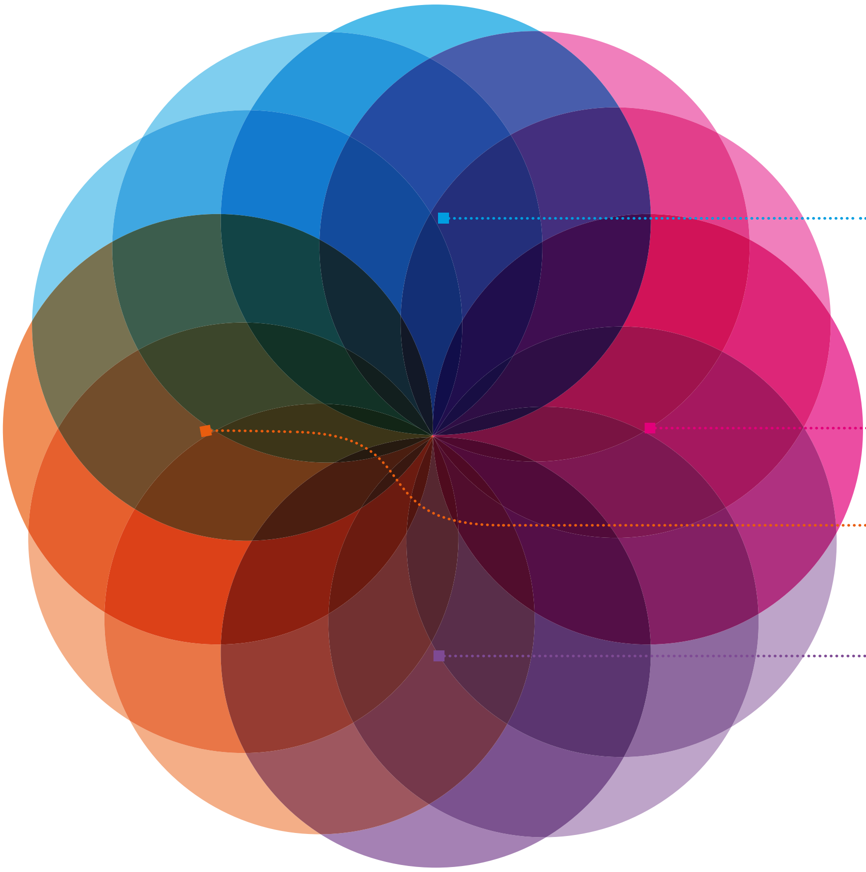
Cofinimmo

# annual financial report
# 2011



This document is precious. It has a limited print-run. It has been realised with respect to the environment: lighter and recycled paper, reduction of the number of copies. It's a small "green" stone brought to the building. Other "green" stones punctuate this report. But it is not finished, because the building is large and we are conscious of the fact that other stones are yet to be placed.

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The words *in italics* are explained in more detail in the glossary on pages 196 to 200.

Cofinimmo

## Together in real estate

From 2005, Cofinimmo has been engaged in a vast portfolio redeployment plan. This strategy has proven to be sound, as in 2011 the value of the Cofinimmo share was considerably less volatile than that of other listed companies. Despite the world crisis and thanks to the work of all its teams, Cofinimmo has been able to sustain a high and regular dividend yield for its investors.

The Group has not abandoned its corporate responsibility objectives. A large number of actions, ranging from raising the awareness of customers and subcontractors, to reducing water and electricity consumption, to the selection of "green" materials, which already started in 2010, were taken up again in 2011.

Moreover, the award of the ISO 14001:2004 certification for all its office buildings managed in-house by the end of 2012 continues to be one of the company's priorities.

You will discover the various "green" projects as you read this Annual Financial Report, which is one of the cornerstones. Its print-run is 3,000 copies, as opposed to 4,000 last year, and it is printed on 100% recycled paper. An electronic version is available at www.cofinimmo.com.

together in sustainability.

# history

**2011**
Pursuit of the diversification strategy, strengthening of the “Distribution property networks” portfolio via the acquisition of a significant network of insurance agencies in France (Cofinimur I).
Placement of a convertible bond.

**2011- 2010 -2009**
Leading healthcare real estate investor position in Continental Europe.

**2008**
Establishment in France in the nursing home and healthcare institutions sector.
Adoption of the SIIC regime.

**2007**
Partnership with AB InBev Group concerning the acquisition of a large portfolio of pubs located in Belgium and the Netherlands (*Pubstone*).

**2006**
Award of the *PPP*s relating to the Antwerp Fire Station and the HEKLA Police Station (Antwerp region).

**2005**
Diversification in the nursing home and healthcare institutions sector.
Award of the first Public-Private Partnership (PPP): the Antwerp Court of Justice.

**2004**
Acquisition of the Egmont office complex.
Issue of preference shares.

**2003**
Inclusion in the BEL20, *MSCI* World and GPR15 indexes.
Acquisition of the North Galaxy towers.

**2002-2001-2000**
Acquisition of several major office portfolios.

**1999**
Internalisation of property management.

**1996**
Adoption of the Sicafi regime.

**1994**
Listing on the Brussels Stock Exchange.

**1983**
Establishment.

Cofinimmo is the foremost listed Belgian real estate company specialising in rental property. The company benefits from the Sicafi regime in Belgium and the SIIC regime in France.

Its core investment segments are office property and nursing and care institutions, representing 48.7% and 33.9% respectively of the Group's total portfolio. The portfolio also includes a "Distribution property networks" segment, accounting for 16.1%, grouping the Pubstone and Cofinimur I portfolios.

The majority of the assets are located within Belgian territory (79.4%). The foreign part consists of nursing homes/clinics and the MAAF agencies network in France (15.9%) and the Pubstone portfolio in the Netherlands (4.7%).

In total, the properties have an area of 1,790,071m² and a *fair value* of €3,189.4 million.

The company's strategic priorities are the creation of value for its investors, a sound relationship of trust with its clients and sustainable management of its investments.

Cofinimmo is an independent company, which manages its properties and clients-tenants in-house.

It is listed on Euronext Brussels, where it is included in the BEL20 index. Its shareholders are mainly private individuals and institutional investors from Belgium and abroad, looking for a moderate risk profile combined with a high and regular *dividend yield*.

- Science 15-17 - Brussels: Laureate of the "Exemplary Building" contest of the Brussels Capital Region.
P.25

- Woluwe 34 - Brussels: Transformation of offices into residential apartments.
P.29 - 30

- Livingstone 1 - Brussels: Transformation into a multifunctional building, use of many sustainable materials and techniques.
P.27

- Kroonveldlaan 30 - Dendermonde: PPP Federal Police.
P.44 - 45

- Weverbos - Gentbrugge: Nursing home and service flats. Strong isolation K29 (delivered Q2 2011).
P.33

- Résidence du Parc - Biez: Nursing home. Installation of a pellets heater
P.34

- FPR Leuze - Leuze-en-Hainaut: PPP Prison: BREEAM certification "very good".
P.44 - 45

This chapter covers the main risks faced by Cofinimmo, their potential effects on its activities and the various factors and actions cushioning the potential negative impact of these risks. The mitigating factors and measures are detailed further on in this Annual Financial Report under the relevant chapters.

Cofinimmo seeks to control the potential impact of the risks it identifies

**Market**

The markets in which the Cofinimmo Group operates are partly influenced by trends in the general economic climate. The office market is influenced in particular by economic trends, whereas the nursing home sector, the Distribution property networks and the Public-Private Partnerships (PPPs) are characterised by a stable rental environment.

| Description of the risk | Potential impact | Mitigating factors and measures[1] |
|---|---|---|
| DETERIORATION IN THE ECONOMIC CLIMATE IN RELATION TO THE CURRENT SITUATION | **1.** Negative impact on demand and *occupancy rate* of space and on the rents at which the properties can be relet.<br>**2.** Downwards revision of the value of the real estate portfolio. | The nursing homes and clinics and the Public-Private Partnerships (together 34.9% of the portfolio under management) are insensitive or not very sensitive to variations in the general economic climate. (1,2)<br>Long weighted average duration of leases (11.3 years at 31.12.2011). (1,2)<br>± 35% of office tenants belong to the public sector. |
| DETERIORATING ECONOMIC CONDITIONS IMPACTING THE DISTRIBUTION PROPERTY NETWORKS PORTFOLIO | The Distribution property networks portfolio leased to industrial and service companies are subject to the impact that general economic conditions may have on these tenant companies. | The impact occurs at the end of the leases, which are long term leases. The network functions as a contact points for the tenant's customers and is therefore necessary for its business. |

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

## Property portfolio

The company's investment strategy is reflected in a diversified portfolio of assets with limited development activity for own account (construction of new buildings or complete renovation of existing buildings), whereas management of marketable properties is proactive and carried out in-house. The asset diversification corresponds to a distribution of market risks.

| Description of the risk | Potential impact | Mitigating factors and measures |
|---|---|---|
| INAPPROPRIATE CHOICE OF INVESTMENTS OR DEVELOPMENTS | **1.** Change in the company's income potential.<br>**2.** Mismatch with market demand, consequently resulting in vacancies.<br>**3.** Expected returns not achieved. | Strategic and risk analysis and technical, administrative, legal, accounting and taxation *due diligence* carried out before each acquisition. (1,2,3)<br>In-house and external valuations (independent experts) carried out for each property to be bought or sold. (1,2,3)<br>Marketing of development projects before acquisition. (1,2,3) |
| EXCESSIVE OWN ACCOUNT DEVELOPMENT PIPELINE | Uncertainty regarding future income. | Activity limited to maximum 10% of the *fair value* of the portfolio. |
| POOR MANAGEMENT OF MAJOR WORKS | **1.** Non-respect of the budget and timing.<br>**2.** Increase in costs and/or reduction in income; negative impact on the profitability of the projects. | In-house specialised *Project Management team*. (1,2)<br>Specialised external project managers selected for the larger projects. (1,2) |
| NEGATIVE VARIATIONS IN THE FAIR VALUE OF THE PROPERTIES | Negative impact on the *net result*, net assets and *debt ratio*.<br>(At 31.12.2011, a 1% variation in value would have had an impact in the order of €32.52 million on the net result and in the order of €2.14 on the intrinsic value per share. It would also have had an impact on the debt ratio in the order of 0.46%.) | Property portfolio valued by independent experts on a quarterly basis conducive to corrective measures being taken.<br>Clearly defined, prudent debt policy.<br>Investment strategy focusing on quality assets and offering stable income.<br>Multi-asset portfolio subject to different valuation trends offsetting one another.<br>Principal asset representing only 4.96% of the portfolio. |
| NEGATIVE CHANGE IN FAIR VALUE OF REAL ESTATE ASSETS ON THE COMPANY'S ABILITY TO DISTRIBUTE A DIVIDEND | Total or partial incapacity to pay a dividend if the cumulative changes in fair value exceed the distributable reserves. | The company has substantial distributable reserves. |
| VACANCY OF THE PROPERTIES | **1.** Loss of rental income.<br>**2.** Downwards revision of rents.<br>**3.** Increase in commercial costs to attract new tenants with an impact on the results.<br>**4.** Fall in value of the properties. | (Pro)active commercial and property management by in-house rental and *Property Management* teams. (1,3)<br>Long average duration of leases (11.3 years) with max. 9% expiring in a single year. (1,2,4)<br>Preference given to long leases: the office properties are where possible let medium and even long term; the nursing homes very long term (27 years in Belgium, 12 years in France); the pubs for an initial term of min. 23 years and the financial services agencies (let to MAAF) for an initial term of 9.7 years; the occupancy rates of the nursing homes and pubs stand at 100%; that of the agencies at 97.21%. (1,2,4) |
| MAINTENANCE COSTS | Fall in the results. | Almost all the leases for nursing homes are *triple net* contracts; for the pubs and agencies, the maintenance obligations are limited.<br>For the offices, strict regular maintenance policy. |
| WEAR AND TEAR AND DETERIORATION OF PROPERTIES | Architectural or technical obsolescence, resulting in reduced commercial attractiveness. | Long-term policy of systematic replacement of equipment.<br>Regular renovation of the properties to keep them attractive.<br>Sale of properties if the price offered exceeds the estimated value net of the anticipated renovation costs. |
| DESTRUCTION OF BUILDINGS | Interrupted activity, resulting in loss of tenant and reduced rental income. | Portfolio insured for a total reconstruction value of €1.76 billion[1], including the site (i.e. vs. the corresponding fair value).<br>Cover against vacancies caused by disasters.<br>Civil liability insurance as owner or project supervisor. |

1 This amount does not include insurance taken out during construction works or insurance for which the occupants are contractually liable (i.e. for the nursing homes in Belgium and France, the distribution property networks and some office buildings). The corresponding insurance premium comes to €611,822.

## Clients

The Group actively manages its client base in order to reduce vacancies and rotation of office tenants to a minimum. It is in no way involved in the operational management of the nursing homes, pubs and insurance agencies.

| Description of the risk | Potential impact | Mitigating factors and measures |
|---|---|---|
| REDUCED SOLVENCY/BANKRUPTCY OF CLIENTS | **1.** Loss of rental income.<br>**2.** Unexpected vacancy.<br>**3.** Commercial costs incurred in reletting.<br>**4.** Reletting at a lower price. | Quality of tenants: the 2 main office clients belong to the public sector. (2)<br>Before accepting a new client, a credit risk analysis is requested from an outside *rating* agency. (2)<br>Advance/bank guarantee corresponding to 6 months' rent generally required from non-public-sector tenants. (1)<br>Rents are payable in advance (monthly/quarterly/annually) + quarterly provision to cover property charges and taxes which are incurred by the Group but can contractually be invoiced on to tenants. (1)<br>The solvency risks for an individual nursing home are mutualised at the level of the operating group. (2,3)<br>Under the terms of the operating licences issued to nursing home operators in Belgium and France, a large portion of their income is received directly from the social security organisms; Cofinimmo invests exclusively in authorised medical beds. (1,2,3)<br>The losses on rental receivables net of recovery represent 0.067% of the total turnover for the period 1996-2011. |
| DOMINANCE OF THE LARGEST TENANTS | Significant negative impact on rental income in case of departure. | Diversified client base: Cofinimmo has 356 clients in total, with the largest client representing <15%, and the second largest belonging to the public sector and spread over 6 properties.<br>Large number of different operators of nursing homes (10). |
| NON-RENEWAL OF LEASE, CONTRARY TO EXPECTATIONS, AND BREAKING OF LEASE BEFORE EXPIRY | **1.** Vacancy.<br>**2.** Higher commercial costs caused by vacancy.<br>**3.** Negative reversion of rents. | (Pro)active commercial and property management. (1,2,3)<br>Ongoing contacts of in-house commercial team with real estate agencies. (1)<br>All the leases provide for compensation in the case of early departure. (2) |

## Legislation

Cofinimmo benefits from a favourable tax regime (Sicafi in Belgium, SIIC in France) which exempts it from corporate tax in return for an obligation to distribute 80% (Belgium) and 85% (France) of its profits (see page 185). Apart from the obligations relating to company law, the company is also required to comply with the legislation on listed companies and on collective investment undertakings. It is also subject to the specific town-planning and environmental protection legislation.

| Description of the risk | Potential impact | Mitigating factors and measures |
|---|---|---|
| NON-COMPLIANCE WITH THE SICAFI REGIME | **1.** Loss of approval as Sicafi and the associated fiscal transparency regime (exemption from income tax at sicafi level/taxation at shareholder level).<br>**2.** Compulsory early repayment of certain loans. | Professionalism of the teams ensuring rigorous compliance with the obligations. |
| NON-COMPLIANCE WITH THE SIIC REGIME | Loss of the fiscal transparency regime. | Professionalism of the teams ensuring rigorous compliance with the obligations. |
| UNFAVOURABLE CHANGES TO THE SICAFI OR SIIC REGIME | Fall in the results or the net asset value. | Regular contact with public authorities.<br>Participation in organisations and groupings representing the sector. |
| CHANGES TO THE TOWN-PLANNING OR ENVIRONMENTAL LEGISLATION | **1.** Reduction in the fair value of the property.<br>**2.** Increase in the costs to be incurred to maintain the property so that it can operate.<br>**3.** Unfavourable effect on the capacity of the Group to operate a property. | Active energy performance and environmental policy for the offices, anticipating the legislation as far as possible. |
| CHANGES TO THE SOCIAL SECURITY SYSTEM FOR THE NURSING HOMES/ CLINICS: REDUCTION IN SOCIAL SECURITY SUBSIDIES TO THE OPERATORS NOT OFFSET BY AN INCREASE IN THE PRICES PAID BY RESIDENTS OR BY PRIVATE INSURANCE INTERVENTION | Impact on the solvency of the nursing home operators. | Annual solvency analysis of the operators on the basis of regular financial reporting.<br>Monitoring of the regulatory trends. |

**Financial management**[1]
Cofinimmo's financial policy aims to optimise the financing cost and to limit the company's liquidity risk and the counterparty risk.

| Description of the risk | Potential impact | Mitigating factors and measures |
|---|---|---|
| FINANCIAL AND BANKING MARKETS UNFAVOURABLE TO REAL ESTATE AND/OR TO COFINIMMO | **1.** Access to credit impeded and more costly.<br>**2.** Reduced liquidity. | Rigorous financial policy (1,2)<br>› diversification of financing sources;<br>› stable, well-spread banking pool;<br>› well-balanced maturity spreads over time.<br>Full cover of the treasury bills programme. (1)<br>Maintenance of a sufficient reserve of undrawn portions of confirmed credit lines to cover its operational/acquisition/construction expenditure in the medium term and short-term refinancing. (1,2) |
| INSOLVENCY OF FINANCIAL OR BANKING COUNTERPARTIES | Negative impact on the results. | Number of different banking counterparties with good financial ratings. |
| VARIATIONS IN (FUTURE) INTEREST RATES | **1.** Revaluation of financial instruments[2].<br>**2.** Unfavourable impact on financial charges.<br>**3.** Negative impact on the net asset value and on the result for the period. | Nearly all the debt is contracted at floating rate or immediate conversion from fixed to floating rate.<br>Interest rates locked in over a rolling period of a minimum of 3 years for at least 50% of the debt.<br>Use of derivative instruments (*Interest Rate Swaps* and *CAP* and *FLOOR* options) to lock the interest rate into a corridor between a minimum and a maximum rate. (1,2,3)<br>(In 2012, assuming the structure and the level of debt remain identical to those of 31.12.2011, and taking into account the cover instruments put in place for 2012, a rise or fall in interest rates of 0.5% would result in no significant change to the financial cost.) |
| RISK OF DEFLATION | Negative impact on rental income. | The leases usually provide that the new rent may not be lower than either the previous rent or the rent of the first year of the lease. |
| NON-COMPLIANCE WITH THE SICAFI *DEBT RATIO* | Non-compliance with the legislation on Sicafis and consequent penalties. | Prudent financial and debt policy and ongoing monitoring. |
| NON-COMPLIANCE WITH THE *LOAN-TO-VALUE RATIO* | Cancellation/termination of loan agreements or early repayment. | Prudent financial and debt policy and ongoing monitoring.<br>Period of 6 months to return below the ratio of 57.5% agreed with the banks. |
| EXCHANGE RISK | Loss of value of the investments and cash flows. | All investments are denominated in euros, as are income and expenditure. |
| VOLATILITY IN THE SHARE PRICE | More difficult access to new capital. | Control of any factor internal to the company which may have a negative impact on the market price.<br>Frequent communication with shareholders and communication of financial information forecasts. |

The above-mentioned mitigating factors and measures do not necessarily dissolve the entire potential impact of the identified risk. Hence, the impact remains partially or entirely the company's and indirectly its shareholders' liability.

1 Also see chapter "Management of Financial Resources" on page 46. 2 The interest rate derivative instruments are marked to market.

# letter to the shareholders

In a particularly difficult economic environment, Cofinimmo realised a net current result of €7.45 per share, somewhat 2% higher than its February 2011 forecast. This success is accompanied by the satisfaction of having simultaneously realised several elements of its strategy.

Serge Fautré
Managing Director

André Bergen
Chairman of the Board of Directors

Madam, Sir,

The financial markets were particularly hard hit in 2011. After a promising start to the year, the bursting of the bubble of excessive debt of certain States caused the stock markets to plummet. Hence, the falls reached 16% for the BEL20 and 23% for the Indian and Chinese markets, as the US market broke even. In this depressed climate, investors rapidly embarked on a "flight to quality".

The yield on government bonds less affected than others by the excessive debt and benefiting from investor confidence fell heavily. The German 10-year Bund offered a rate of 1.83% on 31.12.2011, compared to 2.94% one year earlier.

Following the same trend, we observed, during the past year, continued interest in high-quality real estate assets, in both Belgium and other European countries. Although the *EPRA* index of listed European real estate shares offered a very disappointing yield of -10%, notable differences can be identified. The best yields came from companies with an average lease length reflecting greater security of cash flows and lesser volatility in results.

This is the strategy pursued by Cofinimmo, which enabled it to confine the loss for shareholders to -0.5% in 2011 expressed in total yield including dividend.

This strategy, initiated as early as 2005 in the light of the less favourable economic outlook for the office sector, involved our company getting to grips with a large asset diversification plan. This plan continued in 2011 with the sale of mainly office properties for €172.1 million, with the acquisition of nursing homes in Belgium and France for €131.238 million and with the conclusion in December of an investment amounting to €103.8 million in operating assets in the form of the agencies network of the mutual insurance company MAAF. These 281 properties, distributed throughout France, are let to MAAF for an average term of 9.7 years.

At 31.12.2011, Cofinimmo's assets were distributed between offices (48.7%), nursing homes and clinics (33.9%), operating assets (distribution property networks) let mainly to AB Inbev and MAAF (16.1%) and other assets (1.3%). This diversification will remain the leitmotiv for Cofinimmo in 2012. This same principle of diversification will be applied to the sources of financing of the company debt.

In April 2011, Cofinimmo successfully launched a convertible bond loan enabling it to reduce the average cost of its borrowing and to increase the non-banking portion of its debt to 25%. Prudent debt management will remain a constant objective for Cofinimmo.

This issue of convertible bonds was rendered possible thanks to the promulgation of the *Royal Decree of 07.12.2010* reforming the Sicafi regime. Cofinimmo was able to avail itself of the flexibility of certain arrangements with regard to the access to the capital markets, not only at the level of the listed ultimate parent company, but also by issuing equity to finance specific projects.

For the past year, the net current result stands at €7.45 per share (excluding the impact of *IAS 39*), somewhat 2% higher than its February 2011 forecast. The result on the portfolio amounts to €0.98 per share.

This result allows the proposal to be made to the General Meeting of an unchanged dividend per share of €6.50, offering a current gross yield of 7.16% on the basis of the closing price on 31.12.2011.

The strategy of balancing risks allows Cofinimmo to consider a dividend of the same order for 2012.

The last term of office of the Chairman of our Board of Directors, Mr André Dirckx, expired in 2011. A director since 2001, Mr André Dirckx showed an unfailing commitment and attachment to Cofinimmo. The Board of Directors, the executive directors and the staff want to thank him very warmly for his guidance and support over the past 10 years. It is under his presidency that Cofinimmo has put in place a revised strategy, in an economic environment marked by crises and excesses. Mr André Bergen has been appointed Chairman of the Board as of 29.04.2011.

We would also like to thank Mr Jean Franken who, as a director and a member of Cofinimmo's Executive Committee since 1997, devoted all his competencies, all his enthusiasm and all his commitment to the development of the company.

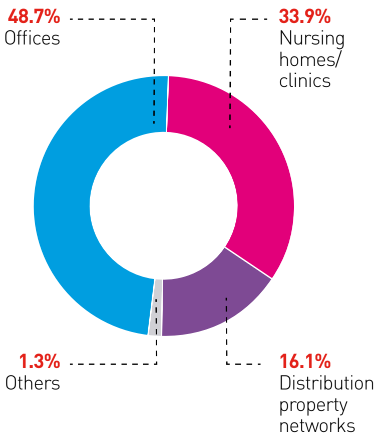
The staff commits itself unstintingly to the pursuit of the objectives of the company, in the constant concern to protect shareholders' interests with due regard for all our partners.

We thank them for their commitment and thank our shareholders for their confidence.

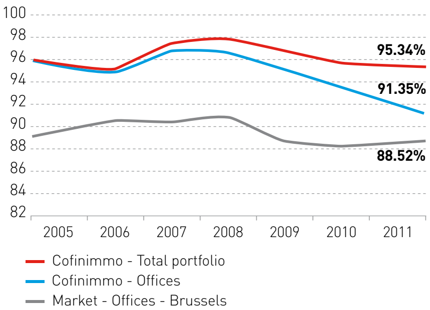
Brussels, March 22, 2012.

# key figures

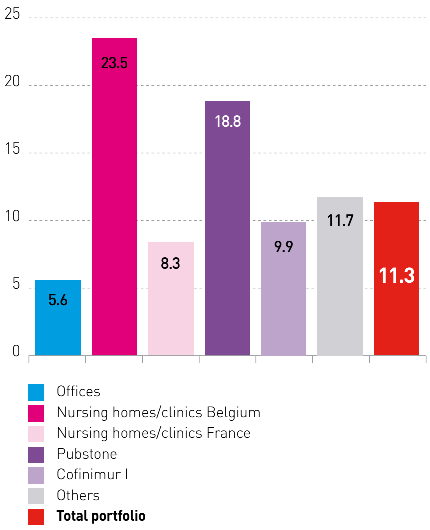
**Breakdown of the portfolio in fair value** (in %)




**Evolution of the occupancy rate of the consolidated Cofinimmo portfolio vs. its offices portfolio vs. the Brussels market office portfolio** (in %)




**Weighted residual lease length per sector** (in number of years)




## Global Information

| (x €1,000,000) | 31.12.2011 | 31.12.2010 |
|---|---|---|
| Portfolio of investment properties (in fair value) | **3,189.4** | 3,041.9 |
| **(x €1,000)** | **31.12.2011** | 31.12.2010 |
| Property result | **208,569** | 214,320 |
| Operating result before result on portfolio | **177,791** | 184,996 |
| Financial result | **-67,107** | -72,094 |
| Net current result (Group share) | **103,643** | 105,435 |
| Result on portfolio (Group share) | **14,896** | -21,639 |
| Net result (Group share) | **118,539** | 83,796 |
| **(in %)** | **31.12.2011** | 31.12.2010 |
| Operating costs/average value of the portfolio under management[1] | **0.83** | 0.80 |
| Operating margin | **85.24** | 86.32 |
| Weighted residual lease term[2] (in years) | **11.3** | 11.5 |
| Occupancy rate[3] | **95.34** | 95.77 |
| Gross rental yield at 100% portfolio occupancy | **6.98** | 6.98 |
| Net rental yield at 100% portfolio occupancy | **6.56** | 6.52 |
| Evolution of the rental income (Like-for-like)[4] | **+2.1** | -1.6 |
| Average interest rate on borrowings[5] | **4.20** | 4.33 |
| Debt ratio[6] | **49.89** | 47.50 |
| Loan-to-value ratio[7] | **51.50** | 49.40[8] |
| Interest cover ratio[9] | **261** | 280 |

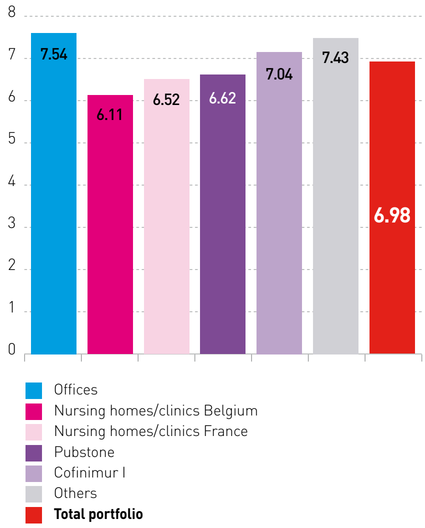
## Information per share - fully diluted (in €)

| **Results** | **31.12.2011** | 31.12.2010 |
|---|---|---|
| **Net current result – Group share – excluding IAS 39 impact** | **7.45** | 8.02 |
| IAS 39 impact | **-0.63** | -0.93 |
| **Net current result – Group share** | **6.82** | 7.09 |
| Realised result on portfolio | **0.44** | 0.49 |
| Unrealised result on portfolio[10] | **0.54** | -1.94 |
| **Net result – Group share** | **7.80** | 5.64 |
| **Diluted net result – Group share** | **7.18** | 5.64 |

| **Net asset value per share** | **31.12.2011** | 31.12.2010 |
|---|---|---|
| Revalued net asset value in fair value[11] after distribution of dividend for the year 2010 | **96.15** | 91.72 |
| Revalued net asset value in investment value[12] after distribution of dividend for the year 2010 | **100.68** | 96.07 |

1 Average value of the portfolio + the value of the receivables sold on buildings of which the maintenance costs are still borne by the Group being the owner through full warranty insurance premiums. These costs are covered through total liability insurance premiums. 2 Until the first break option for the lessee. 3 Calculated according to the actual rents for the occupied buildings and the estimated rental value for unlet buildings. For the office properties alone, it stands at 91.35% as against 88.52% for the Brussels' office market (source: CB Richard Ellis). 4 Evolution of the rental income 2009 vs. 2008: +1.7%. 5 Including bank margins and the amortisation charges of the cost of hedging instruments active during the period. 6 Legal ratio calculated according to the Sicafi regulation as financial and other debts divided by total assets. 7 Conventional ratio defined as net financial debt divided by fair value of the property portfolio and of finance lease receivables (+ finance lease receivables) to reflect the adjustments in the agreements with the bankers. 8 Following a change of calculation method, the loan-to-value ratio of 2010 was recalculated based on the new calculation method. 9 The conventional ratio was defined as (a) the sum of the operating result before result on portfolio and investment income on royalties finance lease divided by (b) the sum of net interest expense of other charges, premiums paid for other financial expenses, the premiums paid for the hedging instruments relating to the period, minus financial income other than fees finance lease; this ratio amounted to 220% in 2009. 10 This is the change in fair value of investment properties and the *exit tax*. 11 Fair value: after deduction of transaction costs (mainly transfer taxes) of the value of investment properties. 12 *Investment value*: before deduction of transaction costs (mainly transfer taxes) from the value of investment properties.

**Gross rental yield**[1] (en %)




## Key Performance Indicators according to the EPRA principles[2]

| (in € per share) | **2011** | 2010 |
|---|---|---|
| EPRA Earnings | **7.45** | 8.02 |
| EPRA Net Asset Value (NAV) | **104.11** | 106.09 |
| EPRA Adjusted Net Asset Value (NNNAV) | **98.29** | 98.21 |
| EPRA Net Initial yield (NIY) | **6.26%** | 6.33%[3] |
| EPRA "Topped-up" NIY | **6.22%** | 6.23%[3] |
| EPRA Vacancy Rate | **4.84%** | 4.44% |

## Results per segment

| | Offices | Nursing homes/clinics | Distribution property networks | Others[4] | **TOTAL** |
|---|---|---|---|---|---|
| Fair value of the portfolio[5] (x €1,000,000) | 1,551.55 | 1,080.36 | 512.33 | 45.17 | **3,189.41** |
| Occupancy rate[6] (in%) | 91.35 | 100 | 99.41 | 100 | **95.34** |
| Surface (in m²) | 787,493 | 577,532 | 403,153 | 21,893 | **1,790,071** |
| Gross rental yield at 100% portfolio occupation (in %) | 7.54 | 6.28 | 6.70 | 7.43 | **6.98** |
| Net rental yield at 100% portfolio occupation (in %) | 6.73 | 6.28 | 6.59 | 6.7 | **6.56** |
| Weighted residual lease term[7] (in years) | 5.6 | 17.3 | 17.0 | 11.7 | **11.3** |

## Portfolio

| | **2011** | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| In fair value (x €1,000,000) | **3,189.41** | 3,041.92 | 3,040.74 | 3,134.38 | 2,799.87 |
| Occupancy rate[8] (in %) | **95.34** | 95.77 | 96.86 | 97.85 | 97.37 |
| Surface (in m²) | **1,790,071** | 1,718,312 | 1,695,629 | 1,615,857 | 1,394,400 |

## Revalued net asset value per share[9]

| (in €) | **2011** | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| In fair value[5,10] | **98.29** | 91.72 | 93.51 | 99.15 | 114.20 |
| In investment value[11] | **102.29** | 96.07 | 98.06 | 104.08 | 119.52 |

## Dividends

| (in €) | **2011** | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| Gross ordinary dividend | **6.50** | 6.50 | 6.50 | 7.80 | 7.75 |
| Net ordinary dividend | **5.14** | 5.53 | 5.53 | 6.63 | 6.59 |
| Gross preference dividend | **6.37** | 6.37 | 6.37 | 6.37 | 6.37 |
| Net preference dividend | **5.03** | 5.41 | 5.41 | 5.41 | 5.41 |

1 The capitalisation discount rate used to value property is chosen by the real estate experts based upon markets' transactions. 2 Main financial performance indicators applicable to listed real estate companies according to the EPRA guidelines (**www.epra.com**). Their respective definitions are given on page 50 of this Annual Financial Report. These data are not compulsory according to the Sicafi regulation. 3 Following a review of the 2010 figures with the release of this Annual Financial Report, the 2010 NIY and the "topped-up" NIY have been modified. 4 It concerns semi-industrial and retail buildings as well as a leisure club. 5 Fair value: after deduction of transaction costs (mainly transfer taxes) from the value of investment properties. 6 Calculated according to the actual rents for the occupied building and the estimated rental value for unlet buildings. 7 Until the first break option for the tenant. 8 Calculated according to the passing rents divided by the passing rents and the estimated rental value for unlet spaces. This method differs from EPRA's method witch uses estimated rental values. The cost of owning unlet spaces amounts to 1.70% for 2011, 1.54% for 2010 and 0.83% for 2009, when compared to rental revenues. 9 After appropriation. The calculation of the revalued net asset value tallies with the "triple net NAV" calculation according to the Best Practice Policy EPRA – October 2010. It suppose the theoretical conversion of convertible bonds and mandatory convertible bonds. 10 After appropriation of the dividend of the year.11 *Investment value:* before deduction of the above-mentioned transaction costs (mainly transfer taxes) from the value of investment properties.

## offices

CLIENTS | LOCATION | LIMITED (RE)DEVELOPMENT RISK

In the office property segment, the investment strategy aims at long-term leases, calibre of tenants, optimal property location and development projects for own account.

Cofinimmo insures of the operational management of its office portfolio and that of its client-tenants.

Almost all the leases are *double net:* the owner is fully responsible for the building maintenance and repairs. The in-house *Account Management* and *Property Management* teams, which forge regular and lasting relations with these clients, aim first and foremost to provide an all-in-one property solution, combining quality buildings, flexibility of occupation and associated services. Their task also consists of advising tenants on the use of space, in particular concerning energy and ecological aspects. The Project Management team is responsible for managing developments, major renovation works and projects to decorate or fit out office space. This internal management ensures that a high-quality property portfolio is maintained, operated optimally at all times and redeveloped using the techniques offering the greatest protection to the urban environment (also see page 91).

Cofinimmo also pursues a very active policy concerning the arbitrage of buildings. On the one hand, the company makes regular sales aimed at taking advantage of attractive prices offered by third parties for used properties. It has in-depth knowledge of the characteristics of this market, as well as of the commercial trends, operating costs and prices for construction or renovation.

In tandem with this activity, in order to renew its portfolio, Cofinimmo acquires new buildings with state-of-the-art installations and the best energy performances or renovates old buildings itself. In this way, it constantly improves the overall quality of its portfolio.

The business of development for own account involves Cofinimmo carrying out construction and large-scale renovation of properties with a view to letting and maintaining them in its portfolio, usually over the long term. The amount invested in this activity, which serves to maximise returns on investment, is limited to 10% of the portfolio fair value so as not to affect the company's risk profile.

