

PIONEERS IN INNOVATION

OUR STORY

2017 SUSTAINABLE DEVELOPMENT REPORT



HEALTHCARE REAL ESTATE

Support the operators of medical facilities facing a growing demand for diversified infrastructures.



OFFICES

Significantly reduce the buildings' energy consumption and offer innovative interior design concepts in line with new, more flexible working habits.



PROPERTY OF DISTRIBUTION NETWORKS

Use the latest techniques to preserve the portfolio and provide high-performance buildings over the long term.

Flex Corners® by Cofinimmo

Flex Corners® meet the growing demand for a diversified range of work spaces and enable us to add a new type of tenant to our portfolio.

MAGDALENA DIERICK -
COMMERCIAL ACCOUNT MANAGER



BIM

If we want to optimise a building's overall life cycle, it's important to do so starting at the design stage. Applying virtual models with structured information simplifies the process considerably.

DOMIEN SZEKÉR -
HEAD OF PROJECT MANAGEMENT



COFINIMMO IN A FEW FIGURES

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 sustainable development activities and results for the past 12 months follows below.

5.0 %

Dividend yield
(Based on the share price at 31.12.2017)

3.5 billion EUR

Fair value of the portfolio

94.6 %

Occupancy rate

10 years

Average lease length

1,493

Assets

139.1 million EUR

Net result from core activities

133

Employees

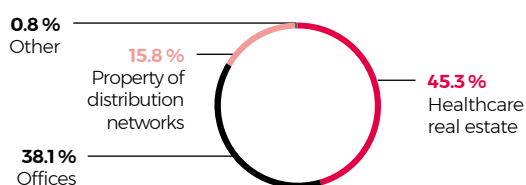
6.7 %

Gross rental yield
(At 100 % occupancy of the portfolio)

1,840,000 m²

Total (above-ground) surface area

PORTFOLIO ALLOCATION BY SEGMENT¹



¹ In fair value

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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.



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.

AN INTEGRATED SERVICES OFFERING

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

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.



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MESSAGE TO THE STAKEHOLDERS

“THINKING IN TERMS OF OUR BUILDINGS' LIFE
CYCLE.”

JACQUES VAN RIJCKEVORSEL,
CHAIRMAN OF THE BOARD OF DIRECTORS



JEAN-EDOUARD CARBONNELLE
Chief Executive Officer

JACQUES VAN RIJCKEVORSEL
Chairman of the Board of Directors

The notion of sustainability in renovations or new constructions is the prime concern for Cofinimmo. How do you differentiate yourself in this regard?

Jean-Edouard Carbonnelle We are active on several fronts: sustainability, in the broad sense, and environmental protection. Real estate is a large energy consumer. When Cofinimmo thinks about energy, it concerns not only consumption but also a building's overall life cycle. 74 % of the energy used for new constructions is directly related to the building's materials. We keep this fact in mind when considering sustainability of buildings we bring onto the market. This is an automatism within our teams.

Jacques van Rijckevorsel Our reflexions cover three elements: the real estate concept, its location included, sustainability (in particular, through the selection of materials) and its recycling. We approach this last element in the same way as the automotive market where each part of a car needs to be recyclable. When we refurbish or convert a building for other usage, we make our best efforts to mitigate the environmental impact of our activities, in the field of both our buildings' performance and the recycling of materials used in our buildings' refurbishment.

What are Cofinimmo's practices to limit its environmental footprint?

J.-E.C. Whatever its age, one can always apply small changes to improve a building's energy balance. We pay extra attention to this fact. Motion detectors connected to the lighting system is a good example of a cheap but very profitable investment.

J.v.R. In addition to maximise buildings' energy performance, which we focus on, we also seek to give a second life to materials and equipment of buildings we refurbish. In this context, we work together with a number of companies and associations.

In consequence, Cofinimmo's future is based on the life cycle axis, an approach to give an obsolete building new life. How does this work?

J.-E.C. Sometimes, the use of our buildings evolves. This is also part of their life cycle. When a neighbourhood changes or when opportunities to complement them arise, we convert our buildings for another use. We reallocated, for example, an office building in Woluwe-Saint-Lambert/ Sint-Lambrechts-Woluwe into a nursing and care home. We make every effort to keep construction elements in the building and try to find new market opportunities for materials that don't fit into the building's refurbishment.

What role does a company like Cofinimmo play in the future of urban centres?

J.-E.C. Cities are changing constantly. Our role is to improve the citizens' quality of life by developing green areas and shared or assembly areas. The actual trend is to create mixed spaces within premises, such as a combination of shops, offices, hotels. Cities such as Paris, London and Amsterdam gave the example and Brussel should follow. The optimal city theme is at the heart of all town planners' reflections. Debate topics comprise the ideal distance or the increase in height rather than in width.

How does Cofinimmo stimulate the innovation spirit of its employees in the area of sustainability?

J.-E.C. We set up working groups composed of twelve people in the company who meet every two years during four months. Their mission is to identify innovative elements within our products, namely buildings and related services. However, innovation can also emerge from the company's different departments. Afterwards, the proposed ideas are implemented. In this way, sustainable alternatives for traditional offices, such as Flex Corners® and Lounges® were created for a new generation of tenants.





“WE ASSESS THE ENERGY CONSUMED DURING THE BUILDING'S OPERATION, BUT ALSO THE ONE USED FOR ITS CONSTRUCTION AND, ONE DAY, FOR ITS DEMOLITION.”


**JEAN-EDOUARD CARBONNELLE,
CHIEF EXECUTIVE OFFICER**

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

Cofinimmo

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.

INNOVATION

2

AN INTEGRATED SERVICES OFFERING

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

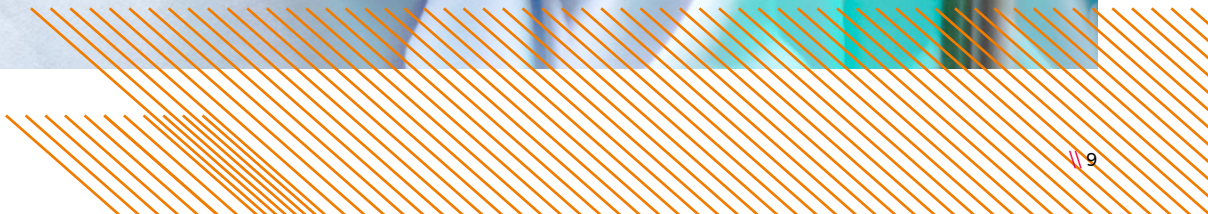
”

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.

INNOVATION

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.

2017 IN BRIEF



PEOPLE

15
new employees

9
departures

6
new positions

4,967 hours
training

700 hours
coaching

Formalising **teleworking** opportunities for employees

Philanthropic action at year-end: sponsoring of the ASBL/VZW Les Trois Pommiers through the King Baudouin Foundation.



ENVIRONMENT

Ongoing installation of **remote meters**

55
buildings connected

BREEAM 'Very Good' certificate obtained for Guimard 10-12 (Brussels - Leopold district (BE))

New certification implementing the **ISO 14001:2015** standard changes

Definition of **energy reduction** goals for 13/58 buildings under operational control as part of 'major consumer' energy audits.



Medical office building **De Voorste Stroom - Oisterwijk (NL)**



PORTFOLIO

RENOVATIONS/ CONSTRUCTIONS/ EXTENSIONS DELIVERED IN 2017



14,700 m²
Healthcare real estate



5,496 m²
Offices

ACQUISITIONS

The Netherlands: one care centre for people suffering from mental disorders (Alphen aan den Rijn), five medical office buildings (Oisterwijk (2), Baarn, Eemnes, Tiel), one plot of land for the development of a care centre for people suffering from mental disorders (Gorinchem)

Germany: four nursing and care homes (Lüneburg, Neustadt im Westerwald, Riesa, Gelsenkirchen)

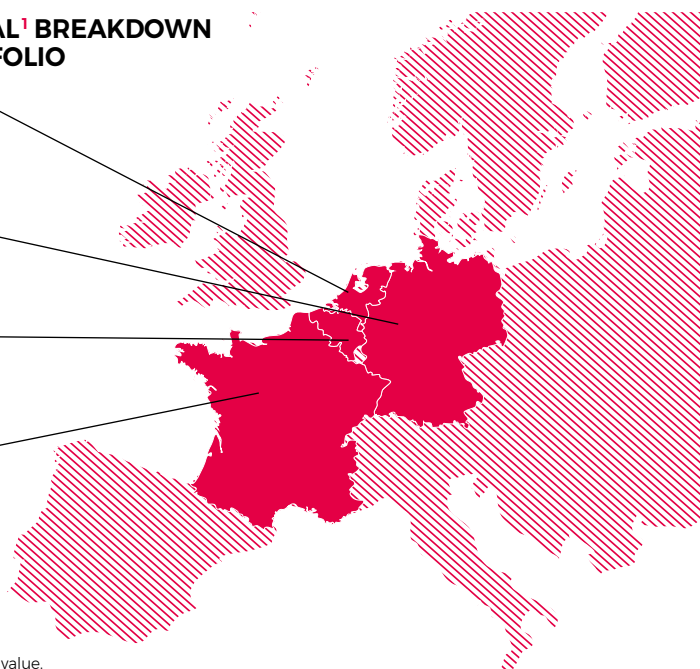
GEOGRAPHICAL¹ BREAKDOWN OF OUR PORTFOLIO

9.2 %
The Netherlands

4.2 %
Germany

71.5 %
Belgium

15.1 %
France



¹ Based on the assets' fair value.



FINANCE

- Allocation of all capital collected (55 million EUR) via the Green & Social Bonds' issue
- Optional dividend: 41 % of dividends reinvested in new ordinary shares (33.2 million EUR capital increase)
- Renewal of several credit lines
- Extension of the maturity of a 300 million EUR syndicated loan
- Redemption of the non-convertible bonds issued in 2013

MARKET CAPITALISATION

2.3 billion EUR

compared to 2.3 billion EUR at 31.12.2016

AVERAGE COST OF DEBT

1.95 %

compared to 2.4 % at 31.12.2016

STANDARD & POOR'S RATING

BBB

Stable outlook for the long term and

A-2

for the short term

AVERAGE DEBT MATURITY

4.7 years

compared to 4.8 years at 31.12.2016



COMMUNICATION

EXTRA-FINANCIAL RANKINGS

	2017 score
EPRA ¹ - www.epra.com	Gold
GRESB ² - www.gresb.com	66 %
Standard Ethics www.standardethics.eur	EE+
Vigeo Eiris www.vigeo-eiris.com	12/37 ³ (49 % ⁴)

First listing on the Euronext Vigeo Eiris - Eurozone 120 index with an average overall score of 56 %.

OUR POSITION IN THE GRESB BENCHMARK⁵

We took part in the GRESB benchmark for the fifth time and reached our objective, which is to be ranked above 50 % in terms of implementation. With respect to our sustainable development policy, we ranked second (97 %) among 20 European listed companies with a diversified portfolio which took part in the benchmark. We are now a **Green Star** based on our overall score.



We also took part in the GRESB 'Health and well-being' module for the first time.

¹ European Public Real Estate Association.

² Global Real Estate Sustainability Benchmark.

³ Vigeo Eiris ranking compared to the reference sector.

⁴ Absolute Vigeo Eiris score.

⁵ All intellectual property rights for this graph belong to GRESB BV (GRESB) exclusively. All rights reserved. GRESB assumes no liability whatsoever for any losses, damages, costs or expenses incurred as a result of the use of, or reference to, any information attributed to it.

FOCUS ON ACHIEVEMENTS

ALPHEN AAN DEN RIJN

THE NETHERLANDS

This service flat complex for people with a disability comprises 45 separate residential units and shared living rooms. There is also an office section and a central restaurant in the building.

HEATING AND VENTILATION

- Boiler and floor heating (low temperature) in every flat, adjustable per room
- Wind pressure-controlled ventilation grills and CO₂-controlled extraction
- Balanced ventilation in the shared and living rooms
- Air treatment with heat recovery in the common areas

FAÇADES

- Triple-glazed windows
- Well insulated shell (RC = 7 m².K/W)

LIGHTING

- LED lighting

ROOFS

- 165 photovoltaic panels (expected return: around 36,046 kWh/year)



Care center Castorstraat - Alphen aan den Rijn (NL)



Address:	Castorstraat 1 Alphen aan den Rijn (NL)
Architect:	Bronsvoort Blaak Architecten BNA
Operator:	Gemiva
Surface:	3,967 m ²
Available:	Q4 2017
Environmental standards:	Energy label: A Energy index: 0,69 Standard energy consumption: 443.1 MJ/m ² /year (electricity: 31.8 kWh/m ² /year; gas: 4.3 m ³ /m ² /year; heat: 0 GJ/m ² /year) CO ₂ emission based on standard energy consumption: 25.6 kg/m ² /year

CALAU

GERMANY

The site comprises an 81 bed-nursing and care home with common areas and terraces per living group (two groups per standard floor) as well as a daycare centre for 20 people.

The facility is located in a new allotment near the Calau city center. Other service flats were built there, generating an integrated dynamic.

HEATING AND COOLING

- Floor heating (low temperature heating) and local convectors
- Mechanic supply of fresh air and mechanic extraction in all rooms
- Air handling units with heat recovery system

FAÇADES AND ROOFS

- Well insulated shell
- Façades: rendering on insulation

ERGONOMICS

- The centre is accessible, inside and outside, for people with reduced mobility

SURROUNDINGS

- Green areas: partly open to the public and partly protected for seniors
- Separate, closed garden for people suffering from dementia
- Easy access for people with reduced mobility: clinker walkways, rest areas with benches, etc.
- Surroundings conducive to outdoor activities (e.g. outdoor chessboard)
- Pond within the allotment for water buffering
- Separate access for deliveries

Address:	Residenzweg 2 03205 Calau (DE)
Architect:	Entwurfs- und Planungsbüro Kirsch - COTTBUS
Operator:	MED Gesellschaft für Altenpflege mbH
Surface:	4,600 m ²
Available:	Q2 2016
Environmental standards:	Energy label: A Energy requirement: 48,2 kWh/m ² /year Primary energy requirement: 22,2 kWh/m ² /year (quality requirement: 62,7 kWh/m ² /year - Class A) Energy quality building shell: 0,29 W/m ² K (quality requirement: 0,5 W/m ² K) CO ₂ emission: -4 kg/m ² /year

