well as to report on these matters.

Aspects regarding the directors' report and other matters disclosed in the annual report

In our opinion, after performing the specific procedures on the directors' report on the annual accounts, the directors' report on the annual accounts is consistent with the annual accounts for the same year and it has been established in accordance with the requirements of article 95 and 96 of the Companies Code.

In the context of our statutory audit of the annual accounts we are responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the annual accounts and other information disclosed in the directors' report, i.e.:

- Risk factors, Management report – Key figures, Management report – Appropriation of company results, Management report – Transactions and performances in 2017, Management report - Events after 31.12.2017, Management report – 2018 Outlook, Management report – Management of financial resources, Management report – Corporate governance statement and Annual accounts

is free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such a material misstatement. We do not express any kind of assurance on the annual report.

Statement on the social balance sheet

The social balance sheet, to be filed at the National Bank of Belgium in accordance with article 100, § 1, 6°/2 of the Companies Code, includes, both in form and in substance, all of the information required by the Companies Code and is free from any material inconsistencies with the information available to us in the context of our mandate.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firms has remained independent from the company during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit of the annual accounts, as defined in article 134 of the Companies Code, have been properly disclosed and disaggregated in the notes to the annual accounts.

Other statements

- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting is in accordance with the relevant legal and regulatory requirements.
- We do not have to report any transactions undertaken or decisions taken which may be in violation of the company's articles of association or the Companies Code.
- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) N° 537/2014.
- On February 9, 2017, the board of directors took a decision that led to the application of article 523 of the Company Code. The board of directors' decision dealt with the evaluation of the Executive Committee in terms of 2016 objectives, fixed remuneration of 2017 and variable remuneration of 2016 of all members of the Executive Committee. This decision is also in regard of the objectives of the Executive Committee for the year 2017. We refer to the Corporate Governance statement included in the Management report for a detailed description of the conflict of interest for the board of directors.
- On November 9, 2017, the board of directors took a decision that led to the application of article 523 of the Company Code. The board of directors' decision dealt with the replacement of stock option plan by "stock appreciation rights plan", as described in the Corporate Governance Statement included in the annual report, has the following financial consequences : the Board has decided to grant "Stock Appreciation rights" Units to the Management as follows : 2050 units to the CEO, 1600 units each to both COO and Secretary-General, 2150 units to managers giving a total of 7400 units. We refer to the Corporate Governance Statement included in the Management report for a detailed description of the conflict of interest for the board of directors.

Zaventem, 22 March 2018

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Rik Neckebroeck

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

STANDING DOCUMENT

GENERAL INFORMATION

CORPORATE NAME

Cofinimmo: 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 office can be moved to any other location in Belgium, in compliance with language laws, by simple decision of the Board of Directors, which will have all powers to formally record the resulting change in the Articles of Association.

The Company can establish administrative offices, branches or agencies in Belgium or other countries by simple decision of the Board of Directors.

BRUSSELS TRADE REGISTER

The Company is registered with the Brussels Trade Register (Registre des Personnes Morales/ Rechtspersonenregister) 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 Nerincx 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 public fixed-capital Real Estate Investment Trust (Sicafi/Bevak) 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 (Sociétés Immobilières Réglementées/ Gereglementeerde Vastgoedvennootschappen) 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 the 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.

The Articles of Association have been amended on various occasions, most recently on 01.02.2018 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 02.03.2018.

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:

(a) Provide, directly or through a company in which it holds a stake in accordance with the provisions of the RREC legislation, buildings for users; and

(b) 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 assets, it is meant:

i. Buildings as defined in Articles 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, 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 Sicafis/Bevaks;

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 Sicafis/Bevaks;

ix. Shares or stakes issued by companies (i) having legal personality; (ii) incorporated under the law of another member state of the European Economic Area; (iii) whose 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 REIT ↓);

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, refurbishment, 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 the 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 can have an interest, through mergers or otherwise, in any affair, 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 the RREC legislation and any other applicable legislation.