## nursing homes/clinics

LONG-TERM LEASES | NO OPERATIONAL RISK

The nursing homes and homes for elderly physically or mentally dependent people and the – in many respects related – post-acute care and rehabilitation clinics and psychiatric clinics are medium-sized properties comprising a series of individual rooms or small flats and common areas for the residents (living room, dining room, fitness room, kitchen, administrative offices, infirmary). Cofinimmo's property investments in this sector achieve an initial yield close to that of the offices with longer leases and lower purchase prices per square meter. Furthermore, they are based on real needs which are rising in view of the demographic trends and consequently offer considerable potential for expansion. In addition, in both Belgium and France, they are heavily regulated at national and regional levels, securing access to the sector and the income of the operators.

In practice, Cofinimmo acquires the property assets from operators of care institutions, of good reputation in terms of both their operation and financial position, thereby allowing them to focus on their core business and freeing up the financial resources for funding their expansion. The property is immediately leased back to them for a long or even very long term (usually 12 years in France and 27 years in Belgium). In addition to the acquisition, Cofinimmo assists the operators with their expansion by taking over the renovation of existing establishments or developing new projects. These projects are managed by the in-house Project and Property Managers who ensure that the work is carried out properly and advise the operators with a view to optimising the sustainable performance of the buildings.

Thanks to their long duration, the leases signed, which are all indexed annually, generate a stable long-term cash flow. In each case, Cofinimmo has only one tenant/rent debtor and a single lease and assumes no risk relating to the management of the institutions. Rents are not related to occupancy thereof by residents. With exceptions, the nursing homes and clinics are leased to operators' groups which each manage many sites. The leases are either concluded with the parent company of the operators' group or guaranteed by that group. In addition, almost all the leases are triple net, which means that the tenant is fully responsible for building maintenance and repairs, which ensures long-term presence of the operator.

Finally, the good locations of these properties and the reasonable purchase price per square metre compared to offices make it possible to envisage an attractive residual value and redevelopment potential, which will further contribute to the intrinsic value of the Cofinimmo share in the longer term.

## distribution property networks

LONG-TERM LEASES | NO OPERATIONAL RISK

Cofinimmo also invests in properties used by companies as networks of contact points for the direct sale of goods or services to their customers. It acquires these networks, which consist of a large number of small buildings, from a company wishing to externalise its distribution properties and rents them back to the company simultaneously on a medium or long-term basis.

These investments present the following advantages for Cofinimmo:

- The properties are let on a long term;
- They are necessary to the tenant's activity on account of their location and there is therefore a high probability of reletting at the end of the lease for most of them;
- They are properties let to their seller who will therefore pay the rent on them after the sale, so the selling price asked by the seller per square metre is reasonable;
- In the case of departure of the tenant, a high proportion of these properties can be relet or sold as shops;
- If such properties become vacant and are put up for sale by Cofinimmo, they are often regarded with interest by local private investors, the amounts to be invested often being affordable by such investors;
- In view of the size of the buildings and their geographical distribution, the risk of having incorrectly estimated the value on divestiture of the investment is lower than in the case of a large property;
- Finally, the tenant company is naturally inclined to enter into dialogue with Cofinimmo, its principal landlord, with a view to developing its geographical sales network, which provides advance knowledge of buildings on which the lease will not be renewed on expiry and possibly leads to the acquisition of new properties that the tenant wishes to integrate into its network.

The Pubstone portfolio, acquired in 2007 and let to AB InBev for an initial average term of 23 years, consists of 1,064 pubs and restaurants located in Belgium and the Netherlands in which AB InBev sells its beers through individual operators who are its own tenants and who procure their beverages from it. The overall on-trade network of AB InBev in these 2 countries comprises numerous contact points with customers, many of whom are AB InBev tenants. The Pubstone network is the main component.

The Cofinimur I portfolio acquired in December 2011, for its part, comprises 263 insurance services agencies, as well as 15 office blocks and 3 mixed office/agency buildings. All these buildings are let for an average initial term of 9.7 years to MAAF, a subsidiary of the French insurance group Covéa, which has an overall network of 587 agencies covering the whole of France. The above-mentioned agencies therefore account for over half of the total number of agencies and the other agencies are let to third parties. These agencies, which are operated by MAAF employees, cater for the general public, private individuals and businesses. Cofinimmo's partners are strong companies with recognized professionalism and reputation.

Maintenance of the properties constituting these 2 networks is either undertaken to a limited extent by Cofinimmo (its subsidiaries Pubstone and Cofinimur I) or assumed in full by the tenant.

## properties constructed and operated under public-private partnerships (PPP)

LONG-TERM FINANCIAL LEASES

The public authorities have a growing requirement to renovate buildings or construct new ones so as to create better quality public premises and improve the standards of accommodation for their occupants. They want to be relieved of the responsibility for building and maintaining these properties. One of the options tailored to these needs is the Public-Private Partnership.
As Cofinimmo is constantly on the lookout for stable and low-risk investments and is conscious of the role it can play in renovating and improving the urban fabric on a lasting basis, it invests in this type of projects, even including non-traditional buildings such as law courts, fire stations, police stations or prisons. These operations generally involve lease-finance arrangements and do not entail Cofinimmo acquiring ownership in perpetuity of the properties concerned[1].

**Cofinimmo is committed to develop and manage its assets in respect of the environment and communities, going beyond mere statutory obligations**

1 Cofinimmo is not the beneficiary of the residual value as the counterparty has a purchase option at the end of the contract.

Each studied building is subject to a rating relative to its intrinsic qualities as well as its energy performance, its location and its environment

## Geographical presence

Established exclusively in Belgium until 2006, Cofinimmo has obtained successive footholds in the Netherlands in 2007 (part of the Pubstone portfolio) and France in 2008 (nursing homes and clinics), in both cases through long-term partnerships with tenant-operators.

From the geographical point of view, the company's strategy gives priority to a presence in Belgium's neighbouring countries and to a rate of establishment which enables it to acquire sound knowledge of the chosen foreign property markets.

The existence in these countries of the Real Estate Investment Trust (REIT) fiscal regime, similar to that of the Sicafi, is an incentive to select them by preference.

## Investment criteria

Cofinimmo has over 25 years' experience of acquiring property. Acquisition opportunities must pass the test of offering favourable financial prospects for performance and risk profile and must underpin the policy of distribution to shareholders.

Decisions are based on the application of rigorous valuation models founded on precise financial criteria. The criterion determining the acquisition of buildings for which the investment value is within the portfolio average and for which there is no specific financing, is the present value, at the weighted average cost of capital and debt, of the long-term cash flow generated by operating the property and its residual value, compared to the acquisition price, costs included.

Except in cases where Cofinimmo is not the owner in perpetuity of the property and where it is planned to transfer the property without valuable consideration or at fixed value to a third party at the end of the lease (as, for example, in the majority of Public-Private Partnerships), the residual value is estimated conservatively. For large-scale operations (>7% of the portfolio value) or those associated with a special financing arrangement, the company also examines the combination of the average accretions over 5 years in the net current result per share and in the *revalued net asset value* per share.

In addition, apart from the usual *due diligence* assessments, each property studied is given a rating. This procedure covers both its intrinsic qualities (for office property: size and divisibility of the floors, ratio of parking spaces, headroom, daylight, ...) and its energy performance and location (access by car, public transport, activity of the submarket, level of local taxes, ...) as well as the property environment (presence of shops, hotels, pleasant outlook, ...).

The investment policy is defined in the company articles of association, which mention a certain number of restrictions on this matter. Any modification of this policy would imply an amendment of the articles of association decided by an Extraordinary Shareholders' Meeting.

### Commercial policy and services offered to the tenants

For many years, Cofinimmo has pursued a commercial strategy geared to forging a close relationship of trust with its clients and maximising the occupancy rate of its portfolio.

The company offers its office clients flexibility in the conditions and duration of current leases, an essential feature today given their need to adapt rapidly to change (mergers and acquisitions, restructuring, ...), as well as to progress in the functional requirements of premises (new technologies, accessibility, comfort, consumption, ...).

This flexibility means that Cofinimmo clients can reduce or extend the area rented, or even relocate within the portfolio, while respecting as far as possible the conditions and duration of the lease. In this way, the company is harnessing the competitive edge created by its size.

In addition, a wide range of property-related services is offered to the client, designed to facilitate the task of managing office space, thereby reducing the time that clients need to spend on this aspect. These include the provision of maintenance services (cleaning, technical maintenance, patrols, property guards, ...), workspace management (design and fitting out, ...) and small jobs (plumbing, lighting, painting, signs, ...). Subcontractors who are reputable specialised firms are brought in for these works.

Each client is free to choose the services required, which are offered at competitive market conditions. This *one-stop shopping* represents an efficiency gain for clients and helps cement their loyalty. In addition, an internal *Help Desk* deals with complaints by occupants and redirects them to the subcontractors and the Property Manager responsible for the building. As the single contact person, the latter is responsible for tendering for works, supervising execution of works and quality control.

### In-house management policy

Convinced of the added value it represents for its clients, Cofinimmo recommends in-house property and, for its offices, operational management.

This strategy is implemented in its 4 investment segments thanks to the know-how of Project Management and Property Management teams, which focus on the exclusive service of its clients-tenants.

The organisation also benefits from in-house commercial, legal, accounting, financial, human resources and communication services. All these activities are based on an SAP integrated IT system and a quality control and internal audit facility.

### Financing strategy

Profitable company growth and the stable and proactive relationship forged by Cofinimmo with its clients contribute to the company's financial results and benefit its shareholders.

Maintaining a good occupancy rate, reducing costs incurred by vacant space, investing in quality projects allow the Group to achieve reasonably foreseeable operational performances which in turn serve to boost the operational cash flow.

Cofinimmo's investment capacity is founded on its ability to raise fresh equity and on its borrowing capacity.

While the Sicafi legal regime allows the debt ratio to go up to 65% (debt to total assets), Cofinimmo's policy, arranged with its partner banks, consists of keeping the financial debt ratio (net financial debt to fair value of the property portfolio and the finance lease receivables) near 50% (see chapter "Management of Financial Resources"). This choice was made chiefly due to the long residual lease periods of properties in the portfolio and goes hand-in-hand with prudent interest rate hedging measures so as to present a consistent overall financial profile, a highly predictable net current result and low-risk exposure, save for extreme external events.

In accordance with the principle of the Real Estate Investment Trust status and the legal regime of the Sicafi, Cofinimmo distributes most of its current results to its shareholders in the form of dividends. The economic depreciation on the buildings is not deducted in the calculation of the current results. It is included implicitly in the result on the portfolio through the fact that the valuers, taking account of the age of the buildings and the date of their next renovations, incorporate the cost of the latter in their valuations. When market rents are stagnating, this depreciation has a greater impact on the expert's valuations and consequently on Cofinimmo's result on portfolio.

▪ Cofinimmo's commercial policy is based on a close relationship of trust with its clients and the maximisation of the occupancy rate of its portfolio

# summary of the consolidated accounts

## Consolidated income statement – Analytical form (x €1,000)

| | 31.12.2011 | 31.12.2010 |
|---|---|---|
| A. NET CURRENT RESULT | | |
| Gross rental income | **191,811** | 199,634 |
| Rental-related expenses | **-2,844** | -4,542 |
| **Rental income, net of rental-related expenses**[1] | **188,967** | 195,092 |
| Writeback of lease payments sold and discounted (non-cash) | **20,999** | 21,108 |
| Taxes and charges on rented properties not recovered[2] | **143** | -258 |
| Redecoration costs, net of tenant compensation for damages[3] | **-1,540** | -1,622 |
| **Property result** | **208,569** | 214,320 |
| Technical costs | **-4,412** | -3,269 |
| Commercial costs | **-1,560** | -1,357 |
| Taxes and charges on unlet properties | **-3,574** | -3,334 |
| **Property result after direct property costs** | **199,023** | 206,360 |
| Property management costs | **-13,926** | -15,031 |
| **Property operating result** | **185,097** | 191,329 |
| Corporate management costs | **-7,306** | -6,333 |
| **Operating result (before result on portfolio)** | **177,791** | 184,996 |
| Financial income (IAS 39 excluded)[4] | **6,079** | 6,036 |
| Financial charges (IAS 39 excluded)[5] | **-63,625** | -64,373 |
| Revaluation of derivative financial instruments (IAS 39) | **-9,561** | -13,757 |
| Share in the result of associated companies and joint-ventures | **213** | |
| Taxes | **-6,920** | -7,224 |
| **Net current result**[6] | **103,977** | 105,678 |
| Minority interests | **-334** | -243 |
| **Net current result – Group share** | **103,643** | 105,435 |
| B. RESULT ON PORTFOLIO | | |
| Gains or losses on disposals of investment properties | **6,644** | 7,253 |
| Changes in fair value of investment properties | **-9,603** | -28,288 |
| Other result on portfolio[7] | **22,067** | -205 |
| **Result on portfolio** | **19,108** | -21,240 |
| Minority interests | **-4,212** | -399 |
| **Result on portfolio – Group share** | **14,896** | -21,639 |
| C. NET RESULT | | |
| **Net result – Group share** | **118,539** | 83,796 |

## Number of shares

| | 31.12.2011 | 31.12.2010 |
|---|---|---|
| Number of ordinary shares issued (own shares included) | **15,220,653** | 13,667,092 |
| Number of preference shares issued and not converted | **1,067,809** | 1,249,310 |
| Number of outstanding ordinary shares | **14,126,279** | 13,614,485 |
| Number of preference shares entitled to share in the result of the period | **1,067,809** | 1,249,310 |
| TOTAL NUMBER OF SHARES ENTITLED TO SHARE IN THE RESULT OF THE PERIOD | **15,194,088** | 14,863,795 |

1 This section corresponds to the "Net rental income" minus the "Writeback of lease sold and discounted" detailed on page 126 in the IFRS Consolidated accounts statement. 2 This section corresponds to the "Recovery income of charges and taxes normally payable by the tenant on let properties" and the "Charges and taxes normally payable by the tenant on let properties" detailed on page 126 in the IFRS Consolidated accounts statement. 3 This section corresponds to the "Recovery of property charges" and the "Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease" detailed on page 126 in the IFRS Consolidated accounts statement. 4 IAS 39 included, at 31.12.2011 and 31.12.2010, financial income amounted to respectively K€12,320 and K€7,530. This section corresponds to the "Financial result" detailed on page 126 in the IFRS Consolidated accounts statement. 5 IAS 39 included, at 31.12.2011 and 31.12.2010, financial charges amounted to respectively K€-79,427 and K€-79,624. This section corresponds to the "Net interest charges" and " Other financial charges" detailed on page 126 in the IFRS Consolidated accounts statement. 6 Net result excluding gains or losses on disposals of investment properties, changes in fair value of investment properties, and exit tax. 7 This section corresponds to the "Other result on portfolio" and "Exit tax" detailed on page 126 in the IFRS Consolidated accounts statement.

## Comments on the consolidated income statement – Analytical form

The cumulated **rental income** as at 31.12.2011 amounts to €189 million, compared to €195.1 million at 31.12.2010, decreasing by 3.2%. The **property result** has fallen to €208.6 million compared to €214.3 million at 31.12.2010 (-2.7%). Like-for-like, the level of rents rose by 2.09% over the past 12 months, essentially due to the indexation. At 31.12.2011, the **occupancy rate** stands at 95.34% for the portfolio as a whole and at 91.35% for the office portfolio alone, against 95.77% and 92.85% for the year 2010. The fall in rental income and the property result is attributable to property sales.

Direct **operating costs** are €1.10 million higher on account of technical expenses relating to the increased replacement of obsolete equipment by more efficient models, especially in the energy field. On the other hand, operating costs not directly attributable to the properties, i.e. those incurred for property and corporate management, have remained stable.

The **operating result (before result on portfolio)** has fallen to €177.8 million, compared to €185.0 million at 31.12.2010.

The **financial result**, however, has improved from €-72.1 million at 31.12.2010 to €-67.1 million at 31.12.2011, as a result of the fall in the average interest rate including bank margins and the amortisation costs of hedging instruments active during the period, standing at 4.20%[1] in 2011, as against 4.33% in 2010.

The average level of debt stands at €1,606.9 million at 31.12.2011, as opposed to €1,577.0 million at 31.12.2010.

The **revaluation of optional financial instruments** gives rise to a latent net loss of €9.6 million at 31.12.2011, compared to a latent net loss of €13.8 million at 31.12.2010. The balance-sheet heading under shareholders' equity "Reserve for the balance of **changes in fair value of the financial instruments"**[2], which registers the changes in effective value of optional as well as non-optional financial instruments, declines from €-60.1 million at 31.12.2010 to €-117.7 million at 31.12.2011, under the impact of the fall in future interest rates between these 2 dates. This item is not registered in the income statement but has a negative impact on the shareholders' equity and the intrinsic share value. The amount will be progressively reversed over future years.

The heading "Share in the result of associated companies and joint-ventures" concerns the share in the result of the subsidiary FPR Leuze SA.

**Taxes** (€6.9 million) comprise the corporate income taxes on the non-deductible costs of the Sicafi (primarily the office tax in the Brussels-Capital Region) and those payable by companies not covered by the Sicafi tax regime.

The **net current result – Group** share at 31.12.2011 comes to €103.6 million, as against €105.4 million at 31.12.2010 (-1.7%). If the negative impact of IAS 39 is excluded, it comes to €113.2 million as against €119.2 million at 31.12.2010 (-5.03%). Per share, it works out at €7.45, as opposed to € 8.02 at 31.12.2010 (-7.01%). The number of shares participating in the results of the period have risen by 2.2% between those 2 dates.

The **result on the portfolio** becomes positive, rising from €-21.6 million at 31.12.2010 to €19.1 million at 31.12.2011. It comprises the following items:

- A realised gain on disposals of properties of €6.6 million, as against €7.3 million at 31.12.2010. In Group share, this realised gain stands at €0.44 per share in 2011 compared to €0.49 in 2010.
- A negative change in fair value of the portfolio of €9.6 million[3], compared to a negative change of €28.3 million at 31.12.2010. In Group share, this change stands at €-0.63 per share in 2011 compared to €-1.90 in 2010.
- A sub-heading "Other result on portfolio", that comprises principally the writeback of deferred tax following the conversion of Pubstone SA into an institutional Sicafi for an amount of €39.3 million. In Group share, this other result on portfolio stands at €1.17 per share in 2011, compared to €-0.04 per share in 2010.

The **net result – Group share** results in a gain of €118.5 million, compared to €83.8 million at 31.12.2010. **Per share**, this net result amounts to €7.80, compared to €5.64.

1 The average interest rate is calculated by dividing, on an annual basis, the interest charges on the financial debt (€62.5 million) and the amortisation cost of hedging instruments (€5.0 million) by the average debt for the period (€1,606.9 million). 2 The heading "Reserve for the balance of changes in fair value of financial instruments" is shown in the balance sheet under the heading "Reserve". 3 Changes in provisions for exit tax included.

## Consolidated balance sheet (x €1,000)

| | 31.12.2011 | 31.12.2010 |
|---|---|---|
| **Non-current assets** | **3,414,890** | 3,304,794 |
| Goodwill | **157,456** | 164,012 |
| Intangible assets | **745** | 1,427 |
| Investment properties | **3,177,560** | 3,041,916 |
| Other tangible assets | **966** | 539 |
| Non-current financial assets | **21,880** | 38,522 |
| Finance lease receivables | **55,403** | 58,349 |
| Trade receivables and other non-current assets | **42** | 29 |
| Participations in associated companies and joint-ventures | **838** | |
| **Current assets** | **114,051** | 77,112 |
| Assets held for sale | **12,025** | 170 |
| Current financial assets | **13,779** | 9,227 |
| Finance lease receivables | **2,868** | 2,780 |
| Trade receivables | **20,840** | 18,864 |
| Tax receivables and other current assets | **17,015** | 22,137 |
| Cash and cash equivalents | **10,207** | 3,265 |
| Deferred charges and accrued income | **37,317** | 20,669 |
| TOTAL ASSETS | **3,528,941** | 3,381,906 |
| **Shareholders' equity** | **1,515,544** | 1,466,878 |
| **Shareholders' equity attributable to shareholders of parent company** | **1,460,887** | 1,459,781 |
| Capital | **814,228** | 796,528 |
| Share premium account | **312,330** | 513,093 |
| Reserves | **215,790** | 66,364 |
| Net result of the financial year | **118,539** | 83,796 |
| **Minority interests** | **54,657** | 7,097 |
| **Liabilities** | **2,013,397** | 1,915,028 |
| **Non-current liabilities** | **1,601,386** | 1,448,760 |
| Provisions | **18,474** | 19,234 |
| Non-current financial debts | **1,435,094** | 1,226,815 |
| Other non-current financial liabilities | **106,735** | 69,693 |
| Deferred taxes | **41,083** | 133,018 |
| **Current liabilities** | **412,011** | 466,268 |
| Current financial debts | **246,316** | 313,730 |
| Other current financial liabilities | **58,930** | 62,780 |
| Trade debts and other current debts | **79,225** | 62,631 |
| Accrued charges and deferred income | **27,540** | 27,127 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | **3,528,941** | 3,381,906 |

## Intrinsic share value (diluted) (in €)

| | 2011 | 2010 |
|---|---|---|
| In fair value | **98.29** | 91.72 |
| In investment value | **102.29** | 96.07 |

### Comments on the consolidated balance sheet

The **fair value** of the property portfolio[1], recorded in the consolidated balance sheet, in application of IAS 40, is obtained by deducting the transaction costs from the investment value. At 31.12.2011, the fair value stands at €3,189.4 million, as compared to €3,041.9 million at 31.12.2010.

The **investment value** of the property portfolio comes to €3,311.3 million at 31.12.2011, as compared to €3,153.2 million at 31.12.2010 (also see page 124).

The heading "Participations in affiliates and joint-ventures" refers to Cofinimmo's 50% stake in FPR Leuze SA.

The heading "Minority interests" includes the mandatory convertible bonds issued by the subsidiary Cofinimur I.

1 Including assets held for own use and the development projects.

# appropriation of company result

The Board of Directors proposes at the Ordinary General Shareholders' Meeting of 27.04.2012 to approve the annual statements as at 31.12.2011, to appropriate the result as indicated in the table below and to distribute the following dividends:

- €6.50 gross, i.e. €5.14 net for the ordinary share;
- €6.37 gross, i.e. €5.03 net for the preference share.

The pay-out data and modalities of the dividends are mentioned on page 111. Deduction for withholding taxes is 21%[1].

As at 31.12.2011, the Cofinimmo Group held 1,094,374 treasury ordinary shares[2].

The Board of Directors proposes to suspend the right to dividend for the financial year 2011 for 42,720 own ordinary shares in view of its stock option plan and to cancel the right to dividend for the remaining 1,051,654 ordinary shares held by the company. The remuneration of the capital is based on the number of ordinary and preference shares issued on 22.03.2012. Possible conversions of preference shares into ordinary shares during the conversion period from 22.03.2012 to 31.03.2012, as well as the conversion of convertible bonds into ordinary shares, might modify the remuneration of the capital.

The proposed dividend is in accordance with the provisions of Article 27 of the Royal Decree of 07.12.2010, in that it exceeds the requirement to distribute a requested minimum of 80% of the net income (see page 180).

After the proposed remuneration of the capital for the financial year 2011, i.e. €98.62 million, the total amount of the reserves and the company result of Cofinimmo SA works out at €172.52 million whereas the remaining distributable amount in accordance to the provision defined by Article 617 of the Company Code will reach €338.37 million (see also page 180).

As a reminder, the transfer of €214,087,000 approved by the Extraordinary Shareholders' Meeting of 29.03.2011 has, on the one hand, increased the distributable amount by an equivalent amount and made the total amount of the company reserves and the company result of Cofinimmo SA positive again, and, on the other hand, reduced the combined share capital and share premium account.

The 2011 consolidated net current result (Group share) stands at €103.6 million and the consolidated net result (Group share) at €118.5 million. The pay-out ratio on the consolidated net current result (IAS 39 excluded) is 87% (compared to 81% for 2010).

**Appropriation account** (in €)

| | 2011 | 2010 | 2009 |
|---|---|---|---|
| **A .NET RESULT** | **110,725,553.37** | 20,974,317.52 | 20,450,703.52 |
| **B. TRANSFER FROM/TO THE RESERVES** | **-11,764,171.54** | 75,843,003.53 | 70,761,898.86 |
| **Transfer from/to the reserve of the positive balance of changes in fair value of investment properties** | **-25,021,485.88** | | |
| Fiscal year | **-25,021,485.88** | | |
| **Transfer from/to the reserve of the negative balance of changes in fair value of investment properties**[3] | **13,395,650.46** | 159,474,294.49 | 100,518,547.16 |
| Fiscal year | | 131,693,063.36 | 56,825,243.82 |
| Previous years | **13,395,650.46** | 27,781,231.13 | 43,693,303.34 |
| **Transfer to the reserve of the estimated transaction costs resulting from hypothetical disposal of investment properties** | **575,240.06** | -357,866.95 | -738,787.23 |
| Fiscal year | **575,240.06** | -357,866.95 | -738,787.23 |
| **Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments qualifying for hedge accounting** | **-9,641,466.00** | 7,070,066.00 | |
| Fiscal year | **-9,641,466.00** | 7,070,066.00 | |
| **Transfer from the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments not qualifying for hedge accounting** | **167,443.00** | 1,311,920.00 | |
| Fiscal year | **167,443.00** | 1,311,920.00 | |
| **Transfer to other reserves** | **-278,323.50** | -226,102.50 | -188,792.50 |
| **Transfer to the result carried forward of the previous years** | **9,038,770.32** | -91,429,307.51 | -28,829,068.57 |
| **C. REMUNERATION OF THE CAPITAL** | **-98,622,756.83** | -96,452,257.20 | -90,888,558.41 |
| **D. REMUNERATION OF THE CAPITAL OTHER THAN C** | **-338,625.00** | -365,064.00 | -324,044.00 |
| **E. RESULT TO BE CARRIED FORWARD**[4] | **491,915,095.21** | 260,579,825.44 | 151,609,635.87 |

1 Following the publication of the law of 28.12.2011 (published in the Official Gazette of 30.12.2011), the withholding tax rate for Sicafis stands at 21% for dividends that would be paid after 01.01.2012. Individuals whose movable income exceeds €20,020 per year are also subject to a 4% surcharge tax on the part exceeding the threshold of €20,020. 2 1,041,767 shares held by Leopold Square SA and 52,607 shares held by Cofinimmo SA. 3 These transfers correspond to the realisation of non-realised gains and losses, which were previously transferred to the reserves of changes in fair value, as well as from buying and cancelling transactions of own shares. 4 The result to be carried forward is composed of the result to be carried forward of the year and of the previous years.

## global portfolio

### At 31.12.2011, the consolidated property portfolio reaches €3,189.4 million in fair value[1] and €3,311.31 million in investment value[2]. It comprises 1,554 properties, with a total rental area of 1,790,071m² in superstructure.

The offices account for 48.7%[3] of the portfolio, the nursing homes/clinics 33.9% and the distribution property networks including the *Pubstone* and Cofinimur I portfolios 16.1%. The other business sectors (1.3%) are insignificant. The vast majority of the portfolio is located within the Belgian territory (79.4%).

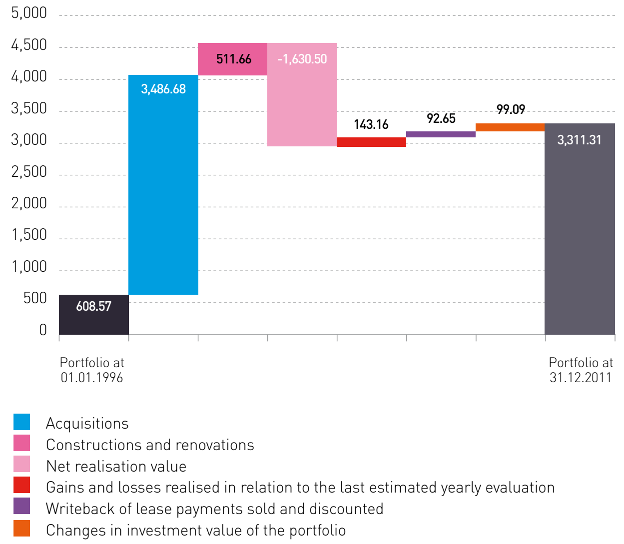
The properties located abroad relate on the one hand, in France, to the healthcare sector and the MAAF agencies and offices (15.9%) and on the other hand, in the Netherlands, to the Pubstone portfolio (4.7%).

- The capital gain realised on the disposals amounts to 4%

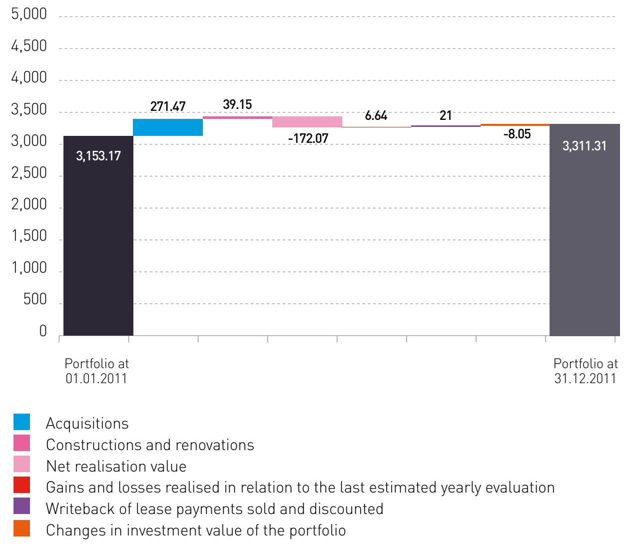
- In 2011, Cofinimmo's divestments amounted to €172.1 million and its investments to €310.6 million

1 The fair value is obtained by deducting an appropriate proportion of transaction costs (mainly transfer taxes) from the investment value. 2 The investment value, which is established by independent real estate experts, is the most likely value that could reasonably be obtained in normal sales conditions between willing and well-informed parties, before deduction of transaction costs. 3 The composition of the portfolio is expressed in fair value.

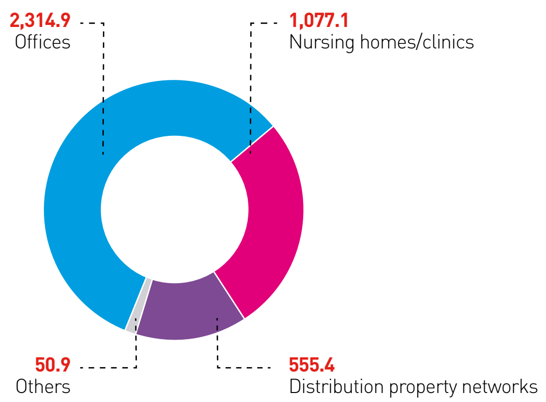
**Evolution of the consolidated portfolio 1996-2011**[1] (x €1,000,000)




**Evolution of the consolidated portfolio in 2011**[1] (x €1,000,000)




**Acquisition & capitalised renovation cost (1996-2011)**[3]
(x €1,000,000)




## Evolution of the portfolio

Since it obtained its Sicafi status in 1996, the Cofinimmo Group has realised real estate investments for a total amount of €3,998.34 million. The company also disposed of buildings for a total of €1,630.50 million, realising (intermediates' remuneration and other various costs excluded) an average net capital gain of +9.6% compared to the last annual valuations (in investment value) before these disposals. During the year 2011 alone this average was +4%.

## Acquisitions

During the course of 2011, Cofinimmo invested a total amount of €271.47 million in new acquisitions, of which €28.85 million in the offices segment, €131.24 million in the nursing homes/clinics segment, and €111.38 million in the MAAF insurance agency network.

## Extensions and redevelopments

Moreover, Cofinimmo has invested a total of €30.35 million in extensions and redevelopments (in Belgium: €27.06 million in the nursing homes/clinics segment, €1.86 million in the Office segment and €1.42 in the "Others" segment).

## Renovations[2]

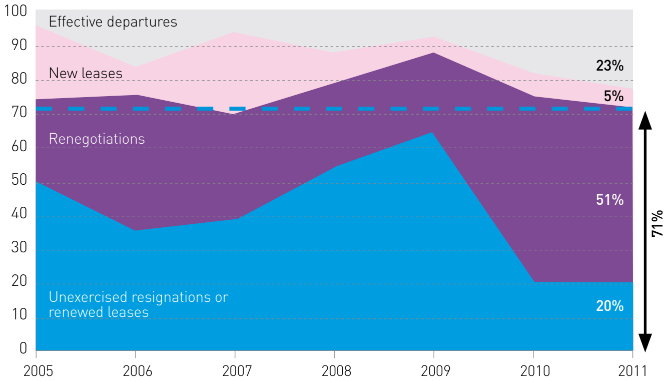
The company carried out constructions and renovations amounting to €8.39 million, mainly in the office and Pubstone portfolios.

## Divestments

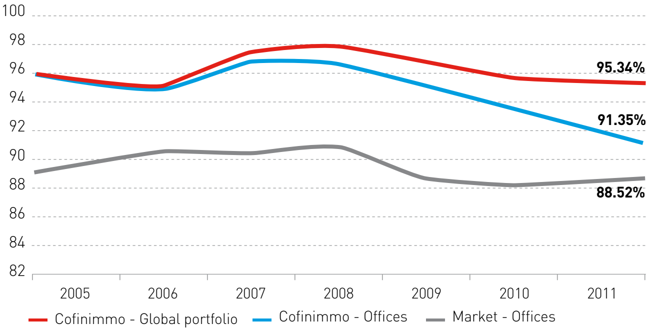
Under its strategy of portfolio arbitrage, Cofinimmo sold assets, mainly offices, for a net total amount, that is after deduction of transaction costs and fees, of €172.07 million. Each transaction yielded a profit compared to the investment value determined by the expert or was in line with it and the weighted average gain of the total disposals stands at 4%.

1 In investment value.. 2 See also Note 21 on page 154. 3 Investments include renovations, extensions and redevelopments.

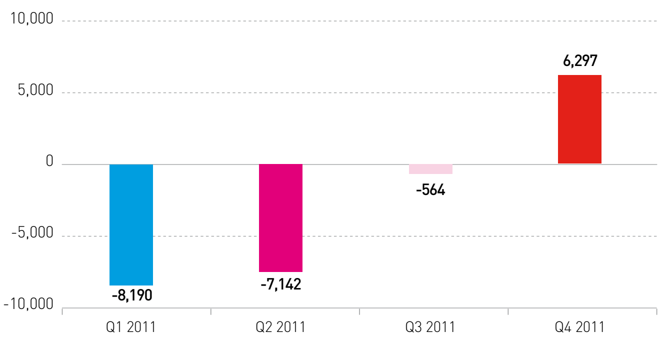
**Vacancy risk handling** (in %)




**Evolution of the occupancy rate of the consolidated Cofinimmo property portfolio compared to its offices portfolio as well as the Brussels market office portfolio**[1] (in %)




**Changes in fair value of investment properties** (x €1,000)




| Segment | Changes in fair value over 1 year | Breakdown by area and sector |
|---|---|---|
| **Offices** | **-2.5%** | **48.6%** |
| Brussels Leopold/Louise District | -6.2% | 11.1% |
| Brussels Centre/North | 1.4% | 8.0% |
| Brussels Decentralised | -2.2% | 19.5% |
| Brussels Periphery & Satellites | -3.3% | 4.5% |
| Antwerp | -5.9% | 1.9% |
| Other Regions | 2.9% | 3.6% |
| **Nursing homes/clinics** | **1.8%** | **33.9%** |
| Belgium | 2.5% | 21.3% |
| France | 0.6% | 12.6% |
| **Distribution property networks** | **1.9%** | **16.1%** |
| Pubstone Belgium | 2.6% | 8.1% |
| Pubstone Netherlands | 2.0% | 4.7% |
| MAAF – France | 0% | 3.3% |
| **Others** | **2.5%** | **1.4%** |
| TOTAL PORTFOLIO | -0.3% | 100% |

## Commercial results

The rental vacancy risk faced by Cofinimmo each year represents on average 6% of its overall portfolio and 12 to 15% of its office portfolio. The commercial department pays special attention to the clients of the leases considered at risk. Treatment of the rental vacancy risk in 2011 shows that 71% were secured through renegotiations, unexercised resignations and renewed leases. This percentage reaches 76% if the new leases that were signed and took effect during the year are also taken into account. Hence, of the 6% of the total portfolio that were at risk in 2011, 4.5% have been secured.