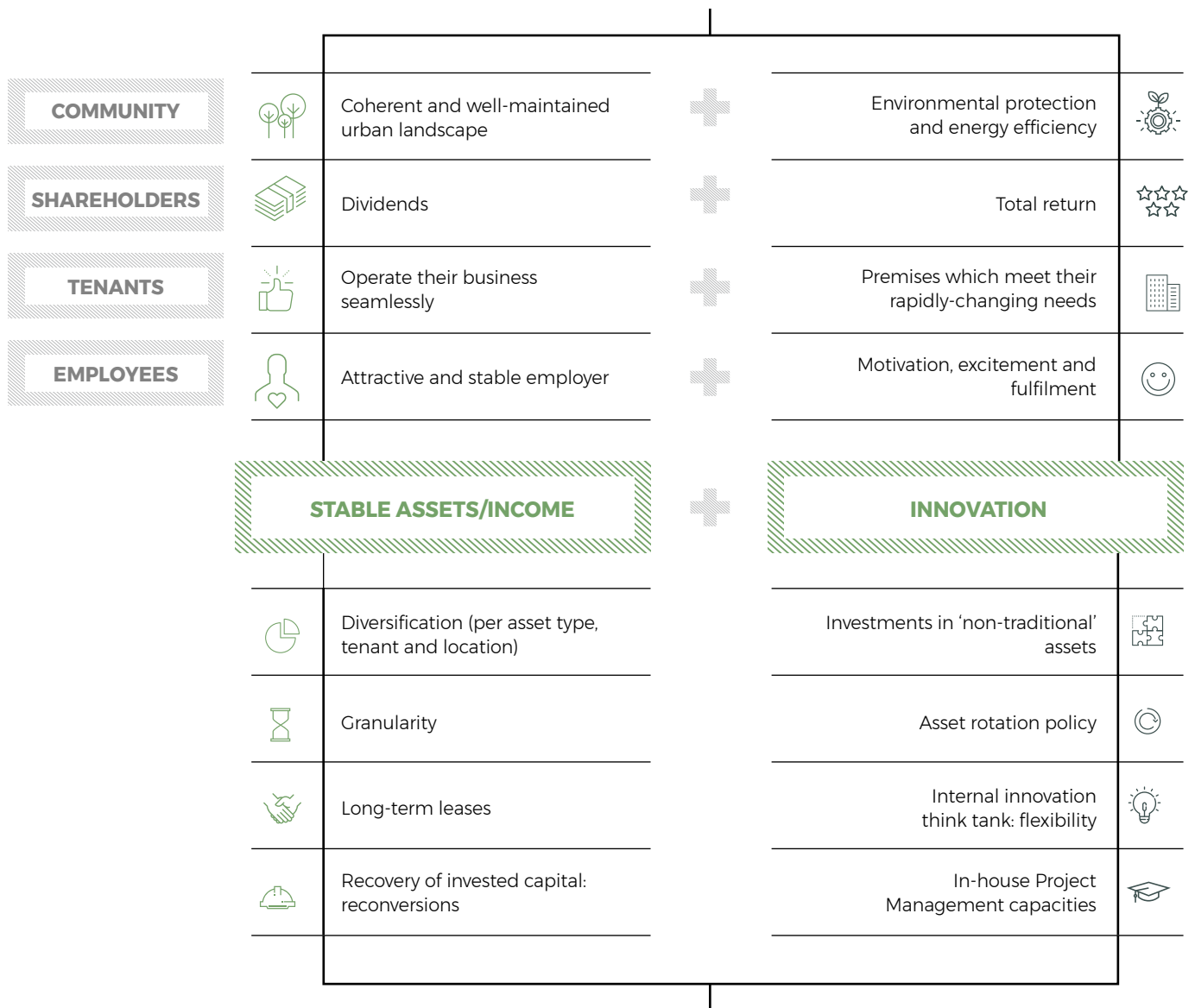
Nursing and care home Seniorenresidenz Calau – Calau (DE)



COFINIMMO IN BRIEF

OUR MISSION IS, IN BOTH STABILITY AND INNOVATION,
TO MEET AS CLOSELY AS POSSIBLE THE NEEDS OF OUR SHAREHOLDERS,
TENANTS, EMPLOYEES AND THE COMMUNITY IN LARGE.

OUR MISSION WHAT DO OUR SHAREHOLDERS WANT?



OUR REAL ESTATE STRATEGY

HOW DO WE MEET OUR SHAREHOLDERS' EXPECTATIONS?

OUR AMBITIONS

The goals of our **sustainability strategy** are to

1.



Contribute to a well-planned urban development to **improve the citizens'** and, in particular, the tenants' **living environment** by promoting socially sustainable, **mixed-use urban districts**

2.



Improve our buildings' energy performance and comfort standards while providing a long-term environmental answer to their **life cycle**

3.



Implement sustainability as much as possible within the limits of **economic feasibility** in order to be **profitable**

INNOVATION

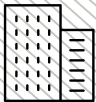
INVESTMENT

DIALOGUE
WITH OUR
STAKEHOLDERS

OUR RESOURCES

OUR BUSINESS ACTIVITIES

The activities on which our sustainability strategy is based consist of:



DEVELOPMENT

acquisition and redevelopment



PROJECT MANAGEMENT

construction and refurbishment



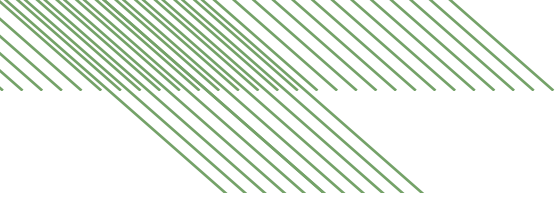
PROPERTY MANAGEMENT

sustainable management of the portfolio

OUR REFERENCE FRAMEWORK



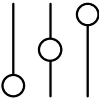
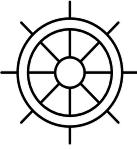
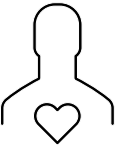
We include our activities in a wider framework and have aligned our strategy with the United Nations' **'Sustainable Development Goals'** (SDG) in advance of 2030

(→ see pages 36 to 63 of the 2017 Sustainability Report).



OUR VALUES

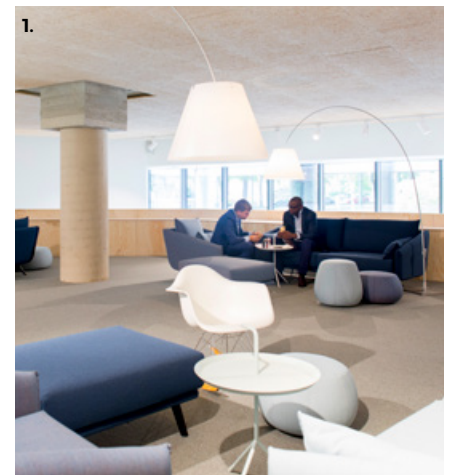
We pay particular attention to our corporate values, which guide our teams' daily operations.

	TEAM SPIRIT 	
CREATIVITY 	SELF-DISCIPLINE 	RESPONSIBILITY 
	CLIENT ORIENTATION 	

THE LOUNGE® BY COFINIMMO

This contemporary concept is a concrete example of our 'Customer orientation' value. It is in line with the evolution towards more flexible and even nomadic work habits, such as co-working, remote work and increasing connectivity between people and objects.

- 1. 2. **The Lounge® - Office building The Gradient - Brussels Decentralised (BE)**
- 3. **The Lounge® - Office building Park Lane - Brussels Periphery (BE)**



'TAKE MY PLACE'

During the 2017 'Communication' workshops, many employees expressed their interest in a better understanding of the job of others and the reason for their requirements.

Our HR department subsequently implemented the 'Take my place' concept. It enabled employees to shadow a colleague during his/her work day.

Twenty-six employees participated. Their testimonials demonstrate the very positive and enriching side of this concept which is helping to strengthen our corporate values.



"THIS MORNING I GOT A MUCH BETTER UNDERSTANDING OF WHAT AN INTERIOR DESIGNER DOES. I WOULD LIKE TO THANK MY COLLEAGUE FOR SHARING THE PLANS OF A PROJECT, THE TECHNICAL ASPECTS OF A WORK SITE AND THE FEEDBACK FROM THE WORK SITE MEETINGS WITH ME. IT WAS JUST THE TIP OF THE ICEBERG!!"

SARAH DENEFF, HEALTHCARE ASSISTANT, TOOK THE PLACE OF A PROJECT MANAGER

"I THINK THE EXCHANGE WAS PERFECT TO UNDERSTAND AN ACTIVITY WHICH SEEMED VERY ABSTRACT TO ME."

HANNA DE GROOTE, ENVIRONMENTAL MANAGER, TOOK THE PLACE OF THE TREASURER

"A VERY LEARNING EXPERIENCE THAT I'M READY TO RENEW. KNOWING EXACTLY WHAT THE OTHER PERSON IS DOING AND NOT JUST HAVING A VAGUE IDEA, WILL FACILITATE FUTURE EXCHANGES."

ANDRÉE DE COCK, ACCOUNTANT, TOOK THE PLACE OF A PROPERTY MANAGEMENT ASSISTANT AND A COMMERCIAL DEPARTMENT ASSISTANT



Flex Corner® - Office building The Gradient - Brussels Decentralised (BE)

FLEX CORNER® BY COFINIMMO

This second innovative concept was implemented to meet the needs of SMEs, start-ups and temporary organisations looking for smaller premises with shared facilities (meeting rooms, kitchenette, etc.).

CORPORATE GOVERNANCE

Our Group's governance is rigorous and explicit. It is adapted to the way the company operates and to its shareholding structure. We want to serve the long-term interests of our shareholders, tenants, employees and the community at large.

Our company adopted the 2009 Belgian Corporate Governance Code ('Code 2009') as its reference code. The rules, procedures and practices which define the way in which our company is managed and controlled are described in our Corporate Governance Charter¹.

A GOVERNANCE STRUCTURE ATTENTIVE TO THE SUSTAINABILITY CHALLENGES

The Board of Directors approves all of the company's strategic decisions while remaining attentive to the sustainability issues proposed by the Executive Committee. The latter first analyses and approves the proposals of the Sustainability Committee whose mission is to continuously identify and assess all elements which can improve the sustainability aspects of the strategy. It is composed on the one hand of the representatives of the departments directly involved in the property management of the Group's portfolio and, on the other hand, of the legal, communication and human resources departments.

RISK MANAGEMENT AND CORPORATE GOVERNANCE ARE INSEPARABLE

We have implemented a risk management and internal control process in accordance with the rules of corporate governance and the laws applicable to Regulated Real Estate Companies. In order to do so, we selected the Enterprise Risk Management (ERM) model developed by COSO² as our reference frame.

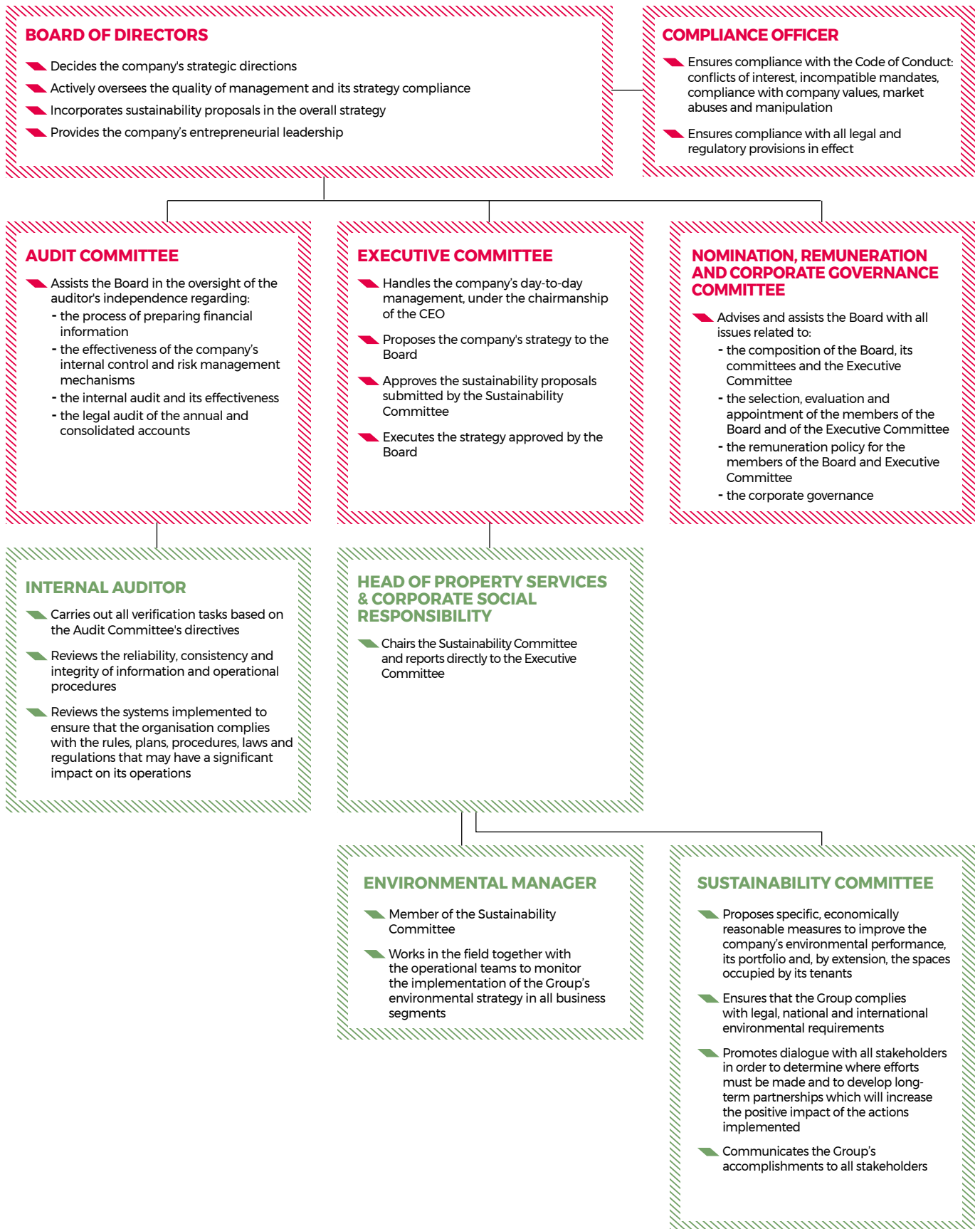
The periodic risk analysis at Group level includes all risks related to sustainability such as the impact of climate change on the company's business. The different risk factors and their potential effects on the company's business, and the various elements and actions mitigating the potential negative impact of the risks are detailed ➔ on pages 2-6 of the 2017 Annual Financial Report (see 📄 www.cofinimmo.com).

Head office Cofinimmo - Office building
Woluwe 58 - Brussels Decentralised (BE)



¹ All of the components of Cofinimmo's Corporate Governance Charter can be viewed at 📄 www.cofinimmo.com.
² COSO: Committee of Sponsoring Organizations or Treadway Commission (📄 www.coso.org). A private sector organisation. Its goal is to promote quality improvements in financial reporting via the application of business ethics rules, an effective internal control system and enterprise governance rules.

OUR GOVERNANCE STRUCTURE



MAJOR TRENDS IMPACTING OUR ACTIVITIES

WE MUST ADAPT TO THE WORLD OF TOMORROW AND INTEGRATE SOCIETY'S MAJOR TRENDS IN OUR STRATEGY OR RISK SEEING OUR BUILDINGS BECOME RAPIDLY OBSOLETE AND, AS SUCH, ENDANGER OUR ECONOMIC SUSTAINABILITY.

We position ourselves as drivers of change in dealing with challenges such as climate change, ageing population, growing urbanisation, changing technologies and work habits and, therefore, of the need for built spaces.

We are building more efficient buildings and managing them more cost-effectively in response to increasing regulations on energy performance.

However, those aren't the only factors we have to take into account.

1. Rehabilitation centre Plataan - Heerlen (NL)

2. Nursing and care home Caux du Littoral - Néville (FR)



SHARING ECONOMY

A new awareness by society about the importance of limiting its carbon footprint and the search for more efficient use of physical and financial resources are leading more people and companies to embrace the principles of the sharing economy.

They become product users rather than owners, or in the case of real estate, sole tenants. In addition, this approach provides users access to flexible solutions which are more in line with their rapidly changing needs and avoids certain investment costs.