Article 4 - Prohibitions
The Company may not:

- act as a real estate developer as meant by the 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 on the website **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 (Moniteur Belge/Belgisch Staatsblad) 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 on the website **www.cofinimmo.com**. 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: the public Regulated Real Estate Company (public RREC)
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 Beleggingsinstelling (FBI) in the Netherlands, G-REIT in Germany, Société d'Investissements Immobiliers 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;
- the Belgian subsidiaries of a public RREC can be approved as institutional RREC;
- 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 disposals 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 natural 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 operated under the Sicafi/Bevak status since 01.04.1996.

Belgium: the institutional Regulated Real Estate Company (institutional RREC)
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. The 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: the 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, 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 property assets.

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 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: the Fiscale Beleggingsinstelling (FBI)
The main characteristics of the FBI 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 property 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 (or 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 the FBI status for its Pubstone Properties subsidiary, but it does for its Superstone subsidiary.

Germany
The investments of Cofinimmo or its subsidiaries in Germany do not benefit from the G-REIT status, which is not accessible to them.

SHARE CAPITAL

ISSUED CAPITAL

The issued capital of 1,127,032,125.79 EUR is fully paid-up.

SHARE CAPITAL

The shares have no par value.

SCHEDULE OF CHANGES

The history of share capital changes prior to 2017 can be consulted in the 2016 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 (**www.cofinimmo.com**).

Changes in share capital in 2017

Date of transaction		31.03.2017	01.06.2017	30.06.2017	30.09.2017	31.12.2017	
Type of transaction	**Position at 31.12.2016**	**Conversion of preference shares Q1 2017**	**Contribution in kind of dividend rights**	**Conversion of preference shares Q2 2017**	**Conversion of preference shares Q3 2017**	**Conversion of preference shares Q4 2017**	**Position at 31.12.2017**
Issue price (in EUR)			103.95				
Amount of share capital (in EUR)			17,131,419.60				
Amount of the net contribution to shareholders' equity (in EUR)			16,008,771.85				
Number of ordinary shares		54	319,684	1,938	30	38	
Number of ordinary shares after the transaction	20,345,637	20,345,691	20,665,375	20,667,313	20,667,343	20,667,381	20,667,381
Number of preference shares COFP1				-37			
Number of preference shares COFP1 after the transaction	395,048	395,048	395,048	395,011	395,011	395,011	395,011
Number of preference shares COFP2		-54		-1,901	-30	-38	
Number of preference shares COFP2 after the transaction	290,505	290,451	290,451	288,550	288,520	288,482	288,482
Total number of preference shares after the transaction	685,553	685,449	685,449	683,561	683,531	683,493	683,493
Amount of share capital after the transaction (in EUR)	1,127,032,125.79		1,144,163,545.39				1,144,163,545.39

DESCRIPTION OF SHARE TYPES

At 31.12.2017, Cofinimmo had issued 20,667,381 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 their 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 251 to 254**);
- 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, 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 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.

CHANGES 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
2016	0	295
From 22.03.2017 to 31.03.2017	0	54
From 21.06.2017 to 30.06.2017	37	1,901
From 21.09.2017 to 30.09.2017	0	30
From 22.12.2017 to 31.12.2017	0	38

AUTHORISED CAPITAL

At 31.12.2017, the authorised capital was 1,109,868,580.40 EUR (➔ **see chapter 'Corporate governance statement')**.

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 on 17.02.2017 in the annexes of the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) of the minutes of the Extraordinary General Meeting, in the maximum amount of:

1°) 1,127,000,000.00 EUR, if the capital increase 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 share capital can never be increased as part of the authorised capital in excess of 1,127,000,000.00 EUR in total.

CHANGES IN TREASURY SHARES

The Cofinimmo Group held 44,864 treasury shares at 01.01.2017. All of these shares are entitled to a share of the results of the financial year starting 01.01.2017.

The Cofinimmo Group held 42,172 treasury shares on 31.12.2017 (held by Cofinimmo SA/NV), representing a level of self-ownership of 0.20 %.