The occupancy rate of the office portfolio (91.35%) is well above the market average, which works out at 88.52% (source: CB Richard Ellis). This confirms the success of Cofinimmo's commercial strategy, geared to forging a close relationship of trust with its clients and serving to boost the operating margin. Furthermore, diversification in the nursing homes/clinics sector and the Pubstone and Cofinimur I portfolios, in which the occupancy rate is nearly 100%, has a positive impact on the overall occupancy rate, which stands at 95.34%, and improves the spread of the risk.

At like-for-like portfolio, the rental revenues increased by 2.09% in 2011.

## Property results

The Cofinimmo portfolio records a negative change in fair value of -0.3%[3] over the 12 months of 2011, corresponding to an amount of €9.6 million. However, unlike the first 3 quarters of the year, the change in the portfolio value was positive in the fourth quarter of 2011.

This depreciation for the year is made up as follows:

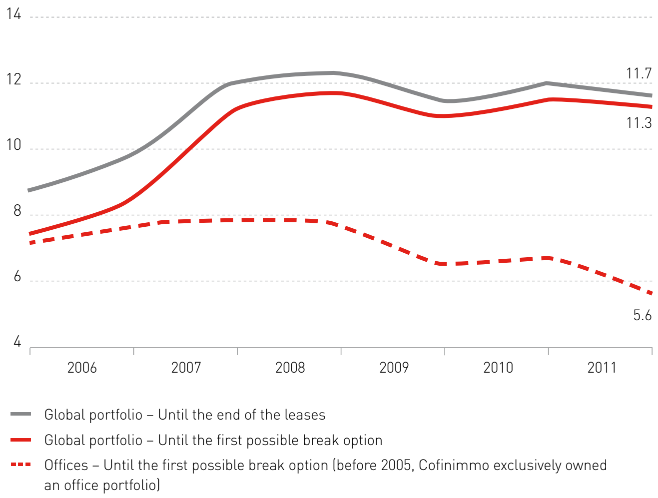
- The "Office" segment records a negative change in fair value of €39.2 million;
- The segments "Nursing homes Belgium", "Nursing homes/ clinics France" and "Distribution property networks" and "Others" record a positive change in fair value of €16.8 million, €2.2 million, €9.4 million and €1.2 million respectively.

The reason behind the depreciation of the office portfolio is 2-fold:

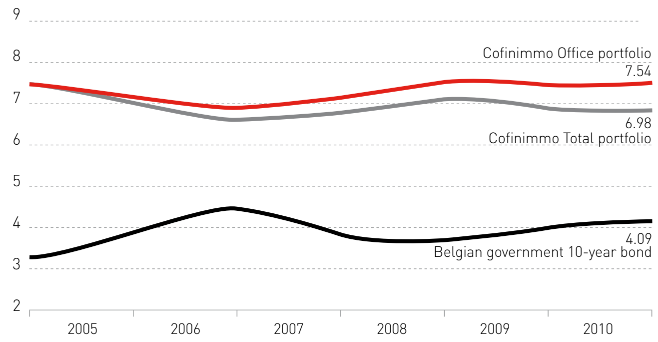
- The over-supply of rental area prohibits an increase in rents and leads to an extension of the vacancy period before renting and a lengthening of rent free periods claimed by future clients before signing the transaction;
- The value of properties requiring a significant renovation in short-term future is penalised: this is the case for the Livingstone, Science 15-17, Souverain 23-25, Arts 19H, Guimard and Woluwe 34 buildings.

1 Source: CB Richard Ellis. 2 The occupancy rate is calculated by dividing the contractual rents of the current leases (indexed) by the sum of these contractual rents and the estimated rental values of the vacant premises, the latter being calculated on the basis of the current market rates. 3 I.e. including investments and divestments realised during the year.

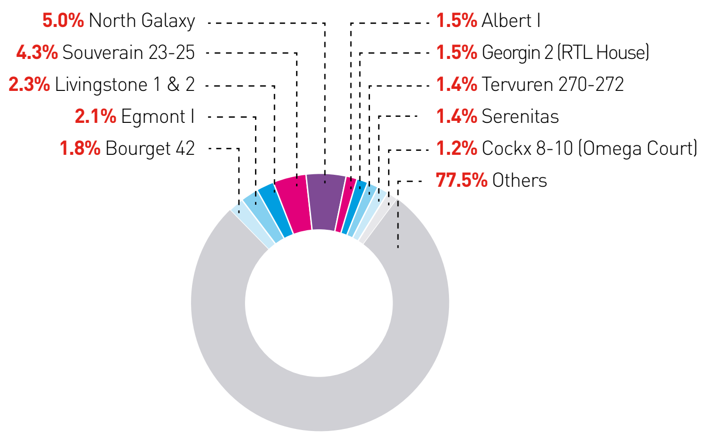
**Weighted residual lease length** (in number of years)




**Market rates applied on the Cofinimmo portfolio and yield of the Belgian bonds** (in %)




**Relative importance of the main buildings - in fair value** (in %)




At global portfolio level, this depreciation is partially compensated by:

- The indexation of the leases;
- A high occupancy rate: 95.34% at 31.12.2011;
- An average residual lease length which has risen from 6.7 years at the end of 2004, to 7.7 years at the end of 2006 and then to 11.3 years at the end of 2011, an outstanding figures[1] among the European real estate companies.

The average residual length of all leases in force at 31.12.2011 is 11.3 years if each tenant would exercise his first possible termination option (*break*). This number increases to 11.7 years in case no break option is exercised and all tenants remain in their rented space until the contractual end of the leases.

One of the key features of Sicafis is risk diversification. The Cofinimmo portfolio is well-diversified, with the largest property representing only 4.96% of the consolidated portfolio

**Main clients - in contractual rents** (in %)

| | |
|---|---|
| AB InBev Group | 13.6% |
| Buildings Agency (Belgian Federal State) | 10.5% |
| Korian Group | 8.8% |
| Armonea | 6.8% |
| Senior Living Group | 6.6% |
| **Top 5 tenants** | **46.3%** |
| International Public Sector | 5.9% |
| AXA Group | 5.1% |
| MAAF | 3.5% |
| Belfius Bank | 3.1% |
| Senior Assist | 2.7% |
| **Top 10 tenants** | **66.7%** |
| **Top 20 tenants** | **79.2%** |
| Others | 20.8% |
| TOTAL | 100.0% |

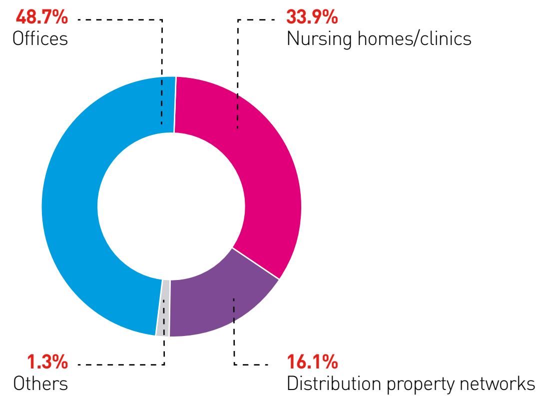
1 Source: Standard & Poor's. 2 For the office portfolio alone, it stands at 5.6 years.

## Sector information

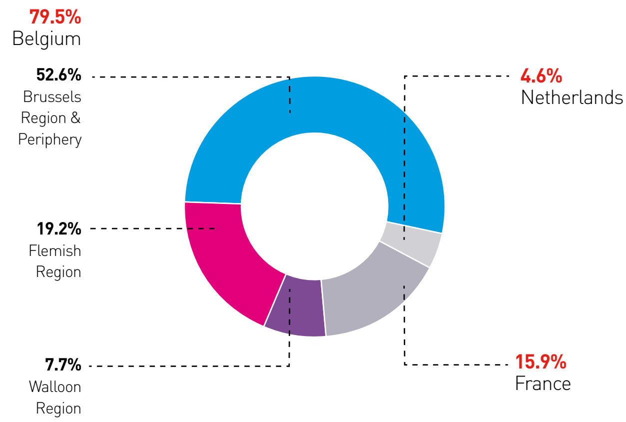
### Rental situation by destination

| Properties | Superstructure (in m²) | Contractual rents (x €1,000) | Occupancy rate (in %) | Rents + ERV on unlet (x €1,000) | Estimated Rental Value (ERV) (x €1,000) |
|---|---|---|---|---|---|
| Offices | 579,348 | 87,512 | 89.5% | 97,788 | 93,525 |
| Reconstitution of lease payments sold and discounted - offices | 208,145 | 21,839 | 99.7% | 21,914 | 21,914 |
| **Total offices (including offices subject to a sale of receivable)** | **787,493** | **109,351** | **91.4%** | **119,702** | **115,439** |
| Nursing homes/clinics | 577,532 | 67,087 | 100.0% | 67,087 | 65,570 |
| Distribution property networks | 403,153 | 37,042 | 99.4% | 37,261 | 34,546 |
| Others | 21,893 | 2,988 | 100.0% | 2,988 | 2,327 |
| **Total investment properties (including offices subject to a sale of receivable)** | **1,790,071** | **216,468** | **95.34%** | **227,038** | **217,882** |
| Project and renovations | | 598 | | 598 | 257 |
| Land reserve | | 133 | | 134 | 165 |
| GENERAL TOTAL PORTFOLIO | 1,790,071 | 217,199 | | 227,770 | 218,304 |

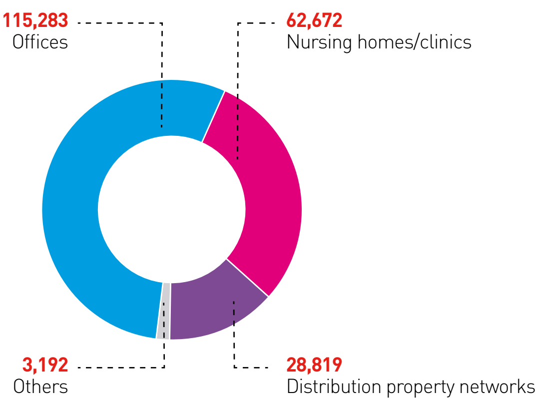
**Breakdown by destination - in fair value** (in %)



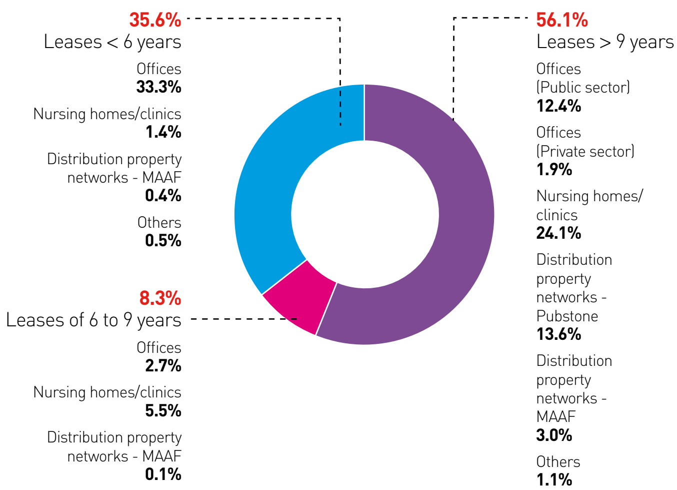

**Geographic breakdown - in fair value** (in %)




**Breakdown by destination - in collected rents**[1] (x €1,000)

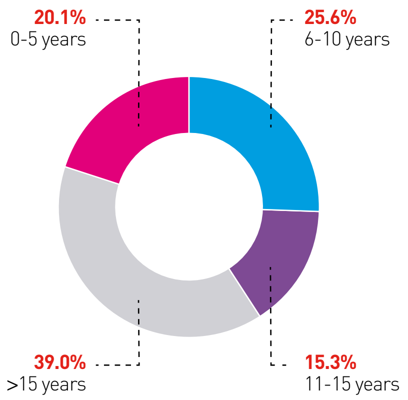



**Maturity of leases**[2] (in %)

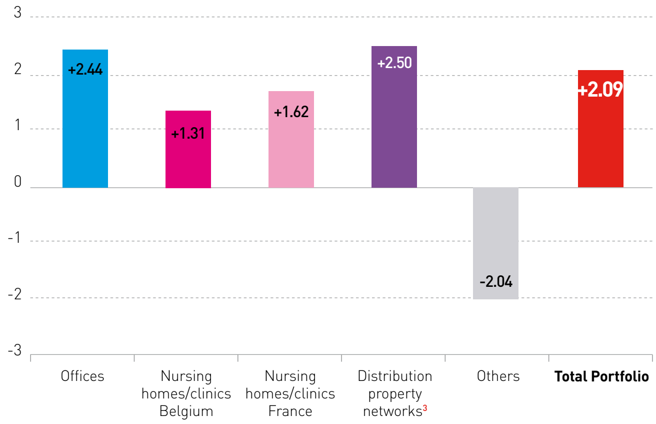



1 The difference between the rents actually collected and contractual rents is explained by the rental gratuities granted at the beginning of certain leases and the prorata temporis non-occupation of properties during the past 12 months. 2 Until the next possible break option.

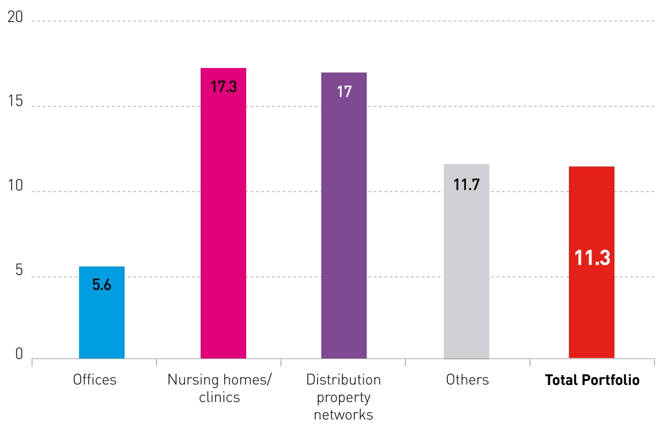
**Breakdown by age of properties**[1] (in number of years)




**Evolution of the collected rents with an unchanged portfolio (2011 vs. 2010)** (in %)



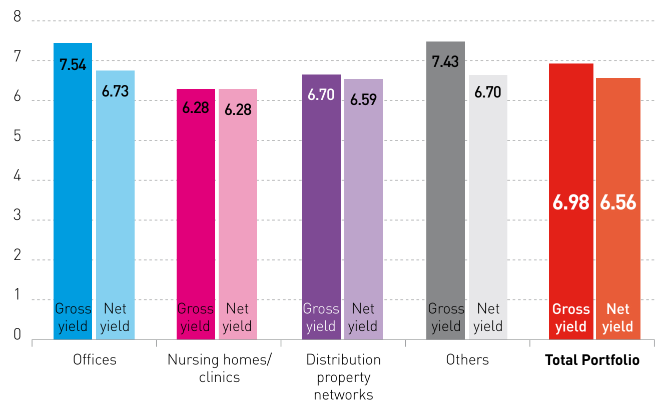

**Average residual lease length per sector**
(in number of years)




3 elements are limiting the downtrend:

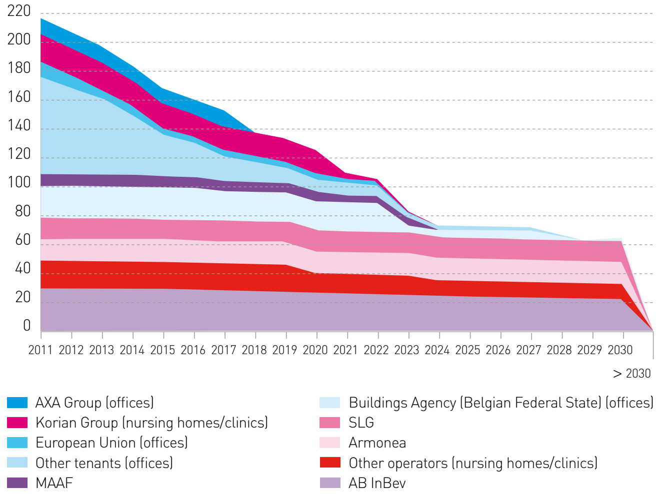
- The office occupancy rate, which is still relatively high (91.35%);
- The tenant rotation rate over the entire portfolio, which remains limited at 1%;
- The nursing homes/clinics and Distribution property networks enjoy a positive indexation of the leases and their income is also protected by their long duration.

**Gross/net rental yields per sector**[2] (in %)




The portfolio's gross rental yield remains stable at 6.98% between 2010 and 2011. Only the office portfolio increases from 7.44% to 7.54%.

**Contractually guaranteed rental income**[4] (x €1,000,000)




A minimum of 70% of the rental income is contractually guaranteed until 2017. This percentage increases to 77% in case no termination option (break) is exercised and all tenants remain in their rented space until the contractual end of the leases.

1 The properties which underwent a large-scale renovation are considered as being new; the Pubstone portfolio is considered as one single property and is included in the age bracket >15 years. 2 At 100% occupancy rate. 3 Only including Pubstone network this year. 4 Until the next possible break option.

# offices

## 2011 was marked by the debt crisis and the resulting economic slowdowns. Although businesses have made little change to their investment and growth policy, there is no denying that the general climate is characterised by prudence and cost control, both of which do little to boost the office rental market.

Gross take-up on the Brussels market remained well below the 400,000 m² threshold recorded in 2009, i.e. it has reached its lowest level in 10 years. This very low take-up, generally caused by relocation accompanied by downsizing of office space, has not had any significant beneficial effect on the overall vacancy rate in Brussels, which remains at 11.5% or 1.5 million m².

On the other hand, there is structural surplus supply of office area, more than a quarter of which exists in buildings delivered less than 5 years ago. The only positive point is that the delivery of new projects, which had already started to decrease in 2010, continued to fall in 2011, reaching 189,000m²[1], i.e. equally its lowest level for 10 years.

This situation has affected rental levels, which are of course still under pressure. Very fortunately, no new development projects at risk have been initiated in 2011 and it is hoped that developers will remain prudent for a little longer.

On the investment side, overall activity in Brussels is slightly improving, i.e. around €600 million, all sectors together. Investors still show a preference for buildings with a secure rental situation, especially if the residual fixed duration exceeds 10 years. The year was again marked by a great deal of interest expressed and files examined, but few transactions concluded. The expected return on investments, after falling in 2010, showed on average a prudent stabilisation in 2011.

At 31.12.2011, Cofinimmo's office portfolio consists of 87 buildings[2] representing a total area of 787,493m² above ground and a fair value of €1,551.56 million. These office buildings are all located in Belgium, with the vast majority in Brussels.

1 Source: DTZ Wissinger et Associés. 2 Business parks are considered as an asset but may be composed of several buildings.


- Science 15-17 - Brussels:
  Request for urban permit submitted:

- BREEAM certificate: “very good”
- Energy performance: K30 - E45
- D-type ventilation system with heat recovery
- Green roofs
- Recovery of rainwater for sanitary fittings
- Geothermal energy

The in-house team managing the office portfolio is made up of 18 people responsible for managing this portfolio, with the assistance of the teams for development (4 people), quality management (2 people) and project monitoring (21 people, currently mainly active in the nursing homes sector). Cofinimmo also has its own in-house legal, accounting and financial support teams.

## Acquisitions

### Offices (€29.9 million)

In Antwerp, Cofinimmo has acquired all the shares in *AMCA* SA, the company owning:

- The office block Avenue Building, and
- Offices in the neighbouring building London Tower.

The areas acquired amount to approximately 13,500m² and more than 200 parking spaces. The buildings have been valued at €29.2 million. Cofinimmo has also acquired a block of 42 adjacent parking spaces for €0.7 million.

Since the acquisition, Cofinimmo, through its active marketing of the properties, has achieved an occupancy rate of 64.9% for the site and is continuing its search for tenants for the rest of the building.

The buildings achieve an excellent energy performance rating: E 75 for Avenue Building and E 74 for London Tower, compared to a maximum authorised rating in the Flemish Region of E 100. Cofinimmo has also obtained BREEAM In-Use "Good" certification for these 2 buildings, applicable both to their design ("Asset rating") and their management ("Business Management rating").

## Divestments[1]

Continuing its asset arbitrage policy aimed at composing an optimum portfolio from a sector and geographical point of view, but also to reap benefit from opportunities to make sales at appreciable prices, Cofinimmo has proceeded to the disposal of several assets or assigned long leaseholds for a total gross amount of €172.1 million, which is above their overall investment value as determined by the independent real estate expert (+4%).

The main assets disposed of are:

- The **Da Vinci** office block, located in the Leopold District in Brussels, with a total area of 7,435m² and acquired by Compagnie de Manutention Groupe (CdMG) for €31.4 million;
- The commercial building **Ledeberg 438**, located in Ghent, with a total area of 4,234m² and let to the Delhaize Group, which exercised the purchase option provided for in its lease, for €1.9 million;
- The office block **Royale 94**, located in Brussels, totalling 1,917m² and acquired by a Belgian company set up by a group of international philanthropic foundations, for €3.4 million;
- The **Veldkant 31-33** buildings. These properties, which are located in the Antwerp municipality of Kontich and which are for mixed use (offices - warehouses), provide 9,410 m² and were acquired by a private investor for €11.4 million;
- The **Montoyer Science** office block, located in the Leopold District of Brussels, with an area of 12,798m² and let to the European Commission, acquired by the Hesse Newman investment fund for €57.2 million;
- The **Citylink** estate located in Antwerp, with an area of 26,916m², acquired by its principal tenant, Mercator Verzekeringen NV, for €63.2 million.

1 Including the segment "Others".

These disposals were realised at prices that are higher than the investment value (registration rights included) as determined by the real estate expert.

The proceeds from these disposals have been reallocated in full to the company's investment programme.

## Constructions and renovations

### 2011

2011 was less intensive than 2010 in terms of office sector development. Consequently, fewer works were undertaken. The Project Management department managed or accompanied 2 major works in Brussels. The total amount of office construction and renovation works managed and entered in the accounts in 2011 amounts to €4.98 million.

**Brussels**

| Building | Type of works | Area | (Expected) end of works |
|---|---|---|---|
| Corner Building | Middle-scale renovation | 3,572m² | Q2 2011 |

### 2012

In 2012, there are plans to implement phases II and III of the renovation of the Tervuren 270-272 building. This renovation is progressing at the planned rate and as vacancies arise. The works aims for a distinct technical improvement in the efficiency and comfort of this building and a significant reduction in energy consumption.

In the Leopold District, there are plans to start the renovation of the vast Livingstone complex (see page 29).

Apart from these projects, the Project Management department is preparing, as of 2012, projects to be carried out in 2013-2014. These are primarily preparatory studies for the Science 15-17 redevelopment project and the conversion of the Woluwe 34 building into flats. A planning application will be submitted for this last project in Q2 2012.

**Brussels**

| Building | Type of works | Area | (Expected) end of works |
|---|---|---|---|
| T 270-272 | Middle-scale renovation (phases II & III) | 4,058m² | Q4 2012 |
| Livingstone 1 | Building of flats | | |
| Livingstone 2 | Renovation of offices | | |

Livingstone 1

- Cofinimmo is aiming for a maximum E-level of 45 and a BREEAM certification "very good" for its redevelopment of the Science 15-17 building

- The reconversion project of the Science 15-17 building was laureate at the 2011 "Exemplary Building" contest of the Brussels Capital Region

## Transactions and projects offices

### Science 15-17

This building, with a superstructure of ±20,000m² distributed over 8 floors and 2 basement car parking levels, is situated at the corner of the rue Belliard and the rue de la Science.
It dates from the early 70s and was extended 10 years later. As it no longer meets the requirements of a modern, sustainable office property, Cofinimmo has decided to redevelop it completely. The company has opted for a mixed project, in order to make it a flagship property in the rue Belliard.

To achieve this major objective, it has fixed the following basic concepts during the design phase:

- **Creation of a property with a sustainable[1] construction and low energy consumption**
  Cofinimmo attaches special importance to the ecological and sustainable identity of its properties. The company has planned a very low energy level (maximum E45) and also a "very good" *BREEAM* certification for the property. To achieve this, the building's shell will be comprehensively insulated and equipped with triple glazing. A green roof is also planned, as is energy recovery using a heat wheel, high-performance installations for the production of heat and cold, low-consumption terminal units (cold ceilings, for example), maximum use of natural lighting and movement detectors controlling the artificial lighting.

- **Improvement of the appearance of rue Belliard**
  The architectural monotony that dominates in the rue Belliard will be broken with the creation of a forecourt at the corner of the rue Belliard and the rue de la Science. A clearing and spatial opening will thus be created along this urban main road. With a 5-storey, transparent atrium serving as entrance to the property, the interior garden, which is located behind the building, will be visible from the road and will fit perfectly into the new urban vision planned. The building will be multi-functional: the lower floors will be given over to commercial or cultural activities whereas the upper floors will continue to be office space. The forecourt will thus be enhanced, which will benefit the district in general.

- **Construction of a representative building, providing top-of-the-range office space, in a prime district**
  Its integration along the rue Belliard guarantees it optimum accessibility. The offices will have excellent acoustics, protected against ambient noise, and a superior gross/net lettable area ratio.

1 I.e. with the highest respect for the environment.

The spaces will also be dividable into 1.35m modules and will provide great flexibility. Cofinimmo will also integrate the most modern cooling, heating and ventilation techniques, with discretionary management possible.

Works will start after the departure of the current tenant (European Commission) and on obtaining of the various permits required. They should extend over the years 2013-2014.

**Exemplary Building 2011**
Furthermore, the project design, its sustainability, its energy efficiency target and its environmental quality prompted Cofinimmo to enter the 2011 "Exemplary Building" competition. The Brussels Capital Region, which organised this competition for the fourth time, selected the Science 15-17 project for an award.

### Livingstone

The Livingstone site is comprised of 2 distinct buildings, Livingstone 1 and 2, each with its own architectural style.

The Livingstone 1 office property (16,000m²), which is divided into 4 units, was built in 1976 with an austere facade in architectural concrete panels. It has 10 floors. In 1996, the complex was extended along rue Joseph-II, with the creation of 2 new wings in a more contemporary style, called Livingstone 2. Cofinimmo acquired the entire site in 2002 and will renovate it comprehensively in 2012 to convert it into a mixed project (residential/offices).

With its prime location at the centre of the European District, next to the Square Marie-Louise green area, and its easy access, the redevelopment of Livingstone 1 into a residential building meets the need for housing identified in this area. The property will be laid out in 4 separate apartment blocks providing a total of approximately 125 living units (studios and 1, 2 or 3 bedroom apartments), which will be put on sale.

On the energy front, Cofinimmo endeavours to obtain *K-level* 30 and *E-level* 60 for this property. To do this, the company has opted for:

- A building shell with a very high level of insulation;
- A D-type ventilation system, i.e. with high-performance heat recovery (min. 90%);
- A very high-performance central heating system (condensing boilers);
- An ultra-efficient window frame and pane assembly;
- A structure providing external solar protection;
- Separate meters and energy accounting;
- A green roof;
- An interior park;
- A rainwater recovery tank;
- Electric vehicle recharging terminals.

The ground floor will be occupied by retail and/or professional concerns (spaces of 100 to 446m²) with direct access to the adjacent roads and avenues.

The building's current volume will not be changed. The Livingstone 1 redevelopment works are scheduled to start in the third quarter of 2012, as soon as the required permit is issued and a certain level of pre-sales has been achieved for the flats.

Cofinimmo submitted the Livingstone 1 project under the call for projects for the conversion of vacant offices into new housing. The functional structure of the property, which allows redistribution into very attractive flats with large open outdoor areas, together with the energy efficiency and environmental targets, contributed to the selection of the Livingstone 1 project for an award.

The Livingstone 2 property has an office floor area of ±17,000m² on 7 floors and will be completely renovated and restructured. A new entrance hall will be built at the corner of rue Joseph-II and rue Philippe le Bon right in front of the metro station. On the ground floor, a flexible space perfectly adapted to an office or large meeting room will be designed.

The Livingstone 2 works are scheduled to start in the second quarter of 2012 and should last 12 months.

The total budget for these 2 large development projects is estimated at between €40 and €45 million, VAT excluded.

### Woluwe 34

The Woluwe 34 office building (6,680m²), situated on the boulevard de la Woluwe, owned by Cofinimmo since 1996, was part of a construction project of 4 office buildings on a common underground parking lot. Its off-ground surface counts 7,325m², spread over 9 storeys (ground floor to +8). The underground surface (1 storey) amounts to 3,230m² and serves as a parking lot, archives and technical areas. Today, the building has its own parking and a separate entrance. The entrance of the parking of the Woluwe 34 building is situated behind the building, in the Vandenhoven street. The building has never undergone an important renovation. With regard to its age, Cofinimmo has decided to renovate the building completely.

Following a study of the various potential uses, Cofinimmo decided to convert the building from offices to housing, leaving the possibility to create retail outlets or limited office areas on the ground floor. These 3 uses (housing, retail and/or offices) fit in perfectly with the existing varied use in the district.

- For all of its office developments, Cofinimmo targets BREEAM "good" and "very good" certifications

The project is in the preliminary phase, with applications for the planning permit and environmental permit still having to be made. Cofinimmo submitted the Woluwe 34 project under the call for projects for the conversion of vacant offices into new housing and was selected for an award.

As regards energy and sustainability, the aim was for an overall K-value of 40 and an E-value per flat of 70. The total budget for the works on this redevelopment project is estimated within a range of €10 million to €12 million, VAT excluded.

## Commercial results

### Property services

Cofinimmo offers a panoply of additional services to assist the tenants in managing their work space, thereby enabling them to fully concentrate on their core business.

Cofinimmo has 311 office clients, of whom 232 in 2011 had recourse to one or more property services concerning the fitting out of office space, maintenance and security.

The fitting out works are managed directly by Cofinimmo's multidisciplinary Project Management department, which is staffed by architects, engineers and space-planners.

The other services, such as maintenance, security or energy supply, are provided by subcontractors rigorously selected by the purchasing department. Framework contracts are negotiated with them for this purpose, enabling Cofinimmo both to impose its high quality standards and also to achieve economies of scale by taking advantage of the size of its portfolio to obtain the best quality-price conditions from the selected subcontractors.

Cofinimmo also has a Help Desk service, available round-the-clock, 7 days a week, which, at the request of its clients, organises the execution, which is subcontracted, of minor works and repairs of all kinds. This Help Desk is in charge of following up the requests from clients, informing them at each key stage of the progress of their application: confirmation of acceptance, communication of the day on which the works will take place and the name of the subcontractor, notification of the end of the works and report on the works carried out. At any time, the client may obtain information from this centralised service or react.

In 2011, the Help Desk service treated nearly 9,200 work requests. The costs of these works are invoiced to the clients. Besides promoting client loyalty and facilitating their use of the office space, which remain the core objectives of this service activity, Cofinimmo has netted an operating result of almost €204,000 from property services. This approach to client service will be pursued in 2012 and the range of services will be extended as and when new requirements are identified.

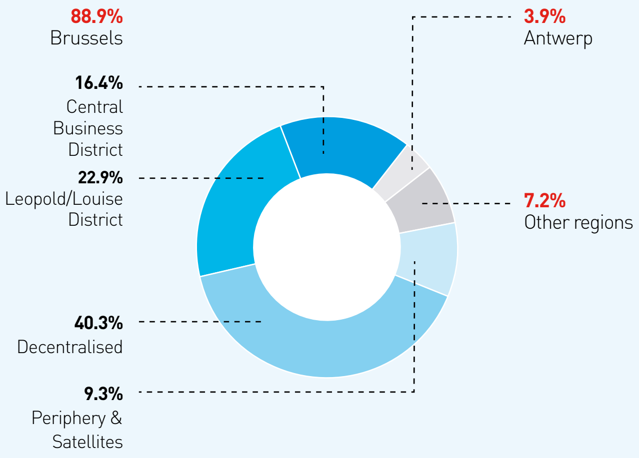
breeam

■ Woluwe 34 - Brussels:
Transformation of offices into flats:
At study:

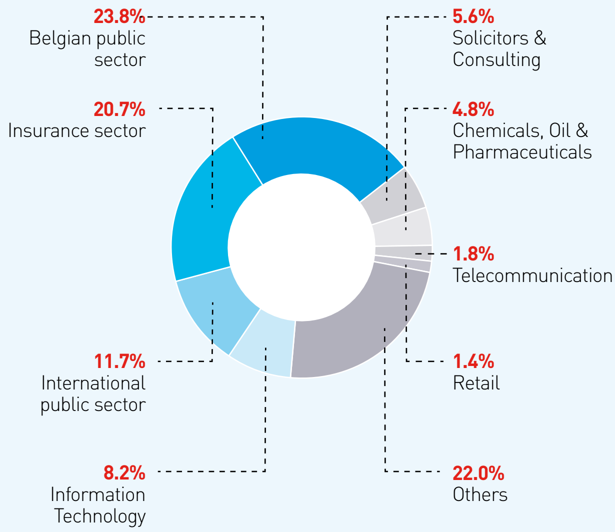
- Conversion of office spaces into residential flats in order to counter the structural vacancy in the office sector
- Energy performance: Global K-value 40 - E-value per flat 70
- Green roofs
- Solar boiler
- D-type ventilation system mechanical extraction drive with recovery wheel

## Sector information

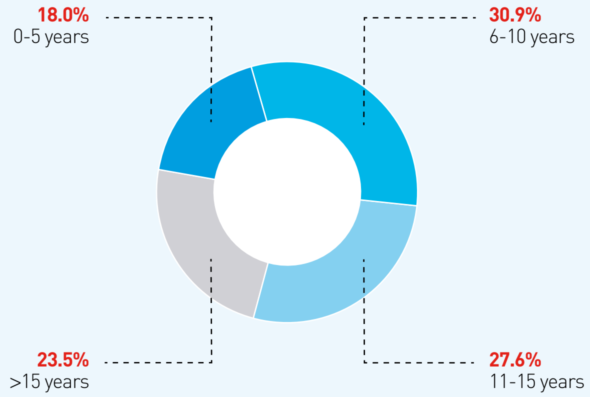
### Geographic breakdown – in fair value (in %)




### Breakdown by activity sector of the tenants - in contractual rents (in %)




### Average age of properties (in years)




### Main clients (in contractual rents)

| | Rating[1] | Outlook[1] | % |
|---|---|---|---|
| Buildings Agency (Belgian Federal State) | AA | Negative | 20.8 |
| European Union | AAA | Negative | 11.7 |
| AXA Group | A | Negative | 10.1 |
| Belfius Bank SA | A- | Negative | 6.1 |
| IBM Belgium (IBM Group) | A+ | Negative | 4.0 |
| TVI SA (RTL Group) | BBB+ | Negative | 2.6 |
| OVAM | n.a. | n.a. | 1.9 |
| CEFIC | n.a. | n.a. | 1.8 |
| KPMG | n.a. | n.a. | 1.8 |
| Cleary Gottlieb Steen & Hamilton | n.a. | n.a. | 1.4 |
| TOTAL | | | 62.3 |
| Others | | | 37.7 |

1 This is the appreciation by the financial rating agency Standard & Poor's of the financial risk of the entity; situation on 31.12.2011.

# nursing homes/clinics

## In view of the current and expected trends in the demography of the dependent elderly and consequently in infrastructural needs, Cofinimmo pinpointed nursing and care homes as a property investment segment at the end of 2005. Six years later, after intensive development in Belgium and France, the company has become the largest investor in healthcare property in Continental Europe.