Many sharing applications already directly or indirectly impact the office real estate sector: shared vehicles¹ and bicycles², some of which are electric, pooled parking spaces³, shared meeting rooms in buildings and business parks, co-working areas⁴, etc.

However, the sharing economy also affects residential real estate. Housing with more community areas are being built, sometimes for a very targeted group of users like Generation Y⁵.

WELL-BEING AT WORK AND HOSPITALITY

In developed countries, we're seeing a gradual decrease in the proportion of working people due to population ageing, on the one hand, and to lower birth rates, on the other hand. This phenomenon should accelerate between 2020 and 2030⁶.

This is gradually leading to a talent war in which the winning company will be the one in a position to provide its employees with work/personal life balance, a degree of physical and mental well-being and, above all, meaningful work.

New infrastructure and concierge-type services are being developed in buildings much like in the hotel industry: play and relaxation areas, fitness, personal services⁷ including dry-cleaning, ironing, shopping home delivery, car wash, etc.

New types of certification are completing existing environmental certifications (BREEAM, LEEDS, HQE, etc.) by assessing buildings according to their ability to meet human needs⁸: access to quality air and water, daylight, healthy food, nature, etc.

Everything is done to guarantee a healthy and pleasant working environment which has a positive impact on the well-being of employees, their motivation and their productivity.

1 Drive Now, Car2Go, ZipCar, Cambio, Zencar.

2 Gobee.bike, Billy Bike, Villo, Velib.

3 Be Park, Zen Park.

4 Tribes, Spaces, WeWork.

5 WeLive, Cohabs.

6 'The Global Workforce Crisis: \$10 Trillion at Risk', Boston Consulting Group, 02.07.2014.

7 EasyDay.

8 WELL, Fitwell certification.



DIVERSIFICATION OF THE HEALTHCARE PORTFOLIO

We seek to diversify our healthcare assets, both geographically and in terms of asset types. The acquisition of medical office buildings since 2016 reinforces our presence in the Netherlands. At 31.12.2017 we had nine assets of this type in our portfolio.

In contrast to the other types of assets in the healthcare real estate portfolio, these centres are occupied by several healthcare professionals and require active marketing, which we have entrusted to a specialised manager in the Netherlands.

CHANGING TECHNOLOGY FOR HEALTHCARE

Technology is enabling a gradual shift from curative to predictive medicine. The appearance of remote monitoring devices and portable sensors enables doctors to have a more dynamic view of their patients' health and, whenever possible, to faster adapt their treatment based on the patient's condition. These sensors can also automatically send a message to emergency services if there are significant anomalies in a patient's parameters. All of these possibilities have an impact on healthcare infrastructure: hospital stays become shorter.

Other types of healthcare real estate are being developed to meet the needs of an ageing population which remains very autonomous: rehabilitation centres, daycare centres, etc. This new generation of senior citizens wants to stay in their own home as long as possible. The changes in healthcare technology will make this possible. However, it will require flexible housing design which can evolve according to a person's life stage.

EVOLVING TECHNOLOGY TO ENHANCE REAL ESTATE: THE INTERNET OF THINGS, AUGMENTED REALITY, ARTIFICIAL INTELLIGENCE, DIGITALISATION

It is difficult to imagine the future extent and impact of evolving technology in the real estate sector, but the first experiences can already give us some leads. Technology makes it possible to go beyond the automation of recurrent tasks. Today, it provides support in more complex intellectual processes.

in client relationships:

- when selecting premises, new technologies optimise the decision process on the basis of complex criteria such as travel time between home and work for employees and visitors and selected transport modes;
- visits can be done virtually without going on site, using a digital tablet or a virtual reality headset, and amenities can be selected in a dynamic way.
- working space becomes more personalised and is directly controlled via smartphone: temperature, lighting, etc.

in equipment maintenance and failure management:

augmented reality will guide technicians in their maintenance tasks and provide them with real-time image assistance. In addition, the enriched data provided by communication between technical equipment (the Internet of Things) will anticipate failures and carry out a first diagnosis to enable the technician to make targeted repairs¹.

in energy management:

taking into account the New Way of Work in which employees no longer have allocated spaces, a smart building approach will enable the gradual and efficient filling of the building. Empty, un-airconditioned areas can by this way remain vacant, which provides energy savings.

¹ Artificial intelligence applied to lift maintenance via Kone's use of IBM Watson (<https://www.ibm.com/blogs/internet-of-things/kone/> / <http://machineconversations.kone.com/>).

VALUE CHAIN

LONG-TERM EXPERTISE AND SUSTAINABLE MATERIALS

We have implemented a high-quality LCA¹ approach. A study is carried out starting at the building design (or reallocation) stage. Its purpose is to take sustainable decisions upstream regarding the construction principles (demolition or refurbishment), the materials and the programme of works (reuse of interior elements). It also takes into account the further development potential of the building. The method is backed by BREEAM certification and the ISO 14001 standard².

For all activities during our portfolio's life cycle, from office buildings, including our head office, to all other building types, we have an ISO 14001:2005-certified environmental management system to formalise our projects with environmental impact.

¹ Life cycle analysis.

² This is a new certification based on changes in the ISO 14001:2015 standard. Our new certification now includes acquisition and redevelopment (Development), construction and refurbishment (Project Management) and sustainable management (Property Management) in all business areas of the portfolio.

Nursing and care home Vivalys - Brussels Decentralised (BE)

We began the final phase of the conversion of this building into a nursing and care home at the end of 2017. The architectural concrete of the left and right wings, typical of office buildings in the 1980s, was retained. A new central area in glass and aluminium will give the overall building a more contemporary look.

CONCRETE EXAMPLES

WASTE

15.14 tonnes

of materials **recovered** before demolition during the redevelopment of the Quartz building (formerly Arts/Kunst 19H)

RAW MATERIALS

15,355m²

of **recycled** carpet installed for rental renovations

BONDS

55 million EUR

Allocated amount, collected by **Green & Social Bonds**

ACQUISITIONS

Realistic residual value assumptions are made for the valuation model of each acquisition based on the asset's morphology and location.

DESIGN

BREEAM 'Very Good' minimum

We have established a certification program aimed at BREEAM for renovations and BREEAM In-Use for the operation of our office buildings. We pursue a dual objective with this certification scheme: on the one hand, to continuously **improve** the **environmental performance** of our buildings and, on the other hand, to **promote** their **marketing competitiveness**.

CONSTRUCTION

Together with other tools such as BIM (Building Information Modelling), LCA¹ enables the mapping of buildings and the valuation and budgeting of all their components.

MARKETING

20.4 %

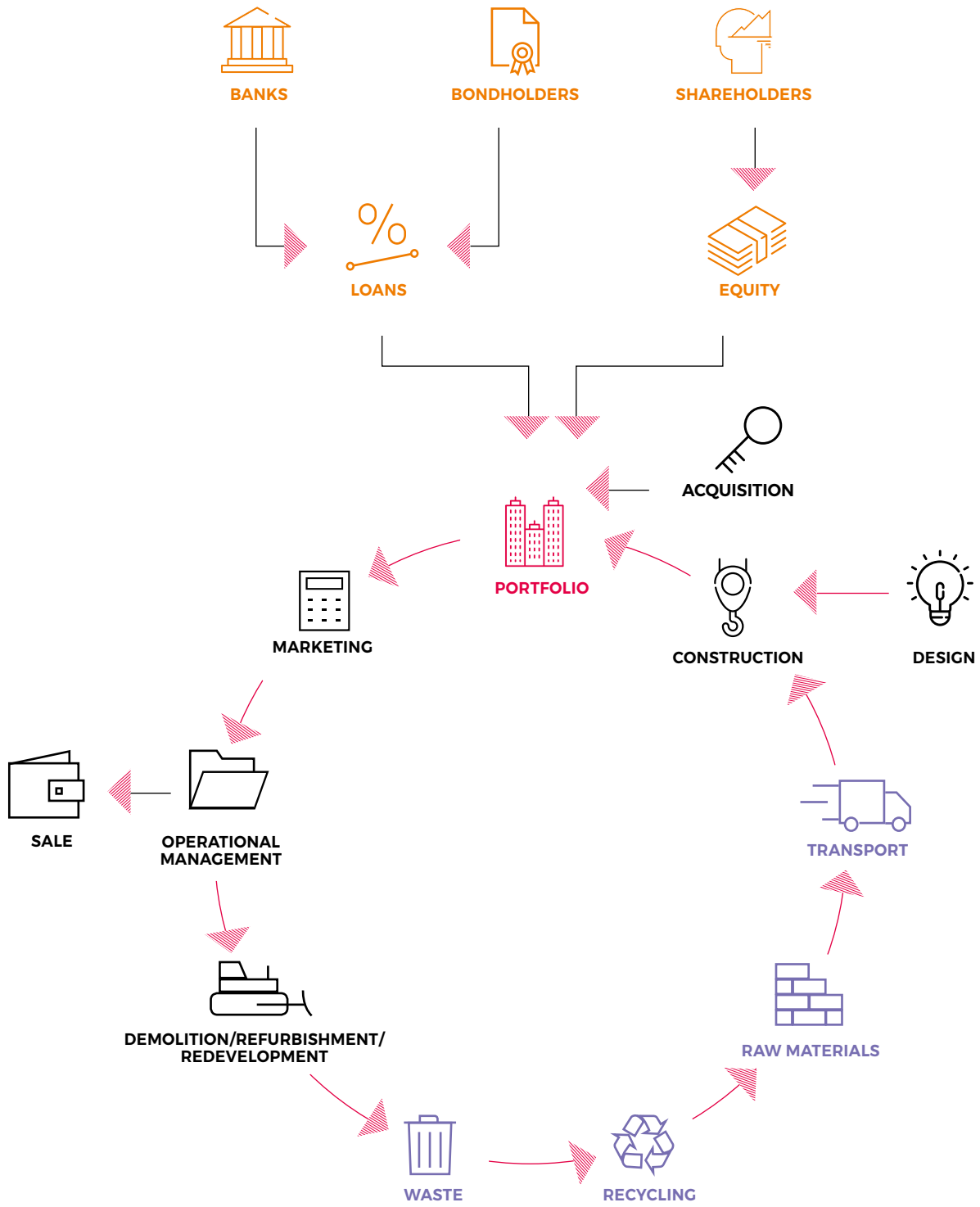
of offices covered by a Green Charter

We are convinced that owners and tenants have a common interest, i.e. to reduce the environmental impact of rented premises. We invite our office tenants to sign a Green Charter, a long-term collaboration agreement to **share** consumption data and put in place actions to **reduce** consumption.

OPERATIONAL MANAGEMENT



Renewal of the ISO 14001:2015 certificate.





CAPITAL
SERVICES
MATERIALS

LEVERS AT THE DIFFERENT STAGES OF THE VALUE CHAIN, BY ACTIVITY SEGMENT

	 HEALTHCARE REAL ESTATE	 OFFICES
Financing	■ ■ ■	■ ■ ■
Design	■ ■	■
Construction	■ ■	■ ■
Marketing	■	■ ■ ■
Operational management	■	■ ■ ■
Demolition/Refurbishment/Redevelopment	■ ■	■ ■ ■

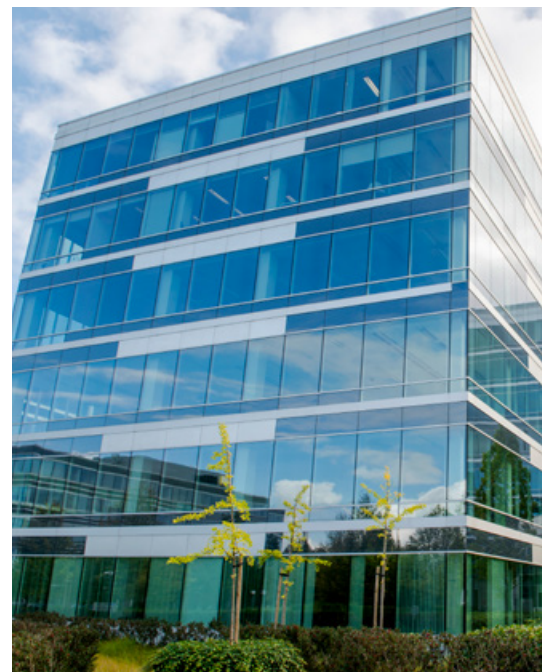


AZURIT SENIORENZENTRUM - RIESA (DE) **Construction of a nursing and care home**

In 2017, we signed a convention for the acquisition of this asset, currently under construction. The delivery of the works is planned in the second quarter of 2018. The asset will count a 6,450 m² above-ground surface area and offer 138 beds.

SUSTAINABLE MEASURES

- Energy performance in line with the new constructions legislation
- Access to all surface areas without obstacles for people with reduced mobility
- South-east façade with solar control glazing
- Shutters in all residents' rooms



BOURGET 42 - BRUSSELS PERIPHERY (BE) **Conversion of a single-tenant office building into a multi-tenant building**

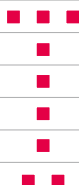
We refurbished this office building after the departure of its sole tenant. The works have improved the comfort and functionality for its future tenants. The lobby has been refurbished and a Flex Corner® created.

SUSTAINABLE MEASURES

- Renovation of the sanitary facilities on each floor generating 40 to 50 % water savings
- LED lighting in all common areas
- Increase of bicycle parkings
- Shower arrangements



PROPERTY OF DISTRIBUTION NETWORKS



PUBLIC-PRIVATE PARTNERSHIPS



COFINIMMO INFLUENCE

■	low
■ ■	medium
■ ■ ■	high



CHEVAL MARIN - BRUSSELS CENTRE (BE)

Restoration of an historical building

The building previously housed a port operations facility and has been listed since 2002. It was abandoned since 1999, before our acquisition.

We brought it up to current safety and comfort standards and completely refurbished it according to the restoration requirements of Monuments and Sites (reuse of existing materials, upgraded insulation, use of natural and environmental-friendly products).

The ground floor has been returned to commercial use and two high-quality flats have been built on the upper floors.

We contributed to the revitalisation of this urban district and to the heritage conservation thanks to this renovation.

SUSTAINABLE MEASURES

- Reuse of wooden floors and frameworks
- Overglazing
- Use of natural and environmental-friendly products: wood fibre insulation, lime plaster, natural linseed oil paint
- Condensing boiler
- Double-flow ventilation



NELSON MANDELA RESIDENCE - BRUSSELS DECENTRALISED (BE)

Large-scale refurbishment of a building for student housing

The building, which has 234 rooms, six studios and a caretaker's lodge, underwent a large-scale refurbishment based on a tender provided by the Université Libre de Bruxelles (ULB).

We also handle the technical maintenance of the building during the lease period of 27 years to ULB.

SUSTAINABLE MEASURES

- New, high-performance condensing boilers
- Ventilation with heat recovery units
- Significant insulation improvement: new façades, roofs, outside woodwork and high-performance glazing
- Individual monitoring per unit to optimise electricity and hot water consumption
- Green roof to increase biodiversity and delay rain water run-off
- Rain water recovered for sanitary facilities
- Adaptation of certain studios for persons with reduced mobility (e.g., in height adjustable kitchen cabinets).

DIALOGUE WITH OUR STAKEHOLDERS

We are a real estate company that invests in buildings and we enable the general public to invest in real estate indirectly via our stock exchange listing.