Position at 01.01.2017	**44,864**
Transfers and disposals of shares for the employee stock option plan during the first half of 2017	-2,490
Transfers and disposals of shares for the employee stock option plan during the second half of 2017	-100
Transfers of shares for the remuneration plan of non-executive Directors[1]	-102
Position at 31.12.2017	**42,172**

1 The net remuneration payable to Mrs. Inès Archer-Toper and Mrs. Diana Monissen for the first half of 2017 was not transferred to their banks accounts, but rather to Cofinimmo's bank account. The latter then transferred the securities in question to the register of registered shares.

SHAREHOLDING

The shareholding structure is set out in the 'Cofinimmo in the Stock Market' chapter of this Annual Financial Report. It can also be consulted on the Company's website at **www.cofinimmo.com**.

EXCERPTS OF THE ARTICLES OF ASSOCIATION

SUMMARY OF CHANGES IN 2017

The Articles of Association were not modified, except for Article 6 on the capital subscribed and paid up.

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;

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 share capital can never be increased as part of the authorised capital in excess of 1,127,000,000.00 EUR in total.

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 01.02.2017.

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.

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°) 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 the 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 treasury 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 treasury 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 as well as the 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 the 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 the 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 timeframe 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 their registered shares be converted into dematerialised shares or inversely. 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.

The Company's bearer shares, previously issued and entered in the securities account on 01.01.2008, exist in dematerialised form as of that date. The other bearer shares will also be automatically converted to dematerialised shares as they are entered in the securities account at the request of the Shareholder, as at 01.01.2008.

At the end of the period provided for in the legislation applicable to the abolition of bearer shares, any bearer shares that have not yet been submitted for conversion will be automatically converted into dematerialised shares and entered in the securities account by the Company.

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. Preference 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 comply 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 the 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 starting fifteen days after the 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 addressed to the Company by the holder of the 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 forty-five 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 forty-five 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 forty-five 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 forty-five 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 forty-five 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/Deposito- en Consignatiekas.

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 the 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 the RREC legislation.

All shareholders are required to notify the Company and the Financial Services and Markets Authority (FSMA) of their holding of securities conferring the right to vote, of 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 votes 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. Director 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 the RREC legislation and may not fall within the scope of the prohibitions defined in the 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.

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 the RREC legislation.

The Auditor must be approved by the Financial Services and Markets Authority (FSMA).

GENERAL SHAREHOLDERS' MEETINGS

Article 19 - Meetings
The Annual General Meeting shall be held on the second Wednesday of May at 3.30pm.

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 3 % of the share 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 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 their 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 their absence, by the Managing Director or, should they 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 complete the 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 their 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 any formalities provided for in 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 the RREC legislation, a dividend of which the minimum amount is laid down by the 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 31 December 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, a participation in the profits up to a maximum of one percent (1 %) of the profits of the financial year, for a new period of five years, with the first profit available for distribution being that of the financial year two thousand fifteen.

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 31.12.2015).

DISSOLUTION – LIQUIDATION

Article 32 - 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 percentage.

BELGIAN CORPORATE GOVERNANCE CODE
Code drawn by the Corporate Governance Commission including the governance practices and provisions to be met by Belgian registered companies whose shares are listed on a regulated market (the '2009 Code').

BREEAM (BUILDING RESEARCH ESTABLISHMENT ENVIRONMENTAL ASSESSMENT METHOD)
Method assessing the building's environmental performance and sustainability (www.breeam.org).

CALL OPTION
The right to purchase a specific financial instrument at a pre-set price and during a specific period.

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
German term for leases stipulating that the maintenance costs of the building's roof and structure, and sometimes of technical equipments, are assumed by the owner.

DEALING CODE
Code of Conduct stipulating the rules to be followed by the Directors and persons designated 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 seeks to hedge against a possible short-term rise in interest rates. The use of derivatives can hedge interest rate risk to a limited 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, assumed 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. Specific provisions of the lease may state that part or all of these maintenance costs can be charged to the lessee.