**Demographic evolution**

Demographic projections[1] indicate that the number of people aged over 60 will increase by 60% between now and 2050. Hence, no less than 1 out of 3 persons will be over 60 on that date.

This phenomenon, which is identical for the 2 countries in which Cofinimmo is active in this sector, is explained by the lengthening of life expectancy thanks to medical advances. This growth will be even greater for the highest age bracket (over 80s), for whom the trend shows an evolution of no less than 150% over the same period.

Although people enter a nursing home increasingly late in life, their degree of dependence is particularly high. This dependence is further accentuated by the decrease in home helpers, generally from the immediate family, and their own ageing.

**Legislation**

Belgian and French residential care services are governed by a very strict authorisation and accreditation system, constituting a high entry barrier. Thanks to this regulation, the 2 countries have occupancy rates of nearly 100%. The Social Security system participates in the day price at 50% and 20-30%[2] respectively for Belgium and France, the remaining part being covered by insurance bodies (mutual or private insurance companies, etc) and by the resident.

**Market**

The care offer remains highly fragmented, the structures and sizes of establishments being highly diverse with the number of individual homes still very high, though tending towards consolidation.

Both in Belgium and in France, care institutions operators are from the public sector, non-profit organisations or the private commercial sector. In Belgium, each holds approximately a third of the total housing capacity, while in France the public sector represents nearly half of the beds as against 30% for the private sector.

- At 31.12.2011, the nursing homes and clinics portfolio consists of 118 properties, 577,532m² and a fair value of €1,080.36 million

1 Sources: Ageing Working Group/European Commission, INSEE, SPF/FOD Economie, DREES. 2 With the exception of psychiatric clinics and rehabilitation centres in France, for which the participation varies between 75% and 100%.

- Weverbos - Gentbrugge:
  Nursing home and service flats delivered in Q2 2011:
  - Strong insulation: K29
  - Energy performance:
    E < 60 for 40% of the service flats
    E < 65 for 92% of the service flats
  - Rainwater recovery for sanitary fittings
  - D-type ventilation system with high yield plated exchanger

It is nevertheless the private sector that has grown most markedly over the last 10 years, with similar trends in the 2 countries.

In view of these dependency rates, there is a shortfall in the care offer. The number of beds available in Belgium stands at 130,000 and in France at 684,000[1], which falls well short of the needs identified in demographic estimates. Furthermore, the quality of the accommodation in nursing and care homes is often insufficient, requiring partial or total renovation.

**Cofinimmo**

In this context, Cofinimmo believes it can play an important role. More specifically, the company invests in rest homes (called Établissements d'Hébergement pour Personnes Âgées Dépendantes (*EHPAD*) in France), nursing and care homes, service flats, rehabilitation centres (called cliniques de Soins de Suite et de Réadaptation (*SSR*) in France) and psychiatric clinics. It invests exclusively in establishments approved by public authorities.

To do so, the company signs solid property partnerships with the major players in the Belgian and French markets[2], who sell it their properties or ask it to build new ones for long-term letting (27 years in Belgium, 12 years in France). These acquisitions are subject to prior due diligence to analyse the profitability of the project and also the solvency of the operators. This solvency analysis is repeated annually, the operators undertaking to provide regular financial reports. Cofinimmo offers operators access to real estate and architectural expertise. As a property company with its own Project Management department specializing in the health segment, in renovation and construction projects, it acts as consultant in sustainable and ecological construction techniques.

The company's share in the Belgian and French markets stands at 5.5% and less than 1% respectively. Today these markets continue to be dominated by the public sector and charities.

With a 100% occupancy rate and leases mainly of the triple net[3] kind, signed for a long-term with operators, these investments have a particularly stable and perennial rental profile. The rates are fixed and do not depend on the occupancy rate by the residents. They are also indexed annually.

As for ends of lease, it should be stressed that almost all lease agreements provide for the possibility to extend leases for 2 consecutive 9-year periods in Belgium and for 9 to 12 years in France. In the case of no extension, Cofinimmo will tap the redevelopment potential of these properties to the full, principally as residential accommodation. In fact, the relatively low price per square meter resulting from the alignment of the rates at a level compatible with long-term operation by the operators, offers considerable potential in the event of conversion into housing.

- Résidence du Parc - Biez
- Installation of a pellets heater

1 With a need for 7,500 to 10,000 new beds per year. 2 In number of beds, in France, the 4 leading private healthcare operators in descending order are: Orpea, Korian, Medica and Dolcéa. In Belgium, they are Armonea, Senior Living Group, Orpea Belgium and Senior Assist. 3 The lease is "triple net" in that it provides that all the costs (including those relating to the structure of the building and its technical equipment), taxes and insurance are payable by the tenant. The yield in double net equivalent allows a valid comparison to be made with the yields on offices, the leases for which provide that the costs relating to the structure and technical equipment of the buildings are payable by the owner.

At 31.12.2011, Cofinimmo's total nursing homes and clinics portfolio consists of 118 properties, with approximately 12,500 beds for residents (7,700 in Belgium and 4,800 in France), representing a total area of 577,532m² above-ground and a fair value of €1,080.36 million.

The in-house team responsible for nursing homes is made up of 9 people directly involved in managing the portfolio (Property and Project Management). For the execution and follow-up of renovation works in France, a collaboration agreement has been signed with a local contracting authority's representative.

The leases being almost exclusively of the triple net kind, operators are almost exclusively responsible for technical and property management.

## Acquisitions

The main acquisition transactions are:

### Belgium

#### Operating assets

In February 2011, Cofinimmo acquired all the shares in Hemera SA, owner of the De Nieuwe Seigneurie nursing home, located at Rumbeke. This newly built nursing home has a total area of 3,391m² and accommodates 75 beds. It has been valued at €7.4 million and offers a gross rental yield of 6.71% in *double net* equivalent.

In June 2011, Cofinimmo acquired Saint-Charles Château des Moines SA, Gérigroep SA and Vert Buisson SA, respective owners of the following nursing homes:

| Building | Area | Number of beds |
|---|---|---|
| Résidence Saint-Charles - Bouillon | 3,000m² | 55 |
| Résidence Le Chenoy - Ottignies | 4,300m² | 135 |
| Résidence Le Grand Cerf - Spa | 2,000m² | 68 |

The purchase price of the 3 nursing homes, which together total 9,300m² and 258 beds, amounts to €10.3 million. They offer a gross rental yield of 6.86% in double net equivalent.

For these 4 nursing homes, Cofinimmo has concluded triple net long leases for a term of 27 years with the **Senior Assist Group**, the operator of the various sites.

In May 2011, Cofinimmo acquired all the shares from Dexia Immorent SA, a holding company which itself owns all the shares of Bethanie SA, Dewa Invest SA, Le Progrès SPRL, Paloke SA and Residentie De Nootelaer SPRL, respective owners of the following nursing homes:

| Building | Area | Number of beds |
|---|---|---|
| Résidence Béthanie - Saint-Servais (Namur) | 4,780m² | 135 |
| Résidence Ten Prins - Brussels | 3,342m² | 99, after extension works |
| Résidence Le Progrès - Haine-Saint-Paul (La Louvière) | 4,852m² | 118 |
| Résidence Paloke - Brussels | 11,262m² | 215 |
| Résidence De Nootelaer - Keerbergen | 1,528m² | 38 |

The property portfolio acquired totals 25,764m² and 605 beds. It has been valued at €47.0 million. Its rental yield is in line with that of the Belgian nursing homes held by Cofinimmo, which have similar characteristics.

The nursing homes are run by **Senior Living Group SA** under triple net long leases for a residual term of 25 years.

At the end of 2011, Cofinimmo acquired all the shares of Parkside Invest SA, owner of the Parkside nursing home located at 75 avenue Général De Ceuninck, 1020 Brussels. The existing property has been valued at €6.5 million. Renovation works and an extension to the existing nursing home are currently in progress. The total budget for the works to be financed by Cofinimmo is estimated at €10 million. After their delivery, planned during Q4 2012, the renovated, extended nursing home will total 5,920m² and 135 beds. The nursing home will be run by the Belgian subsidiary of the French group **Le Noble Âge**, with which Cofinimmo has concluded a 27-year lease.

Furthermore, Cofinimmo and Le Noble Âge have agreed to construct a nursing home with some 150 beds on a new site on the outskirts of Brussels. Cofinimmo will acquire the site as soon as it obtains a building permit and will carry out the works there. The site and the buildings will then be let to Le Noble Âge on an equivalent lease to that signed for Parkside. The building permit application will be submitted in the coming weeks.

#### Acquisitions of land with construction projects

Cofinimmo also acquired the company De Abdij SPRL, owner of a building site located in Coxyde, valued at €3.0 million. A nursing home, totalling 6,440m² and with capacity to accommodate 87 beds, will be constructed there. The building permit has already been issued. The budget for the works is estimated at €9.7 million. Their delivery is scheduled for Q2 2013. The asset will provide a gross rental yield of 6.35% in double net equivalent.

Cofinimmo has also acquired all the shares in Kosalise SA, which owns the Susanna Wesley nursing home located at 26 rue Beeckman, 1180 Brussels. The existing construction has been valued at €6.0 million, which is in line with the value assigned to it by the independent valuer. Cofinimmo plans to construct an extension to the present nursing home, for which the building permit has already been issued, then to renovate the existing construction. The total budget for the works is estimated at €7.8 million. After delivery of the works, scheduled for Q1 2014 the renovated, extended nursing home will provide 4,900m² and 84 beds. Following this delivery, Cofinimmo will start to receive rental income from this property. The expected gross rental yield amounts to 6.35% in double net equivalent.

The 2 above-mentioned nursing homes will be operated by the company **Armonea**, with which Cofinimmo has concluded a triple net long lease for a term of 27 years.

In addition, Cofinimmo acquired De Mouterij SA, the owner of building land located in Alost and 25 parking spaces on land adjacent to the site. The site and the parking spaces have been valued at €2.2 million. Cofinimmo plans to construct a nursing home there of 7,643m². It will accommodate 106 beds and 16 service flats. The building permit has already been issued. The budget for the works is estimated at €11.6 million and their delivery is planned for Q4 2013. The asset will provide a gross rental yield of 6.60% in double net equivalent.

Finally, Cofinimmo has acquired a second site located in Alost for an amount of €1.3 million. Cofinimmo is planning to build a nursing home there of 7,894m², which will accommodate 80 beds and 29 service flats. The building permit has already been issued. The total budget for the works is estimated at €11.4 million and delivery is scheduled for Q4 2013.

After this delivery has been made, Cofinimmo will start to receive rent on this property. The expected gross rental yield is 6.40% in double net equivalent.

These 2 nursing homes will be operated by the company **Senior Assist**, with which Cofinimmo has concluded a triple net long lease for 27 years.

## France

**Medica Group**

In France, Cofinimmo has acquired a portfolio of 6 clinics. These establishments are run by different subsidiary companies of the Medica Group, with which Cofinimmo has concluded triple net commercial leases for 12 years.

| Type | Location | Region |
|---|---|---|
| *EHPAD*[1] | Cannes-la-Bocca | Provence-Alpes-Côte d'Azur |
| EHPAD | Carnoux-en-Provence | Provence-Alpes-Côte d'Azur |
| SSR[2] | Létra | Rhône-Alpes |
| EHPAD | Reims | Champagne-Ardenne |
| EHPAD | Sarzeau | Bretagne |
| EHPAD | Villars-les-Dombes | Rhône-Alpes |

These establishments total 21,653m² and operate 485 beds.

The total purchase price for the 6 establishments comes to €44.5 million. They offer a gross rental yield in line with the average of Cofinimmo's investments in nursing homes and clinics in this country.

**ORPEA**

Furthermore, Cofinimmo has concluded a partnership with the ORPEA Group relating exclusively to properties operated by the latter.

This partnership provides that the parties will establish joint-ventures, with the object of the acquisition, holding and letting of properties in the healthcare sector (retirement homes, post-acute care and psychiatric clinics), which are to be run by ORPEA.

Cofinimmo will hold 51% of the capital of each joint-venture and the OPCI[3] of the ORPEA Group will hold the balance, i.e. 49%.

Both partners aim for their assets to reach €500 million within the next 5 years.

The letting of the assets held by the joint-venture will give rise to an annually indexed rent and will be subject to the signing of a triple net commercial lease with an initial fixed term of 12 years. The acquisition price and rents will be determined for each asset as the partnership is implemented.

ORPEA and Cofinimmo already cooperate in respect of several assets. This partnership confirms the will of both parties to develop together.

1 EHPAD: Etablissements d'Hébergement pour Personnes Agées Dépendantes.
2 SSR: Soins de Suite et de Réadaptation.
3 OPCI: Collective undertaking for real estate investment.

### Constructions and renovations

Cofinimmo acts as property consultant for its nursing home operators. It thus encourages them to integrate a sustainable architecture, materials and installations with low energy consumptions on the construction or renovation of the properties and issues suggestions on how to reduce buildings' carbon footprint.

## 2011

In 2011, the Project Management department managed or controlled the following main projects:

### Belgium

| Property | Operator | Type of works | Number of (additional) beds | (Additional) floor area | (Expected) end of works |
|---|---|---|---|---|---|
| Zevenbronnen - Walshoutem | Anima Care | Extension | + 17 beds and + 26 service flats | + 3,023m² | Q2 2012 |
| Heiberg - Beerse | Armonea | Extension | + 65 beds and + 60 service flats | + 9,815m² | Q4 2011 |
| L'Orchidée - Ittre | Armonea | Renovation and extension | + 29 beds | + 2,265m² | Q2 2011 |
| 't Smeedeshof - Oud-Turnhout | Armonea | Extension | + 64 service flats | + 6,542m² | Q3 2012 |
| Wipstraat - Antwerp | Armonea | New construction | + 95 beds | + 5,090m² | Q1 2013 |
| Weverbos - Gentbrugge | Calidus | New construction | 100 rooms | 5,420m² | Q2 2011 |
| Parkside - Brussels | Le Noble Âge | Renovation and extension | + 15 beds | + 1,990m² | Q4 2012 |
| Top Senior - Tubize | Medibelge | Extension | + 23 rooms | + 1,305m² | Q3 2011 |
| Hof ter Dennen - Vosselaar | Senior Assist | Extension | + 12 beds | + 107m² | Q3 2011 |
| Damiaan - Tremelo | Senior Living Group | Renovation and extension | + 42 beds | + 5,918m² | Q4 2012 |
| Prinsenpark - Genk | Senior Living Group | Extension | + 34 beds and + 40 service flats | + 4,213m² | Q4 2012 |

### France

| Property | Operator | Type of works | Number of (additional) beds | (Additional) floor area | (Expected) end of works |
|---|---|---|---|---|---|
| Lo Solelh - Béziers | Korian | Renovation and extension | + 13 beds | + 2,760m² | Q3 2011 |
| Frontenac[1] - Bram | Korian | Renovation and extension | + 8 beds | + 700m² + 150m² | Q1 2013 |
| Gleteins[1] - Jassans - Riottier | Korian | Renovation and extension | + 30 beds | + 2,567m² + 1,100m² | Q1 2014 |
| Les Luberons[1] - Le Puy-Sainte-Réparade | Korian | Renovation and extension | + 25 beds | + 1,400m² + 400m² | Q3 2013 |
| William Harvey[1] - Saint-Martin d'Aubigny | Korian | Renovation and extension | + 10 beds | + 667m² + 500m² | Q4 2012 |
| Le Clos Saint Sébastien - Saint Sébastien sur Loire | ORPEA | Renovation and extension | + 12 beds | + 870m² | Q3 2012 |

## 2012

For 2012, the works started but not yet finished in 2011 put aside, the main planned construction and renovation projects are:

### Belgium

| Property | Operator | Type of works | Number of (additional) beds | (Additional) floor area | (Expected) end of works |
|---|---|---|---|---|---|
| Susanna Wesley - Brussels | Armonea | New construction | 84 beds | 4,900m² | Q4 2014 |
| Noordduin - Coxyde | Armonea | New construction | 87 beds | 6,440m² | Q3 2013 |
| Lucie Lambert - Halle | ORPEA | Extension | + 17 beds | + 1,767m² | Q4 2013 |
| Brise d'Automne & Chêne - Ransart | Senior Assist | Renovation and extension | 25 beds | + 3,074m² | Q2 2014 |
| La Quiétude / Les VII Voyes - Védrin | Senior Assist | Extension | 40 beds | + 3,950m² | Q2 2012 |
| De Mouterij - Alost | Senior Assist | New construction | 16 service flats + 106 beds | 7,894m² | Q1 2014 |
| Solva - Alost | Senior Assist | New construction | 29 service flats + 80 beds | 7,503m² | Q4 2013 |
| Les Jours Heureux - Lodelinsart | Senior Assist | Renovation and extension | + 20 beds | + 1,350m² | Q1 2014 |
| Zonnetij - Aarstelaar | Senior Living Group | Extension | + 26 beds | + 1,216m² | Q1 2013 |
| Vishay - Brussels | To be confirmed | New construction | 162 beds | 8,565m² | Q2 2014 |

1 Acquired by Cofinimmo after delivery of the works.

## Operators

### Belgium and France

**ORPEA**

The ORPEA Group is today one of the European leaders in the dependency sector (see ORPEA France).

The Group has a European network of 36,714 beds distributed over 394 sites, of which 322 are in France and 36 in Belgium. Since the end of October 2010, the ORPEA Group has a capital stake in the Méditer Group (100%) and in Medibelge (49%) (see **www.orpea.com**), both existing tenants-operators of Cofinimmo. The group also operates in Spain, Italy and Switzerland.

ORPEA has been listed since April 2002 on compartment A of Euronext Paris.

### Belgium

**Armonea**

Armonea came into being in 2008. The group was created from an alliance between 2 companies owned by family groups each with a 30-year track record in providing care for the elderly. The Group manages 51 sites spread country-wide. Armonea employs a staff of 3,000, assisting the 5,500 residents in their day-to-day lives. With a turnover exceeding €100 million, Armonea is one of the foremost Belgian operators in the sector of services and care for the elderly. To date, Cofinimmo has acquired 23 nursing homes from their total portfolio.

**Calidus**

Calidus is a network of independent nursing home operators, established in 2007, with the main objective of centralising certain aspects of operational management (accounts, procurement, advisory activities, etc.) and promoting the pooling of information among the different members and organisations in the healthcare sector. The care services, as well as legal and operational responsibilities, still remain the sole responsibility of each member of Calidus. This network numbers 6 nursing homes encompassing around 600 accommodation units. Of this portfolio, Cofinimmo owns the Weverbos residential and care centre in Gentbrugge.

**Senior Assist**

This Group was established in 2005 with the aim of developing better quality care for the elderly. In addition to 33 nursing homes, service flats and day centres in Flanders, Brussels and Wallonia, it manages an extensive home care network serving 5,000 customers. 14 of the 33 nursing homes are owned by Cofinimmo. Although Senior Assist is a new organisation, it has grown rapidly. Today it manages 2,700 authorised beds. The centralised management structure relieves the heads of institutions from their administrative duties to allow them to focus their attention on the quality of care and hosting the families.

**Senior Living Group**

Senior Living Group (SLG) was started up in 2004 and is owned by Waterland Private Equity, an independent private equity investment group. SLG operates 42 nursing homes spread throughout Belgium and offering accommodation and care facilities for 4,950 residents. For 16 of these nursing homes, Cofinimmo owns the real estate. With 4,950 authorised beds, SLG is among the leading nursing home operators in Belgium.

**Le Noble Âge**

Established 20 years ago, Le Noble Âge is a group specialising in the accommodation of dependent elderly people and in rehabilitation care. At 01.09.2011, it has 5,107 authorised beds available, 4,046 of which are run in 43 establishments, including 5 establishments and 507 beds installed in Belgium. The company has been listed on the stock exchange since June 2006. At present, Cofinimmo owns the Parkside nursing home.

**Anima Care**

Anima Care concentrates on the healthcare sector for the elderly in Belgium. As regards residential assistance, Anima Care invests in both operation and property. Since the beginning of February 2011, Anima Care has a portfolio of 766 beds and service flats, of which 320 are in a nursing home and 38 service flats in operation. Of this portfolio, Cofinimmo owns the Zevenbronnen nursing home.

**Medibelge**

The company Medibelge is a relative newcomer to the Belgian nursing home market. It was set up in 2007 and currently manages 17 nursing homes and healthcare establishments (1,961 beds) in Brussels and Wallonia. Cofinimmo has ownership of 5 of these institutions. At the end of 2010, ORPEA absorbed 49% of the capital of Medibelge and 100% of Méditer.

### France

**Korian**

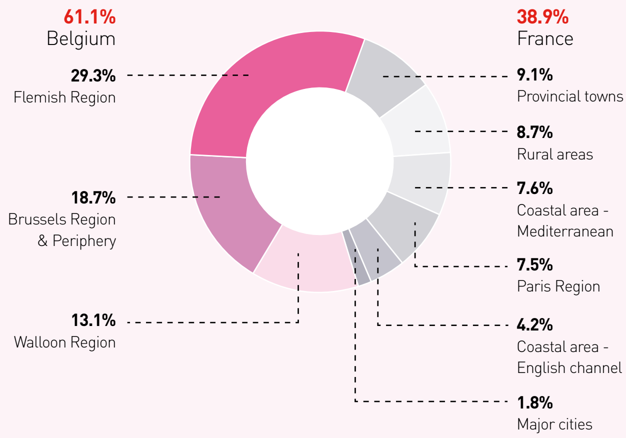
Korian offers an extensive range of services for persons who are dependent, permanently or temporarily, channelled through EHPAD, SSR clinics and psychiatric clinics. With an aggregate portfolio of 220 institutions and over 20,000 beds, Korian tops the French and European league tables for dependency healthcare operators. Originally based exclusively in France, Korian went on to gain a foothold in 2007 in Italy and in Germany. Korian has been listed in compartment B of the Euronext Paris Eurolist since November 2006. Cofinimmo owns 39 institutions in the Korian property portfolio.

**Medica**

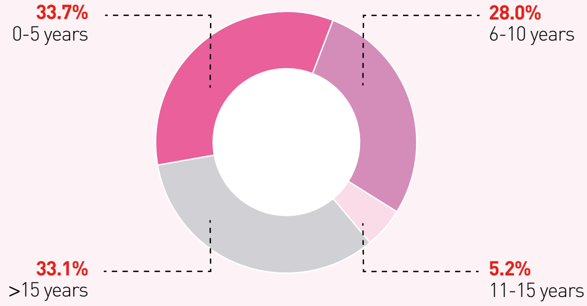
The Medica Group is a leading operator in looking after dependent persons on a permanent or temporary basis in France and operates through EHPAD, SSR clinics and psychiatric hospitals. With over 40 years of experience in the dependency sector, the Medica Group, which is listed on the Stock Exchange, runs a network of 173 establishments located mainly in France and with capacity to run 14,300 beds. This operator is the fourth largest operator of nursing homes in France. The Medica Group has also been present in Italy since 2005, mainly in the 2 regions of the North, Piedmont and Lombardy, and operates over 600 beds there.

## Sector Information

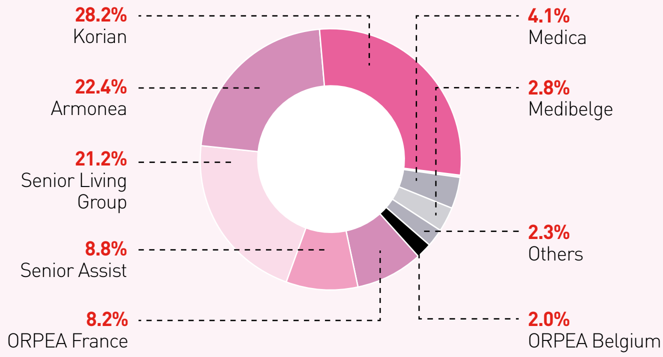
### Geographic Breakdown - in fair value (in %)



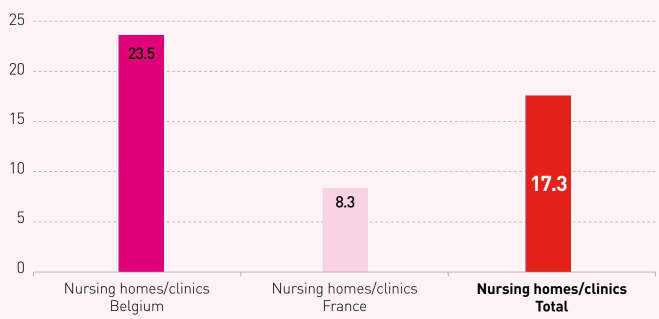

### Average age of the institutions (in years)




### Breakdown by operator – in contractual rents (in %)




### Average residual lease length per country (in number of years)



# distribution property networks: Pubstone and Cofinimur I

## Cofinimmo also invests in building used by companies as networks of contact points for the direct sale of products or services to their clients.

Cofinimmo acquires these networks comprising a large number of small properties from an undertaking wishing to externalise its distribution assets and rents them back to the undertaking simultaneously on a medium or long-term basis.

Cofinimmo embarked on this diversification in 2007, at the time of the acquisition of the entire portfolio of pubs held by Immobrew SA, a subsidiary of AB Inbev, and renamed Pubstone SA.

December 2011 marked a second important stage in its strategy of the acquisition of distribution property networks with the purchase, through a new subsidiary Cofinimur I, of a portfolio of 263 insurance agencies and 15 office blocks and 3 mixed-use buildings (offices/agencies) from the insurance group MAAF. The establishments are located mainly in large town centres or at the entry to agglomerations; for the most part, they are in strategic locations, such as shopping streets, market squares or business parks (France).

The responsibilities for maintaining the buildings comprising these 2 networks are assumed either to a limited extent by Cofinimmo (its subsidiaries Pubstone and Cofinimur I) or are assumed in full by the tenant.

**Pubstone**
Under the terms of a real estate partnership, at the end of 2007 Cofinimmo acquired an entire portfolio of pubs, owned until then by Immobrew SA, a subsidiary of AB InBev and renamed Pubstone SA. The pubs were then leased back to it under a commercial lease for an initial average term of 23 years. AB InBev retains an indirect stake of 10% in the Pubstone structure (see organisation chart illustrated on page 172). On expiry of the lease, AB InBev has the option of renewal at the same conditions or restitution of the premises free of occupation.

Pubstone SA was attributed the Institutionnal Sicafi status on 30.06.2011.

Cofinimmo does not assume any risk relating to the commercial operation of the pubs. These risks are borne exclusively by AB InBev, which passes them on in part to the individual operators, the sub-tenants. However, Cofinimmo does have responsibility for the structural maintenance of the roofs, walls, facades and external woodwork. Under the partnership, it also continues to assist AB InBev with the dynamic development of this portfolio. In Belgium, the in-house Pubstone team, not including support services, consists of 6.5 FTEs involved in the portfolio management (Property and Project Management). In the Netherlands, the in-house Pubstone team consists of 2 people, one responsible for technical coordination of the portfolio and the other for administration. This internal management by Cofinimmo guarantees ongoing technical and financial supervision of the various properties, as well as standardised management of the various aspects relating to the property and urban development.
At 31.12.2011, the Pubstone portfolio consists of 819 properties located in Belgium and 245 properties in the Netherlands, representing a total area of 343,127m² above ground and a fair value of € 407.31 million (Belgium: €258.08 million, Netherlands: €149.23 million).

- December 2011:
Cofinimmo acquires, via its new subsidiary Cofinimur I, 263 insurance agencies, 15 office buildings and 3 mixed-use buildings from the French insurance group MAAF.

## Constructions and renovations

### Belgium

In 2011, the operational Property and Project Management teams proceeded with 417 technical interventions and 165 renovation works. This mainly concerns painting and external woodwork, as well as roof work.

The Project Management department managed or controlled the following main projects:

| Building | Type of works |
|---|---|
| Celtic Tower - Ghent | Renovation of roof and facade |
| Le Cécil - Liège | Renovation of roof and facade |
| L'Escalier - Huy | Renovation of roof and facade |
| La Tourelle - Brussels | Renovation of roof and facade |

### Netherlands

In 2011, 188 technical interventions and 88 minor renovations, similar to those executed in Belgium, were carried out.

The Project Management team managed or controlled the following main projects:

| Building | Type of works |
|---|---|
| Boekelo | Renovation of facade |
| Arnhem | Roof work |
| Eindhoven - Aalsterweg | Renovation of facade |
| Eindhoven - Stratumseeind | Renovation of facade |

The total amount of investment in these interventions and projects in 2011 stands at €3.03 million for both countries, of which €2.28 million in Belgium and €0.75 million in the Netherlands. For 2012, the start of new renovation projects and minor or major works is planned for a budget of €3.71 million.

## Cofinimur I

December 2011 marked a second important stage in the distribution property network acquisition strategy. In fact, Cofinimmo SA and Foncière ATLAND acquired, in partnership, for the subsidiary Cofinimur I SA, a portfolio of 263 insurance agencies, 15 office buildings and 3 buildings with mixed use (offices/agencies) from the insurance group MAAF. The establishments are located mainly in large town centres or at the entry of agglomerations; for the most part, they are in strategic locations, such as shopping streets, market squares or business parks (France).

All these buildings are let for an initial average term of 9.7 years to MAAF, a subsidiary of the French insurance group Covéa, which has a total network of 587 agencies distributed throughout France; the above-mentioned therefore account for over half of them. The other agencies are rented from third parties. These agencies, are run by MAAF employees.

Foncière ATLAND REIM[1] takes charge of asset and property management for the entire portfolio on behalf of the acquisition structure held jointly by Cofinimmo SA and Foncière ATLAND.

Cofinimur I undertook the issue of mandatory convertible bonds (MCB) for an amount of €52.0 million. The conditions attached to these bonds are described on page 48.

### Concerning the MAAF Group

The MAAF Group is a multi-line insurer aimed at the general public, private individuals and businesses. It is part of the Covéa Group, which brings together 3 brands, MAAF, MMA and GMF, together accounting for 20% of the French market. The MAAF Group offers comprehensive insurance solutions to its 4 million members and customers. Its range covers all insurance lines: property damage, savings and life insurance, health and contingencies, financial services, professional risks.

### Concerning Foncière ATLAND

A property partner for businesses, Foncière ATLAND (**www.fonciere-atland.fr**) is a SIIC (Real Estate Investment Trust) operating in Ile-de-France and in the regions. Through its investment activities and construction on own account, the company wishes to become a key player on the market for the externalisation of business assets and development of turnkey properties for rent.

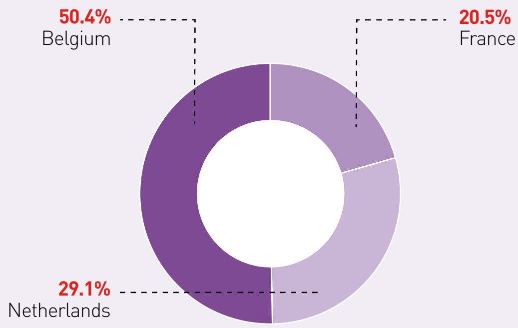
Like the agreements concluded with Veolia Transport and Keolis, Foncière ATLAND gives preference to long-term partnerships to accompany the businesses in their development.

1 REIM : Real Estate Investment Management.

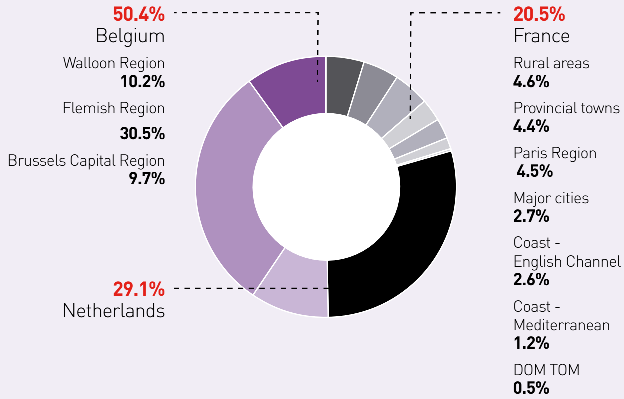
Café den Ijzer

## Sector information

### Geographical distribution - in fair value (in %)




### Distribution by urban location - in fair value (in %)




La Royale

# public-private partnerships

## Cofinimmo is continuing its policy of participation in Public-Private Partnerships (PPPs), which enable certain public services to be offered the necessary funding for the construction of buildings which must meet specific requirements.

The company bears no construction risk in this type of property investment, which remains with a designated general contractor, with whom Cofinimmo agrees a lump sum payable when the building is handed over. Nevertheless, Cofinimmo supervises the quality and execution of the work and also takes care of the upkeep and maintenance throughout the duration of the lease. The leases are generally very long, at the end of which the public authority has a purchase option. In this way, these operations are generally undertaken in the form of a long-term lease finance or a transfer of ownership free of charge. Cofinimmo therefore does not benefit from the perpetual ownership of these properties.

**Police Station in Dendermonde**

Cofinimmo has concluded an agreement with the Cordeel construction group concerning the Police Station in Dendermonde. A Public-Private Partnership has been set up for this project, according to the principle of a public development contract.

Cordeel is responsible for the construction of the building (>9,000m²) and after the delivery, which is scheduled for Q1 2012, Cofinimmo will take over the property and let it for 18 years to the Buildings Agency (Belgian State). The investment price for Cofinimmo amounts to €15 million and the expected gross initial yield is 7%.

- This building will be particularly ecological, attaining an energy level of E12 - K20.
  This exceptional result will be achieved through:

- Superior-quality insulation of the entire property
- Optimum solar protection provided by a suitable choice of glazing and the placing of an exterior solar protection system
- A D-type ventilation system (100% automatic)
- An ultra-efficient lighting concept (with luminosity detection)
- A high-performance heating system with heat pump and
- 1,500m² of photovoltaic solar panels

**DBFM contract relating to the prison at Leuze-en-Hainaut**

The Buildings Agency (Belgian State) awarded the consortium Future Prisons, of which Cofinimmo is a part, the public tender drawn up on the basis of the *Design-Build-Finance-Maintain* model for the building and maintenance of a new prison in Leuze-en-Hainaut. The financial close occurred on 20.10.2011.

With its partners Cordeel and Willemen, Cofinimmo set up a project company (FPR Leuze SA), in which it holds a 50% stake. This company is jointly controlled. It will be accounted for by the equity method in the consolidated financial statements of Cofinimmo, which will take over the balance of the shares in FPR Leuze on delivery of the Building Availability Certificate for the building by the Buildings Agency (scheduled for Q4 2013). At that time, Cofinimmo will exercise exclusive control over the company, which will then be fully consolidated.

The project, the overall cost of which is estimated at €104.8 million (all costs, taxes and interest during construction included), is the subject of a fixed-price building contract and will be financed by FPR Leuze with own funds and a building loan. This loan will be reimbursed on delivery of the building by means of the assignment of 90% of the receivables corresponding to the investment fees, which cover a period of 25 years. FPR Leuze will retain the balance of these fees and all other fees, principally related to maintenance. They will be allocated to the payment of maintenance services subcontracted to specialised firms. FPR Leuze has agreed the building loan and the future assignment of receivables with KBC Bank. The project company FPR Leuze has obtained approval as institutional Sicafi as of 19.09.2011.