We are aware of the impact of our activities and maintain a regular dialogue with our stakeholders at every step of a building's life.

We organise consultation meetings with local residents, local government and retailers among others, beginning with the design stage of the building and the permit requests. This allows us to ensure a balance between the interests of each of the stakeholders: respect for protected natural areas, heritage conservation, traffic flow in the neighbourhood, retail activity, residents' well-being, etc.

We also take into account the needs of future tenants as well as a sufficient profitability level to compensate investors.

During the buildings' operational stage, we regularly meet our clients to assess their needs and their satisfaction level.

The motivation and commitment of each one of our employees is very important to us: transparent and proactive communication, performance reviews, feedback and reward processes, individual and team coaching, training, work-private life balance, accountability, etc.

In some cases, we interact with our stakeholders in multiple ways: a banker can be a capital supplier and, at the same time a tenant or a local resident of one of our buildings.



OUR INFLUENCE FRAMEWORK

ENVIRONMENTAL

2
distribution
networks



276
insurance agencies



984
pubs/restaurants

85
office
buildings



420
tenants
33,285
occupants

145
healthcare
buildings



133
tenants
12,850
residents

ECONOMIC

2,339
suppliers



180 million EUR
of services

12
banks



1.9 billion EUR
of equity

1.6 billion EUR
of borrowed funds

SOCIAL

Media



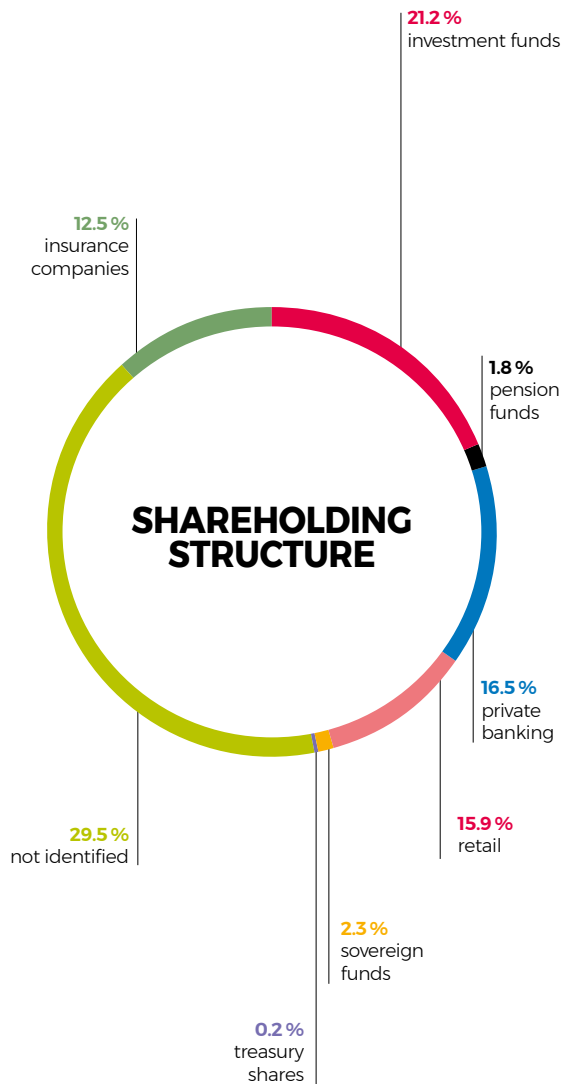
3,261
Twitter/LinkedIn/Xing
followers



222
investors met
(15 roadshows/
10 conferences)



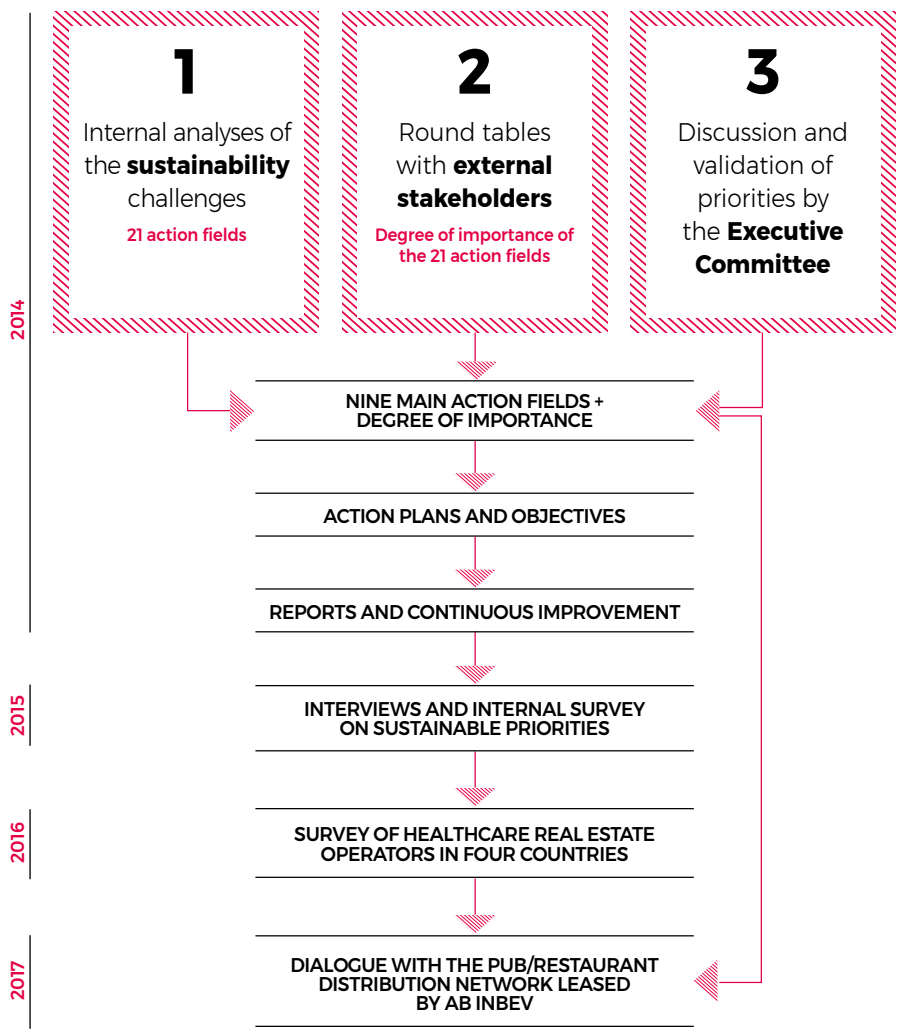
37
press releases



VALIDATION AND PRIORITISATION OF OUR ACTION FIELDS

In 2017, as part of the ongoing dialogue with our stakeholders, we surveyed AB InBev, which leases our Pubstone sub-portfolio, about its sustainability strategy and expectations towards Cofinimmo.

In an interview, Ms Heleen Vanhoudt, AB InBev's Responsible Sustainable Development Benelux, provided a more detailed overview of the company's commitments and of the social responsibility practices implemented (➔ see pages 33 to 36 of the 2017 Sustainability Report).





“Any effort to reduce the energy consumption of our pub managers and to functionalise vacant spaces, makes our current and future living environment more sustainable.”

HELEEN VANHOUDT
Responsible Sustainable Development
Benelux, AB InBev

INTERVIEW WITH HELEEN VANHOUDT, RESPONSIBLE SUSTAINABLE DEVELOPMENT BENELUX, AB INBEV

AB InBev’s Better World programme and its sustainability pillars Growing World, Cleaner World and Healthier World. What does this mean exactly?

H. V. For AB InBev social responsibility and sustainable development means long-term development, using brewery techniques that do not deplete natural resources, recycling and attention for all stakeholders who benefit from AB InBev’s activities.

These ambitions are defined in our global sustainability strategy ‘Growing World’ with a focus on ‘profit, planet, people’, which we have been working on for several decades already.

Efforts seem to concentrate on countries outside Europe. Is it because Europe has a head start in the field of sustainability?

H. V. As the world’s leading brewer, AB InBev has implemented an international sustainable development strategy which manifests itself into regional and local initiatives.

As challenges in Europe often differ from those in other parts of the world, focus is also shifted from a few projects to local needs. In Europe, for example, focus is more on issues such as responsible consumption, packaging and logistics.

There is also a strong commitment to the environmental dimension outside Europe, with a focus on issues such as water consumption and assistance to farmers. In Africa and California, for example, we pay particular attention to the use of water and the restoration of water catchment areas. In Russia, we help local farmers to cultivate high-quality barley in a profit-making way and to map more efficiently climate conditions by using satellite programs.

How should we then imagine AB InBev's efforts in Europe?

H. V. In Europe we are constantly working on sustainable brewery processes through the responsible use of ingredients, of which water is one of the most important. We make sure that water is included in a circular system so that it can be reused, after treatment, for the rinsing of materials. We pay special attention to our energy consumption and take advantage of recycling by reusing the heat from the brewing process at the beginning of the cycle. Throughout the whole value chain, we are also very attentive to logistics and, as mentioned before, the social dimension.

AB InBev is a pioneer in the use of 'ecocombis' which travel a fixed route from Heverlee to Katoen Natie in the port of Antwerp. Two ecocombis replace three regular lorries which implies fewer trips for the same quantity of products and, therefore, a CO₂ emission decrease. In one and a half year CO₂ emissions have decreased by nearly 20 tonnes by using ecocombis on the fixed route between Heverlee and Antwerp. This represents a 21% decrease. Large-scale use can have a positive impact on mobility as about 32 % fewer trips are needed.

Another key issue in Europe and Belgium is the reduction of packaging and its recycling. Together with Fost Plus, AB InBev conducted in 2017 an awareness-raising campaign against litter. At festivals, AB InBev and partners also bring this issue to the attention of young people, by recycling cups into bottle openers via 3D printing, for example.

Furthermore, we also focus on responsible beer consumption. AB InBev invests in non-alcoholic beers in order to allow people to make a positive choice for valuable alternatives.



1. Pub/restaurant Three Sisters - Amsterdam (NL)

2. Pub/restaurant Le Royal - Louvain/Leuven (BE)

-21 %

In one and a half year, CO₂ emissions decreased by nearly 20 tonnes thanks to the use of ecocombis on the fixed route Heverlee-Antwerp.

343,143 m²
984

pubs/restaurants
AB InBev's distribution network, managed by Cofinimmo, represents a surface of around 20 % of Cofinimmo's portfolio.

How does a multinational like AB InBev succeed in communicating its sustainable development strategy and win the support of all players in its value chain, including pub managers?

H. V. Until recently AB InBev delivered the most of its sustainability efforts in its breweries, processes and the awareness raising of its employees.

Our sales people also try to convey this sustainable attitude when they meet the pub managers. They offer them, for example, toolkits to promote responsible alcohol consumption and train them in rinsing their dispensing equipments.

The next step could consist in making pub managers more aware of their energy consumption and how to economise by consuming less energy.

Did AB InBev take specific measures regarding its real estate?


H. V. A distinction must be made between our breweries and offices on the one hand, and our pubs on the other hand.

In the first case, we already delivered considerable efforts and have a sound sustainable track record: responsible use of ingredients, water and heat recycling, reduced energy consumption and CO₂ emissions and increased sustainability awareness among our employees.

In the second case, sustainability on the sales side, efforts can still be made. Pub properties are very diverse and require a wide range of sustainable solutions which can be managed by AB InBev and its real estate partners, such as Cofinimmo.


“ COFINIMMO CONTRIBUTES TO THE UPGRADE OF CERTAIN DISTRICTS AND THE REAPPRAISAL OF THE URBAN COHESION.”

What are your expectations regarding sustainability for a real estate partner such as Cofinimmo? In the environmental and social field? Do you have specific SDG¹ in mind?

H. V.  Cofinimmo owns our sales network. It is a partner who meets the sustainability conditions we set for our partners.

Cofinimmo wants to maximise the return on its real estate. There is nothing wrong with that. That's why the network of pubs is well maintained, refurbished and vacancy is managed to give spaces a second life as residential spaces e.g. Pubstone provides in the Netherlands, for example, vacant ground floor retail spaces for temporary accommodation and converted them in Mons/Bergen (BE) into apartments. The AB InBev distribution network, managed by Cofinimmo, totals about 350,000 m², nearly 43 % of our direct points of sale. Each effort made to reduce the pub managers' energy consumption and convert vacant space into useful spaces, brings us a step closer to a more sustainable today's and tomorrow's living environment.

What role should or could Cofinimmo, as a real estate provider, play in AB InBev's sustainable development strategy?

H. V.  AB InBev goes for a world in which there is room for growth and attention for environment and health. Cofinimmo, as owner and manager of our distribution network, is a fully committed partner to this vision.

Our pubs are primarily places where people meet each other.

As we strive for sustainability within the brewery, it is also important to have sustainable sales properties: e.g. energy-efficient, well insulated, well maintained and optimally used.

Cofinimmo is first and foremost a provider of properties where we sell our beers. Its role could, however, evolve towards an organisation which, together with our pub managers, raises

sustainability awareness and optimises the use of these properties via energy savings and by re-assigning the unused accommodation. Cofinimmo would be a 'consultant' in smart energy consumption and a partner in creating housing. This would make unused space useful.

A good example is the restoration of the Cheval Marin in Brussels city centre. This historical building was entirely refurbished. All technical equipment was provided and construction materials were reused whenever possible to make it functional and comply with current comfort and safety standards. In this way, Cofinimmo contributes to the upgrade of certain areas and to the reappraisal of the urban cohesion. In addition to the ground floor's retail function that was restored, two high-quality residential units were created on the upper floors. In this way, this restoration fits perfectly with the revitalisation of this neighbourhood of the city centre, located between the Grand'Place and Canal areas. By being inspiring and facilitating and establishing a connection between housing and real estate, the triple win relation 'Profit-People-Planet' can be redefined.

Pub/Restaurant Cheval Marin - Brussels Centre (BE)



¹ Sustainable Development Goals.

OUR ACTION FIELDS CORRESPONDING WITH THE SUSTAINABLE DEVELOPMENT GOALS

WE SEE OUR ACTIVITIES¹ IN A BROADER FRAMEWORK AND HAVE TIED THE OBJECTIVES OF OUR SUSTAINABLE DEVELOPMENT POLICY TO THOSE OF THE UNITED NATIONS. THEY CONSIST OF A LIST OF MEASURES TO BE IMPLEMENTED FOR THE PRESERVATION OF THE PLANET AND WELL-BEING OF ITS INHABITANTS. IN PRACTICE, THE UNITED NATIONS' GOAL IS TO END POVERTY BY 2030 AND TO ENHANCE LIVES WHILE PRESERVING THE PLANET VIA 17 SUSTAINABLE DEVELOPMENT GOALS (SDG).



“THE SUSTAINABLE DEVELOPMENT GOALS ARE A NAVIGATION SYSTEM FOR REACHING THE FUTURE WE DESIRE. THEY SERVE AS A COMPASS INDICATING OUR DIRECTION, AND OFFER A MAP FOR MEASURING PROGRESS ALONG THE ROUTE.”