DUE DILIGENCE
Procedure intended to establish a complete and certified inventory of a company, asset or real estate portfolio (accounting, economic, legal and tax aspects) before a financing or acquisition transaction.

EBITDAR (EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION, AMORTISATION AND RENTS)
Net result before interest charges and income, taxes, writedowns, impairments and rents.

EHPAD (ÉTABLISSEMENT D'HÉBERGEMENT POUR PERSONNES ÂGÉES DÉPENDANTES)
The most widespread type of nursing and care homes for elderly in France.

EPRA (EUROPEAN PUBLIC REAL ESTATE ASSOCIATION)
An association of European real estate companies listed on the stock market whose purpose is to promote the industry (www.epra.com).

EPRA EUROPE
European FTSE EPRA/NAREIT Global Real Estate Index created by EPRA composed of representative stocks of the European listed real estate sector.

ESTIMATED RENTAL VALUE
Rental value as determined by independent real estate experts.

EX DATE
Date as of which stock exchange trading takes place without the entitlement to the forthcoming dividend-payment (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 property assets' value and their tax value, after deduction of costs, i.e. after deduction of registration rights (10 % or 12.5 % in Belgium) or, if applicable, VAT.

FAIR VALUE

Investment properties' disposal value according to IAS/IFRS accounting principles, i.e. after deduction of transaction costs, as determined by real estate experts. The transaction costs are fixed by independent experts at a 2.5 % flat rate for properties located in Belgium. However, the costs to deduct for properties with a less than 2.5 million EUR overall value, are registration rights (10 % or 12.5 %) applicable according to the property's location . The transaction costs for assets located in France, the Netherlands and Germany, amount respectively 6.88 %, 4.76 % and 5.25 %.

FBI
(FISCALE BELEGGINGSINSTELLING)

Dutch fiscal status, comparable to the RREC status.

FINANCIAL RATING

Rating awarded by specialised agencies' (Standard & Poor's in Cofinimmo's case) providing a company's short- and long-term financial soundness estimate. These ratings influence the rate at which a company can raise financing.

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.

GPR250
(GLOBAL PROPERTY RESEARCH 250)

Stock exchange index of the 250 largest listed real estate companies worldwide.

GREEN & SOCIAL BONDS

Green and social bonds whose income is intended to (re)finance projects with a positive contribution to sustainable, environmental or societal development. In December 2016, Cofinimmo became the first European real estate company to issue Green & Social Bonds.

(INITIAL) GROSS RENTAL YIELD

The ratio between the (initial) rent of an acquired asset and its acquisition value, transaction fees not deducted.

IAS/IFRS
(INTERNATIONAL ACCOUNTING STANDARDS/INTERNATIONAL FINANCIAL REPORTING STANDARDS)

International accounting standards of the International Accounting Standards Board (IASB) in order to prepare the financial statements.

INSIDER TRADING

Infringement 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

Rating agencies' ratings from AAA to BBB- according to the Standard & Poor's scale, indicating the company's risk level.

INVESTMENT VALUE

The portfolio's value established by real estate experts, without deduction of transaction costs.

IRS
(INTEREST RATE SWAP)

An interest rate exchange contract (usually fixed against floating or vice-versa) between two parties to exchange financial flows calculated on a fixed notional amount, frequency and maturity.

LAW OF 12.05.2014

Law on Regulated Real Estate Companies (RREC).

LEASEHOLD RIGHT

A temporary real real right which consists in having full use of a property belonging to another party, in return for an annual acknowlegment fee to the lessor in recognition of his right of ownership ('canon/pacht'). In Belgium, a leasehold has a minimum term of 27 years and a maximum term of 99 years.

MARKET CAPITALISATION

Stock market price at close multiplied by the total number of outstanding shares on that date.

MCB
(MANDATORY CONVERTIBLE BONDS)

Debt instrument which enables the debtor to reimburse his loans in shares on the due date. Holders of MCB are called 'MCB-holders.