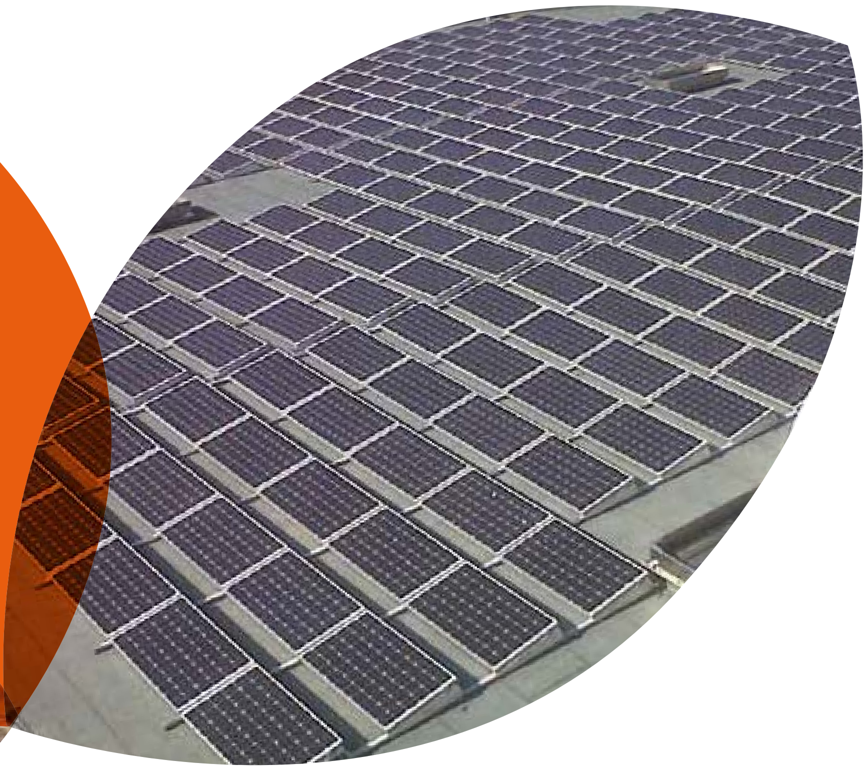
The assignment of the receivables corresponding to investment fees, which contributes 90% of the project financing, was undertaken at an interest rate (including bank margin and Interest Rate Swap margin) slightly below the Belgian Government bond rate applicable at the financial close and for the same duration (15 years and 3 months). The balance of the project financing is contributed in capital, firstly by all the consortium members and then taken over by Cofinimmo alone, with a target net rate of return of 10%.

- FPR Leuze - Prison:
  consent planned: Q4 2013

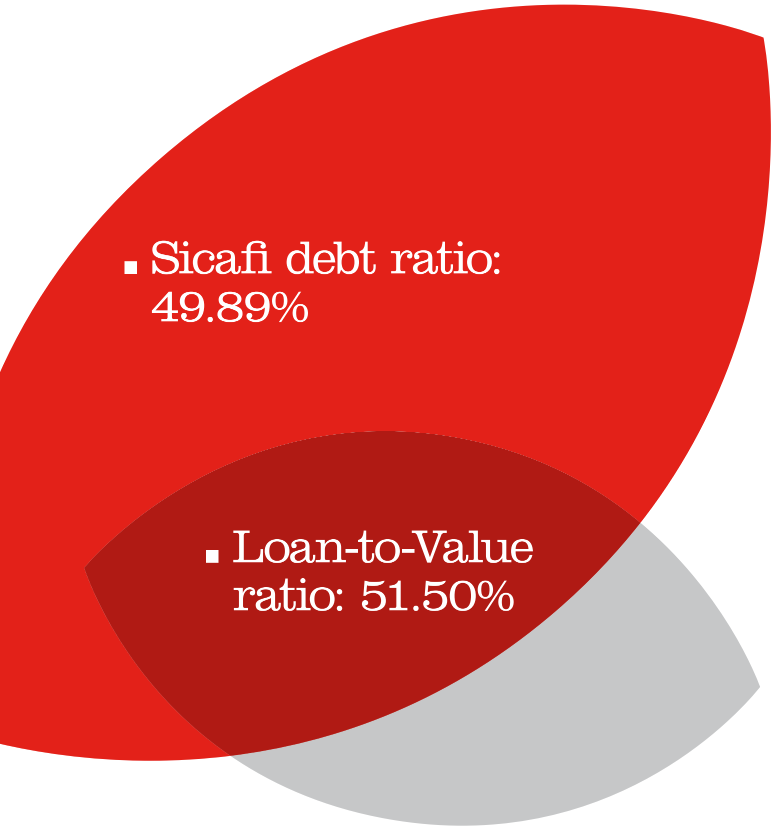
- BREEAM certificate: very good
- Energy performance: K30 - E60
- D-type ventilation system with heat recovery
- Green roofs
- Rainwater recovery for sanitary fittings
- Rewewable energy: photovoltaic panels

- Police Station -
  Dendermonde

- The installlation of 1,500m² of photovoltaic solar panels started in March 2012



# management of financial resources




## Financial risks

### Market risks

The market risks which could give rise to fluctuations in the financial result are confined in the particular case of Cofinimmo to the liquidity and counterparty risk and to changes in interest rates. The company is not exposed to exchange risks.

### Liquidity and interest rate risk

Cofinimmo's financial policy is characterised by:

- The diversification of its financing sources (banking and equity markets);
- The sound and enduring relationship forged with banking partners which have good financial ratings;
- A broad spread of loan maturities;
- The arrangement of long-term hedging instruments against the interest rate fluctuation risk;
- The full hedging for short-term commercial papers by lines available over the long term.

This policy optimises the financing cost and limits the company's liquidity and counterparty risk. Cofinimmo also has a general policy of not mortgaging its properties or giving any other form of security to its creditors, with the exception of those mentioned on page 168. Neither its debt nor the confirmed credit lines are subject to early repayment or margin fluctuation clauses linked to the financial rating for the company. They are generally associated with conditions concerning (i) compliance with the rules governing Sicafis, (ii) compliance with debt ratios and cover of financial charges by cash flow and (iii) the level of net asset value.

These ratios were met at 31.12.2011 and during the entire financial year.

## Debt structure

### Consolidated financial debt

The authorised statutory limit on debt for Sicafis is 65% (debt to total assets). As at 31.12.2011, Cofinimmo is in full compliance with this limit, the debt ratio standing at 49.89%[1].

Furthermore, the terms and conditions for all the bank credit lines allow the Group to take its financial debt ratio up to 60% maximum. This ratio is calculated by dividing the net financial debt by the fair value of the property portfolio and the finance lease receivables. However, if the Group exceeds a first threshold of 57.5%, it has been agreed that it will return to below this threshold within the following 6 months. This maximum debt ratio is the strictest, among the provisions of the various contracts, and is applicable to 40% of the long-term financial commitments.

1 In accordance with Article 54 of the Royal Decree, in case the debt ratio excedes 50%, Cofinimmo will develop a financial plan with a timeline outlining measures to prevent the consolidated debt ratio to exceeds 65% of consolidated assets (see Note 36, pages 164-165).

The Group's financial policy is to keep the financial debt ratio close to 50%.

The actual financial debt ratio stood at 51.50% at the end of 2011.

At 31.12.2011, the consolidated financial debt of the Cofinimmo Group amounted to €1,681.41 million, comprising of (also see the repayment schedule on page 49):

**Capital market**

- €261.48 million in the form of 3 bond loans, the first one issued by Cofinimmo Luxembourg SA in 2004 and the second by Cofinimmo SA in 2009. Both bond loans are redeemable in 2014 for a nominal amount of €100.00 million each. The third bond loan was issued by Cofinimmo SA in 2010 and is redeemable in 2013 for a nominal amount of €50.00 million;
- €161.50 million in the form of a bond convertible into Cofinimmo shares. This loan was issued in April 2011 at a nominal value of €173.31 million. The convertible bond is marked to market in the balance sheet. It matures in 2016;
- €250.50 million of commercial papers, of which €235.50 million an initial period of under 1 year and €15.00 million for an initial period of over 3 years;
- €4.35 million corresponding to the discounted value of the minimum coupon on the mandatory convertible bonds, see below;

**Bank facilities**

- €894.04 million of bilateral medium and long-term term loans[1], with original maturity periods of between 3 and 10 years, contracted from 8 banks;
- €90.00 million in the form of a syndicated loan from 4 banks, which will be reimbursed in 2012;
- €19.54 million of other loans and advances (mainly account debits and rental guarantees received).

At 31.12.2011, Cofinimmo's short-term financial debt amounted to €246.32 million, of which:

- €235.50 million of commercial paper with a term of under 1 year;
- €10.82 million of other loans and advances (account debits).

The issues of commercial papers (€250.50 million) are fully covered by undrawn portions of the confirmed long-term credit facilities totalling €1,515.24 million. Cofinimmo thus benefits from the attractive cost of this short-term financing programme, while securing its refinancing in the event that placing new commercial papers was to become more expensive or impractical.

### Situation for long-term financial commitments

The average weighted maturity of the Cofinimmo financial commitments (excluding the short-term maturities of the commercial papers, which are fully covered by the undrawn portions of long-term credit facilities) drops from 3.8 years in 2010 to 3.3 years in 2011. The long-term confirmed financial credit lines (bank lines, bonds, commercial papers of over one year's duration and capital leases), with outstandings totalling €1,953.55 million at 31.12.2011, display a spread maturity profile up to 2019, with a maximum of 20.0% of these outstandings maturing during the same year 2014[2]. In 2012, 12.1% of the outstandings will mature (the refinancing of which is already guaranteed by the undrawn portions of the existing credit facilities) and 18.3% in 2013.

### Interest rate hedging

The average interest rate on the Cofinimmo debt, including banking margins and amortisation costs of hedging instruments for the period, stood at 4,20% in 2011 (also see pages 15 and 152).

At 31.12.2011, almost all of the debt was at short-term floating rate. The debt contracted at fixed rate was immediately converted by the company into floating rate. The convertible bond remained at fixed rate. Consequently, the company is exposed to a greater risk of a rise in short-term rates, which could have a negative impact on its financial result. Therefore, Cofinimmo purchases cover instruments such as CAPs, generally combined with the sale of FLOORs, or IRS contracts to cover overall debt (see chapter "Risk management").

The situation of interest rate hedging for future years at 31.12.2011 is set out in Note 24 (see page 158).

At the closing date of this Report, assuming a constant gearing, the hedging ratio for interest rate risk stands at nearly 100% until 2015 and 80% until 2017. The Cofinimmo results nonetheless remain sensitive to fluctuations in interest rates (see chapter "Risk management").

## Financial rating

Since the autumn of 2001, Cofinimmo has a long and short-term finance rating awarded by the rating agency Standard & Poor's[3]. At the time of writing this Report, this rating was BBB for long-term debt and A-2 for short-term debt. Standard & Poor's raised Cofinimmo's rating from A-3 to A-2 in January 2011 taking into account the reduced debt ratio and the improved risk profile of the company on account of the pursued diversification of its portfolio in less cyclic segments.

This improvement in rating will facilitate its access to capital markets and commercial papers investment.

1 Of which a Schuldschein or debt security contracted with 2 German banks. Also see page 49 and Note 36 on page 164. 2 Bank debt has been contracted with 12 financial institutions of the highest standing, with financial S&P ratings of at least BBB+ (source: Bloomberg, 10.01.2012). 3 **www.standardandpoors.com**.

## Deployment of the financing strategy in 2011

In 2011, Cofinimmo took a number of measures to gather financial resources in order to meet its investment commitments and bolster its balance sheet structure. Accordingly, since the beginning of 2011, the company has successively proceeded to the following actions:

### Placement of a convertible bond

Pursuant to the Royal Decree of 07.12.2010 on Sicafis, on 28.04.2011 Cofinimmo successfully closed a placement of convertible bonds for a total amount of €173.3 million. The bonds will mature on 28.04.2016 and are convertible into ordinary shares of the company. They were issued and are redeemable at maturity at 100% of the nominal value, set at €116.60 per bond. Their coupon amounts to 3.125%, payable annually in arrears. Early redemption is possible upon exercise of an issuer call option at any time shortly after the third anniversary of the convertible bonds, if the stock price exceeds 130% of the conversion price.

The convertible bonds enable their holder to receive Cofinimmo ordinary shares at the initial rate of 1 for 1. The initial conversion price is equal to the nominal value of €116.60, which was also the subscription price. This conversion price takes into account of a 15% premium in relation to the reference price of the share at the time of issue. The company will nevertheless have the option to deliver new and/or existing shares, cash or a combination thereof.

The bonds were initially offered and attributed on a provisional basis (subject to clawback by shareholders) to institutional investors following an accelerated book-building procedure, then they were offered to existing shareholders, both private and institutional, during a 3-day priority subscription period. They exercised their right to clawback to the tune of 1.45%.

At 31.12.2011, 47 convertible bonds have been converted into Cofinimmo ordinary shares.

The details of the offering, as well as the terms for conversion, can be found in the prospectus published on 18.04.2011, which is available on the company website (**www.cofinimmo.com**). These provide a proportional adjustment of the conversion ratio when the dividend of the ordinary share exceeds a level equal to the current dividend (€6.50 gross per share).

### Rescheduling of a credit line

A long-term bilateral bank credit line amounting to €50 million, initially maturing in 2013, has been rescheduled until 2014.

### Strengthening of equity through the distribution of dividends in the form of shares

In 2011, the Board of Directors decided, for the first time, to offer the ordinary shareholders as well as the holders of preference shares the choice between payment of the dividend for 2010 in new ordinary shares or in cash or in a combination of these 2 forms of payment. The subscription price of a new ordinary share was fixed at €93.925[1].
The new ordinary shares have a right to share in the results of Cofinimmo as from 01.01.2011 (first dividend payable in May 2012). The dividend in the form of shares was also one of the new provisions of the Royal Decree of 07.12.2010. Since the holders of 37.7% of the Cofinimmo shares opted for reinvestment of their 2010 dividends in new ordinary shares, the equity of the company increased by €31.0 million.

### Mandatory convertible bonds issued by Cofinimur I

These mandatory convertible bonds (MCBs), aimed at financing part of the acquisition of the portfolio of MAAF insurance services agencies, possess the following characteristics:

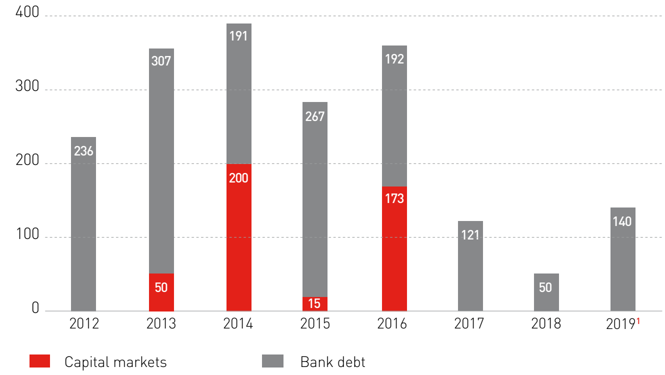
1. The number of MCBs issued is 541,667 and the issue price (par value) per bond is €96[2] (also see point 3 below). The Cofinimur I shares were also issued at an exchange value of €96.
2. The MCBs will be reimbursed in new shares of the issuer, Cofinimur I, on the 12th anniversary of the issue (2023) at the rate of 1 Cofinimur I share per MCB. In order to protect the MCB-holders and without harming the interests of the Cofinimur I shareholders, the exchange parity will be adjusted in accordance with the anti-dilution provisions customary for this type of operation.
3. The MCB-holders will have the option, in the month preceding the 12$^{th}$ anniversary of the issue (2023), of exchanging their MCBs for Cofinimmo shares at the rate of 1 ordinary Cofinimmo share per MCB. This parity will also be adjusted in accordance with the customary anti-dilution provisions.
4. On 15 June of each year and pro rata temporis, the MCBs will be credited with an annual interest of 5.5% of their par value, this rate being indexed to the French ILC index (commercial rents index), but only from the 2$^{nd}$ coupon (payable on 15.06.2014). However, the annual interest coupon may not exceed the lower of the following 2 amounts: 9% of the par value or 86.5% of the net current result per share of Cofinimur I (calculated on a diluted basis, i.e. on the pro forma basis of the repayment of the MCBs in Cofinimur I shares) or on the other hand, be lower than 1% (guaranteed minimum).
5. From the 10$^{th}$ anniversary of the issue (2021), the interest coupon will be increased by 20% (step-up). However, the 9% ceiling will no longer be applicable.
6. It should be noted that both during the first 10 years and subsequently, the MCB coupon that will be due on 15 June of each year will exceed the guaranteed minimum only if Cofinimur I has distributed a dividend for the previous financial year.

1 The subscription price of €93.925 represents a 2.97% reduction from the average weighted stock market price during the subscription period, i.e. €96.80. 2 Taking account of the volume of the above-mentioned shareholder loans.

**Financial debt** (x €1,000,000)

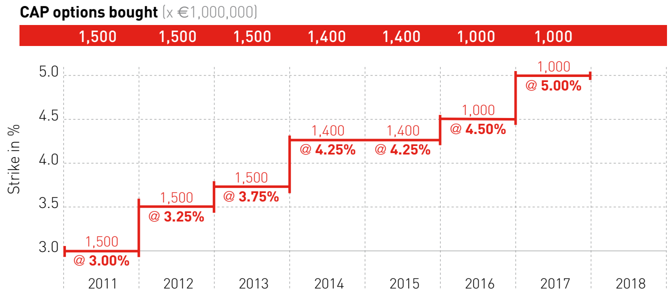
| | Financial debt | Long-term commitments |
|---|---|---|
| **Capital market** | | |
| Bonds | 261.48 | 250.00 |
| Convertible bonds | 161.50 | 173.31 |
| Long-term commercial papers | 15.00 | 15.00 |
| Short-term commercial papers | 235.50 | |
| Other | 4.35 | 4.35 |
| **Bank facilities** | | |
| Revolving loans | 797.48 | 1 328.68 |
| Term loans | 186.56 | 186.56 |
| Other | 19.54 | 9.10 |
| TOTAL | 1 681.41 | 1 967.00 |

**Repayment schedule for long-term financial commitments - €1,953.3 million**[1] (x €1,000,000)

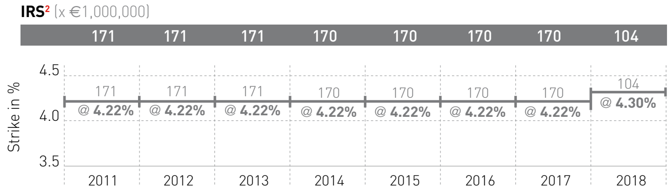



**Situation of the interest rate risk hedging**[2] **(bank margins excluded)**

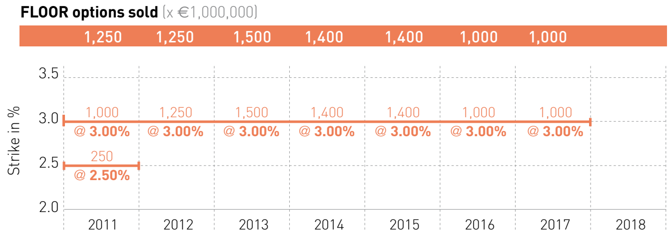
**CAP options bought** (x €1,000,000)




**IRS**[2] (x €1,000,000)




**FLOOR options sold** (x €1,000,000)




7. Each month from the 7th anniversary of the issue (for the first time at the end of January 2019), Cofinimmo will have the option of acquiring all the MCBs either in cash or by handing over Cofinimmo ordinary shares but, in the latter case, with the consent of at least 2/3 of the MCB-holders. More precisely, for the exercise of this option:
   - The MCBs will be valued by dividing the revalued net asset value of Cofinimur I, on the pro forma basis of the repayment of the MCBs, by the sum of the number of MCBs and the number of outstanding Cofinimur I shares, with the revalued net asset value being based on the valuation of the portfolio, including transaction costs; a pro rata for the coupon which has accrued but is not yet due on the MCB will be integrated into their value;
   - If the option is exercised by delivering Cofinimmo ordinary shares, these will be issued at a price equal to the average closing price of the 30 calendar days preceding the exchange, as authorised by the rule laid down in Article 13 § 2 of the Royal Decree of 07.12.2010 on a contribution in kind to a Sicafi.

   Cofinimmo will therefore have a period of 3 years in which to exercise the option to purchase the MCBs before the interest coupon on them is raised by the step-up from 86.5% to 103.8% of the net current result per Cofinimur I share (calculated on a diluted basis, i.e. on the pro forma basis of repayment of the MCBs in Cofinimur I shares).
8. The MCBs are listed on the Free Market of Euronext Paris.

## Net availability of credit

These different transactions, and in particular the convertible bond issue, together with the available funding from Cofinimmo's confirmed credit lines, amounted to €285.30 million at 31.12.2011 (after deducting the full hedging of outstanding short-term treasury bills). The refinancing of the credit lines maturing during 2012 (€236.40 million) is in this way fully covered.

1 This schedule takes into account the capital of financial commitments and does not take into account the interest payments (generally monthly or quarterly) and the expected cash flows on derivatives. 2 Average of the different IRS with different strikes and assuming that the IRS which can be cancelled prematurely by the bank are active up to final maturity.

# data according to the EPRA principles[1]

## EPRA Performance indicators

| | | 2011 | | 2010 | |
|---|---|---|---|---|---|
| | Definitions | (x €1,000) | (€/share) | (x €1,000) | (€/share) |
| EPRA Earnings | Current result from core operational activities. | **113,204** | **7.45** | 119,192 | 8.02 |
| EPRA NAV | Net Asset Value (NAV) adjusted to include the investment properties at their *fair value* and to exclude certain items not expected to crystallise in a long-term investment property business model. | **1,793,099** | **104.11** | 1,576,950 | 106.09 |
| EPRA NNNAV | EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes. | **1,692,881** | **98.29** | 1,459,782 | 98.21 |
| | | | (in %) | | (in %) |
| EPRA Net Initial Yield (NIY) | Annualised gross rental income based on the passing rents at the balance sheet date, less property charges, divided by the market value of the property, increased with estimated transaction costs resulting from hypothetical disposal of investment properties. | | **6.26%** | | 6.33%[2] |
| EPRA 'topped-up' NIY | This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods and other incentives. | | **6.22%** | | 6.23%[2] |
| EPRA Vacancy Rate | Estimated Rental Value (ERV) of vacant space devided by the ERV of the whole portfolio. | | **4.84%** | | 4.44% |

1 These data are not compulsory according to the Sicafi regulation and are not subject to verification by public authorities. The auditor verified whether the "EPRA Earnings", "EPRA NAV" and "EPRA NNNAV" ratios are calculated according to the definitions included in the "EPRA Best Practices Recommendations" 2011 and if the financial data used in the calculation of these ratios comply with the accounting data included in the audited consolidated financial statements. 2 Following a review of the 2010 figures during the publication of this Annual Financial Report, the EPRA NIY and the EPRA "topped-up" NIY have been modified.

## EPRA Earnings and EPRA Earnings per share (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| **Earnings per IFRS income statement** | **118,539** | 83,796 |
| **Adjustments to calculate EPRA Earnings** | **-5,335** | 35,396 |
| To exclude | | |
| (i) Changes in fair value of investment properties and properties held for sale | **9,603** | 27,331 |
| (ii) Gains or losses on disposal of investment properties | **-6,644** | -7,425 |
| (iii) Gains or losses on disposal of properties held for sale | | 172 |
| (v) Goodwill impairment | **6,900** | |
| (vi) Changes in fair value of financial instruments (*IAS 39*) | **9,561** | 13,757 |
| (vii) Costs & interests on acquisitions and joint-ventures | **10,320** | -950 |
| (viii) Deferred tax in respect of EPRA adjustments | **-39,287** | 2,112 |
| (x) Minority interests in respect of the above | **4,212** | 400 |
| EPRA EARNINGS | **113,204** | 119,192 |
| Number of shares | **15,194,088** | 14,863,795 |
| EPRA EARNINGS PER SHARE (in €) | **7.45** | 8.02 |

## EPRA Net Asset Value (NAV) (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| **NAV per the financial statements** | **1,460,887** | 1,459,782 |
| **NAV per share per the financial statements** (in €) | **96.15** | 98.21 |
| Effect of the exercising of options, convertible debts or other equity instruments | **231,994** | |
| **Diluted NAV, after the exercise of options, convertibles and other equity interests** | **1,692,881** | 1,459,782 |
| To exclude | | |
| (iv) Fair value of the financial instruments | **130,006** | 81,352 |
| (v.a) Deferred tax | **46,459** | 137,522 |
| (v.b) Goodwill as a result of deferred tax | **-76,247** | -101,705 |
| EPRA NAV | **1,793,099** | 1,576,950 |
| Number of shares | **17,223,325** | 14,863,795 |
| EPRA NAV PER SHARE (in €) | **104.11** | 106.09 |

## EPRA Triple Net Asset Value (NNNAV) (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| **EPRA NAV** | **1,793,099** | 1,576,950 |
| To include | | |
| (i) Fair value of the financial instruments | **-130,006** | -81,352 |
| (iii) Deferred tax | **29,788** | -35,817 |
| EPRA NNNAV | **1,692,881** | 1,459,782 |
| Number of shares | **17,223,325** | 14,863,795 |
| EPRA NNNAV PER SHARE (in €) | **98.29** | 98.21 |

## EPRA Net Initial Yield (NIY) and EPRA 'topped-up' NIY (x €1,000)

| | 2011 | | | | | |
|---|---|---|---|---|---|---|
| | Offices | Nursing homes/clinics Belgium | Nursing homes/clinics France | Distribution property networks | Others | TOTAL |
| Investment properties in fair value | 1,551,558 | 679,229 | 401,297 | 512,330 | 45,171 | 3,189,585 |
| Assets held for sale | | | -8,740 | -3,285 | | -12,025 |
| Development projects | -3,370 | -48,339 | -107 | | -5,936 | -57,752 |
| Properties available for lease | 1,548,188 | 630,890 | 392,450 | 509,045 | 39,235 | 3,119,808 |
| Estimated transaction costs resulting from hypothetical disposal of investment properties | 38,705 | 16,138 | 20,414 | 43,616 | 980 | 119,853 |
| **Gross up completed property portfolio valuation** | **1,586,893** | **647,028** | **412,864** | **552,661** | **40,215** | **3,239,661** |
| Annualised gross rental income | 109,351 | 39,560 | 27,527 | 37,042 | 2,988 | 216,468 |
| Property charges | -12,976 | 25 | 55 | -598 | -294 | -13,788 |
| **Annualised net rental income** | **96,375** | **39,585** | **27,582** | **36,444** | **2,694** | **202,680** |
| Rent-free periods expiring within 12 months and other lease incentives | -1,314 | | | | | -1,314 |
| **Topped-up net annualised rental income** | **95,061** | **39,585** | **27,582** | **36,444** | **2,694** | **201,366** |
| EPRA NIY | 6.07% | 6.12% | 6.68% | 6.59% | 6.70% | 6.26% |
| EPRA 'TOPPED-UP' NIY | 5.99% | 6.12% | 6.68% | 6.59% | 6.70% | 6.22% |

## EPRA Vacancy rate (x €1,000)

| | | 2011 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Offices | Nursing homes/clinics Belgium | Nursing homes/clinics France | Distribution property networks | Others | TOTAL |
| Rental space (in m²) | | 787,493 | 341,762 | 235,770 | 403,153 | 21,893 | 1,790,071 |
| ERV[2] of vacant space | A | 10,571 | | | | | 10,571 |
| ERV[2] of the total portfolio | B | 115,451 | 37,929 | 27,664 | 34,546 | 2,714 | 218,304 |
| EPRA VACANCY RATE | A/B | 9.16% | 0.00% | 0.00% | 0.00% | 0.00% | 4.84% |

## EPRA Evolution of gross rental income (x €1,000)

| | 2010 | 2011 | | | | |
|---|---|---|---|---|---|---|
| Segment | Gross rental income[3] | Gross rental income - At comparable perimeter vs. 2010 | Acquisitions | Disposals | Regularisation of rental income related to previous periods | Gross rental income - At current perimeter |
| **Offices** | **134,697** | **137,742** | **2,166** | **-21,384** | **-651** | **117,873** |
| Nursing homes/clinics Belgium | 29,756 | 30,549 | 6,530 | -271 | -361 | 36,447 |
| Nursing homes/clinics France | 24,084 | 24,475 | 1,731 | | 24 | 26,230 |
| **Nursing homes/clinics** | **53,840** | **55,024** | **8,261** | **-271** | **-337** | **62,677** |
| Pubstone Belgium | 18,719 | 19,272 | | | | 19,272 |
| Pubstone Netherlands | 9,366 | 9,547 | | | | 9,547 |
| MAAF France[4] | | | | | | |
| **Distribution property networks** | **28,085** | **28,819** | | | | **28,819** |
| **Others** | **4,120** | **4,202** | **86** | **-847** | | **3,441** |
| TOTAL PORTFOLIO | 220,742 | 225,787 | 10,513 | -22,502 | -988 | 212,810 |
| **Reconciliation with IFRS consolidated income statement** | | | | | | |
| TOTAL | 220,742 | | | | | 212,810 |

1 Following a review of the 2010 figures during the publication of this Annual Financial Report, some of the data of this sheet have been reviewed for the 2010, modifying thereof the EPRA NIY and the EPRA "topped-up" NIY. 2 ERV = Estimated Rental Value. 3 Writeback of lease payments sold included. 4 Since the operation take place on 28.12.2011, no rents were collected for the year 2011.

| 2010 | | | | | |
|---|---|---|---|---|---|
| Offices | Nursing homes/clinics Belgium | Nursing homes/clinics France | Distribution property networks | Others | TOTAL |
| 1,690,983 | 554,079 | 356,980 | 395,557 | 44,487 | 3,042,086 |
| | | -170 | | | -170 |
| -4,126 | -34,162 | | | -4,368 | -42,656 |
| 1,686,857 | 519,917 | 356,810 | 395,557 | 40,119 | 2,999,260 |
| 42,171 | 12,998 | 17,687 | 36,198 | 1,138 | 110,192 |
| **1,729,028** | **532,915** | **374,497** | **431,755** | **41,257** | **3,109,452** |
| 127,211 | 27,486 | 23,754 | 27,907 | 4,801 | 211,159 |
| -12,947 | -207 | -86 | -502 | -641 | -14,383 |
| **114,264** | **27,279** | **23,668** | **27,405** | **4,160** | **196,776** |
| -3,128 | | | | | -3,128 |
| **111,136** | **27,279** | **23,668** | **27,405** | **4,160** | **193,648** |
| 6.61% | 5.12% | 6.32% | 6.35% | 10.08% | 6.33%[1] |
| 6.43% | 5.12% | 6.32% | 6.35% | 10.08% | 6.23%[1] |

## Investment properties - rental data (x €1,000)

| Segment | Gross rental income of the period[1] | Net rental income of the period | Available rental area (in m²) | Passing rent at the end of the period | ERV[2] at the end of the period | Vacancy rate at the end of the period |
|---|---|---|---|---|---|---|
| | 2011 | | | | | |
| **Offices** | **117,873** | **115,283** | **787,493** | **109,362** | **115,451** | **9.16%** |
| Nursing homes/clinics Belgium | 36,447 | 36,443 | 341,762 | 39,933 | 37,929 | 0.00% |
| Nursing homes/clinics France | 26,230 | 26,230 | 235,770 | 27,527 | 27,664 | 0.00% |
| **Nursing homes/clinics** | **62,677** | **62,673** | **577,532** | **67,460** | **65,593** | **0.00%** |
| Pubstone Belgium | 19,272 | 19,272 | 295,634 | 19,679 | 17,593 | 0.00% |
| Pubstone Netherlands | 9,547 | 9,547 | 47,493 | 9,741 | 8,871 | 0.00% |
| MAAF France | | | 60,026 | 7,622 | 8,082 | 0.00% |
| **Distribution property networks** | **28,819** | **28,819** | **403,153** | **37,042** | **34,546** | **0.00%** |
| **Others** | **3,441** | **3,191** | **21,893** | **7,623** | **2,714** | **0.00%** |
| TOTAL PORTFOLIO | 212,810 | 209,966 | 1,790,071 | 221,487 | 218,304 | 4.84% |

## Investment properties - valuation data (x €1,000)

| Segment | Fair value of portfolio | Changes in fair value over the period | EPRA Net Initial Yield | Changes in fair value over the period |
|---|---|---|---|---|
| | 2011 | | | |
| **Offices** | **1,548,188** | **-37,587** | **6.07%** | **-2.37%** |
| Nursing homes/clinics Belgium | 630,890 | 17,399 | 6.12% | 2.84% |
| Nursing homes/clinics France | 401,021 | 3,842 | 6.37% | 0.97% |
| **Nursing homes/clinics** | **1,031,911** | **21,241** | **6.22%** | **2.10%** |
| Pubstone Belgium | 258,085 | 6,471 | 6.75% | 2.57% |
| Pubstone Netherlands | 149,235 | 2,949 | 5.99% | 2.02% |
| MAAF France | 105,010 | | 7.00% | 0.00% |
| **Distribution property networks** | **512,330** | **9,420** | **6.58%** | **1.87%** |
| **Others** | **39,234** | **909** | **6.70%** | **2.37%** |
| TOTAL PORTFOLIO | 3,131,663 | -6,017 | 6.21% | -0.19% |
| **Reconciliation with IFRS consolidated income statement** | | | | |
| Investment properties under development | 57,752 | -3,586 | | |
| TOTAL | 3,189,415 | -9,603 | | |

## Investment properties - lease data (x €1,000)

| Segment | Average lease length (in years) | | Figures depending on the leases ends: Passing rents of the leases maturing in | | | ERV[2] on leases maturing in | | |
|---|---|---|---|---|---|---|---|---|
| | Until the *break* | Until the end of the lease | Year 1 | Year 2 | Year 3-5 | Year 1 | Year 2 | Year 3-5 |
| **Offices** | **5.6** | **6.3** | **6,368** | **4,715** | **25,435** | **5,813** | **4,440** | **24,263** |
| Nursing homes/clinics Belgium | 23.5 | 23.5 | | | | | | |
| Nursing homes/clinics France | 8.3 | 8.3 | | 2,264 | 785 | | 2,210 | 500 |
| **Nursing homes/clinics** | **17.3** | **17.3** | | **2,264** | **785** | | **2,210** | **500** |
| Pubstone Belgium | 18.8 | 22.8 | | | 1,033 | | | 924 |
| Pubstone Netherlands | 18.8 | 22.8 | | | 511 | | | 466 |
| MAAF France | 9.9 | 9.9 | 80 | | 779 | 77 | | 758 |
| **Distribution property networks** | **17.0** | **20.2** | **80** | | **2,323** | **77** | | **2,147** |
| **Others** | **11.7** | **13.9** | | | **333** | | | **396** |
| TOTAL PORTFOLIO | 11.3 | 12.2 | 6,449 | 6,980 | 28,876 | 5,890 | 6,650 | 27,306 |

1 Writeback of lease payments sold included. 2 ERV = Estimated Rental Value. 3 Following a review of the 2010 figures during the publication of this Annual Financial Report, some of the data of this sheet have been reviewed for the 2010, modifying thereof the total portfolio.