ERNST LIGTERINGEN,
CEO GLOBAL REPORTING
INITIATIVE (GRI) TILL MID-2017



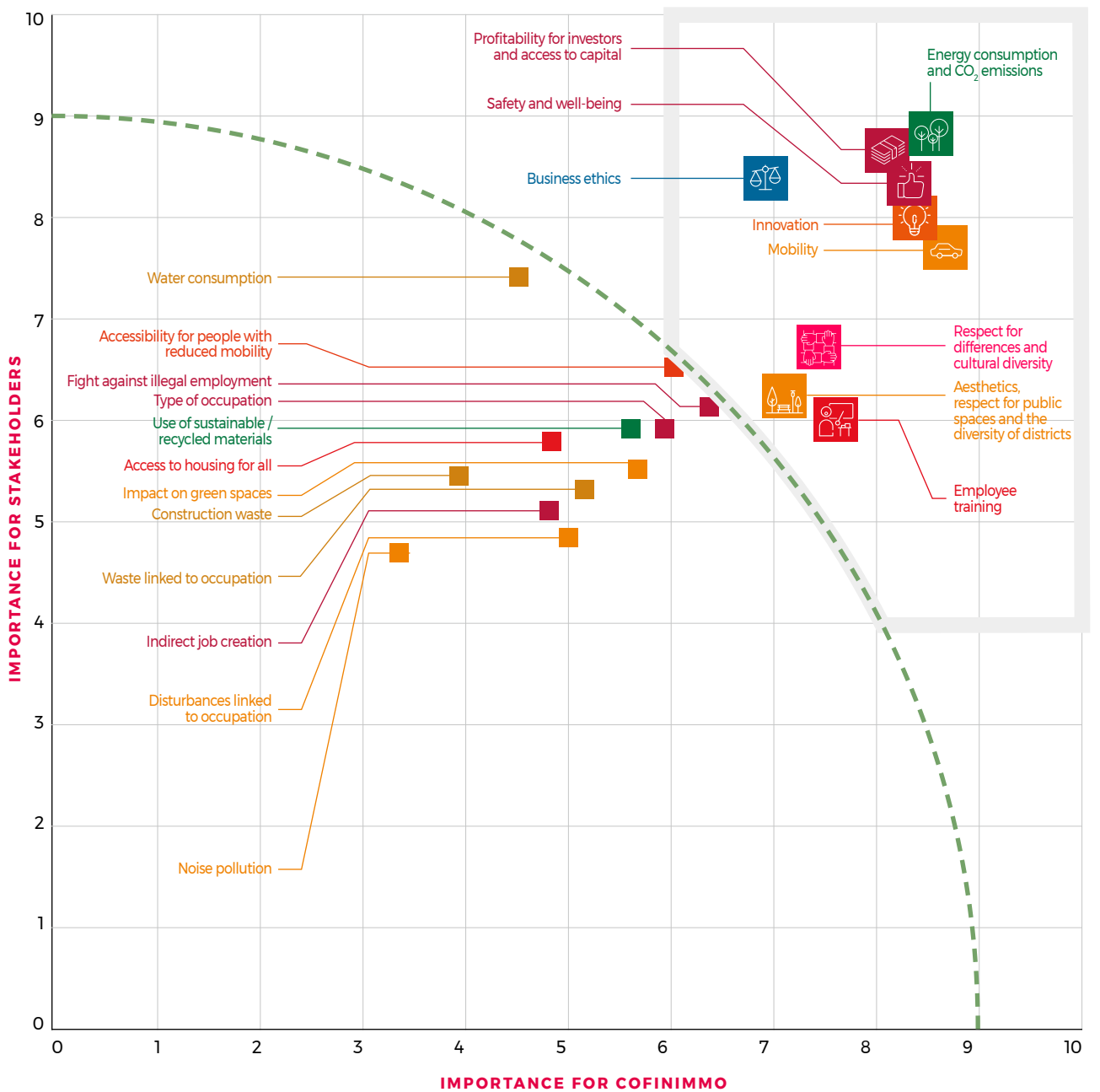
OUR MATERIALITY MATRIX

Our materiality matrix was established for the first time in 2014, based on the GRI guidelines. It is reviewed and fine-tuned every year. Each point on the matrix represents a sustainable development challenge for our company. Its position on an axis is jointly determined by the perception of our shareholders and the importance of the impacts considered by Cofinimmo in-house.

The upper right area, beyond the green arc, contains the nine priority action fields among the 21 identified in-house.

Certain topics in the materiality matrix are not considered as priority issues and are below the green arc. This does not mean that the Group is not interested, but can be explained by the fact that these topics are mostly subject to fairly strict legislation, forcing companies to address them, irrespective of their perceived importance. For example, we take care of reducing water consumption by means of remote metres, in the same way as we treat energy consumption and CO₂ emissions.

¹ The details of all the 2017 actions and future objectives are included in a dashboard
 (→ see Appendix Dashbord of the 2017 Sustainable Development Report - full version on www.cofinimmo.com).



3 GOOD HEALTH AND WELL-BEING



ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

3.4

BY 2030, REDUCE BY ONE THIRD PREMATURE MORTALITY FROM NON-COMMUNICABLE DISEASES THROUGH PREVENTION AND TREATMENT AND PROMOTE MENTAL HEALTH AND WELL-BEING.”

- UNITED NATIONS -

OUR ACTION FIELD

SAFETY AND WELL-BEING

The impact of real estate on the outdoor environment is increasingly well managed. But what about its impact on the indoor environment?

In today's society it is insufficient to guarantee safety in buildings. Expectations have changed and people expect buildings and communities to be tools for well-being where hospitality takes centre stage. This change is promoted by new labels and benchmarks¹.

It is therefore important that we provide buildings which meet these new expectations. The development of Lounges® and Coffee Corners® is part of this approach.

Sports and wellness centre Uhlenhorst Club - Hamburg (DE)

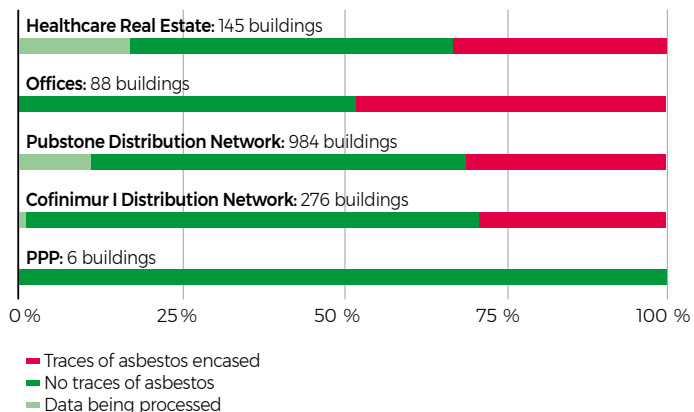


OUR 2017 PERFORMANCE INDICATORS

EMPLOYEE WELL-BEING

Absenteeism	2016	2017
Short term	1.2 %	1.6 %
Long term	3.5 %	2.6 %
Work-related accidents	0	4

ASBESTOS MANAGEMENT IN LEASED BUILDINGS



OUR 2018 OBJECTIVES



DATA COLLECTION

Complete asbestos data for the various sectors and gradual clean up.

¹ Cofinimmo took part in the GRESB 'Health and well-being' module for the first time in 2017.

OUR 2017 ACHIEVEMENTS

OUR EMPLOYEES

We have always implemented a series of practices to promote the well-being of our employees and the execution of their job under the best conditions. Employees receive, as soon as they take up their position, a welcome package describing all of the practical and safety aspects of the workplace. In 2017, 15 new employees were individually welcomed by the Human Resources manager and the CEO.

There are also discussion forums where employees can share their ideas and/or concerns: monthly lunch meetings, breakfasts with management, working groups on improving internal and inter-departmental communications and workshops on psycho-social risks.

Team building sessions are organised if needed, to enable department members to get to know each other better and, where relevant, identify improvements in the team dynamics. In 2017, four team building sessions were held with 36 participants.

We also pay attention to mental well-being and stress at work. Increased stress at work, very frequent in the business world, can have sad consequences and might lead to burn-out in some people. This type of affliction leads to the prolonged absence of the affected person and a disruption and additional costs for the employer. We raise manager awareness about this topic on a regular basis (one training session with 17 participants in 2017).

We carried out a global survey on ergonomics with our employees in 2017. The ErgoTool¹ questionnaire replies provided feedback on the potential issues caused by a sedentary profession. All screen users were also informed of the danger of prolonged sitting periods.

We also started Pilates gymnastics classes in 2017, which are very popular with our employees. 20 people attended 30 sessions during their lunch time.

We raise our employees' awareness about eating healthy food by providing fruit baskets twice a week and soup in wintertime.

THE OCCUPANTS OF OUR BUILDINGS

The construction choices and the maintenance quality have an impact on the safety and well-being of occupants. Uncontrolled hazardous materials, non-compliance with safety standards, and improperly adjusted air conditioning equipment can have an impact on the occupants' well-being and health.

We analyse all elements which are likely to have an impact on public health. The presence of asbestos, soil pollution, fire protection measures, etc. are systematically analysed during the due diligence process.

The asbestos risk is monitored closely in the older buildings of the portfolio. Any asbestos found in buildings is encased. In the event of deterioration, these materials are removed following the legal prescriptions ensuring the safety of people.

In 2017, our Environmental Manager organised four round tables with 52 participants to improve the understanding of the real estate legislation applicable in Belgium and the adjacent countries where we are present.

The presence of relaxation opportunities and taking care of oneself on the spot has really become an important criteria in the choice of a building. Yoga, bums & tums and relaxation sessions are held

in our Lounges[®], in collaboration with the company Easy Day, occasionally followed by a drink or a healthy lunch full of vitamins. The task of the Community Manager, responsible for the Lounges[®], is to promote actions with a positive impact on the well-being of the occupants of our office buildings.

OUR SUBCONTRACTORS

Fairness to our suppliers during purchase negotiations and concern for the safety of their staff are important to us. Commercial relationships can only be maintained through the mutual respect of the parties and understanding of their respective concerns and objectives. The outsourcing of building and maintenance activities are coupled with a strict monitoring of these subcontracting works.

Some employees have been trained in safety coordination for large-scale refurbishment works. They identify and implement risks and prevention measures for each work site. We also call on external safety coordinators depending on the workload. Within the framework of calls for tenders, we clearly describe everyone's responsibilities in the requirement specifications and contracts.

Regarding our portfolio maintenance, we equip our buildings with security systems in order to guarantee our suppliers' physical safety (access platforms and anchor points for window-cleaning teams, for example). Subcontractors' services are covered by framework contracts to ensure a mutually beneficial partnership.

¹ The ErgoTool is part of a sustainable vision of well-being at work. It is completed with advice to enable employees to set up ergonomically their computer workstation, to avoid health problems and stay fit and healthy. ErgoTool consists of two parts: e-learning training and a self-assessment about on screen working.

4 QUALITY EDUCATION



ENSURE INCLUSIVE AND QUALITY EDUCATION FOR ALL AND PROMOTE LIFELONG LEARNING

4.4

BY 2030, SUBSTANTIALLY INCREASE THE NUMBER OF YOUTH AND ADULTS WHO HAVE RELEVANT SKILLS, INCLUDING TECHNICAL AND VOCATIONAL SKILLS, FOR EMPLOYMENT, DECENT JOBS AND ENTREPRENEURSHIP”

- UNITED NATIONS -

OUR ACTION FIELD

EMPLOYEE TRAINING

Human capital represents a decisive competitive advantage for the quality the company can provide to its customers, in other words, for its economic and societal performances.

In the medium term, we promote professional and personal development at each stage of all our employees' careers.

In the long term, we aim to ensure a career-end, plenty of challenges and free of future concerns.

OUR 2017 PERFORMANCE INDICATORS

1.9 %

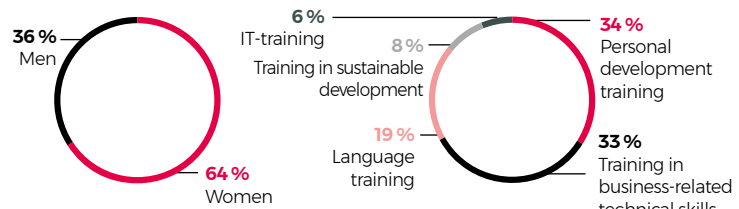
Training budget compared to gross salary total¹

4,967 hours

Cumulative total of training hours²

85 %

Employees who attend one or several training courses



47.5 %

University graduates

35 %

Post-university graduates

OUR 2018 OBJECTIVES



TRAINING

Continued training for employees and team leaders



ACADEMY

Summer Academy / Language Academy – 2018 edition



TRAINING

New types of training: webinars, e-learning, tutorials



INVESTORS IN PEOPLE

Renewed label and gold level acquisition

¹ It is important, however, to note that Belgian legislation has evolved in this respect. Companies are now required to provide an average of five training days per employee rather than a percentage of the salary total.
² Of which 700 hours of individual or team coaching.



“INVESTING IN OUR EMPLOYEES ALLOWS US TO BENEFIT FROM THEIR INCREASED EFFECTIVENESS AND COMMITMENT AND OPENS THE WAY TO EXCELLENCE”

CHANTAL CABUY –
CHIEF HUMAN RESOURCES OFFICER



OUR 2017 ACHIEVEMENTS

OUR INVESTORS IN PEOPLE (IiP) LABEL

This label is widespread in the world, especially in Anglo-Saxon countries, but also in Flanders. Since 2006, we have been among a group of fewer than ten companies to be awarded the label in the Brussels-Capital Region¹. Its renewal every three years since then allowed us to position ourselves in the market as a company with a trustworthy management which operates in accordance with our corporate values. It highlights the fact that we invest in our employees and that we are listening to them. Such certification also allows us to attract new talent, potentially interested in our sustainable approach.

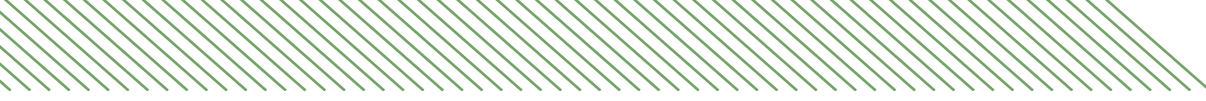
GOLD LEVEL

IiP reviews its approach on a regular basis to ensure that it is always as close as possible to current company operations and employee expectations. In 2017, we continued to implement all measures required to ensure the label's renewal in 2018. Therefore, we will be evaluated in three ways.

Leading

Managers play a central role in the company culture and must provide support to employees to ensure their unfailing commitment. They must have foresight in a complex environment. The task is becoming increasingly difficult. Managers are always expected to do more, often in less time and, sometimes, with fewer resources.

¹ No companies have yet received the label in Wallonia.



Supporting

Organisations are facing constant changes and employees are expected to be more and more flexible. Flatter and more 'supportive' organisations are able to implement decisions faster and with more client focus. This implies confidence, autonomy and accountability, as well as recognition!

Improving

The new world of work requires creative and innovative approaches to the development of people and products.

liP expects companies to make its motto 'Being better tomorrow than we are today' theirs.

The bar is set (very) high to obtain the Gold-level label, but we have been fully committed to it since 2015, i.e. the last time we were awarded the label.

OUR CONTINUING EDUCATION POLICY FOR EMPLOYEES AND TEAM LEADERS

We offer to all our employees the same training and development opportunities, and do not discriminate in any way whatsoever.

We are motivated by our desire to ensure that each person is ready at all times for a new position within Cofinimmo or elsewhere and that their expertise aligns with market requirements. We also promote from inside whenever possible.

Five areas of training are emphasised: business-related technical skills, sustainable development, languages, IT and personal development.