MEDICAL OFFICE BUILDING

Building where a number of different healthcare professionals (physicians, psychologists, dentists, physiotherapists, pharmacists, etc.) receive their patients/customers.

NET RESULT

Net result from core activities plus (+) result on financial instuments plus (+) result on the portfolio.

NET RESULT FROM CORE ACTIVITIES

Operating result before the result on the portfolio, plus (+) the financial result (financial income - financial charges), minus (-) income taxes.

OCCUPANCY RATE

Is calculated by dividing the (indexed) contractual rents of the current leases by the sum of these contractual rents and the vacant spaces' Estimated Rental Value, the latter being calculated on the basis of the current rents' level on the market.

OPERATING MARGIN

Operating result before the result on the portfolio divided by the property result.

PAY-OUT RATIO

Percentage of the net result from core activities distributed by way of a dividend.

PEB
(ENERGY PERFORMANCE OF A BUILDING)

This index, issued from the 2002/91/EC European Directive, expresses the energy amount needed for the various requirements related to a normal building use. It results from a calculation of 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 with a public destination: urban renewal, 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 dividend-entitled shareholders, i.e. two working days after the ex-date.

REIT
(REAL ESTATE INVESTMENT TRUST)

A listed real estate investment trust in the United States.

RREC
(REGULATED REAL ESTATE COMPANY)

Status created in 2014 with the same objectives as the Real Estate Investment Trusts (REIT) in different countries: REIT (USA), SIIC (France) and FBI (Pays-Bas). RRECs are supervised by the Financial Services and Markets Authority (FSMA) and subject to specific regulations.

RESULT ON FINANCIAL INSTRUMENTS

Change in fair value of the financial instruments, plus (+) the restructuring costs of the financial instruments.

RESULT ON THE PORTFOLIO

Realised and unrealised gains and losses compared with the last real estate expert's valuation, plus (+) the exit tax due following the entry of any asset into the RREC, SIIC or FBI regimes.

REVALUED NET ASSETS

Net asset value. At market value estimated equity resulting from the difference between the company's assets and liabilities (both being shown directly, for the most part at market value, in Cofinimmo's balance sheet). This value is calculated based on the building valuation provided by independent real estate experts.

ROYAL DECREE OF 14.11.2007

Royal Decree relating to the obligations of financial instruments' issuers admitted for trading on a regulated market.

ROYAL DECREE OF 13.07.2014

Royal Decree relating to Regulated Real Estate Companies (RREC).

SERVICE FLATS

Small apartments providing accommodation for (semi)-autonomous elderly people combined with domestic and meal services.

SICAFI
(SOCIÉTÉ D'INVESTISSEMENT À CAPITAL FIXE IMMOBILIER)

Status created in 1995 to promote collective investment in real estate. SICAFIs are supervised by the Financial Services and Markets Authority (FSMA) and subject to specific regulations.

SIIC (SOCIÉTÉ D'INVESTISSEMENT IMMOBILIER COTÉE - FRENCH REIT REGIME)

French tax status, comparable to the RREC status.

SSR (CLINIQUE DE SOINS DE SUITE ET DE RÉADAPTATION)

Clinic providing rehabilitation care following a hospital stay for a medical condition or surgery.

TAKE-UP

Letting of rental spaces.

TRANSACTION COSTS

Basically, an ownership transfer is subject to payment of transaction costs to the State, which account for most of transaction fees. The amount of the costs varies depending on the disposal method, the buyer's status and the property location.

TRIPLE NET

So-called 'triple net' lease contracts or yields imply that insurance costs, taxes and maintenance expenses are at the cost of the tenant (lessee). It mainly concerns the leases for nursing and care homes in Belgium.

VELOCITY

Parameter indicating a share's circulation speed. It is obtained by dividing the total volume of shares exchanged during the financial year by the total number of shares outstanding during that period.

WITHHOLDING TAX

Tax withheld by a bank or by another financial intermediary on a dividend payment.

ZBC (ZELFSTANDIG BEHANDELCENTRUM)

Independent private clinic in the Netherlands.

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