| 2010 | | | | | |
|---|---|---|---|---|---|
| Gross rental income of the period[1] | Net rental income of the period | Available rental area (in m²) | Passing rent at the end of the period | ERV[2] at the end of the period | Vacancy rate at the end of the period |
| **134,697** | **130,613** | **837,239** | **127,299** | **128,103** | **7.53%** |
| 29,756 | 29,756 | 292,599 | 27,506 | 26,912 | 0.00% |
| 24,084 | 24,084 | 214,661 | 23,754 | 23,230 | 0.00% |
| **53,840** | **53,840** | **507,260** | **51,260** | **50,142** | **0.00%** |
| 18,719 | 18,719 | 296,223 | 18,653 | 17,601 | 0.00% |
| 9,366 | 9,366 | 47,425 | 9,254 | 8,755 | 0.00% |
| | | | | | |
| **28,085** | **28,085** | **343,648** | **27,907** | **26,356** | **0.00%** |
| **4,120** | **3,663** | **30,165** | **4,902** | **4,648** | **0.00%** |
| 220,742[3] | 216,200[3] | 1,718,312[3] | 211,368[3] | 209,249[3] | 4.44% |

| 2010 | | | |
|---|---|---|---|
| Fair value of portfolio | Changes in fair value over the period | EPRA Net Initial Yield | Changes in fair value over the period |
| **1,686,857** | **-61,396** | **6.61%** | **-3.87%** |
| 519,917 | 11,255 | 5.12% | 1.83% |
| 356,810 | 20,855 | 6.32% | 5.25% |
| **876,727** | **32,110** | **5.61%** | **3.18%** |
| 249,954 | 2,348 | 6.65% | 0.93% |
| 145,603 | 485 | 5.81% | 0.33% |
| | | | |
| **395,557** | **2,833** | **6.35%** | **0.56%** |
| **40,119** | **-355** | **10.08%** | **-0.87%** |
| 2,999,260 | -26,788 | 6.33% | -0.85% |
| | | | |
| 42,656 | -1,500 | | |
| 3,041,916 | -28,288 | | |

| Lease figures according to their revision date (break) | | | | | |
|---|---|---|---|---|---|
| Passing rents of the leases subject to revision in | | | ERV[2] of the leases subject to revision in | | |
| Year 1 | Year 2 | Year 3-5 | Year 1 | Year 2 | Year 3-5 |
| **10,147** | **10,385** | **28,175** | **9,623** | **9,996** | **27,032** |
| | | | | | |
| | 2,264 | 785 | | 2,210 | 500 |
| | **2,264** | **785** | | **2,210** | **500** |
| | | 1,033 | | | 924 |
| | | 511 | | | 466 |
| 80 | | 779 | 77 | | 758 |
| **80** | | **2,323** | **77** | | **2,147** |
| | **548** | **333** | | **498** | **396** |
| 10,228 | 13,197 | 31,616 | 9,700 | 12,704 | 30,075 |

# quarterly consolidated accounts

## Consolidated income statement per quarter (x €1,000)

| | Q1 2011 | Q2 2011 | Q3 2011 | Q4 2011 | **2011** |
|---|---|---|---|---|---|
| **A. NET RESULT** | | | | | |
| Rental income | 46,270 | 48,593 | 47,129 | 46,787 | **188,779** |
| Writeback of lease payments sold and discounted | 5,234 | 5,234 | 5,234 | 5,297 | **20,999** |
| Rental-related expenses | -2 | 168 | -27 | 49 | **188** |
| **Net rental income** | 51,502 | 53,995 | 52,336 | 52,133 | **209,966** |
| Recovery of property charges | 121 | -42 | 67 | 127 | **273** |
| Recovery income of charges and taxes normally payable by the tenant on let properties | 12,417 | 12,330 | 11,853 | 9,522 | **46,122** |
| Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease | -305 | -480 | -563 | -465 | **-1,813** |
| Charges and taxes normally payable by the tenant on let properties | -11,734 | -12,497 | -11,973 | -9,775 | **-45,979** |
| **Property result** | 52,001 | 53,306 | 51,720 | 51,542 | **208,569** |
| Technical costs | -692 | -1,022 | -1,059 | -1,639 | **-4,412** |
| Commercial costs | -202 | -549 | -308 | -501 | **-1,560** |
| Taxes and charges on unlet properties | -1,147 | -1,000 | -667 | -760 | **-3,574** |
| Property management costs | -3,699 | -3,323 | -4,107 | -2,797 | **-13,926** |
| **Property charges** | -5,740 | -5,894 | -6,141 | -5,697 | **-23,472** |
| **Property operating result** | 46,261 | 47,412 | 45,579 | 45,845 | **185,097** |
| Corporate management costs | -1,876 | -1,806 | -1,733 | -1,891 | **-7,306** |
| **Operating result before result on portfolio** | 44,385 | 45,606 | 43,846 | 43,954 | **177,791** |
| Gains or losses on disposals of investment properties | 4,500 | 446 | -28 | 1,726 | **6,644** |
| Changes in fair value of investment properties | -8,193 | -7,722 | -286 | 6,598 | **-9,603** |
| Other results on portfolio | -37 | -4,348 | -832 | -12,004 | **-17,221** |
| **Operating result** | 40,655 | 33,982 | 42,700 | 40,274 | **157,611** |
| Financial income | 1,259 | 1,513 | 1,842 | 1,465 | **6,079** |
| Net interest charges | -14,038 | -16,330 | -16,513 | -15,577 | **-62,458** |
| Other financial charges | -99 | -92 | -193 | -782 | **-1,166** |
| Changes in fair value of financial assets and liabilities | -1,049 | 104 | 3,672 | -12,288 | **-9,561** |
| **Financial result** | -13,927 | -14,805 | -11,192 | -27,182 | **-67,106** |
| Share in the result of associated companies and joint-ventures | | | | 213 | **213** |
| **Pre-tax result** | 26,728 | 19,177 | 31,508 | 13,305 | **90,718** |
| Corporate tax | -1,783 | -2,931 | -883 | -1,323 | **-6,920** |
| Exit tax | -92 | 39,693 | -598 | 284 | **39,287** |
| **Taxes** | -1,875 | 36,762 | -1,481 | -1,039 | **32,367** |
| **Net result** | 24,853 | 55,939 | 30,027 | 12,266 | **123,085** |
| Minority interests | -545 | -4,184 | 794 | -611 | **-4,546** |
| NET RESULT - GROUP SHARE | 24,308 | 51,755 | 30,821 | 11,655 | **118,539** |
| NET CURRENT RESULT - GROUP SHARE | 28,137 | 27,977 | 32,266 | 15,263 | **103,643** |
| RESULT ON PORTFOLIO - GROUP SHARE | -3,829 | 23,778 | -1,445 | -3,608 | **14,896** |
| **B. OTHER ELEMENTS OF THE GLOBAL RESULT** | | | | | |
| Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties | -88 | -4,725 | 1,267 | 1,215 | **-2,331** |
| Changes in the effective part of the fair value of authorised cash flow hedge instruments | 33,413 | -11,581 | -59,613 | -11,467 | **-49,248** |
| **Other elements of the global result** | 33,325 | -16,306 | -58,346 | -10,252 | **-51,579** |
| Minority interests | -1 | 64 | 8 | 16 | **87** |
| OTHER ELEMENTS OF THE GLOBAL RESULT - GROUP SHARE | 33,324 | -16,242 | -58,338 | -10,236 | **-51,492** |
| **C. GLOBAL RESULT** | 58,178 | 39,633 | -28,319 | 2,014 | **71,506** |
| Minority interests | -546 | -4,120 | 802 | -595 | **-4,459** |
| GLOBAL RESULT - GROUP SHARE | 57,632 | 35,513 | -27,517 | 1,419 | **67,047** |

## Consolidated balance sheet per quarter (x € 1 000)

| | 31.03.2011 | 30.06.2011 | 30.09.2011 | **31.12.2011** |
|---|---|---|---|---|
| **Non-current assets** | 3,303,998 | 3,409,469 | 3,356,833 | **3,414,890** |
| Goodwill | 164,012 | 164,356 | 164,356 | **157,456** |
| Intangible assets | 1,297 | 1,165 | 960 | **745** |
| Investment properties | 3,048,084 | 3,157,599 | 3,110,231 | **3,177,560** |
| Other tangible assets | 728 | 824 | 949 | **966** |
| Non-current financial assets | 31,412 | 28,173 | 22,258 | **21,880** |
| Finance lease receivables | 58,435 | 57,322 | 57,410 | **55,403** |
| Trade receivables and other non-current assets | 30 | 30 | 44 | **42** |
| Participations in associated companies and joint-ventures | | | 625 | **838** |
| **Current assets** | 73,660 | 107,466 | 116,915 | **114,051** |
| Assets held for sale | 170 | 170 | 170 | **12,025** |
| Current financial assets | 13,877 | 12,347 | 14,816 | **13,779** |
| Finance lease receivables | 2,780 | 3,030 | 2,905 | **2,868** |
| Trade receivables | 14,972 | 20,370 | 22,563 | **20,840** |
| Tax receivables and other current assets | 14,040 | 15,714 | 18,903 | **17,015** |
| Cash and cash equivalents | 1,970 | 2,487 | 9,665 | **10,207** |
| Deferred charges and accrued income | 25,851 | 53,347 | 47,893 | **37,317** |
| TOTAL ASSETS | 3,377,658 | 3,516,935 | 3,473,748 | **3,528,941** |
| **Shareholders' equity** | 1,525,508 | 1,498,722 | 1,471,169 | **1,515,544** |
| **Shareholders' equity attributable to shareholders of parent company** | 1,517,894 | 1,487,019 | 1,459,926 | **1,460,887** |
| Capital | 796,528 | 814,226 | 814,226 | **814,228** |
| Share premium account | 513,093 | 312,327 | 312,327 | **312,330** |
| Reserves | 183,966 | 284,405 | 226,488 | **215,790** |
| Net result of the year | 24,307 | 76,061 | 106,885 | **118,539** |
| **Minority interests** | 7,614 | 11,703 | 11,243 | **54,657** |
| **Liabilities** | 1,852,150 | 2,018,213 | 2,002,579 | **2,013,397** |
| **Non-current liabilities** | 1,352,229 | 1,437,427 | 1,629,026 | **1,601,386** |
| Provisions | 19,234 | 17,862 | 17,927 | **18,474** |
| Non-current financial debts | 1,164,092 | 1,328,457 | 1,475,782 | **1,435,094** |
| Other non-current financial liabilities | 36,017 | 45,488 | 89,490 | **106,735** |
| Deferred taxes | 132,886 | 45,620 | 45,827 | **41,083** |
| **Current liabilities** | 499,921 | 580,786 | 373,553 | **412,011** |
| Current financial debts | 343,456 | 359,512 | 193,019 | **246,316** |
| Other current financial liabilities | 50,451 | 49,265 | 58,377 | **58,930** |
| Trade debts and other current debts | 69,631 | 142,121 | 86,146 | **79,225** |
| Accrued charges and deferred income | 36,383 | 29,888 | 36,011 | **27,540** |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 3,377,658 | 3,516,935 | 3,473,748 | **3,528,941** |

# events after 31.12.2011

**Reappointments**

Subject to the approval of the FSMA, the renewal of the terms of office of the following Directors will be proposed to shareholders at the Ordinary General Meeting of 27.04.2012:

- Mr. Jean-Edouard Carbonnelle, as Executive Director and member of the Executive Committee;
- Mr. Vincent Doumier, as representative of the shareholder Compagnie du Bois Sauvage;
- Mr. Gaëtan Hannecart, Mr. Xavier de Walque and Mr. Baudouin Velge, as Independent Directors within the meaning of Article 526ter of the Company Code.

If approved by the shareholders at the Ordinary General Meeting of 27.04.2012, their term of office will expire on 29.04.2016.

**Establishment of an institutional Sicafi as a co-investment with Senior Assist (Press release of 31.01.2012)**

Cofinimmo and Senior Assist, the reference operator in the healthcare sector in Belgium, have just concluded a co-investment agreement relating to a portfolio of nursing homes run by Senior Assist with a total value of nearly €150 million, of which €80 million correspond to properties already owned today by Cofinimmo, €24 million are new properties in operation and €46 million relate to development projects.

The company Maison Saint-Ignace, owner of the nursing home of the same name, of which Cofinimmo already held all the shares, has been registered as an institutional Sicafi since 13.12.2011 and was renamed Silverstone SA on 31.01.2012.

On 31.01.2012, through the contributions in kind made by Cofinimmo, Silverstone has become the owner of buildings Nos. 2 to 9 on page 59. It has also acquired from Cofinimmo all the shares of Hemera SA, owner of building No.10. The fair value of all these 10 properties comes to €79.5 million, based on a valuation dated 30.09.2011. The initial rental yield is 6.66% in double net equivalent[1].

On 31.01.2012, Silverstone also acquired 90% from Cofinimmo (share transfer) and 10% from Senior Assist (contributions in kind) of the capital of the 3 companies owning buildings Nos. 11, 12 and 13 below. Through partial divisions of companies belonging to the Senior Assist group, it also received buildings Nos. 14, 15 and 16 as a contribution in kind. Buildings Nos. 11 to 16 were valued at €23.7 million in fair value at 30.09.2011 and their initial rental yield is 7.04% in double net equivalent.

All the above-mentioned buildings are already in use and have been rented to Senior Assist on long leases with an initial fixed term of 27 years.

In addition, by partial division of companies of the Senior Assist group, Silverstone acquired 2 buildings (Nos. 17 and 18) on 31.01.2012, which it has undertaken to renovate and extend. It has also purchased for cash all the shares in the companies owning the Solva and De Mouterij sites on which it has undertaken to construct 2 buildings, Nos. 19 and 20. The fair value of these 4 properties is €10.8 million at 30.09.2011[2].

Buildings Nos. 17 to 20, to be renovated and build, are the subject of long leases, the fixed term of which will be 27 years from the acceptance of the works.

1 To allow comparison with the yields from office buildings for which the maintenance costs are payable by the owner (double net lease), the yields relating to nursing homes for which maintenance is payable by the tenant are recalculated as "double net equivalent". 2 However, property No.18 has been valued at 31.12.2011 to take into account the works carried out in Q4 2011.

It is also planned that Silverstone will carry out works there, estimated at €28.9 million. The initial rent will be increased on acceptance of the works so that it generates an average initial yield for Silverstone of 6.50% in double net equivalent.

Finally, Silverstone and Senior Assist have agreed that the former will subsequently acquire from Senior Assist, for €7.2 million, the building "Les Récollets" (No. 21) as soon as it has been extended and renovated.

This building (No. 21) will also be let to Senior Assist on a long lease with an initial fixed term of 27 years, at a rent allowing an initial yield in double net equivalent of 6.67% to be generated.

Following the purchase after works of building No. 21 "Les Récollets", the fair value of Silverstone's consolidated portfolio, estimated as at 30.09.2011 but increased by the estimated cost of the works to be carried out, should reach €150.1 million. Silverstone's consolidated debt is expected to amount to approximately 35 to 40% of this fair value of the portfolio, all other things being equal.

Cofinimmo and Senior Assist are the sole shareholders of Silverstone, with holdings of 95.0% and 5.0% respectively. The 2 Silverstone shareholders' rights in the company are identical and strictly proportional to their participation in the capital (subject to certain clauses relating to the transferability of the shares, the right to designate members of the Board of Directors and certain majority rules). After the operations carried out on 31.01.2012, Silverstone itself holds 100% of the capital of its own subsidiaries (Hemera, Vert Buisson, Gerigroep, Saint-Charles, Château des Moines and DWC De Mouterij), some of which will be absorbed by Silverstone in the coming months in the interests of simplification.

Silverstone will benefit from a right allowing it to make a priority offer for any additional future project developed by Senior Assist.

The company Silverstone and its subsidiaries will be fully consolidated in the consolidated financial statements of Cofinimmo.

**About Senior Assist**

Senior Assist is a private group operating in the sector of the accommodation and assistance of dependent elderly people. It currently runs 33 nursing homes, service flats and day centres in Belgium, with total capacity for 2,700 residents. In addition to this network, Senior Assist has also developed a network of home care. The group was set up in 2005 and has grown rapidly, in particular by taking over existing nursing homes which it has renovated or extended. It currently has a workforce of 1,500 employees. Cofinimmo has been assisting it since 2008 by purchasing properties from it and developing certain projects according to its specifications. The group is owned by private shareholders.

Since Senior Assist has been linked via a participating interest with 3 subsidiaries of Cofinimmo since 29.06.2011, the provisions of Articles 18 § 1 and 31 § 2 of the Royal Decree of 07.12.2010, on the prevention of conflicts of interest and on intervention of an independent valuer to establish fair value of properties, have been applied.

## Changes within Cofinimmo SA

**Brussels, March 22, 2012**

After 10 years with Cofinimmo, it is with regret that the Board of Directors of Cofinimmo has accepted the resignation of Serge Fautré, Director and Chief Executive Officer of the company. Mr. Fautré is leaving Cofinimmo to pursue new opportunities. His successor will be appointed shortly. Mr. Fautré joined Cofinimmo in 2002 as CEO.

The Board regrets his departure and wishes to thank Mr. Fautré for his achievements, particularly the diversification process started in 2005 which allows Cofinimmo to look to the future with confidence.

| No. | Name of institution | Location | Beds | (Future) owner |
|---|---|---|---|---|
| 1. | Maison Saint-Ignace | Brussels | 146 | Silverstone |
| 2. | Bellevue | Brussels | 153 | Silverstone |
| 3. | Hof Ter Dennen | Vosselaar | 65 | Silverstone |
| 4. | Les Jours Heureux | Lodelinsart | 92 | Silverstone |
| 5. | Parc | Nivelles | 113 | Silverstone |
| 6. | Borsbeekhof | Borgerhout | 118 | Silverstone |
| 7. | Colvert | Ottignies | 73 | Silverstone |
| 8. | Sitelles | Chastre | 58 | Silverstone |
| 9. | Charmilles | Sambreville | 62 | Silverstone |
| 10. | De Nieuwe Seigneurie | Rumbeke | 75 | Hemera |
| TOTAL 1 to 10 | | | 955 | |
| 11. | Grand Cerf | Spa | 68 | Vert Buisson |
| 12. | Château Des Moines | Bouillon | 55 | Saint-Charles Château des Moines |
| 13. | Chenoy | Ottignies | 115 | Gerigroep |
| 14. | De Fakkel, Karen, Villa Vitae, De Laek | Paal/ Koersel | 136 | Silverstone |
| 15. | Farnientane | Fexhe-Slins | 66 | Silverstone |
| 16. | Claire De Vie | Liège | 74 | Silverstone |
| TOTAL 11 to 16 | | | 514 | |
| 17. | Brise d'Automne - renovation and extension | Ransart | 132 | Silverstone |
| 18. | 7 Voyes - renovation and extension | Vedrin | 85 | Silverstone |
| 19. | Solva - new institution | Alost | 114 | Gerigroep |
| 20. | De Mouterij - new institution | Alost | 127 | DWC De Mouterij |
| TOTAL 17 to 20 | | | 458 | |
| 21. | Les Récollets - renovation and extension | Buvrines | 90 | Silverstone |
| TOTAL 1 to 21 | | | 2,017 | |

# forecasts 2012

■ The planned investment program for the year 2012, based on actual commitments, totalises €102 million

## Assumptions

### Valuation of assets

The fair value, which is the investment value of the properties of which the transaction costs are deducted, is taken over in the consolidated balance sheet. For the 2012 provisional balance sheet, this valuation is entered as an overall figure for the portfolio, increased by major renovation expenses.

### Maintenance and repairs - Major renovation works[1]

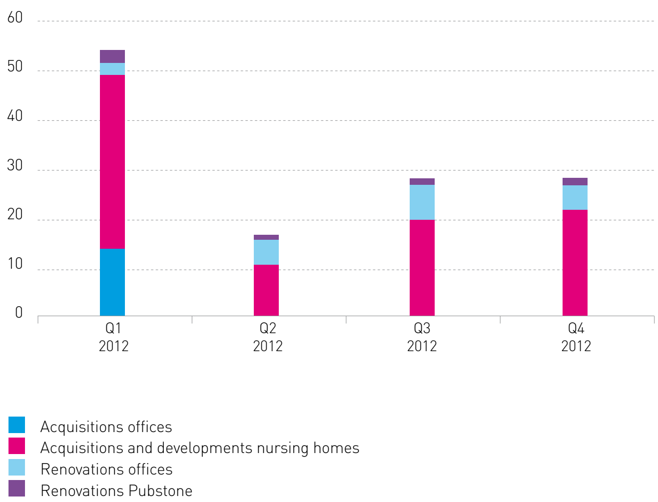
The forecasts by building include both the repairs and maintenance costs, which are entered under operating costs, and major renovation costs, which are capitalised and met from self-financing and borrowing. The large-scale renovation expenses taken into account in the forecast are respectively €19.3 million for office properties and €3.1 million for the pubs.

### Investments[1]

The following investment projects are taken into account in the forecast:

- The acquisition during Q2 2012 of the Dendermonde Police Station for an approximate value of €14.4 million;
- The acquisitions, constructions and extensions of nursing homes in Belgium and France for a total of €87.9 million resulting from the delivery of new units or extension of existing units, including the Silverstone operation.

**Investments in 2012** (in €1000,000)




1 This hypothesis is under the company's control, pursuant to Regulation 809/2004 of the European Commission.

### Rents

Rent forecasts include assumptions for each lease as to tenant departures, analysed on a case-by-case basis, and, in the event of departure of tenants, refurbishment costs, a period of rental vacancy, rental charges and taxes on unlet space plus agency commission when the space is relet. Letting forecasts are based on the present market situation, without assuming either a possible upturn or deterioration in the market.

Property result also incorporates the writeback of lease payments sold and discounted relating to the gradual reconstitution of the full value of buildings for which the leases have been sold to a third party. A variation of 1% either way in the occupancy rate leads to a cumulative increase or reduction in the net current result per share per annum of €0.14. Current contracts are index-linked. The ongoing contracts are indexed.

A termination fee of €11.2 million regarding the Livingstone building is recorded for 2012.

### Inflation

The inflation rate used for the evolution of rents is 1.8% for the leases being indexed in 2012. The sensitivity of the forecast to changes in the inflation rate is small over the period considered. A variation of 0.5% either way from the predicted inflation rate leads to a cumulative increase or reduction in the net current result per share per annum of €0.07.

### Financial expenses

The calculation of financial charges is based on the assumption that interest rates will start to rise again, as anticipated by the future rate curve, and takes into account the current loan contracts. Considering the hedging instruments in place for future years, the cost of debt estimated in 2011 is 4.19% (margins and costs of hedging instruments included).

### Consolidated income statement - Analytical form (x €1,000)

| | 2011 | **2012** |
|---|---|---|
| NET CURRENT RESULT | | |
| Rental income, net of rental-related expenses | 188,967 | **202,466** |
| Writeback of lease payments sold and discounted (non-cash) | 20,999 | **22,939** |
| Taxes and charges on rented properties not recovered | 143 | **-1,747** |
| Redecoration costs, net of tenant compensation for damages | -1,540 | **-1,851** |
| **Property result** | 208,569 | **221,807** |
| Technical costs | -4,412 | **-6,504** |
| Commercial costs | -1,560 | **-1,850** |
| Taxes and charges on unlet properties | -3,574 | **-2,469** |
| **Property result after direct property costs** | 199,023 | **210,984** |
| Property management costs | -13,926 | **-14,872** |
| **Property operating result** | 185,097 | **196,112** |
| Corporate management costs | -7,306 | **-7,209** |
| **Operating result (before result on portfolio)** | 177,791 | **188,903** |
| Financial income (IAS 39 excluded) | 6,079 | **4,709** |
| Financial charges (IAS 39 excluded) | -63,625 | **-67,171** |
| Revaluation of derivative financial instruments (IAS 39) | -9,561 | |
| Share in the result of associated companies and joint-ventures | 213 | **940** |
| Taxes | -6,920 | **-3,018** |
| **Net current result**[1] | 103,977 | **124,363** |
| Minority interests | -334 | **-3,060** |
| **Net current result – Group share** | 103,643 | **121,303** |
| **Average number of outstanding shares entitled to share in the result of the period** | 15,194,088 | **16,235,855** |
| **Net current result per share – Group share** (in €) | 6.82 | **7.47** |
| **Net current result per share – Group share – excl. IAS 39 impact** (in €) | 7.45 | **7.47** |

1 *Net result* excluding gains or losses on disposals of investment properties, changes in fair value of investment properties and exit tax..

**Consolidated income statement**

A forward projection of the future market values of the properties is uncertain, so that no reliable assessed forecast can be given at the present time for the result on portfolio.

This result will depend on the tendencies on the rental market, the capitalisation rates as well as the anticipated renovation costs of the buildings.

Shareholders' equity will evolve depending on the current result, the result on portfolio and the dividend distribution.

Shareholders' equity is presented before distribution of the dividends of the financial year.

**Consolidated balance sheet** (x €1,000)

| | 31.12.2011 | **31.12.2012** |
|---|---|---|
| **Non-current assets** | 3,414,890 | **3,533,073** |
| Goodwill | 157,456 | **157,456** |
| Investment properties | 3,177,560 | **3,296,137** |
| Financial lease receivables | 55,403 | **54,069** |
| Trade receivables and other non-current assets | 23,633 | **23,633** |
| Participations in associated companies and joint-ventures | 838 | **1,778** |
| **Current assets** | 114,051 | **117,300** |
| Assets held for sale | 12,025 | **12,025** |
| Financial lease receivables | 2,868 | **2,868** |
| Cash and cash equivalents | 10,207 | **10,207** |
| Other current assets | 88,951 | **9,220** |
| TOTAL ASSETS | 3,528,941 | **3,650,373** |
| **Shareholders'equity** | 1,515,544 | **1,600,455** |
| **Shareholders' equity attributable to shareholders of parent company** | 1,460,887 | **1,535,919** |
| **Minority interests** | 54,657 | **64,736** |
| **Liabilities** | 2,018,902 | **2,049,918** |
| **Non-current liabilities** | 1,601,386 | **1,523,226** |
| Non-current financial debts | 1,435,094 | **1,356,934** |
| Other non-current liabilities | 166,292 | **166,292** |
| **Current liabilities** | 412,011 | **526,692** |
| Current financial debts | 246,316 | **385,757** |
| Other current liabilities | 165,695 | **140,935** |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 3,528,941 | **3,650,373** |
| DEBT RATIO | 49.89% | **49.49%** |

▪ €6.50/share: gross dividend forecast for 2012

**Dividends**
The policy on distribution is proposed by the Board of Directors to the General Meeting at the end of each financial year.

Based on its existing estimates and in the absence of major and unforeseen events, the company has set the objective of distributing a dividend for the year 2012 (payable in 2013) equivalent to that of the financial year 2011, i.e. €6.50 gross per share.

**Caveat**
The forecast consolidated balance sheet and income statement are projections, the achievement of which depends, more particularly, on trends in the property and financial markets. They do not constitute a commitment on the part of the company, and have not been certified by the company's statutory auditor.

The auditor, Deloitte Company Auditors SC s.f.d. SCRL represented by Mr. Frank Verhaegen, has confirmed that the forecasts have been drawn up properly on the indicated basis and that the accounting basis used for the purposes of this forecast are in conformity with the accounting methods employed by Cofinimmo SA in preparing its consolidated accounts using accounting methods in accordance with IFRS as executed by the Belgian Royal Decree of 07.12.2010.

# corporate governance statement

## Cofinimmo sees that it maintains high standards of corporate governance and continues to constantly assess its methods against the principles, practices and requirements in this field.

### Code of reference

This corporate governance statement adheres to the provisions of the Belgian Corporate Governance Code 2009 ("Code 2009") and of the Law of 06.04.2010 amending the Company Code.

The Royal Decree of 06.06.2010 recognised Code 2009 as the only code applicable. This Code is available on the website of the Official Belgian Gazette, and on the website **www.corporategovernancecommittee.be**.

The Board of Directors of Cofinimmo declares that the company has adopted Code 2009 as its code of reference.

The Board of Directors declares that to its knowledge the corporate governance exercised fully complies with the *Corporate Governance Code 2009*.

The company's Corporate Governance Charter can be viewed on its website **www.cofinimmo.com** on the "Corporate Governance" page. Its latest adaptation was on 09.02.2011.

### Internal audit and risk management

In accordance with the Corporate Governance rules and with the several laws applicable to collective investment bodies, Cofinimmo has set up a risk management and internal control procedure.

For this, the company has chosen as reference procedure the Enterprise Risk management (*ERM*) model developed by *COSO* (Committee of Sponsoring Organizations of the Treadway Commission). COSO (**www.coso.org**) is an organisation that stems from the private sector and whose purpose is to promote the improvement of the quality of financial reporting through the application of business ethics rules, an effective internal control system and corporate governance rules.

The ERM model has 6 components:
- Internal environment;
- Setting of objectives and risk appetite;
- Identification, analysis and control of risks;
- Control activities;
- Information and internal communication;
- Surveillance and monitoring.

### Internal environment

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

At Cofinimmo, risk management is embodied in the business culture by means of:

- Corporate governance rules and the existence of an Audit Committee mainly composed of Independent Directors within the meaning of Article 526ter of the Company Code, of a Nomination, Remuneration and Corporate Governance Committee, of an Internal Auditor, Risk Manager, Management Controller and Compliance Officer;
- The Executive Committee's integration of the notion of risk for any investment, transaction or commitment with a significant impact on the company's objectives;
- The existence of a Code of Conduct dealing with conflicts of interest, professional secrecy, purchase and sale of shares, prevention of misuse of corporate funds, acceptance of business gifts, communication and respect for individuals;
- Adherence to task separation principles and the application of rules regarding delegation of powers clearly established at all levels of the company;
- The existence in the human resources area of selection criteria, personnel hiring rules, a training policy, a periodic performance assessment procedure and the fixing of annual objectives;
- The follow-up of procedures and the formalization of processes.

External actors also participate in this risk control environment, in particular the *Financial Services and Markets Authority* (FSMA), company auditors, legal consultants, independent real estate experts, banks, the credit rating agency Standard & Poor's, financial analysts and shareholders.

### Setting of objectives and risk appetite

The strategy is determined annually by the Board of Directors on the basis of a proposal of the Executive Committee. It is then translated into operating, conformity and reporting objectives at the company's several operating levels, from the most global level to its application in functional units.

A budget, which constitutes the figures for the company's objectives, is drawn up annually and checked every quarter. It includes both forecasted revenue items such as rents for the year and also property costs linked to the management and development of real estate assets and financial costs linked to the business financing structure. The budget is approved by the Executive Committee and then submitted to the Board of Directors, which then approves it.

### Identification, analysis and control of risks

This point includes the identification of risk events, their analysis and the measures chosen to respond to them in an efficient manner.

An in-depth risk analysis is carried out periodically in collaboration with all levels of the organisation, each for its respective area of competence. This analysis is done on the basis of the strategic choices and of the legal and environmental constraints within which the company evolves. It includes an identification of possible risk events, their probability of occurrence and their impact on objectives viewed from different angles: financial, legal, operational, counterparty, property assets and reputation. The analysis is formalised in a document presented and discussed at an Executive Committee meeting and updated throughout the year according to the evolution of activities and new commitments made taking into account the lessons of the past. Furthermore, once a year, it is submitted to the Audit Committee, which will use it, among other things, to decide on what audit assignments are to be assigned to the Internal Auditor.

### Control activities

Controls are carried out in the various departments of Cofinimmo in response to the several risks identified:

- At financial level, the deviations between the estimated budget and the realised result are reviewed quarterly by the Executive Committee, the Audit Committee and the Board of Directors;
- At credit risk level: the solvency of the most important clients, i.e. those constituting more than 5% of rental revenue, is analysed twice yearly by the financial department. Similarly, the amounts and validity of the rental guarantees established by all tenants are checked quarterly by the operational teams;
- At rental level: half-yearly analysis of rental vacancy, lease terms and risks and opportunities in terms of rental revenue;
- At accounting level: the use of an *ERP* (Enterprise Resource Planning, an integrated management software), this being SAP, includes a number of automatic checks; SAP includes both all the accounting and financial aspects, as well as all aspects linked to the real estate business (i.e. follow-up of rental contracts, rent bills, statement of charges, etc.);
- At treasury level: the use of different sources of finance and banks and the spreading of due dates limits the refinancing concentration risk;
- The risk linked to the interest rate is limited by the application of a hedging policy for a minimum of 50% of the notional amount borrowed on a sliding scale of minimum 3 years;
- The use of cash flow software facilitates the day-to-day follow-up of cash flow positions and *cash-pooling* operations;
- The application of the dual signature principle within the limits of delegations of power regarding any commitment vis-à-vis a third party, whether this involves asset acquisition, rental transactions, orders of any type, approvals of invoices and payments;
- The use of a workflow software in the different stages of the sales business (rental activity), stepping up controls at the process' key stages;
- The recording of the COFP1 and COFP2 registered shares movements is realised in a secure IT application, developed and made available by Belgium's central depository Euroclear; the registered ordinary shares are currently recorded in the Capitrack program of Euroclear.

### Information and internal communication

Information and communication from and to the several levels of the company is based on work meetings and on reporting:

- The Management Report, drawn up quarterly by the Consolidation and Reporting entity, details the situation of the income statement, the key performance indicators, the acquisitions/sales situation and their impact on the results and cash flow positions. It is distributed to management, heads of department and key individuals. This is discussed in detail by the Executive Committee, the Audit Committee and the Board of Directors;
- The Operating Report, drawn up by the same entity, details the rental situation of buildings and its forecasts, shedding light on the rental risk;
- Similarly, each department periodically draws up specific reports regarding its own activities.

The Executive Committee meets every week; it systematically reviews the important points of the company's operations and business (investments/sales, cash flow, staff, etc.). Minutes are drawn up for each meeting with, if necessary, an action plan for the implementation of the decisions taken at the meeting.

### Surveillance and monitoring

A complete accounting closing is carried out quarterly, following the same procedures as for the end of year, and the consolidated accounts are drawn up. Key indicators are calculated and analysed. These data are collected in the Management and Operating Reports dealt with in the above point. They are discussed and analysed by the Executive Committee and Board of Directors. Similarly, each department collects pertinent information at its own level, which is analysed quarterly and compared to the objectives set for the year.

During the course of the year, the Executive Committee asks each head of department to submit a round-up of the evolution of its own activities.

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

### Shareholder structure[1] (at 31.12.2011)

| Company | Number of ordinary shares | % | Number of preference shares | Total number of shares (voting rights) | % |
|---|---|---|---|---|---|
| Cofinimmo Group (own shares)[2] | 1,094,374 | 7.28% | | 1,094,374, | 6.72% |
| Number of shares issued | 15,220,653 | 100.00% | 1,067,809 | 16,288,462 | 100.00% |
| *Free float*[3] | | 92.72% | | | 93.28% |

The Board of Directors declares that the above-mentioned shareholders do not have different voting rights

1 Situation based on the shareholding notifications received in accordance with the Law of 02.05.2007. Any modifications notified since 31.12.2011 have been published according to the provisions of the above-mentioned Law and can be consulted on the company's website (**www.cofinimmo.com**), under the heading "Investor Relations & Media/Share Information/Shareholder Structure". 2 Of which 1,094,374 own shares held by the Cofinimmo Group, with suspended voting rights. 3 This free float calculation, commonly used by Euronext, includes all shareholders holding individually less than 5% of the capital.

## Decision-making bodies

### Board of Directors

#### Current composition

According to the general principles governing the composition of the Board, as adopted on a proposal by the Nomination, Remuneration and Corporate Governance Committee, the Board comprises 12 Directors, including 8 non-executive Directors, 4 of whom are independent within the meaning of Article 526ter of the Company Code, and 4 executive Directors (members of the Executive Committee).

The Directors are appointed for a maximum of 4 years by the shareholders at the General Meeting and may be dismissed by the same at any time. They are re-electable.

Subject to the approval of the Financial Services Markets Authority (FSMA) and the Ordinary General Meeting on 27.04.2012, the following renewal of terms of office will be proposed: Mr. Jean-Edouard Carbonnelle as Executive Director and member of the Executive Committee, Mr. Vincent Doumier as representative of the shareholder Compagnie du Bois Sauvage, Mr. Gaëtan Hannecart, Mr Xavier. de Walque and Mr. Baudouin Velge as Independent Directors within the meaning of Article 526ter of the Company Code.

The renewal of term of Mr. Xavier de Walque as Independent Director within the meaning of Article 526ter of the Company Code will raise the number of Independent Directors within the meaning of Article 526ter of the Comany Code from 4 to 5, and reduce the number of Directors representing the shareholders from 4 to 3. Mr. Xavier de Walque meets the conditions of Article 526ter of the Company Code, as enumerated in the following paragraph.