Training courses are selected jointly by the employee, their manager and Human Resources. They take into account the advances made by the competition and the sector, the development needs of the teams, new trends and the potential for assuming a higher-level position. We encourage all employees with potential to train in leadership and people management skills.

During the slower summer period, employees can attend a Summer Academy to refresh or improve their Word, Excel, Outlook, PowerPoint, Access and LinkedIn skills.

In 2017, we launched the 'Language Academy' simultaneously with an external partner. It provides employees at the same level with the opportunity to spend three days in an intensive course, in groups of three or four, improving their Dutch, French, English or German.

The opportunity to refresh knowledge

and acquire new skills within a limited timeframe has been very successful with employees. This type of approach is a win-win for both employees and the employer.

2017 was also the year during which we studied new training trends which enable employees to manage their time individually and more efficiently and avoid having to free up at least a half-day at a scheduled date. Starting in 2018, employees will be able to register for e-learning sessions. These will include webinars and tutorials on various topics such as pivot tables, meeting management, etc.

Team Managers (in place or potential) are provided with (individual and/or group) leadership and people management development courses to improve their understanding of the different, and very specific, aspects of this position. In addition to in-depth knowledge, the position requires behaviour and approaches that will motivate and increase the commitment of their reports.

These opportunities are provided equally to all employees, regardless of the country in which they are operational. They are in line with our 'Diversity' and 'Investors in People' label commitments.

OUR REMUNERATION POLICY

The salary envelope we offer our employees is based on identical criteria for every employee and takes into account an objective classification of job duties. It includes an insurance plan, a profit-sharing scheme and, since 2009, a non-recurring bonus tied to company results.

Given the issues of traffic jams and the work/private life balance, our employees have voiced their need to optimise the use of their time. In order to meet this request and enable them to work effectively from a remote location one day a week, we have offered them with IT solutions (high-end portables, suitable telephone equipment) and added an Internet subscription to their salary package.

This is in addition to the other extra-legal benefits they already enjoy (company car, group insurance, hospitalisation and outpatient insurance, meal vouchers, eco-checks, medical check-ups, Pilates classes, fresh fruit baskets, mobile phones, tablets, option plans, etc.).

We look to the same talent pool as other BEL20 companies in our search for highly qualified employees. However, most of those companies are much larger than we are, given that we are about the size of a SME. In addition to our dynamic culture and shared values we therefore pay close attention to alternative forms of remuneration to ensure the loyalty of the next generation of employees (profit-sharing schemes, non-recurring bonuses based on results, etc.).



7 AFFORDABLE AND CLEAN ENERGY



ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL

7.3

BY 2030, DOUBLE THE GLOBAL RATE OF IMPROVEMENT IN ENERGY EFFICIENCY.*

- UNITED NATIONS -

OUR ACTION FIELD

ENERGY CONSUMPTION AND CO₂ EMISSIONS

The real estate sector is responsible for 40% of all CO₂ emissions in Europe. The energy performance of our portfolio's buildings must be optimal in order to limit their CO₂ emissions resulting from their use.

Starting in 2020, all new buildings in Europe must meet passive standards. This creates an opportunity for Cofinimmo to proactively differentiate itself by anticipating the legislation. Better energy performing buildings are marketingwise more attractive. They offer occupants both more comfort and lower charges.

OUR 2017 PERFORMANCE INDICATORS



CO₂-EMISSIONS



ELECTRICITY CONSUMPTION



GAS CONSUMPTION AT CONSTANT CLIMATE

Like-for-like change between 2016 and 2017

-3.6%

-3.0%

5.1%

Change at Cofinimmo's head office between 2016 and 2017

-0.6%

-1.5%

9.7%

OUR 2018-2022 OBJECTIVES



9 buildings

Equipping of the remaining multi-tenant buildings with remote meters.



6.05%

Renovation of the portfolio (new constructions and acquisitions excluded).



1,501 MWh/year

Estimated potential of the installation projects of photovoltaic production units (420 MWh/year in the Brussels-Capital Region and 1,081 MWh/year in the Netherlands)



30%

office spaces covered by a Green Charter¹.

¹ Sustainable collaboration agreement between Cofinimmo and the tenant.

OUR 2017 ACHIEVEMENTS

MEASURE

Energy reduction starts with an increased knowledge of the portfolio. We therefore gradually improve the consumption records of our buildings' equipments. The action plan implemented since 2013 reaches its final phase with the equipment with remote meters in 45 of 57 buildings. These meters connect equipment to an energy accounting software. Consumption data of all common areas managed by Cofinimmo, as well as private consumption data voluntarily provided by tenants (for example the electricity consumption of 80 % of the healthcare portfolio) are collected in this software.

All energy consumption and CO₂ emission results are available in the **Appendix 2017 Key Performance Indicators¹ of the 2017 Sustainability Report - full version** (see www.cofinimmo.com).

AVOID

Avoiding consumption by redevelopment or large-scale refurbishment of our portfolio (1,1 % of the total portfolio in 2017) is in our profession the main way to actively participate in global efforts to reduce greenhouse gases. We strive to go as far as possible in terms of energy efficiency, often beyond legal requirements, where economically viable. As part of our sustainable approach, we completed 74 interventions in the distribution network segment in 2017.

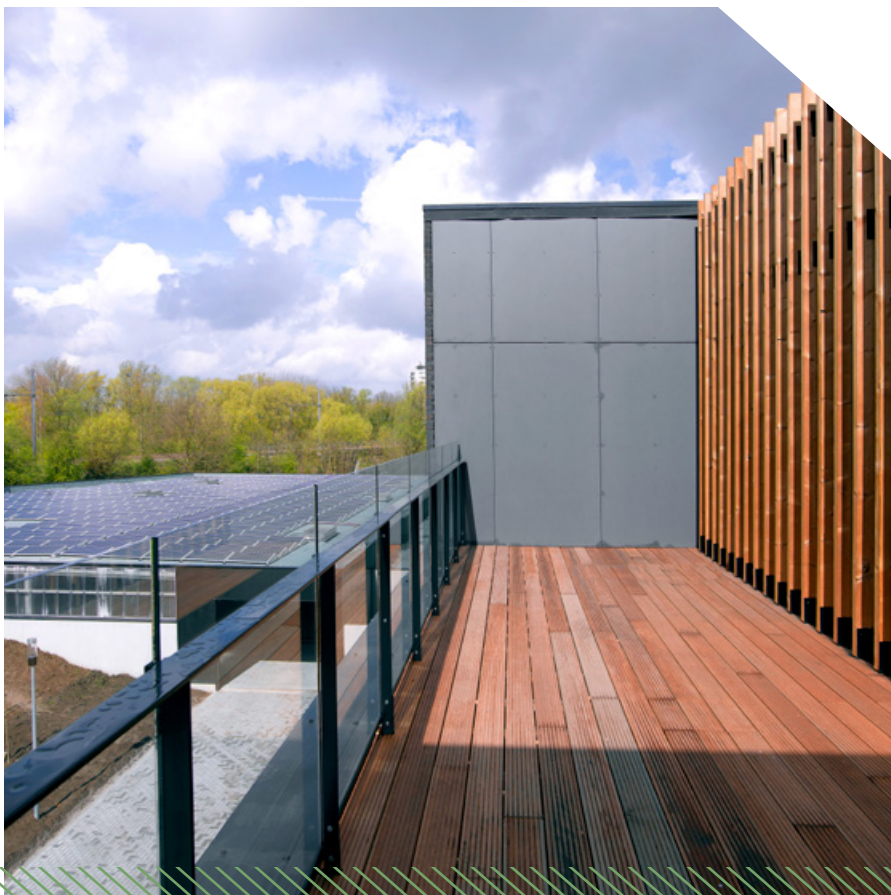
RENEWABLE SOURCE

Minimal energy consumption will always be necessary. The global goal is to increase the share of renewable energy. In 2017, we deepened our knowledge of photovoltaic panels installed in the portfolio: nine buildings together produce 1 GWh/year. We use all of the energy produced. However, legal constraints do not facilitate production expansion without becoming an energy supplier². Photovoltaic projects are, therefore, implemented under a 'third-party investor' scheme. The mechanism releases us of all responsibility as an energy supplier and enables us to enhance unusable areas for other activities. A study for the potential installation of photovoltaic panels in the healthcare real estate segment in Brussels revealed only two assets of interest. A study of the potential in the Netherlands is in progress.

REDUCE

The consumption reduction approach differs for each segment. In the office segment, we are often involved in both the construction/refurbishment phase and in the day-to-day management of a majority of buildings. This enables us to influence energy consumption as of the building's occupation. At 31.12.2017, 34 tenants had signed a Green Charter, covering 133,033 m², i.e. 20 % of the office portfolio. In other segments, our involvement is limited to raising tenants' awareness. Building occupants are responsible for their own energy consumption management. Cofinimmo's involvement is sometimes limited to the level of data exchange.

Police station - Termonde/Dendermonde (BE)



¹ Cofinimmo adopted the performance indicators recommended by the European Public Real Estate Association (EPRA). The 28 indicators, correspond to 21 Global Reporting Initiative (GRI) standards. They provide a very clear picture of the performance of different buildings from year to year.
² In addition, in Belgium, only the subsidy system in Brussels is favourable to this type of installation.

8 DECENT WORK AND ECONOMIC GROWTH



PROMOTE INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, EMPLOYMENT AND DECENT WORK FOR ALL

8.2

ACHIEVE HIGHER LEVELS OF ECONOMIC PRODUCTIVITY THROUGH DIVERSIFICATION, TECHNOLOGICAL UPGRADING AND INNOVATION, INCLUDING THROUGH A FOCUS ON HIGH-VALUE ADDED AND LABOUR-INTENSIVE SECTORS.”

- UNITED NATIONS -

OUR ACTION FIELD

PROFITABILITY FOR INVESTORS AND ACCESS TO CAPITAL

Profitability is essential to allow our company to assume its responsibilities and pursue its activity. It measures both the efficiency and the value that clients grant to Cofinimmo's products and services. It determines the allocation of resources and preservation of the investments which condition its development and the production of its services. We cannot fully assume our economic and social role if profits are insufficient or our financial base is fragile.

OUR 2017 PERFORMANCE INDICATORS

93.26 EUR

Net asset value per share (at fair value)

1.9 %

Average cost of debt

6.53 EUR

Net result from core activities per share

5.50 EUR

2017 gross dividend payable in 2018 per ordinary share

ECONOMIC VALUE GENERATED AND DISTRIBUTED IN 2017

ECONOMIC VALUE GENERATED (X 1,000 EUR)

+ **210,899 EUR**
Customers

- **25,407 EUR**
Suppliers of goods and services

= **185,492 EUR**
Value added

ECONOMIC VALUE DISTRIBUTED (X 1,000 EUR)

- **19,566 EUR**
Personnel

- **120,502 EUR**
Shareholders

- **30,552 EUR**
Financial expenditure

- **5,791 EUR**
Public sector

- **171,477 EUR**
Total economic value distributed (X 1,000 EUR)



9,080 EUR

Economic value retained within the Group (x 1,000 EUR)

OUR 2018 OBJECTIVES



DIVERSIFICATION

Diversification of financial resources



CAPITAL MARKETS

Regular recourse to capital markets

45 %

Approximate debt ratio



DURATION AND COST OF DEBT

Optimisation of the duration and cost of financing

5.50 EUR

Gross 2018 dividend payable in 2019 per ordinary share

Our status as a Regulated Real Estate Company (RREC) offers the general public the opportunity to invest indirectly in real estate. Transaction and management costs are considerably lower than for direct investments in property.

Cofinimmo's share must contribute to the wealth of our shareholders and investors. This entails the distribution of a high and consistent dividend and preservation of the capital invested.

We must also have access to financial resources at the lowest possible cost and sufficiently diversified to reduce refinancing risk at maturity and guarantee the invested capital maintenance.

DIVERSIFICATION OF FINANCIAL RESOURCES

To avoid risk concentration, we diversify not only the asset types and countries in which we invest but also our financial resources. We finance our investments with bank loans, 'traditional' bonds (non-convertible), convertible bonds, Green & Social Bonds and long- and short-term commercial paper. In addition, we work closely with about ten high-quality banking partners.

REGULAR RECOURSE TO CAPITAL MARKETS

We use several fund raising methods: 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.

Nursing and care home Zonneweelde - Rijnmenam (BE)



DEBT RATIO CLOSE TO 45 %

Although our RREC legal status allows a debt ratio of maximum 65 % and banking agreements allow a ratio of maximum 60 %, our policy is to maintain a debt ratio close to 45 %.

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

OPTIMISATION OF THE DURATION AND COST OF FINANCING

We actively manage our financial resources by refinancing maturing debt at least one year in advance. We carefully optimise the cost of debt by paying attention to the diversification of our financial resources and the average maturity of our debt.

As floating rate is part of our debt, we are exposed to the risk of rising rates, which could deteriorate our financial result. We therefore partially hedge our floating rate debt with Interest Rate Swaps (IRS). The goal is to secure about 80 % of the overall debt (at fixed and floating rates) for the next five years, and 50 % thereafter.

OUR 2017 ACHIEVEMENTS

- Optional dividend in shares
As a result of the offer to pay the 2016 dividend in new ordinary shares, Cofinimmo's shareholders chose to reinvest a total of 41 % of their dividends in new shares, thus allowing the company to increase its capital by 33.2 million EUR
(➔ see also our press releases of 10.05.2017 and 01.06.2017 on www.cofinimmo.com).
- Renewal of several credit lines for a total amount of 303 million EUR.
- Extension of the maturity of a 300 million EUR syndicated loan
- New Interest Rate Swaps for the period 2023-2025
- Green & Social Bonds
At the end of 2016, we collected 55 million EUR from the issue of Green & Social Bonds. In 2017, all of the funds were allocated to projects contributing positively to sustainable development, in a proportion of 50 % to offices with BREEAM or BREEAM In-Use certification (minimum 'Very Good' level) and 50 % to healthcare assets for the housing of vulnerable or dependent people requiring specific care.

Details regarding the strengthening operations of our financial resources are described on the **pages 86-89 of the 2017 Annual Financial Report** (see www.cofinimmo.com). A detailed Green & Social Bonds report is included in the **Appendix Innovative use of Green & Social Bonds to the 2017 Sustainability Report - full version** (see www.cofinimmo.com).

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



BUILD RESILIENT INFRASTRUCTURE, PROMOTE SUSTAINABLE INDUSTRIALISATION AND FOSTER INNOVATION

9.1

DEVELOP QUALITY, RELIABLE, SUSTAINABLE AND RESILIENT INFRASTRUCTURE, INCLUDING REGIONAL AND TRANSBORDER INFRASTRUCTURE, TO SUPPORT ECONOMIC DEVELOPMENT AND HUMAN WELL-BEING, WITH A FOCUS ON AFFORDABLE AND EQUITABLE ACCESS FOR ALL."

- UNITED NATIONS -

OUR ACTION FIELD

INNOVATION

As a major Belgian property owner, we are trying to be visionary and to stimulate the debate on future real estate needs. We integrate to the best of our abilities major societal trends in our strategy to avoid accelerated obsolescence of our buildings and preserve our economic sustainability. Innovative solutions are a must to create new growth opportunities and ensure sustainability of the current portfolio.

OUR 2017 PERFORMANCE INDICATORS



4
new Flex Corners®



1
new Lounge®



1,200 m²
of new
multifunctional
space



18
new shared meeting
rooms



1
new equipped
roof-top terrace



6 pubs
temporarily available for
residential use

OUR 2018 OBJECTIVES



FLEX CORNER®

New Flex Corner® in the Arts/Kunst 46 building (Brussels Leopold district) and extension of the Flex Corners® at Park Hill (Brussels Periphery) and Omega Court (Brussels Decentralised).



THE LOUNGE®

Ongoing marketing of the Lounges® meeting rooms at Park Lane and The Gradient and opening of the Park Lane's restaurant.



INNOVATION

Further implementation of new innovative prototypes.



RENOVATION

Further refurbishment of the Quartz building (formerly Arts/Kunst 19H) using BIM software.



BIG DATA

Continuing use of big data.

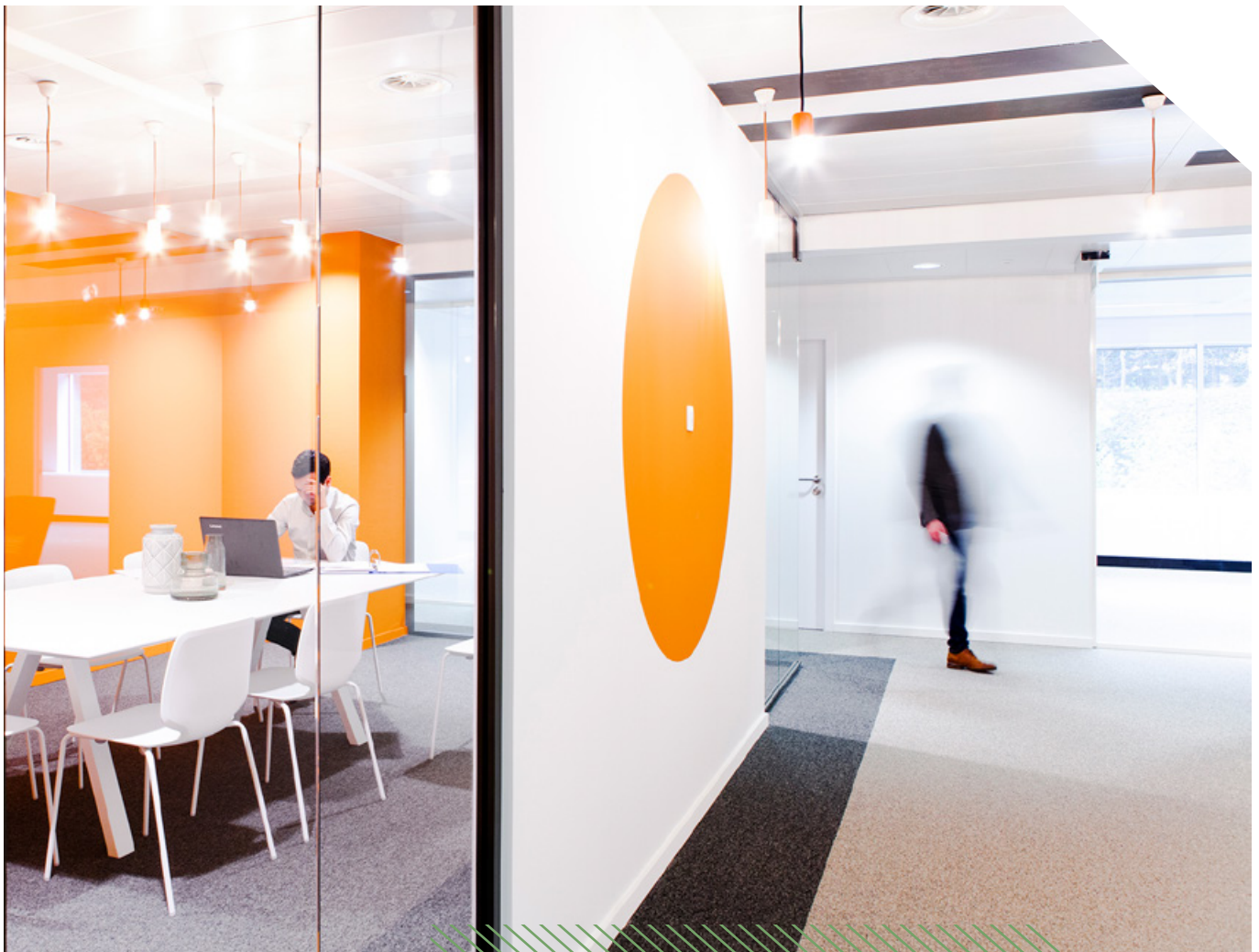
OUR 2017 ACHIEVEMENTS

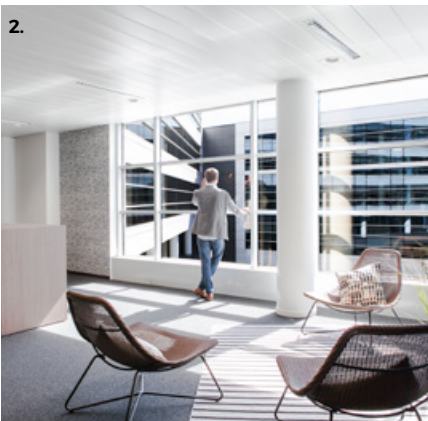
We periodically set up workgroups of a dozen of in-house people in order to think on how to implement new identified societal trends. These groups feed their research through meetings with visionaries in fields that might influence tomorrow's real estate (mobility, urban agriculture, smart cities & buildings, the digital revolution, big data, etc.). Taking into account new construction techniques and new, more sustainable technologies, they submit various proposals in line with the needs of clients-tenants in order to reduce the portfolio's rental vacancy, to extend the office buildings' life cycle and to facilitate their operation. A first think-tank was active at the end of 2014, early 2015. Four of this group's ideas led to real projects.

A second group was set up at the end of 2016, early 2017. The first prototypes of the selected ideas are under development.

However, innovation is not exclusive to these special workgroups. It also emanates from the company's various departments. Tools are provided to all employees. In 2016, in search of solutions, a digital exchange site was implemented to enable all employees to share their ideas or present the challenges they face.

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





1. **The Lounge® - Office building Park Lane - Brussels Periphery (BE)**
2. **Flex Corner® - Office building Omega Court - Brussels Decentralised (BE)**
3. **Flex Corner® - Office building Souverain/Vorst 36 - Brussels Decentralised (BE)**

OUR INNOVATIVE CONCEPTS

FLEX CORNER®

The Flex Corner® concept provides maximum flexibility. It consists of a set of small office spaces of various sizes combined with shared facilities (kitchenette, lounge and several meeting rooms of different capacity). The office spaces are pre-cabled and basic amenities, such as carpeting, are already installed. Tenants can call on our expertise to finalise their private office areas. Shared meeting rooms are available proportionally to the size of the leased surfaces and can be booked via a reservation system from the client's computer or from a screen near the rooms.

The minimum lease length is one year, but can be adjusted to the tenant's needs, via a 'Custom your lease®' option and suitable contractual conditions. Tenants receive a monthly invoice which includes the rent, taxes, and a set amount for shared charges (electricity, maintenance, Wi-Fi and the use of meeting rooms).

In 2017, four new Flex Corners® were created in Park Hill, Bourget 42, Omega Court and Souverain/Vorst 36 and the existing Flex Corner® in Paepsem Business Park was expanded. Eight office buildings are now equipped with this type of facilities.

THE LOUNGE®

These are modern, multifunctional spaces comparable to airport VIP lounges. They are fitted in such way one can work, meet or relax there. The concept meets the needs of changing work habits which are becoming more flexible and mobile, such as co-working and teleworking. They reflect the growing connectivity between people and objects and meet the increased need for flexible and diverse living spaces at work.

We opened the first Lounge® in December 2016 at Park Lane Business Park in Diegem (BE). In 2017, a second Lounge® was opened in The Gradient building on Avenue de Tervuren 270 at 1200 Brussels. These two Lounges® represent together a total surface of 1 600 m² and comprise shared spaces, brainstorming areas, a number of different alcoves, multimedia meeting rooms of different capacity and relaxation areas (library, table football).

Catering facilities are also on site. The Gradient Lounge® has a sandwich shop and catering service. The Park Lane site will have a brand-new restaurant in 2018.

The Lounges® are managed by our Community Manager, a real orchestra conductor, who is responsible for ensuring the proper functioning of the spaces, but also promoting networking between tenants and organise events to create gradually a community spirit among the customers. Renting all or part of the Lounges® for corporate events (product launches, seminars, year-end activities, etc.) is also possible.

The goal is to gradually create a network of Lounges® at the Brussels' entrance roads.

ROOF-TOP TERRACES AND OFFICE BUILDINGS' SURROUNDINGS

In 2017, we continued the gradual fitting out of some roofs and gardens to provide outdoor rest areas for the occupants of our buildings. The roofs are also used for marketing purposes.

TEMPORARY USE OF VACANT PREMISES

As soon as a rentable surface becomes available, and while waiting for a new tenant, we analyse the possible temporary disposal of the premises for an alternative use to the building's primary purpose. This practice is most common in the portfolio of pubs and restaurants in the Netherlands.

Six vacant pubs were used for housing in 2017.

Office building Brand Whitlock 87 - Brussels Decentralised (BE)



BIG DATA

Big data consists of all information available in both internal and external databases, such as social media, public statistics databases, etc.

By using external data and cross-referencing them with our own databases, we aim to improve our predictive models for important strategy issues (i.e., the evolution of our client portfolio).



Office building Paepsem Business Park - Brussels Decentralised (BE)

10 REDUCED INEQUALITIES



REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES

10.2

BY 2030, EMPOWER AND PROMOTE THE SOCIAL, ECONOMIC AND POLITICAL INCLUSION OF ALL, IRRESPECTIVE OF AGE, SEX, DISABILITY, RACE, ETHNICITY, ORIGIN, RELIGION OR ECONOMIC OR OTHER STATUS.”

- UNITED NATIONS -

OUR ACTION FIELD

RESPECT FOR DIFFERENCES AND CULTURAL DIVERSITY



We are firm believers in the added value of diversity (cultural, generational, linguistic, gender, etc.) for both the company and the community. Equality is a fundamental value for democracies.

We have been awarded the 'Diversity Label' for more than ten years. It confirms our continuous in-depth commitment, reflected in the recruiting, personnel management and external positioning of our company.

Diversity allows to widen the points of view, to improve the richness of exchanges between people and to release innovative solutions in the various activities.



OUR 2017 PERFORMANCE INDICATORS

	Independent members/total	Gender equality in % 		Age in % 		Internationalisation in %	Background in %		
		Men	Women	30-50 years	> 50 years		Financial	Real Estate	Industrial or other
Board of Directors	8/12 (67%)	58 %	42 %	17 %	83 %	33 %	25 %	42 %	33 %
Executive Committee	n/a	75 %	25 %	50 %	50 %	25 %	25 %	50 %	25 %
Audit Committee	3/3 (100%)	33 %	67 %	0 %	100 %	33 %	67 %	33 %	0 %
Nomination and Remuneration Committee	4/4 (100%)	75 %	25 %	0 %	100 %	50 %	0 %	25 %	75 %

14
MANAGERS

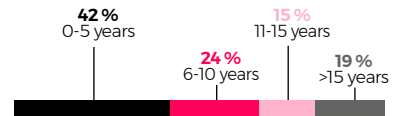
133
EMPLOYEES



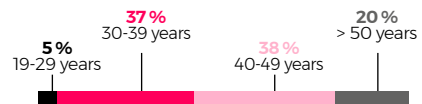
Gender equality



Seniority



Age



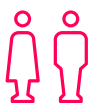
Nationality



Background



OUR 2018 OBJECTIVES



Continue to **improve the M/F ratio**.



Focus on **recruiting young people** via our presence at university employment days and offering **traineeships to students** during their studies



Assess other ways to **hire persons with disabilities, including persons with reduced mobility and hearing or visually impaired persons** via specialised non-profit associations.

OUR DIVERSITY POLICY

OUR BOARD AND ITS COMMITTEES

The diversity of our Board of Directors is reflected both in the significant presence of women and the presence of three different nationalities. By this selection the Board can increase its knowledge about the different countries in which we operate.

OUR MANAGEMENT

We are one of the few Belgian real estate companies with such a high female presence. For many years, the majority of our employees are female. Many of them have management positions in both operational and support teams (Human Resources, Accounting, Finance, Investor Relations, Treasury, etc.).

All employees are offered flexibility in their working life. Mainly young women exploit this flexibility.

The potential career development and growth within the company remains unchanged for women returning from maternity leave, as promotions are based on talent and skill recognition, regardless of their origin. Only these profiles will be able to efficiently assume the role of manager-coach.

OUR EMPLOYEES

Diversity management is an integral part of Human Resources Management (access to training, coaching and stress management, knowledge transfer, etc.)

Equality, also demonstrated by the regular renewal of our Investors in People label, is present in every field and at all levels.

Our employees have a mixed cultural background. This stimulates internal creativity and improves team performances. Generational diversity gathers wisdom and innovation and results in replicable solutions.



“THE MAIN GOAL OF GOVERNANCE IS TO ACHIEVE QUALITY, DEVELOPMENT AND SUSTAINABILITY. THE HIGHEST DEGREE OF MANAGEMENT QUALITY CAN BE ACHIEVED THROUGH DIVERSITY. THE BOARD OF DIRECTORS’ COMPOSITION MUST REFLECT THIS DIVERSITY BY THE PRESENCE OF BOTH WOMEN AND REPRESENTATIVES OF THE DIFFERENT COUNTRIES IN WHICH COFINIMMO OPERATES. THE CHAIRMAN’S ROLE IS, AMONG OTHER THINGS, TO ENSURE THE BOARD’S COMPOSITION AND THAT DISCUSSIONS WITHIN THE BOARD REFLECT THIS DIVERSITY. EVERYONE HAS SOMETHING TO SAY AND EXPERIENCE TO OFFER.”

JACQUES VAN RIJCKEVORSEL -
CHAIRMAN OF THE BOARD OF DIRECTORS

Medical Office Building Strijp Z - Eindhoven (NL)





Office building Souverain/Vorst 24 – Brussels Decentralised (BE)

OUR 2017 ACHIEVEMENTS

RECRUITMENT

In 2017, we recruited 11 new colleagues in Belgium, two in France and two in the Netherlands. Two of them are young, two are over 50 years and two are over 60 years.

We have a diversified talent vision, open to all profiles.

Our performances in terms of sensitive ratios (age, origin, etc.) are improving from year to year.

PERSONNEL MANAGEMENT

Any new employee receives at his arrival a presentation of our Diversity Charter, which is part of the welcome file.

COMMUNICATION

Today, our external communication regarding our involvement in diversity is primarily exposed in documents like the Annual Financial Report, the Sustainability Report and our website.

At the same time, we pay attention to internal communication and we share with all our stakeholders an open approach.

And above all, we succeed in creating among our employees a shared will to be involved and always perform better...

11 SUSTAINABLE CITIES AND COMMUNITIES



“MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

11.3

BY 2030, ENHANCE INCLUSIVE AND SUSTAINABLE URBANISATION AND CAPACITY FOR PARTICIPATORY, INTEGRATED AND SUSTAINABLE HUMAN SETTLEMENT PLANNING AND MANAGEMENT IN ALL COUNTRIES.”