The independent Directors strictly comply with the independence criteria set out in Article 526ter of the Belgian Company Code and Appendix A of the Corporate Governance Code 2009, as follows:

- Not be an employee, member of the managerial personnel, member of the Executive Committee, responsible for the day-to-day management, executive Director or member of the executive personnel of Cofinimmo, or of a connected company, and not have occupied a similar position during the 5 years preceding their appointment;
- Not receive or have received from Cofinimmo or a connected company any remuneration or any other significant financial benefit other than those associated with their term of office;
- Not be a dominant shareholder or have a shareholding of more than 10% in Cofinimmo -either alone or jointly with a company controlled by the Director- or be a Director or member of the managerial personnel of such a shareholder or represent it. Directors with a shareholding of less than 10% may not subject the acts of disposal relating to these shares or the exercise of the rights relating to them to contractual stipulations or to unilateral commitments to which they have subscribed. Directors may not under any circumstances represent such a shareholder;
- Not have or have had during the preceding year, and not to be likely to have a significant commercial relationship with Cofinimmo or a connected company, either directly or as a partner, shareholder, Director, senior executive or member of the management personnel for an organisation that has a relationship of this type;
- Not be, and not have been during the past 3 years, a partner or employee of the present or a former auditor of Cofinimmo or a connected company;
- Not be an executive member of the management body of another company in which an executive Director of the company sits as non-executive member of the management or supervisory body, and not to have other significant links with the Cofinimmo executive Directors by virtue of an involvement in other companies or bodies;
- Not have carried out more than 3 terms of office as non-executive Director within Cofinimmo, without it being possible for this period to exceed 12 years;
- Not have within the company a spouse, legal cohabitant, kin or relatives by affinity once removed holding the office of Director, member of the Executive Committee or a managerial position.

The Board meets a minimum of 8 times a year. Exceptional circumstances may necessitate the Board holding one or more additional meetings. During 2011, the Board met on 9 occasions. Before the meeting, each Board member receives the documents containing the proposals of the Executive Committee on which he must decide.
In the event of a vote, decisions are taken by simple majority. In the event of a tie, the Chairman has the casting vote.

Under the Law of 28.07.2011 on ensuring the presence of women on the boards of directors of listed companies, the Board of Directors has examined the future evolution of its composition so that at least one third of the Board members are of the opposite sex from the other members at the due date fixed by this Law. The Board of Directors established a very concrete action plan concerning the renewal of the terms of office during the next 4 years in order to ensure the appointment of at least 3 additional women to the Board before the end of 2016. Cofinimmo sponsors directly and indirectly the activities of "Women on Board", a not-for-profit organisation, which has as its object the promotion of the presence of women on Boards of Directors. Mrs. Françoise Roels, member of the Executive Committee, is one of the founder members of this association.

## Functions and terms of office of the Directors on the Cofinimmo Board of Directors and/or its Committees

| | Name<br>Function | Year of birth | Sex | Nationality | Term of office started | Last renewal | Term of office ended |
|---|---|---|---|---|---|---|---|
| 1 | **André Bergen**<br>Chairman of the Board<br>Independent Director, within the meaning of Article 526ter of the Company Code<br>Member of the Nomination, Remuneration and Corporate Governance Committee (since May 2011) | 1950 | M | Belgian | 30.04.2010 | - | 26.04.2013 |
| 2 | **André Dirckx**<br>Chairman of the Board<br>Independent Director, within the meaning of Article 526ter of the Company Code<br>Member of the Nomination, Remuneration and Corporate Governance Committee (until April 2011) | 1936 | M | Belgian | 04.07.2011 | 25.04.2008 | 29.04.2011 |
| 3 | **Jean-Edouard Carbonnelle**<br>Executive Director | 1953 | M | Belgian | 30.04.1999 | 25.04.2008 | 27.04.2012 |
| 4 | **Xavier Denis**<br>Executive Director (since July 2011) | 1972 | M | belge | 29.04.2011 | - | 29.04.2015 |
| 5 | **Xavier de Walque**<br>Director (representing the shareholder Dexia)<br>Member of the Nomination, Remuneration and Corporate Governance Committee | 1965 | M | Belgian | 24.04.2009 | - | 27.04.2012 |
| 6 | **Chevalier Vincent Doumier**<br>Director (representing the shareholder Compagnie du Bois Sauvage)<br>Member of the Audit Committee | 1955 | M | Belgian | 28.04.2006 | 24.04.2009 | 27.04.2012 |
| 7 | **Serge Fautré**<br>Managing Director | 1960 | M | Belgian | 26.04.2002 | 29.04.2011 | 29.04.2015 |
| 8 | **Jean Franken**<br>Executive Director (until June 2011) | 1948 | M | Belgian | 25.04.1997 | 25.04.2008 | 30.06.2011 |
| 9 | **Robert Franssen**<br>Director (representing the shareholder Allianz Belgium) | 1955 | M | Belgian | 19.02.2004 | 29.04.2011 | 29.04.2015 |
| 10 | **Gaëtan Hannecart**<br>Independent Director, within the meaning of Article 526ter of the Company Code<br>Chairman of the Nomination, Remuneration and Corporate Governance Committee | 1964 | M | Belgian | 28.04.2006 | 24.04.2009 | 27.04.2012 |
| 11 | **Françoise Roels**<br>Executive Director | 1961 | F | Belgian | 27.04.2007 | 30.04.2010 | 26.04.2013 |
| 12 | **Alain Schockert**<br>Director (representing the shareholder Bank Degroof) | 1950 | M | Belgian | 27.04.2007 | 30.04.2010 | 26.04.2013 |
| 13 | **Gilbert van Marcke de Lummen**<br>Independent Director, within the meaning of Article 526ter of the Company Code<br>Chairman of the Audit Committee | 1937 | M | Belgian | 30.04.2004 | 30.04.2010 | 26.04.2013 |
| 14 | **Baudouin Velge**<br>Independent Director, within the meaning of Article 526ter of the Company Code<br>Member of the Audit Committee | 1955 | M | Belgian | 28.04.2006 | 24.04.2009 | 27.04.2012 |

### Other functions and terms of office of the Directors on the Cofinimmo Board of Directors currently exercised or exercised during the past 5 years

**André Bergen**

**Current function:** Director of NYSE Euronext (11 Wall Street, New York, NY 10005, USA)

**Current or previous offices:** NYSE Euronext NY, Euronext SA, Ahlers SA, NIBC Bank (The Hague), Sapient Investment Managers (Cyprus), Zuhair Fayez Partners (Saudi Arabia), Recticel SA, King Baudouin Foudation, Fund for Scientific Research[1], Flemish Industry Association (VOKA)[1], Festival of Flanders (Ghent), KBC Group[1], KBC Bank[1]

**André Dirckx**

**Current function:** -

**Current or previous offices:** Les Petits Riens ASBL, Euronext NV[1], NYSE Euronext[1]

**Jean-Edouard Carbonnelle**

**Current function:** Chief Financial Officer (CFO) of Cofinimmo SA (boulevard de la Woluwe 58, 1200 Brussels)

**Current or previous offices:** Société Royale d'Économie Politique de Belgique ASBL, SIGEFI Nord Gestion SAS (FR), Société d'Habitations de Tournai SA, EPRA Taxation Committee

**Xavier Denis**

**Current function:** Chief Operating Officer (COO) of Cofinimmo SA (boulevard de la Woluwe 58, 1200 Brussels) since 01.07.2011

**Current or previous offices:** -

**Xavier de Walque**

**Current function:** Member of the Executive Committee and Chief Financial Officer of Cobepa SA (rue de la Chancellerie 2/1, 1000 Brussels)

**Current or previous offices:** Several companies of the Cobepa Group, JF Hillebrand AG, Dexia Bank[1], Dexia Insurance Belgium[1], and several companies of the Dexia Group[1], Maison de la Radio Flagey SA[1], Financial Security Assurances[1]

**Chevalier Vincent Doumier**

**Current function:** Managing Director and Chairman of the Executive Committee of Compagnie du Bois Sauvage SA (rue du Bois Sauvage 17, 1000 Brussels)

**Current or previous offices:** Ceran ILC, Codic International SA, Ter Beke SA, Bank Degroof SA, John Berenberg Gossler & Co KG (D), and several companies of the Compagnie du Bois Sauvage Group, Finaspil SA, Assainissement & Amélioration du Logement Populaire SCRL, Les Petits Riens ASBL, Centre Interdiocésain ASBL, Cercle Royal Gaulois Artistique et Littéraire ASBL, Recticel SA, Parfina SA, Surongo America Inc. (USA), Surongo Deutschland GmbH (D), Conseil Affaires Economiques Archevêché Malines-Bruxelles ASBL, Fonds Bethléem, Belgian Finance Club ASBL, Compagnie Financière du Château SA[1], Fauchon, Group[1], Trade Credit Re Insurance Company (TCRé) SA[1], Nanocyl SA[1], Anchorage[1], Astrio[1], and several companies of the Compagnie du Bois Sauvage Group[1]

**Serge Fautré**

**Current function:** Chief Executive Officer (CEO) of Cofinimmo SA (boulevard de la Woluwe 58, 1200 Brussels)

**Current or previous offices:** La Mondiale (FR), Union Professionnelle du Secteur Immobilier (UPSI), European Public Real Estate Association (EPRA)[1]

**Jean Franken**

**Current function:** Chief Operating Officer (COO) of Cofinimmo SA (boulevard de la Woluwe 58, 1200 Brussels) until 30.06.2011

**Current or previous offices:** Cofinimmo Services, Union Professionnelle du Secteur Immobilier (UPSI)[1]

**Robert Franssen**

**Current function:** Chairman of the Executive Committee of Allianz Belgium SA (rue de Laeken 35, 1000 Brussels)

**Current or previous offices:** Several companies of the Allianz Group, Anpi ASBL, Assuralia Association Professionnelle, Portima Société Coopérative, Mondial Assistance Europe[1], Assurcard SA[1]

**Gaëtan Hannecart**

**Current function:** Managing Director and Chairman of the Executive Committee of Matexi Group SA (Franklin Rooseveltlaan 180, 8790 Waregem)

**Current or previous offices:** Home Invest Belgium SA, Union Professionnelle du Secteur Immobilier (UPSI), Network for Training Entrepreneurship ASBL (NFTE Belgium), Itinera Institute ASBL, Real Dolmen SA, Strategic Advisory Board on Urban Planning to the Flemish Government, Matexi Group SA, and several companies of this Group

**Françoise Roels**

**Current function:** Secretary General & Group Counsel of Cofinimmo SA (boulevard de la Woluwe 58, 1200 Brussels)

**Current or previous offices:** Euroclear Pension Fund OFP, Women on Board ASBL, Institut des Juristes d'Entreprise[1]

**Alain Schockert**

**Current function:** Managing Director and Member of the Executive Committee of Bank Degroof SA (rue de l'Industrie 44, 1040 Brussels)

**Current or previous offices:** Brocsa SA, and several companies of the Degroof Group

**Gilbert van Marcke de Lummen**

**Current function:** Director of D'Ieteren SA (rue du Mail 50, 1050 Brussels)

**Current or previous offices:** D'Ieteren SA, Maison de la Radio Flagey SA[1], Belron SA (L)[1], Avis Europe PLC (UK)[1]

**Baudouin Velge**

**Current function:** Managing Director of Interel Belgium SA (avenue de Tervuren 402, 1150 Brussels)

**Current or previous offices:** Bekaert SA, BECI, Cercle de Lorraine, Ducroire, Fondation Bernheim, École pour le Management (EPM) SA, BT Belux SA[1], EuroCommerce AISBL[1], FEDIS ASBL[1], FEB ASBL[1]

1 Previous offices.

**Renewals of offices proposed to shareholders at the Ordinary General Meeting**

Subject to the approval of the Financial Services and Markets Authority (FSMA), the renewal of the terms of office of the following Directors will be put to shareholders at the Ordinary General Meeting of 27.04.2012:

- Mr. Jean-Edouard Carbonnelle as executive Director and member of the Executive Committee;
- Mr. Vincent Doumier, representative of the shareholder Compagnie du Bois Sauvage, as Director;
- Mr. Gaëtan Hannecart, as well as Mr. Xavier de Walque, and Mr. Baudouin Velge as independent Directors within the meaning of Article 526ter of the Company Code. Mr. Xavier de Walque previously fulfilled his office as Director as representative of the shareholder Dexia.

If appointed[1], their term of office will expire on 29.04.2016.

**Role of the Board of Directors**

The role of the Board of Directors is to:

- Adopt the strategic guidelines for the company, either on its own initiative or as proposed by the Executive Committee;
- Oversee the quality of management and its compliance with the chosen strategy;
- Examine the quality of information given to investors and the public;
- Ensure that all the Directors, who are jointly and severally responsible for the interests of the company and for the development of Cofinimmo, are acting independently;
- Deal with all matters linked to its legal responsibilities (approval of the strategy and budget, adoption of the annual, half-yearly and quarterly accounts, use of the authorised capital, approval of the merger or demerger reports, convening of the Ordinary and Extraordinary General Meetings, organisation of the decision-making bodies and appointment of their members).

**Activity report of the Board of Directors**

Apart from the recurrent subjects dealt with by the Board, it has also taken decisions on various matters, including the following:

- The merger by absorption of 9 companies of the Cofinimmo Group (Administratief en Maritiem Centrum Antwerpen SA – AMCA, Bethanie SA, De Abdij SPRL, Dewa Invest SA, Epris SA, Leopold Basement SA, Paloke SA, Prinsenpark SA, and Residentie de Nootelaer SA);
- The constant monitoring of the finance plan;
- The review of the interest rate hedging strategy;
- The examination and selection of guidelines for Cofinimmo's development, diversification and strategy;
- The proposal to renew the office of 4 non-executive Directors, i.e. Mr. Doumier as representative of the shareholder Compagnie du Bois Sauvage; Mr. Gaëtan Hannecart, as well as Mr. Xavier de Walque, and Mr. Baudouin Velge as Independent Directors within the meaning of Article 526ter of the Company Code;
- The proposal to renew the office of Mr. Jean-Edouard Carbonnelle as Executive Director and Member of the Executive Committee;
- The review of the Risk Management reference framework, the Risk Assessment of the Cofinimmo Group and the various assignments of the Internal Auditor;
- The public placement of 5-year convertible bonds for an amount of €173.3 million;
- Bringing the company's Articles of Association in line with the new Royal Decree of 07.12.2010 on Sicafis, and the Law of 20.12.2010 on exercising certain listed company shareholder rights;
- The proposal to shareholders to opt for a 2011 dividend in shares;
- The approval of Pubstone SA, Silvertone SA and FPR Leuze SA as institutional Sicafis;
- The placement by the subsidiary Cofinimur I of mandatory convertible bonds, convertible, under certain circumstances, into Cofinimmo shares;
- The assessment of its own functioning;
- The analysis and approval of investment projects.

## Audit Committee

The Audit Committee is composed of 3 Directors, 2 of them being independent. These are Messrs. Gilbert van Marcke de Lummen (Chairman), Vincent Doumier and Baudouin Velge. The members of the Executive Committee do not form part of the Audit Committee but the Chief Executive Officer and the Chief Financial Officer attend the meetings. The Chairman of the Board of Directors is not a member of the Audit Committee but is permanently invited to all this Committee's meetings. He nevertheless does not participate in voting. Through their professional experience, the members of the Audit Committee have the necessary competence -both individually and collectively- to guarantee the effective working of the Committee.

Messrs. Gilbert van Marcke de Lummen and Baudouin Velge strictly comply with the independence principles in accordance with Article 526ter of the Company Code. Through their professional experience, they have at their disposal the sufficient aptitudes as regards accounting and auditing matters.

**Role of the Audit Committee**

The role of the Audit Committee consists of the examination of:

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

The current composition of the Audit Committee and the tasks assigned to it fulfil the conditions imposed by the Law of 17.12.2008 concerning the creation of an Audit Committee in listed and finance companies. The Audit Committee's operating rules are detailed in the charter of the Audit Committee, which can be viewed on the website (**www.cofinimmo.com**) on the "Corporate Governance" page.

1 The appointment is subject to the prior approval of the Financial Services and Markets Authority (FSMA).

**Activity report of the Audit Committee**
During the course of 2011, the Audit Committee met on 4 occasions. Apart from the matters that fall within its mission as defined in the Audit Committee Chart and the Law of 17.12.2008, to guarantee the accuracy and truthfulness of the reporting of Cofinimmo's annual and half-yearly accounts, the quality of the internal and external audit and the information provided to the shareholders, the following points have been dealt with:

- The review of the recommendations made by the auditor concerning internal audit procedures;
- The assessment of a Risk Management reference framework and the review of the Cofinimmo Group's Risk Assessment established in 2010;
- The assessment of its own functioning;
- The reports of the Internal Auditor concerning the payment of dividends, the conversion of preference shares, the dematerialisation of securities, the nursing homes segment and the review of the insurances.

During 2011, the statutory auditor and the Internal Auditor addressed the Audit Committee on one occasion, in the absence of the members of the Executive Committee.

## Nomination, Remuneration and Corporate Governance Committee

The Nomination, Remuneration and Corporate Governance Committee is formed by 3 members of the Board of Directors, 2 of them being independent within the meaning of Article 526ter of the Company Code. These are Messrs. Gaëtan Hannecart (Chairman), André Bergen and Xavier de Walque. Subject to the approval of the Financial Services and Markets Authority (FSMA) and the Ordinary Shareholders' Meeting of 27.04.2012, the renewal of term of Mr. Xavier de Walque as independent Director within the meaning of Article 526ter of the Company Code will result in the Nomination, Remuneration and Corporate Governance Committee to be composed exclusively by independent Directors within the meaning of Article 526ter of the Company Code. The members of the Executive Committee are not part of the Nomination, Remuneration and Corporate Governance Committee.

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

- Issuing recommendations for the composition of the Board of Directors and its Committees and for validating the independence of its members;
- Helping to select, evaluate and appoint members of the Board and of the Executive Committee;
- Helping to determine the remuneration of the members of the Board of Director s and of the Executive Committee and applying it;
- Drawing up a remuneration report;
- Analysing and preparing recommendations on all matters connected with Corporate Governance.

The current composition of the Nomination, Remuneration and Corporate Governance Committee and the tasks assigned to it fulfil the conditions imposed by the Law of 06.04.2010, inserting an Article 526quater in the Company Code. The Nomination, Remuneration and Corporate Governance Committee's operating rules can be viewed in its charter on the website (**www.cofinimmo.com**) on the "Corporate Governance" page.

**Activity report of the Nomination, Remuneration and Corporate Governance Committee**
During 2011, the Committee met on 5 occasions. The main matters considered were the following:

- Review of the remuneration policy for the members of the Executive Committee;
- The company's remuneration policy;
- The review of the high potentials and the succession plan;
- determination of the remuneration of the executive Directors so that it remains in line both with market levels and with the responsibilities assumed by them;
- The proposal to request a derogation under Article 520ter of the Company Code;
- Assessment of its own functioning;
- Assessment of the Board of Directors and its Committees
- Drawing up of a remuneration report;
- the monitoring of the action plan following the analysis of the results of the 360° assessment of the Executive Committee;
- The proposal to appoint Mr. Xavier Denis as Executive Director and member of the Executive Committee;
- The proposal to renew the office of 4 non-executive Directors, i.e. Mr. Doumier, as representative of the shareholder Compagnie du Bois Sauvage, Mr. Gaëtan Hannecart, as well as Mr. Xavier de Walque and Mr. Baudouin Velge, as independent Directors within the meaning of Article 526ter of the Company Code;
- The proposal to renew the office of Mr. Jean-Edouard Carbonnelle as executive Director and member of the Executive Committee.

## Executive Committee

The Executive Committee, in accordance with Article 524bis of the Company Code, is composed, apart from its Chairman Serge Fautré (CEO), of 3 executive Directors: Messrs. Jean-Edouard Carbonnelle (CFO) and Xavier Denis (COO), and Mrs. Françoise Roels (Secretary General & Group Counsel). Each Committee member has a specific area of responsibility. The Committee meets every week and is responsible for the operational management of the company.

In accordance with Article 38 of the Law of 20.07.2004 concerning certain forms of collective management of investment portfolios, the members of the Executive Committee are effective leaders within the meaning of this Article and are also responsible for the day-to-day running of the company. The Executive Committee's operating rules are detailed in its charter, which can be viewed on the website (**www.cofinimmo.com**) on the "Corporate Governance" page.

### Role of the Executive Committee

Its role is to:
- Propose the company strategy to the Board of Directors;
- Execute this strategy retained by the Board of Directors, including the decisions to acquire or dispose of buildings or shares of real estate companies;
- Carry out the day-to-day management of the company and report on these matters to the Board of Directors.

**Current composition**

(1) Serge Fautré

Chief Executive Officer

Joined Cofinimmo in March 2002. Before that, he was Finance Director of the Internet Business Unit and Director of the Treasury and Finance Group of Belgacom. Between 1994 and 1999, he was a member of the Executive Committee of the bank JP Morgan Belgium, and from 1992 to 1994 headed the Corporate Finance Department in the Glaverbel Group. Prior to that, he worked at Citibank, first in Brussels and then in London. He began his professional career in New York at J. Henri Schroder Bank and Trust Company. He graduated in Economics (UCL 1982) and holds a Master of Business Administration (Chicago 1983).

(2) Jean-Edouard Carbonnelle

Chief Financial Officer

Joined Cofinimmo in November 1998. Before that, he worked in the Group Société Générale of Belgium, first in this holding company and subsequently as Director and Chief Financial Officer of the Diamant Boart Group (abrasive tools) and Member of the Executive Committee of Sibéka (diamonds) and lastly, briefly, as Investor Relations Manager at Union Minière (non-ferrous metals). He began his professional career in the department of industrial and mining projects at the World Bank. He is a graduate in commercial engineering (Solvay Business School - ULB 1976) and holds a Master of Business Administration (Wharton School 1977).

(3) Xavier Denis

Chief Operating Officer

Joined Cofinimmo in 2002 as Head of Project Development and Area Manager. Before coming to Cofinimmo, he worked in London between 1996 and 2001 at Chapman Taylor and HOK Sport. He has 15 years of experience in technical, financial and commercial management of property portfolios. He is a civil engineer (Catholic University of Louvain 1996) and holds a Master of Business Administration (INSEAD 2002).

(4) Françoise Roels

Secretary General & Group Counsel

Joined Cofinimmo in August 2004. She heads up the legal department and has charge of the Company's General Secretariat. She is the Compliance Officer of Cofinimmo and also responsible for aspects connected with the shareholders and relations with the Belgian financial supervisory authorities. Before coming to Cofinimmo, Françoise Roels worked for the law office Loyens, for Euroclear/JP Morgan and for the Belgacom Group. She had responsibility for tax affairs and Corporate Governance. She is a law graduate (RUG 1984), examinee in philosophy (RUG 1984) and holds a master's diploma in taxation (Ecole Supérieure des Sciences Fiscales 1986).

## Performance evaluation of the Board of Directors and its Committees

Under the direction of its Chairman, the Board of Directors conducts regular evaluations, at least every 2 or 3 years, of its size, composition, performance and that of its Committees as well as its interaction with the Executive Committee.

The 4 objectives of this evaluation are to:

- Appraise the functioning of the Board of Directors or the Committee concerned;
- Ascertain whether important matters are prepared and discussed adequately;
- Evaluate the actual contribution of each Director by his presence at meetings of the Board of Directors and the Committees, and his constructive involvement in the discussions and decision-making; and,
- Ascertain whether the current composition of the Board of Directors or the Committees is appropriate.

The performances of the Board of Directors are assessed by means of a procedure established by the Chairman of the Board, the Secretary General and the Nomination, Remuneration and Corporate Governance Committee. The procedure is launched following a decision by the Board of Directors. The exercise of the assessment takes the form of a written procedure that takes into account the company's strategy, its financial situation and its place in the economic environment. The Nomination, Remuneration and Corporate Governance Committee, in a preparatory session, draws up a questionnaire to which the Directors are required to reply individually. The questionnaire deals with the following subjects: the functioning of the Board of Directors, its culture, its composition, the information given to the Board of Directors, its relationship with the Executive Committee, its relationship with the Committees and with the Chairman of the Board.

The procedure also allows the Directors to raise points for attention not covered by the questionnaire. The replies and comments of the Directors are then examined by the Nomination, Remuneration and Corporate Governance Committee which studies them and makes any necessary recommendations to the Board of Directors.

On each office renewal, the Board proceeds, under the guidance and with the contribution of the Nomination, Remuneration and Corporate Governance Committee, to the assessment of the concerned Director. On this occasion, the Nomination, Remuneration and Corporate Governance Committee reviews the Board members' skills/experience grid and ensures that the Board's composition is always adequate. The Nomination, Remuneration and Corporate Governance Committee then makes its recommendation regarding the office that is about to expire to the Board of Directors who then decides on whether to submit it to shareholders at the General Meeting.

The non-executive Directors carry out a regular evaluation, at least once a year, of their interaction with the Executive Committee. It is put on the agenda of a restricted Board of Directors meeting, in the absence of the members of the Executive Committee, held at least once a year.

## Management

The Executive Committee is assisted by a team of Managers, each of whom reports directly to one of the members of the Executive Committee and assumes the responsibility in a specific managerial domain.

| | Name | Function |
|---|---|---|
| 1 | Sébastien Berden | Head of Health Care Belgium |
| 2 | Benjamin Bostoen | Head of Information Technology & Organisation |
| 3 | Chantal Cabuy | Head of Human Resources & Internal Communication |
| 4 | Ingrid Daerden | Group Treasurer |
| 5 | France Delobbe | Corporate Legal Officer |
| 6 | Andrée Doucet | Corporate Legal Officer |
| 7 | Chloé Dungelhoeff | Corporate Communications Manager (as from October 2011) |
| 8 | Laurence Gacoin | Head of Development |
| 9 | Ellen Grauls | Investor Relations Manager (until July 2011) |
| 10 | Jimmy Gysels | Head of Business Unit |
| 11 | Marc Hellemans | Head of Corporate Finance & International Development |
| 12 | Dirk Huysmans | Head of Offices Belgium |
| 13 | Valérie Kibieta | Investor Relations Manager (as from October 2011) |
| 14 | Pascale Minet | Head of Accounting |
| 15 | Ingrid Schabon | Corporate Communications Manager (until July 2011) |
| 16 | Domien Szekér | Head of Project Management |
| 17 | Jean Van Buggenhout | Head of Quality Management & Internal Audit |
| 18 | Sophie Wattiaux | Corporate Legal Officer |

## Rules and procedures

### Rules concerning conflicts of interest

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

In certain circumstances, the following situations may also give rise to the application of Article 523 of the Company Code and may be considered as potential conflicts of interest:

- Regarding the Directors appointed on a proposal by Bank Degroof, Compagnie du Bois Sauvage and Allianz Belgium: if transactions arise between these respective companies and Cofinimmo for which these companies have an opposing interest to that of Cofinimmo;
- Regarding Mr. Gaëtan Hannecart: if transactions arise between Cofinimmo and the Matexi Group of which Mr. Gaëtan Hannecart is managing Director and for which the Matexi Group would have an opposing interest to that of Cofinimmo.

In view of the absence of any conflict of interest, the Board of Directors did not draw up any report for the year 2011, in application of Articles 523 and 524 of the Company Code.

Article 18 of the Royal Decree of 07.12.2010 states special provisions where one of the persons referred to in this Article (director or shareholder of a subsidiary of the public or institutional Sicafi, etc.) acts as counterparty in an operation with the Sicafi or a company it controls. In accordance with this Article, and in the context of the approval as institutional Sicafi of FPR Leuze SA and Pubstone SA, the following agreements have been notified to the FSMA: (i) as regards the institutional Sicafi Pubstone SA, a contract for the provision of services between Cofinimmo Services SA and Pubstone SA, a shareholders' agreement between InBev Belgium SA, InBev Nederland NV, Pubstone Group SA, Pubstone Holding BV, Pubstone Properties I BV, Pubstone Properties II BV and Cofinimmo SA, and a restructuring agreement between Pubstone SA, Pubstone Group SA, and Pubstone Holding BV, and (ii) as regards the institutional Sicafi FPR Leuze SA, a contract for the provision of services between Cofinimmo Services SA and FPR Leuze SA, a shareholders' agreement between Cofinimmo SA and Cordeel Zetel Temse NV, and a share purchase agreement relating to 50% of the shares of FPR Leuze SA between Cordeel Zetel Temse NV, Willemen General Contractor NV and Cofinimmo SA.

The company has applied Article 18 of the Royal Decree on Sicafis (managing conflicts of interest) under the intercompany loans made by Cofinimmo and Foncière ATLAND to Cofinimur I for the respective amounts of €6,542,550 and €157,450 on 07.12.2011. The loans were made to standard market conditions. This communication is like communication in the sense of Article 18.

These provisions were also applied in the context of a transaction that took place after 31.12.2011 (see page 58).

### Code of Conduct

The company's Code of Conduct explicitly stipulates that the members of the Company Bodies and of the Personnel undertake to refrain from seeking from third parties, and to refuse, any remuneration, in cash or in kind, or any personal advantage offered by reason of their professional association with the company.

### Acquisition & sale of Cofinimmo shares (*insider trading*)

In accordance with the principles and values of the company, Cofinimmo has inserted in its Code of Conduct the rules (*Dealing Code*) to be followed by Directors and designated persons wishing to negotiate financial instruments issued by Cofinimmo and its subsidiaries. In particular, this Dealing Code prohibits them from buying and selling Cofinimmo shares during a period of one month preceding the publication of the periodic results and a period of one day following this publication. With respect to the implementation of the Belgian Corporate Governance Code within Cofinimmo, the rules of the Code of Conduct have been brought into line with the Royal Decree of 05.03.2006 relating to insider trading, the fair presentation of investment recommendations and the indication of conflicts of interest.

### Judicial and arbitration procedures

The Executive Committee of Cofinimmo SA declares that there exists no government intervention, proceeding or arbitration procedure that may have a significant influence, or may have had such an influence in the recent past, on the financial position or profitability of the Sicafi and that, as far as is known, there are no situations or facts that could give rise to such government intervention, proceeding or arbitration procedure.

### Compliance Officer

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

### Research and development

The Cofinimmo Group did not carry out any research and development activity during 2011, except for the construction and large-scale renovation projects which are mentioned in the subchapter "Transactions and performances in 2011".

### Power of representation

The company is validly represented in all acts by 2 Directors. Without prejudice to the acts of disposal concerning a real estate asset for which the company must be represented by 2 Directors acting jointly, as stipulated by Article 9 of the Royal Decree of 07.12.2010 relating to Sicaf immobilières, and Article 17 of the articles of association of the company, the following persons may represent and validly commit the company for all acts and all obligations with regard to all third parties or authorities, public or private, by the joint signature of 2 of them:

- Serge Fautré, managing Director, Chairman of the Executive Committee;
- Jean-Edouard Carbonnelle, executive Director, member of the Executive Committee;
- Xavier Denis, executive Director, member of the Executive Committee;
- Françoise Roels, executive Director, member of the Executive Committee;
- Andrée Doucet, Corporate Legal Officer.

In any act of disposal relating to a property, the company must be represented by 2 directors acting jointly, except in the case of transactions relating to an asset with a value below the threshold fixed for this purpose by the Sicafi legislation, i.e. 1% of the consolidated assets of the company or €2.5 million, whichever is the lower, in which case the company will be validly represented by one director acting alone. Use may be made however of a special delegation of powers in favour of one person: such delegations of powers must occur under the direct ex ante and ex post control of the Board of Directors, provided that the following cumulative conditions are met, i.e.:

- The Board of Directors must exercise effective control over the acts/documents signed by the special authorised representative(s) and must put in place an internal procedure relating to both the content and the frequency of the control;
- The power of attorney may cover only one clearly specified transaction or a group of definitively defined transactions (it is not sufficient for the transaction or group of transactions to be determinable). General power of attorney is not authorised;
- The relevant limits (for example as regards the price) must be indicated in the power of attorney itself and the power of attorney must be subject to a time limit, i.e. to the period of time necessary to complete the operation.

A specific delegation of powers is also organised by the Executive Committee under the notarial act of 25.01.2012, published in the Belgian Official Gazette (Moniteur belge) of 24.02.2012 under number 0044566, for the leases, works, loans, borrowings, credit facilities and collateral, information and communication technologies, human resources, fiscal management, hedging operations, fund transfer operations and insurance operations.

### Cofinimmo's articles of association

Extracts from the Cofinimmo articles of association are published on page 189 of the Annual Financial Report. Their most recent revisions date from the Extraordinary General Shareholders' Meeting of 29.03.2011 and 27.12.2011 and from the Board of Directors' meetings of 02.02.2011, 28.04.2011, 29.04.2011, 24.05.2011, 19.07.2011, 08.11.2011, and 25.01.2012.

## Information required under Article 34 of the Royal Decree of 14.11.2007[1]

### Capital structure[2]

The share capital stands at €872,875,948.39 and is divided into 16,288,462 fully paid-up shares, each of which represents an equal share, of which 15,220,653 ordinary shares without par value, and 1,067,809 preference shares without par value, that is a series of 513,297 preference shares P1 and a series of 554,512 preference shares P2. Each preference share carries a dividend payable by priority over the dividends payable on the ordinary shares. The gross annual amount of the priority dividend is €6.37 per preference share.

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

- During the 10 final calendar days of each civil quarter;
- At any time during a period of one month following the notification of the implementation of the promise of sale referred to below; and,
- In the event of liquidation of the company, during a period starting 15 days after publication of the decision to liquidate and ending on the day before the General Meeting closing the liquidation.

Conversion will be at the rate of one ordinary share for one preference share. Conversion will be considered to take place with effect on the date of sending the application for conversion. The application for conversion must be sent to the company by the holder of preference shares by registered letter, indicating the number of preference shares for which conversion is requested. Before 01.05.2009, the start of the first conversion opportunity, each holder of preference shares received a letter containing information on the procedure to be followed.

The subscription or acquisition of preference shares implies a commitment to sell such shares to a third party designated by the company (call option) dating from the 15th year following their issue, subject to the conditions and in accordance with the procedure defined in Article 8 of the articles of association. Finally, the preference share has priority in the case of liquidation.

On 14.04.2011, the company issued bonds convertible into ordinary shares of the company. The issue relates to 1,486,379 convertible bonds with a nominal value of €116.60, i.e. for a total amount of €173,311,791.40. The convertible bonds allow the holder to receive Cofinimmo ordinary shares at a rate of 1 for 1. The parity of exchange will be adjusted according to the anti-dilution provisions customary for this type of issue. The conversion period is open, at any time, from 08.06.2011 until the first of the following 2 dates: (i) 7 working days before the maturity date, or (ii) if the bonds have been called for redemption prior to the maturity date, 7 working days before the redemption date.

A bondholder may exercise his conversion right relating to a convertible bond by submitting a duly completed notification of conversion together with the convertible bond to convert. The notification form is available from the paying, conversion and domiciliary agent, i.e. BNP Paribas Securities Services. Each bondholder has been informed of the procedure in the operation note issued for this purpose, which can be consulted on the company's internet site under "Investor Relations & Media".

### Capital structure[2]

| Shares | Number | Capital (in €) | % |
|---|---|---|---|
| Ordinary (COFB) | 15,220,653 | 815,653,554.18 | 93.45 |
| Preference (COFP1) | 513,297 | 27,506,869.94 | 3.15 |
| Preference (COFP2) | 554,512 | 29,715,524.27 | 3.40 |
| TOTAL | 16,288,462 | 872,875,948.39 | 100.00 |

1 Relating to the bonds of issuers of financial instruments authorized to trade on a regulated market - also see the Law of 01.04.2007 on public takeover bids. 2 At the closing date of this Annual Financial Report.

### Stock option plan

The members of the Executive Committee and the management benefit from a share option plan as explained on page 80 of the present Report. In the event of a merger, (partial) split-up or division of shares in the company or other similar transactions, the number of outstanding options at the date of this transaction and their respective exercise prices may be adapted in line with the rate of exchange applied to the existing company shares. In that case, the Cofinimmo Board of Directors will determine the precise conditions for this adaptation. In the event of a change in control, the accepted options are deemed to be immediately and fully acquired and become exercisable with immediate effect.