- UNITED NATIONS -

OUR ACTION FIELD

AESTHETICS, RESPECT FOR PUBLIC SPACES AND DIVERSITY OF DISTRICTS

Given our position as property landlord and investor, we are able to influence the aesthetics and diversity of districts through our investment and construction choices, even though they are first based on economic considerations.

Sustainable development of cities is based on urban balance. Offices, residential buildings, shops and green spaces must coexist and single-purpose districts must gradually disappear.

Through reallocation of some vacant office buildings, we can re-establish diversity in neighbourhoods from design stage on and improve our buildings' attractiveness.

The buildings' architectural aesthetics are a source of satisfaction for their occupants and contribute to the brand image of the companies located there. We are striving for urban beauty and harmony by promoting the construction of iconic buildings.



Office building Quartz (formerly Arts/Kunst 19H) - Brussels Leopold district (BE)

OUR 2017 PERFORMANCE INDICATORS



5,496 m²
renovated/built
in the office sector



14,700 m²
renovated/built in
the healthcare real
estate sector

OUR 2018 OBJECTIVES



OFFICES

Start of a large-scale refurbishment of the Quartz building (formerly Arts/Kunst 19H)

Delivery of the redevelopment works of the Belliard 40 building



HEALTHCARE REAL ESTATE

Delivery of refurbishment and extension works of the buildings Zonnewende (Aartselaar - BE), Bismarckpark (Gelsenkirchen - DE), Seniorenzentrum Brühl (Chemnitz - DE) and Domaine de Vontes (Évres-sur-Indre - FR)

OUR 2017 ACHIEVEMENTS

RECREATE DIVERSITY IN NEIGHBOURHOODS

BELLIARD 40

We started the last phase of this redevelopment project in the **CBD district** in 2017. Even before delivery of the works, scheduled for the first quarter of 2018, 66 % of its office surfaces is already pre-let. This is thanks to the high-end standards, environmental added value and the design of the building which the Brussels-Capital Region has recognised as an exemplary building ('Bâtiment exemplaire').

The architects wanted to create living and work spaces in which the quality of natural light, air and materials is most important.

For the first time, at this location, a green public area has been created at the front of a building. It considerably changes the appearance of a section of Rue Belliard/Belliardstraat, a heavily trafficked Brussels main road. The complex brings architectural renewal thanks to its unique structure which consists of a block on top of two others and a transparent, five-story atrium which will enable passersby to see from the esplanade along the building the interior garden at the back.

In addition, in line with the Brussels-Capital Region's plan to create diversity and make the Leopold district more dynamic, 17 housing units (1,370 m²) will be let in the complex.

Office building Belliard 40 - Brussels Leopold district (BE)





Pub/restaurant Cheval Marin – Brussels Centre (BE)



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

VIVALYS

A decreasing demand for offices in the **decentralised area of Brussels** made us opt for the conversion of the Woluwe 106-108 building into a nursing and care home. The works were delivered at the end of 2017. The new nursing and care home Vivalys with 151 beds will be operational as of the first quarter of 2018.

The conversion of this kind of building, rather than its demolition/reconstruction, allows considerable energy savings over the asset's life cycle since its initial construction.

We decided to keep the architectural concrete for the left and right wings, which was typical of office buildings in the 1980s, and to create a new central area in glass and aluminium to give the overall building a contemporary look. The parking lot at the back of the building has been converted into a garden for the future residents.

CHEVAL MARIN

This building is located Rue Marché aux Porcs/Varkensmarktstraat 25-27 in Brussels, in a **capital city centre** district between the Grand'Place/Grote Markt and the Canal/Kanaal. It previously housed a port operations facility. The entire building has been listed since 2002. We acquired it recently, after it had been abandoned for 20 years, for a restoration and long-term lease to AB InBev.

In order to restore its past glory and provide the technical equipment required to ensure that it meets safety and comfort standards, we turned to specialised tradespeople and very scarce artisans.

The refurbishment project, which was finalised in November 2017, in a record time of 14 months, was intended to restore the ground floor's retail assignment and to avoid vacancy on the upper floors. We therefore created two high-quality flats.

Through this type of refurbishment we can contribute, even in the distribution network segment, to the revitalisation of some urban districts where we own properties and to the upgrading of town centres.

IMPROVE THE BUILDINGS' ATTRACTIVENESS

In our societal role, we create living spaces at work, both indoors and outdoors, thereby improving our portfolio's attractiveness. We mention in this context Park Hill, Omega Court and West-End as examples. On these sites outdoor rest areas have been created for the occupants and the increase of biodiversity has been promoted.

PARK HILL - A PLACE TO GROW

In this business park, we offer flexible offices to give companies the opportunity to gradually expand. We also made improvements in the park so that tenants can relax there (minigolf, table tennis, etc.).

In 2017, the tenants collected, for the first time, apples from the trees that were planted on site in 2016.



Office buildings Park Hill - Brussels Periphery (BE)

Office building Omega Court - Brussels Decentralised (BE)



OMEGA COURT - HAVEN OF PEACE

The inner courtyard of this building has been harmoniously transformed with plantation of solitary birch and ginkgo trees. Occupants of the building can now relax in a pleasant place during their breaks.

WEST-END - SEA VIEW

The address of the site (North Sea Avenue) was the inspiration source for the landscaping of the surroundings. The greenery has been cut into immense waves, the outdoor furniture evokes the seaside environment with blue metal waves and metal seagulls. In this way, we hope that our tenants can escape, over lunch, to the North Sea.



Office buildings West-End - Brussels Periphery (BE)

11 SUSTAINABLE CITIES AND COMMUNITIES



“MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

11.6

BY 2030, REDUCE THE ADVERSE PER CAPITA ENVIRONMENTAL IMPACT OF CITIES, INCLUDING BY PAYING SPECIAL ATTENTION TO AIR QUALITY AND MUNICIPAL AND OTHER WASTE MANAGEMENT.’

- UNITED NATIONS -

OUR ACTION FIELD

MOBILITY

Mobility has a direct impact on the buildings’ accessibility and, therefore, on their attractiveness. Growing vehicle traffic is making city travel more difficult and creates discomfort for residents through increased air pollution and noise. This is why many European countries have implemented a LEZ¹ in their major cities over the past few years.

Mobility-related emissions account for over half of a building’s ecological footprint. Calculated over the entire life cycle, the impact of travel to a low-energy consumption building located outside of the city centre will be higher than the impact of travel to a less energy-efficient building located in the city centre.

Reducing travel by car via the use of alternative transport methods (electric vehicles, for example) will have a positive impact on the environment and the well-being of people, but requires the implementation of special equipment.

OUR 2017 PERFORMANCE INDICATORS



INFRASTRUCTURE FOR CYCLISTS

1,046
bicycle parking spaces

158
showers



ELECTRIC VEHICLE CHARGING STATIONS

14
charging stations for our office buildings’ tenants

1
station available to the general public



SHARED AND PUBLIC PARKING SPACES

2.7 %
of the parking spaces available in the office portfolio, of which

133
shared parking spaces

200
public parking spaces

ACCESSIBILITY OF OUR OFFICE BUILDINGS² (BY PUBLIC TRANSPORT/BICYCLE)

94
Buildings



11 Very good
17 Good
45 Acceptable
21 Weak

OUR 2018-2020 OBJECTIVES



THE BIKE PROJECT

Participate in this project to increase the number of cyclists in the company. (www.thebikeproject.be).



CARPPOOLING

Extend the carpooling platform to the tenants of Boulevard de la Woluwe/Woluwelaan buildings.



CYCLISTS

Gradually improve infrastructure for cyclists.



2,500 PARKING SPACES

Assess the gradual transformation of 2,500 parking spaces into public parking spaces as permits are renewed.

¹ Low Emission Zone.

² Public-Private Partnerships (PPP) included.

OUR 2017 ACHIEVEMENTS

FOR OUR EMPLOYEES

We implement innovative actions to facilitate the transition from cars to alternative mobility options and journeys by 'cleaner' vehicles.

At the end of 2016, our Mobility Team introduced a **new mobility policy** which is ahead of current legislation. It includes the ecoscore concept and promotes alternative mobility methods. A company car combined with sustainable mobility, in the form of a bicycle and/or a public transport pass is now possible. We encourage our personnel to use alternative transport modes.

The first vehicles ordered as part of this new mobility policy have been in circulation since January 2017. 30 % of new orders already combine a company car with a sustainable mobility method and we noticed an increase in the number of hybrid cars. The result is a 5 % reduction of CO₂ emissions compared with 2016 (-27 % compared with 2010) and a 62.1¹ average ecoscore of our vehicle fleet.

Shared equipment were provided to all members of our personnel as part of the transition. Our fleet comprises now an electric car and a recently acquired electric bicycle. Their use has encouraged some of our employees to give preference to the electric bicycle for commuting. Others are planning to do so soon.

Furthermore, we have provided IT solutions (high-end portables, suitable telephone equipment) to all of our employees in order **to facilitate teleworking** for those interested. In 2017, about ten employees chose to work from home one day a week. This has had a positive impact both in terms of travel and well-being of those involved.

FOR OUR CLIENT-TENANTS

Our role in our portfolio consists primarily in raising our clients-tenants' awareness. By implementing a range of **facilities** in our office buildings our impact becomes measurable.

Nowadays, bicycles, and especially electric bicycles, have become a real competitor for the car for 10 to 20 km journeys between home and workplace. Improved facilities in our office buildings are therefore essential. For cyclists, this means **bicycle parking spaces**, preferably indoor, and **showers** with or without lockers.

Growing vehicle traffic is making city travel more difficult and creates discomfort for residents through increased air pollution and noise. The use of electric vehicles in response to these issues also requires specific equipment such as **charging stations**.

Our company has a **carpooling platform** since several years. Given the importance of critical mass in carpooling, this platform was opened to the tenants of three office sites.

A final incentive to reduce travel by car is to decrease the number of available parking spaces on arrival. Following the introduction of the Cobrace legislation², we have ordered a mobility assessment of two buildings in our portfolio. The goal of this assessment is to estimate the need in number of parking spaces according to the different purposes (visitors, deliveries, charging stations). The Brussels' authorities currently offer two options for spaces which will no longer be allowed at the environmental permit expiry: paying an environmental tax or transitioning to shared/public parking spaces. We believe that the second option is more sustainable over the long term and will increase the occupancy of parking spaces by rotation.



1. Electric car of Cofinimmo's fleet

2. Bicycle parking - Office building Loi/Wet 227 - Brussels Leopold district (BE)

3. Parkbrug - Office building Avenue Building - Antwerp Periphery (BE)

¹ In absolute value. The average 2016 ecoscore of the entire fleet of leased vehicles in Belgium was 63.6 thanks to their high replacement rate. Source: <http://ecoscore.be>.

² Brussels air, climate and energy control Code.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



PROMOTE PEACEFUL AND INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT, PROVIDE ACCESS TO JUSTICE FOR ALL AND BUILD EFFECTIVE, ACCOUNTABLE INSTITUTIONS AT ALL LEVELS

16.5

SUBSTANTIALLY REDUCE CORRUPTION AND BRIBERY IN ALL THEIR FORMS.”

- UNITED NATIONS -

OUR ACTION FIELD

BUSINESS ETHICS

As a leading company in the market listed on the stock exchange, we show transparency and ethical behaviour towards our stakeholders in conducting our activities.

We condemn all dubious or by law punishable practices (corruption, money laundering, undeclared work, social dumping, etc.) and those that counters the principles of sustainable development, fair treatment, equal opportunities and respect for others.

The operating principles are valid for all segments and countries in which we are active.



Office building Prins Boudewijnlaan 41 - Antwerp Periphery (BE)

OUR 2017 PERFORMANCE INDICATORS



0 cases of misappropriation were identified.



0 faulty calls for tenders were identified.

OUR 2018 OBJECTIVES



TRANSPARENCY OF THE RULES

Continue to rigorously comply with the transparency and ethical rules.



RISKS

The internal auditor will continue to monitor for any potential compliance failure with these rules through the assignments entrusted to him.



CODE OF GOOD CONDUCT

Formal adoption of the code of good conduct of the Royal Institute of Chartered Surveyors (RICS).

OUR 2017 ACHIEVEMENTS

OUR CORPORATE GOVERNANCE CHARTER

We adopted the 2009 Belgian Corporate Governance Code as reference code for our corporate governance charter. It describes a series of rules, procedures and practices which define how the company is managed and controlled. It recommends transparency in decisions taken at all levels and defines the ethical principles which our employees must apply to their professional practices and conduct with all interlocutors.

The Compliance Officer ensures compliance with the ethical rules and duties in our company. He provides assistance and advice to all employees who request help with ethical matters and contributes to the adoption and deployment of the Charter.

The fundamental principles to comply with are:

- Compliance with the laws and regulations of the countries in which we operate
- Respect for persons
- Respect for the environment
- Prevention of conflicts of interest
- Protection of assets
- Information transparency and integrity.

All of the documents included in our company's governance charter can be viewed on our website

(<http://www.cofinimmo.com/about-us/governance/charters>).

OUR COMPANY ETHICS

We emphasise the principles of honesty, integrity and fairness. Our employees comply in their daily work, with a Code of Conduct and the corporate values (**➔ see also pages 20-21 of the 2017 Sustainability Report**). A whistleblowing policy has been implemented to enable employees to report any ethical fault they know about.

We expect the same attitude from third parties with which we have a business relationship. Attempted corruption is covered in a specific article of the general purchasing terms and conditions, appended to all orders. Any occurrence would be severely punished. All forms of fraud and misappropriation are naturally prohibited and very strict rules govern calls for tenders:

- Segregation of Duties principle (a double signature by different persons for all commitments and payments);
- consultation of an appropriate number of suppliers or service providers;
- rotation of tenders.

The internal auditor verifies the establishment of internal controls to ensure reliability, consistency and integrity of information and operational procedures. Financial results are certified by an external auditor.

Likewise, a systematic control of the workers present on construction sites is organised to detect and prevent cases of social fraud.

Since 2000, we also have a vade mecum for real estate agents. It specifies in detail the collaboration and remuneration rules applied for the marketing of our buildings.

DEALING CODE

We have a duty to ensure confidentiality at all times. Members of the company's bodies and employees who plan to carry out transactions on Cofinimmo shares must report their intent to the Secretary General beforehand. They are strictly forbidden from buying or selling shares during key periods around the publication of corporate reports or if they are in possession of confidential information which may potentially impact the share price. They are also forbidden from providing the information to third parties, including their family members.

The 'Dealing Code', which sets the rules governing the purchase and sale of Cofinimmo shares, has been revised and distributed throughout the company. The Dealing Code and whistleblowing policy have been incorporated into the Code of Conduct. (**see <http://www.cofinimmo.com/about-us/governance/charters/>**).

INTERNAL AUDITOR

At the request of the Audit Committee, the internal auditor conducted two new missions in 2017 to verify the soundness of the internal control system implemented by management and to provide recommendations to improve controls in the audited areas.

Recommendations are issued from:

- conclusions from internal audit missions;
- conclusions from external audit missions (IT and others);
- annual analysis of 'incidents' identified (for example: fraud to the president). An incident is an event whose proven or potential impact may have an effect on the company's objectives.

Once a year, the auditor prepares and submits a report on the internal control systems within the company to the supervisory authority (FSMA). This report is also validated by the external auditor.

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This report is also available in Dutch and French. The Dutch and English versions are translations made under Cofinimmo's responsibility. Only the French version constitutes legal evidence.