### Authorised capital

The Board of Directors is empowered to increase the share capital in one or more tranches up to a maximum amount of €799,000,000.00 on the dates and according to the procedures to be decided by the Board of Directors, in accordance with Article 603 of the Company Code. This authorisation is granted for a period of 5 years from the publication date 11.04.2011 in the annexes of the Belgian Official Gazette (Moniteur belge) of the minutes of the Extraordinary General Shareholders' Meeting of 29.03.2011. This Meeting expressly authorised the Board of Directors to carry out one or more capital increases in the event of a takeover bid, following receipt by the company of the communication referred to in Article 607 of the Company Code. This authorisation does not restrict the powers of the Board of Directors to undertake operations utilising authorised capital other than those referred to by Article 607 of the Company Code.

So far, the Board of Directors has used this option under the definitive placement of a bond offering dated 28.04.2011 for a maximum capital increase of €79,652,977.11, and in the context of the capital increase by contribution in kind of dividend rights, decided on 24.05.2011, amounting to €17,697,422.45, so the amount by which the Board of Directors can increase the subscribed capital under the authorised capital is €701,649,600.44.

### Decision-making bodies

Directorships may be summarily revoked. In the event that one or more offices become vacant, the remaining Directors on the Board have the right provisionally to arrange for a replacement until the next General Meeting, on which occasion a final election will take place. For the purposes of modifying the articles of association, there are no rules other than those laid down by the Company Code.

### Repurchase of shares

The Board of Directors is specially authorised, for a period of 3 years from the date of publication on 11.04.2011 of the minutes of the Extraordinary General Meeting of 29.03.2011, to acquire, take as security and transfer on behalf of Cofinimmo, own shares of the company without a prior decision by the General Meeting, where this acquisition or this transfer is necessary in order to prevent serious and imminent harm to the company. Furthermore, during a period of 5 years following the holding of the above-mentioned Meeting of 21.01.2011, the Board of Directors may obtain by acquisition, take as security and transfer (even outside the stock exchange) on behalf of Cofinimmo, own shares of the company at a unit price that may not be less than 85% of the closing market price on the day preceding the date of the transaction (acquisition, sale and taking as security) and that may not be more than 115% of the closing market price on the day preceding the date of the transaction (acquisition, taking as security) whereby Cofinimmo may at no time hold more than 20% of the total issued shares. At the date on which this Annual Financial Report was adopted, Cofinimmo SA held 1,094,374 own shares.

### Contractual terms of the members of the Executive Committee

The contractual terms of the Director members of the Executive Committee are described on page 81 of this Annual Financial Report.

### Change of control

The public bonds subscription offer in Belgium of 15.04.2011 contains a change of control clause providing for a 1.25% increase in the annual interest rate on the bonds in the case where a change of control should occur, and a *rating* downgrade (i.e. the attribution to the issuer by a rating agency of a score below the *investment grade*) would be applied during the change of control. This new interest rate will apply with effect from the interest period following the rating downgrade concerned. This change of control clause was ratified by shareholders at the Ordinary General Meeting of 29.04.2011. The financing agreements concluded on 20.10.2011 under the execution of the DBFM contract relating to the Leuze-en-Hainaut prison contain a change of control clause stipulating that a change of control at Cofinimmo level can constitute an event of default which may give rise to the termination of the financing arrangements with payment of compensation. This change of control clause was ratified by the Extraordinary General Meeting of 27.12.2011.

## Remuneration Report drawn up by the Nomination, Remuneration and Corporate Governance Committee

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

### Internal procedures

During 2011, the policy regarding Directors' remuneration was drawn up on the following basis:

**Non-executive Directors**

The principle of continuity with the past has been maintained. The policy adopted by shareholders at the Ordinary General Meeting of 28.04.2006 on the proposal of the Board of Directors and the Nomination, Remuneration and Corporate Governance Committee remains applicable. The Nomination, Remuneration and Corporate Governance Committee regularly carries out a comparison with the remuneration of the non-executive Directors of other listed Belgian companies of similar size in order to ensure that the remuneration is always appropriate and in line with market practice taking into account the company's size, its financial situation and its position within the Belgian economic environment, and the level of responsibility assumed by the Directors.

**Members of the Executive Committee**

The agreements concluded with the Chief Executive Officer, the Chief Financial Officer and the Secretary General in 2007 have been applied. In June 2011, the company concluded an agreement with the new Chief Operating Officer. The remuneration policy is in line with the provisions of the Law of 06.04.2010. Currently, the Board of Directors does not intend to make any major changes to the remuneration policy for the financial years 2012 and 2013.

The remuneration of the members of the Executive Committee is determined by the Board of Directors on the basis of the recommendations of the Nomination, Remuneration and Corporate Governance Committee.

The Nomination, Remuneration and Corporate Governance Committee annually analyses the remuneration policy applicable to the members of the Executive Committee and checks whether a change to it is necessary in order to attract, hold onto and motivate them and that it is reasonable taking into account the size of the company. The overall remuneration level as well as the breakdown of its various components and their terms and conditions are analysed. This analysis is accompanied by a comparison with the remuneration policies applicable to the members of the Executive Committee of other listed and unlisted real estate companies, as well as to other non-property companies of similar size. The experience on this matter of other members of the Board of Directors was also taken into consideration. In 2011, the Nomination, Remuneration and Corporate Governance Committee carried out a detailed comparison concerning the overall level of remuneration. It results from this analysis that the remuneration of the members of the Executive Committee is in line with market practices. The Nomination, Remuneration and Corporate Governance Committee also sees that the target setting procedure determining short-term variable remuneration is in line with the company's risk appetite.

The Nomination, Remuneration and Corporate Governance Committee submits the result of its analysis and any reasoned recommendations to the Board of Directors for it to take a decision.

### Remuneration of the non-executive Directors (in €)

| Name | Attendance at Board Meetings | Attendance at Nomination, Remuneration and Corporate Governance Committee meetings | Attendance at Audit Committee meetings | Total remuneration | Number of shares held on 31.12.2011 |
|---|---|---|---|---|---|
| André Dirckx (Chairman until April 2011) | 4/4 | 2/2 | 2/2 | 33,333 (flat-rate fee) | 0 |
| André Bergen (Chairman and Member of the NRC since May 2011) | 8/9 | 3/3 | -/- | 80,832 (flat-rate fee) | 0 |
| Jean-Edouard Carbonnelle | 9/9 | -/- | 4/4 | -/-[1] | 550 |
| Xavier Denis (Director since July 2011) | 4/4 | -/- | -/- | -/- | 80 |
| Xavier de Walque | 8/9 | 5/5 | -/- | 49,750 | 0 |
| Chevalier Vincent Doumier | 8/9 | -/- | 3/4 | 48,350 | 199 |
| Serge Fautré | 9/9 | -/- | 4/4 | -/-[1] | 0 |
| Jean Franken (Director until June 2011) | 5/5 | -/- | -/- | -/- | 0 |
| Robert Franssen | 7/9 | -/- | -/- | 37,500 | 0 |
| Gaëtan Hannecart | 6/9 | 5/5 | -/- | 51,000 | 0 |
| Françoise Roels | 9/9 | -/- | -/- | -/- | 0 |
| Alain Schockert | 7/9 | -/- | -/- | 37,500 | 0 |
| Gilbert van Marcke de Lummen | 8/9 | -/- | 4/4 | 55,300 | 0 |
| Baudouin Velge | 8/9 | -/- | 4/4 | 49,050 | 0 |

1 Messrs. Serge Fautré and Jean-Edouard Carbonnelle attend the Audit Committee meetings but their participation is not remunerated.

### Remuneration of the Non-Executive Directors

The remuneration of the non-executive Directors is determined by the General Meeting on the proposal of the Board of Directors and according to the recommendation of the Nomination, Remuneration and Corporate Governance Committee. In accordance with the decision of the General Meeting of 28.04.2006, the remuneration for 2011 is:

- Firstly, a basic remuneration of €20,000 for membership of the Board of Directors, €6,250 for membership of a Committee and €12,500 for chairing a Committee;
- And, secondly, Directors' attendance fees of €2,500 per session for participating at the meetings of the Board of Directors, and €700 per session for participating at the meetings of the Committees of the Board;
- The remuneration of the Chairman of the Board is set at €100,000 per year for all his responsibilities, both in the Board of Directors and in the Committees of the Board.

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

### Remuneration of the members of the Executive Committee

The remuneration package of the members of the Executive Committee comprises the following elements: the fixed remuneration, the short-term variable remuneration, the long-term remuneration, the savings and provident scheme and the pension promises.

The **fixed remuneration** of the members of the Executive Committee is determined according to their individual duties and skills. It is allocated independently of any result, and is not indexed.

The **short-term variable remuneration** is intended to remunerate the collective and individual contribution of the members of the Executive Committee. Its amount is determined in function of the effective achievement of financial and quality objectives set and assessed annually by the Board of Directors on the proposal of the Nomination, Remuneration and Corporate Governance Committee. These objectives are set according to criteria, weighted depending upon their importance, approved by the Board of Directors on the proposal of the Nomination, Remuneration and Corporate Governance Committee.

The short-term variable remuneration is in principle ("target") 50% of the fixed annual remuneration, but can be higher without ever exceeding 75%. The variable remuneration is only paid once the budget has been attained up to at least 80%.

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

There are no provisions concerning the recovery right of variable remuneration paid based on inexact financial data other than civil law provisions, being the application of the principle of undue payment.

For the financial year 2011, the performance assessment criteria were:

- The net current result per share (35%);
- The cost/income ratio (10%);
- The office portfolio occupancy rate (10%);
- The *Loan-to-value ratio* (20%);
- The use of diversification, the appropriate use of the opportunities afforded by the new Royal Decree and the human resources management (25%).

The Nomination, Remuneration and Corporate Governance Committee has assessed the achievement of the 2011 objectives of the members of the Executive Committee and has proposed to the Board of Directors a short-term variable remuneration of 67% of the fixed annual remuneration. This proposal has been accepted by the Board of Directors.

For FY 2012, the granting of short-term variable remuneration will depend on the achievement of the main following objectives:

- The net current result per share (30%);
- The cost/income ratio (10%);
- The office portfolio occupancy rate (10%);
- The loan-to-value ratio (15%)
- The continued diversification of the assets, the consolidation of the equity, the refinancing of the debt, the reduction of the office portfolio risk (35%).

There are no plans to spread the variable remuneration over time, as decided by the Board of Directors in December 2011.

Pursuant to Article 14 of the Law of 06.04.2010, the Ordinary General Meeting of 29.04.2011 approved basing the variable remuneration of the executive Directors on predetermined performance criteria, which are objectively measurable over a period of one year, as of the financial year 2011. Since the amount of the variable remuneration ("target") of the Executive Committee members, within the meaning of the Law of 06.04.2010, amounts to precisely 25% of the value of the total remuneration plan, the Board of Directors, on the basis of a recommendation by the Nomination, Remuneration and Corporate Governance Committee, will again submit not spreading the variable remuneration over time to the approval of the General Meeting of 2012.

The **long-term remuneration** is in the form of a stock option plan offered for the first time in 2006, the main objectives being to encourage the maximisation of Cofinimmo's long-term value by linking management's interests to those of the shareholders and to strengthen the long-term outlook. No other stock option plans exist.

Stock options are granted in a discretionary manner to the members of the Executive Committee. No objective is set in this respect. The Board of Directors considers that this remuneration is not to be considered variable remuneration within the meaning of the Law of 06.04.2010. An option's exercise period stands at 10 years as of the date of the offer. On the recommendation of the Nomination, Remuneration and Corporate Governance Committee, the Board of Directors decided in its session of 11.06.2009 to extend the period of exercise of options granted in 2006, 2007 and 2008 by 5 years, in application of the "Loi de Relance Économique" of 27.03.2009.

Stock options can only be exercised after the expiry of the third calendar year following the year in which the stock options are granted. If the options have not been exercised at the end of the period of exercise, they become null and void ipso facto. The vesting is carried out as follows: 1/3 at the end of the first calendar year following the issue, 1/3 at the end of the second calendar year following the issue and 1/3 at the end of the third year following the issue.

In the event of voluntary or involuntary departure (excluding premature termination for serious reasons) of a beneficiary, the stock options accepted and vested can only be exercised during the first exercise window following the date of premature termination of contract. Options which have not been vested are cancelled. In the event of involuntary departure of a beneficiary for serious reasons, the stock options accepted, vested or not, but still not exercised, are cancelled.

These conditions governing acquiring and exercising options in the event of departure, whether voluntary or involuntary, shall apply without prejudice to the powers of the Board of Directors to apply waivers to these provisions in favour of the beneficiary, based on objective and relevant criteria.

The shares which may be acquired in connection with the exercise of the options are listed on Euronext Brussels; they are of the same type and carry the same rights as the Cofinimmo ordinary shares existing at the time of the offering. The shares are registered. The members of the Executive Committee do not benefit from other share-related payments.

A detailed description of the stock options plan can be seen in Appendix 2 of the Executive Committee's charter, which is available at the company's website (**www.cofinimmo.com**) in the "Corporate Governance" section.

Cofinimmo applies the standard IFRS 2 by recognising the fair value of the stock options on the date that they were granted over the period that the rights are vested (i.e. 3 years) according to the progressive acquisition method. The annual charge for the progressive acquisition is entered on the income statement under personnel costs.

The **savings and provident scheme** and the **pension promises** are designed to reduce, to the extent possible, the differential between resources prior to and following retirement. The supplementary pensions are financed exclusively from Cofinimmo contributions. The members of the Executive Committee benefit from a group insurance plan of the defined contribution type with an insurance company. The group insurance provides for (i) payment of a lump sum benefit to the insured person on reaching retirement age, (ii) payment of a lump sum death benefit, in the event that the insured person dies before retirement age, to the beneficiaries of the insured person (plus an additional sum in the case of death due to accident), (iii) payment of invalidity benefit in the case of accident or illness (other than work related), and (iv) exemption from insurance premiums in the case of accident or illness. The group insurance takes the form of a life policy and "temporary death 1 year" cover, recalculated annually and guaranteeing a death benefit equal to, at the choice of the beneficiary, 0 - 0.5 - 1 - 1.8 - 2.7 - 3.6 or 4.5 times the reference remuneration (i.e. the total sum of the fixed remuneration allocated regularly plus an end-of-year bonus). The overall annual budget is firstly assigned to the "Death" constituent and the outstanding amount to the "Retirement" constituent. Liquidation at term may take place, at the discretion of the beneficiary, in the form of a lump sum or annuity. In addition, the members of the Executive Committee have access to an "Individual pension commitment" insurance plan intended exclusively to pay a life insurance benefit or death benefit.

**Other benefits**

The annual costs of medical cover come to €3,237.38 for the CEO and €8,387.38 for the other members of the Executive Committee. Cofinimmo provides them with a company vehicle whose annual cost for the company does not exceed €15,000 (excluding fuel). The company reimburses them for all professional expenses they incur in the context of their function. Members of the Executive Committee also have a PC and a mobile phone at their disposal.

The remuneration allocated in this way to the members of the Executive Committee covers all the benefits received within the Cofinimmo Group.

**Stock options plan**

| Stock options | Exercisable up to (at the latest) | Exercise price | Fair value (on date of issue) |
|---|---|---|---|
| Plan 2006 | 13.06.2021 | €129.27 | €26.92 |
| Plan 2007 | 12.06.2022 | €143.66 | €35.79 |
| Plan 2008 | 12.06.2023 | €122.92 | €52.47 |
| Plan 2009 | 11.06.2019 | €86.06 | €51.62 |
| Plan 2010 | 13.06.2020 | €93.45 | €44.50 |
| Plan 2011 | 13.06.2021 | €97.45 | €45.29 |

## Remuneration of the executive Directors (in €)

| CEO[1] | |
|---|---|
| Fixed remuneration | 347,000 |
| Short-term variable remuneration paid for the financial year | 190,490 |
| TOTAL | 537,490 |
| Long-term remuneration | |
| Stock options issued during the financial year (in number) | 1,250 |
| Savings and provident scheme | 62,000 |
| Pension promises | 42,000 |
| Other benefits[2] | 29,763 |

| Other members of the Executive Committee | |
|---|---|
| Fixed remuneration | 717,500 |
| Short-term variable remuneration paid for the financial year | 390,725 |
| TOTAL | 1,108,225 |
| Long-term remuneration | |
| Stock options issued during the financial year (in number) | 4,800 |
| Savings and provident scheme | 246,707 |
| Pension promises | 90,000 |
| Other benefits[2] | 78,846 |

## Contractual terms of the members of the Executive Committee

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

As regards the contract concluded with Mr. Serge Fautré, Mr. Jean-Edouard Carbonnelle and Mrs. Françoise Roels respectively, this contract may be terminated subject to advance notice of 24 months where the company initiates the termination or advance notice of 3 months in the event that a Director member of the Executive Committee initiates the termination, or else by payment of an equivalent indemnity compensating for the corresponding period of notice calculated on the basis of the emoluments prevailing at the time of termination. In the event that the company is the subject of a takeover and where, within a period of 5 years dating from this takeover, their contract is terminated or the scope of their responsibilities reduced, Cofinimmo will pay to the Director members of the Executive Committee an indemnity equivalent to 36 months' remuneration. Article 9 of the Law of 06.04.2010 indicates that this indemnity should be limited to 12 or, in some cases, 18 months.

However, the Nomination, Remuneration and Corporate Governance Committee notes that these terms were fixed in management agreements signed with the above-mentioned Directors who are members of the Executive Committee in 2007. Shareholders' approval is therefore not required on this point, in accordance with the same Article. The service contract concluded in June 2011 with Mr Xavier Denis is in line with the provisions of the Law of 06.04.2010, since it stipulates that this contract can be terminated subject to advance notice of 12 months where the company initiates the termination or advance notice of 3 months in the event that Mr. Xavier Denis initiates the termination, or else by payment of an equivalent indemnity compensating for the corresponding period of notice calculated on the basis of the emoluments prevailing at the time of termination.

Should the Director members of the Executive Committee be unable to carry out their duties for reasons of incapacity (illness or accident), Cofinimmo will continue to pay them the fixed portion of their emoluments for a period of 2 months dating from the first day of incapacity. Thereafter, they receive an incapacity allowance (paid by an insurance company) equal to 70% of their total remuneration.

| Stock options granted and accepted (in number) | Plan 2011 | Plan 2010 | Plan 2009 | Plan 2008 | Plan 2007 | Plan 2006 |
|---|---|---|---|---|---|---|
| Serge Fautré | 1,250 | 200 | 1,800 | 1,800 | 1,800 | 1,800 |
| Jean-Edouard Carbonnelle | 1,600 | 1,350 | 1,350 | 1,350 | 1,350 | 1,350 |
| Xavier Denis[3] | 370 | -/- | -/- | -/- | -/- | -/- |
| Jean Franken | 1,600 | | | | 1,350 | 1,350 |
| Françoise Roels | 1,600 | 1,350 | 1,000 | 1,000 | 1,000 | 1,000 |

| Stock options exercised (in number) | | | | | | |
|---|---|---|---|---|---|---|
| Serge Fautré | | | | | | |
| Jean-Edouard Carbonnelle | | | | | | |
| Xavier Denis[3] | | -/- | -/- | -/- | -/- | -/- |
| Jean Franken | | | | | | |
| Françoise Roels | | | | | | |

1 With self-employed status, total cost to the company. 2 Medical cover, complementary insurance, invalidity benefit, company vehicle, PC, mobile phone. 3 Member of the Executive Committee since 01/07/2011.

## Other parties involved

### Certification of the accounts

An auditor appointed by the General Meeting of Shareholders must:

- Certify the annual accounts and review the half-yearly accounts, as for any limited liability company;
- This being a Sicafi -a listed mutual fund- prepare special reports at the request of the Financial Services and Markets Authority (FSMA).

The auditor is SC s.f.d. SCRL Deloitte, Company auditors, represented by Mr. Frank Verhaegen, auditor certified by the Financial Services and Markets Authority (FSMA), with registered office at 1831 Diegem, Berkenlaan 8B.

The fixed remuneration of the auditor for reviewing and certifying Cofinimmo's company and consolidated accounts amounted to €111,055 (excluding VAT). Its fees for certifying the company accounts of Cofinimmo's subsidiaries came to €105,724. The fees of the Deloitte Group for its fiscal research and support assignments amounted to €355,000[1] during the financial year and mainly concern verifying the economic and financial data relative to acquisitions within the meaning of Article 133 § 7 of the Company Code. Furthermore, the remuneration of the auditor for certifying the accounts of the French subsidiaries of the Group stands at €72,000.

### Depository bank

Bank Degroof was the depository bank of Cofinimmo until 03.02.2011. The annual remuneration takes the form of a commission calculated as follows: 0.05‰ of the value of the assets, comprising the quarterly valuation of the property assets carried out by the expert (in investment value) plus the carrying value of the other assets, i.e. €11,883. This function is no longer required under Sicafi legislation and has therefore been terminated.

### Real estate expertise

The real estate experts designated by Cofinimmo to certify the overall value of the Cofinimmo property portfolio are the firms DTZ Winssinger & Associates and PricewaterhouseCoopers Entreprise Advisory.

**DTZ Winssinger & Associates** is represented by Messrs. Benoît Forgeur[2] and Fabian Daubechies[2]. DTZ Winssinger & Associates (company number BE 0422 118 165), with registered office at Chaussée de la Hulpe, 166 in 1170 Brussels, was founded on 20.11.1981 for an unspecified term and is subject to Belgian legislation. It is specialised in the valuation of real estate in Belgium and is part of the DTZ Group, subsidiaries of which are property surveyors in France and the Netherlands.

Under the new Royal Decree of 07.12.2010 on Sicafi recommending the rotation of experts so as to ensure the independence of asset valuations, Cofinimmo decided to terminate the agreement concluded with Cushman & Wakefield with effect from 31.12.2010 and to designate, in addition to DTZ Winssinger, PricewaterhouseCoopers for the valuation of its property portfolio. The latter started its task for the results at 31.03.2011 and its appointment was approved by the Financial Services and Markets Authority (FSMA).

**PricewaterhouseCoopers Enterprise Advisory SCRL**, represented by Mrs. Ann Smolders, Partner, and Mr. Jean-Paul Ducarme (consultant), Chairman of the Royal Institute of Chartered Surveyors BeLux (RICS) (business number BE 0415 622 333), with registered office at Woluwedal 18, 1932 Sint-Stevens-Woluwe, was established on 17.12.1975 for an indefinite period and is subject to Belgian law. It is specialised in business consultancy services and in particular provides property valuation services. PricewaterhouseCoopers is a member of the PricewaterhouseCoopers International Limited network. Each firm belonging to this network is an independent and separate legal entity.

In accordance with Article 29 of the Royal Decree of 07.12.2010, the experts carry out a valuation of all the properties in the portfolio of the Sicaf immobilière and its subsidiaries at the end of each financial year. The valuation forms the basis for the carrying value of the property assets in the balance sheet. Furthermore, at the end of each of the first 3 quarters of the year, the experts update the overall valuation made at the end of the previous financial year, by reference to market developments and the nature of the properties concerned. Finally, in accordance with the provisions of Article 31 of the same Royal Decree, any property which is to be acquired or disposed of by the Sicaf immobilière (or a company which it controls) is valued by the experts before the transaction. This transaction must be carried out at the value determined by the experts where the other party is a financial sponsor of the Sicaf immobilière (Cofinimmo does not have such a financial sponsor), the depository bank or any company with which the Sicaf immobilière is linked by participating interests or where any of the abovementioned parties gains any advantage from the transaction.

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

The fair value, within the meaning of the *IAS/IFRS* accounting principles, can be obtained by deducting from the investment value an appropriate portion of the registration duties and/or VAT. Transactions other than sales may lead to the mobilization of the portfolio, or a portion thereof, as shown by the operations carried out by Cofinimmo since it acquired the status of Sicafi.

The experts' valuation depends in particular on the:

- Location;
- Age and type of building;
- State of repair and level of comfort;
- Architectural aspect;
- Gross/net surface areas;
- Number of parking spaces;
- Rental conditions;
- And, for nursing homes/clinics, the ratio rents or operating cash flow before rents.

The remuneration of the real estate experts, calculated quarterly on the basis of a fixed lump sum plus a fixed fee, amounted to €935,488 (excluding VAT) in 2011.

1 Exceeding the threshold referred to in Article 133 § 5 of the Company Code has been the object of a permission of the Audit Committee dated 07.02.2011, in accordance with Article 133 § 6 of the Company Code. 2 In accordance with Article 6 § 2 of the Royal Decree on Sicafi, Messrs. Daubechies and Forgeur wile be replaced by Mr. Carmarans as of 01.01.2012.

# corporate social responsibility

As a major player in the real-estate professions, Cofinimmo intends to behave as a responsible and civil-minded company in relation to its physical environment and the communities within which it operates, striving to go beyond mere minimum or legal obligations.

To achieve this, Cofinimmo abides by its business values of creativity, team spirit and rigour, as well as ethics and transparency.

In a continual improvement perspective, the company's 109 employees undertake day in day out to implement the company's environmental and societal policy: Project Management in terms of the energy quality of new buildings and major renovations and their impact on the surrounding environment; Property Management for the continual improvement of energy and environmental performances of the existing buildings; support teams in terms of consumptions and societal activities starting from the company's headquarters; management in the drawing up and implementation of the short, medium and long-term strategy.

Because improving the living environment of its clients and employees, reducing the ecological footprint and helping communities can only be done through a determined gathering of strengths, skills and ideas, all Cofinimmo's employees undertake to concentrate their efforts in this direction.

The board of directors and the Executive Committee support them in the deployment of realistic and effective projects.

together in sustainability.

## Corporate values

- CREATIVITY
- TEAM SPIRIT
- SELF-DISCIPLINE

## Kernwoorden

- RESPECT
- ETHICS
- TRANSPARANCY

## Cofinimmo's stakeholders

- Shareholders/Investors
- Clients
- Staff
- Communities
- Suppliers
- Financial/real estate partners
- Public authorities

## The Group

- Fair value of the portfolio: **€3,189. 4 million**
- Total rental area of the portfolio: **1,790,071m²**
- International presence: **Belgium, France, the Netherlands**
- Number of clients: **356**
- Number of staff members: **109**
- Number of suppliers: **1,570**

## SCOREBOARD

This table details Cofinimmo's accomplishments in relation to the previous year's objectives and the new objectives for 2012, and beyond.

| Environment | | | | |
|---|---|---|---|---|
| **Assets management** | | | | |
| **Aims** | **Accomplishments** | **Scope** | **Completion date** | **Progress** |
| Achievement of a better energy performance than that required by law for new buildings. See page 92. | No new office construction was executed in 2011. Nevertheless, several major renovation projects have been studied, with the onus on sustainability and energy performance aspects. Delivery of these properties is scheduled for 2013. | Offices<br>Nursing homes | 2013 |  |
| Measurement and improvement of the energy performance of existing offices | The implementation of more stringent energy accounting was studied in 2011. This accounting will be implemented over the course of the first 6 months of 2012.<br><br>The number of energy meters that can be viewed from remote will gradually be increased in order to provide real-time monitoring of consumptions. | Offices | 2015 |  |
| Perfecting of the reporting of energy consumption | A data collection campaign was carried out in order to obtain data on private and lease consumptions. The data gathered represent over 80% of the office portfolio's total energy consumptions. | Offices<br>Nursing homes | 2011 |  |
| Nearly Zero Emission Building | Newly filled Public Authorities buildings must be "nearly zero emission" for 2018. The same obligation will apply to all new buildings after 2020. | General Portfolio | 2018-2020 | |
| Obtaining of the ISO 14001:2004 Environmental Management System certification for the general portfolio of managed offices | The ISO 14001:2004 certification was extended for 2 office buildings including the headquarters.<br><br>Environmental Management of its general internally managed offices portfolio. The certification application dossier will be submitted over the course of the first 6 months of 2012.<br><br>Cofinimmo's project managers apply a check-list setting out the minimum requirements new buildings and/or renovations have to meet. | Offices | 2012 |  |
| BREEAM certification | For major renovation and construction projects, Cofinimmo automatically seeks BREEAM certification. The projects studied in 2011 will be started in 2012 and 2013.<br><br>For existing buildings, Cofinimmo is studying the possibility of obtaining the BREEAM-in-Use certification.<br>At the end of 2010, 4 buildings were certified BREEAM. These are the buildings City Link , Woluwe 58, West-End, Avenue Building - London Tower.<br><br>In 2011, a pre-assessment was conducted for another 4 buildings: Omega Court, Square de Meeus 23, Bourget 42 and 44. These will be certified in early 2012. | Offices | 2012 |  |
| Use of sustainable materials in renovations or new buildings | Since the end of Q3 2011, 100% recycled carpet is laid in all surface renovations except if the new tenant refuses this proposal. | Offices | Ongoing | |

1 Building disposed of in 2011.

## Environment (followed)

### Address of headquarters

| Aims | Accomplishments | Scope | Completion date | Progress |
|---|---|---|---|---|
| Implementation of a less energy-consuming computer hardware infrastructure | Replacement of the IT fleet with a partial cloud computing solutions that consumes less energy and provides increased flexibility and performances for teleworking. The installed power has fallen by 41%. | Headquarters | 2011 | |
| Deployment of a mobility plan | The mobility plan offers alternatives to car use in staff journeys in order to reduce $CO_2$ emissions. | Headquarters | 2012 | |
| Reduction of leasing vehicles' emissions | The continuation of the application of the car policy introduced in 2010 has led to an average 6% reduction of the $CO_2$ emissions (manufacturers' data) of leasing vehicles. | Headquarters | Ongoing | |
| Reduction of electricity consumption | A more precise lighting distribution was executed and presence detectors placed. This investment will provide an estimated 8% reduction in annual electricity consumption. | Headquarters | 2011 | |
| Updating of the company's carbon report | A new carbon footprint will be established to take into account the company's evolution and measure the impact of the actions taken since the last report in 2010. | Headquarters | 2012 | |
| Gradual elimination of personal printers in favour of centralised, higher-performance printers | 60% of personal printers have been eliminated, providing a reduction in energy consumption, a reduction of printing costs, and in the long term, a reduction in printing quantity. A monitoring tool has been implemented to measure printing figures. | Headquarters | 2012 | |

### Sensibilisation of tenants and partners

| Aims | Accomplishments | Scope | Completion date | Progress |
|---|---|---|---|---|
| Inclusion of a specific clause concerning the adoption of sustainable practices by subcontractors in contracts and tender invitations as a selection criterion | Suppliers have been gradually sensibilised on Cofinimmo's sustainable approach.<br><br>In 2012, the update of Cofinimmo's Environmental Policy will be sent to all suppliers. | Offices | 2012 | |
| Integration of "green" and energy practices in new leases, including extensions and renewals, in order to obtain a more formal commitment from the tenant | A 'Green Charter' has been drawn up and is gradually being presented to tenants.<br><br>The aim is for 10% of tenant's to adhere to this charter by 2012. | Offices | 2012 | |
| Creation of a formal user guide including ecological advice for all new tenants | A Building User Guide standard was drawn up in 2011. It includes information on the optimum use of infrastructures and equipment available to occupants. It also includes advice concerning the rational use of energies, water and waste disposal.<br><br>This is distributed to tenants once it has been adapted to each building's specific characteristics. | Offices | 2012 | |

| Environment (followed) | | | | |
|---|---|---|---|---|
| **Sensibilisation of tenants and partners** | | | | |
| **Aims** | **Accomplishments** | **Scope** | **Completion date** | **Progress** |
| Supporting of mobility projects with a positive environmental impact | Increased use of bicycle couriers or couriers using less polluting vehicles.<br><br>In 2011, Cofinimmo took part in the test phase of the shared vehicle project developed by MyMove, a department of the D'Ieteren group, in the Omega Court building. For 4 months, the electric vehicles and bicycles provided were used for 803 hours and 452 hours respectively. This test enabled MyMove to fine-tune its business model, which led to it being extended in a more targeted fashion to several Cofinimmo tenants. | Offices | 2012 | |
| Use of "green" energy | Use of "green" energy for all common areas of the office buildings managed by Cofinimmo.<br><br>A poster campaign sensibilising tenants to use of "green" energy was carried out in the office buildings. Cofinimmo negotiated favourable conditions for its tenants with its green energy supplier. | Offices | 2011 | ● |
| **Communication** | | | | |
| Introduction of Global Reporting Initiative (GRI) reporting | In order to be coherent with the financial report, EPRA best practices are also monitored for the sustainable development part of the report. The best practices were specified by EPRA in 2011 and include a number of performance indicators common to the GRI. | | Ongoing | |

## Human Ressources

| Aims | Accomplishments | Scope | Completion date | Progress |
|---|---|---|---|---|
| Optimisation of recruitment processes and channels | Cofinimmo chooses the channels most appropriate to every type of recruitment and uses their complementarities (consultants, specialist sites, Actiris, company site, temporary, etc.) to the full.<br>It seeks to create a long-term working relationship with its various recruitment partners in order to guarantee that the profiles proposed perfectly match the company's culture and values. | Cofinimmo | Ongoing | |
| Continual strengthening of team spirit | Inter-team projects enable teams to benefit from different talents and skills. Team coaching sessions and social or sports type activities promote teamwork in the company. | Cofinimmo | Ongoing | |
| Extension of reliable, coherent and instructive internal communication. | Several tools are used (Intranet, emails, team meetings, briefing breakfasts, targeted distribution of minutes, etc.) to disseminate as clear, transparent and understandable message as possible.<br>On Connect Us (Intranet), there is a tab dedicated to each department, to each large project. During the course of 2012, the tool will be made even more user-friendly.<br>Special emphasis is given to the proactive nature of communication, while taking into account confidentiality obligations. | Cofinimmo | Ongoing | |
| Continual development of managerial skills | Every year, Managers devote 2 to 3 days, in a residential seminar, to the development of both their managerial and coaching skills.<br>In 2011, they were specifically focused on MBTI and on everything that knowledge of this tool could contribute to the harmonious development of inter-personal relationships and of management styles adapted to different profiles and situations. | Steering Committee & Line Management | Ongoing | |
| Training and sensibilisation of staff in sustainable development | Several people have done training courses related to aspects of sustainable development: energy manager, BREEAM international, Building Energy Performance certifier, etc. | Property Managers, Project Managers, Legal experts | Ongoing | |

## Communities

| Aims | Accomplishments | Scope | Completion date | Progress |
|---|---|---|---|---|
| Deployment of the company strategy in community action matters | "Opération thermos", participation in European Waste Reduction Week, in the Mobility Week, in World Environment Day. | Cofinimmo | 2011 | |
| Cofinimmo's representation in associations dealing with sustainable development issues | Cofinimmo is a member of Business & Society, UPSI, RICS, ULI, EPRA. | Cofinimmo | Ongoing | |
| Aid to communities | Cofinimmo supports the NGO "Close the gap" by donating its old computer equipment to it. The equipment donated, amortised, consists of 36 computers, 106 screens, 9 printers and 20 servers.<br>"Close the gap" aims to reduce the digital divide in developing countries. | Headquarters | N/A | |

1 MBTI : Myers-Briggs Type Indicator.

## ENVIRONMENT

Cofinimmo is aware that the protection and improvement of the environment in the broad sense call for concrete actions. In this field, its role is twofold: that of a socially responsible enterprise and that of the long-term manager of a considerable, diversified property portfolio.

The company has undertaken to develop and manage its portfolio with respect for the environment and natural resources, also seeking for an optimal management of the environmental risks and, indirectly, those incurred by its tenants.

It endeavours to reduce its ecological footprint and has an ongoing concern for sustainable development in all its dimensions. During construction or renovation work, the company examines every possibility to use sustainable materials. Furthermore, during the design and budget process, all those responsible at the various levels (developers, architects, engineers, consultants, etc.) are asked to pay particular attention to this aspect.

### Environmental strategy

Cofinimmo's Green Committee, created in 2010, regularly brings together the company's management and middle-managers. Its objectives are (i) to permanently follow up the latest advances and good practices in environmental matters, (ii) to guarantee the sharing of expertise internally and externally (iii) to propose specific, economically reasonable measures to improve the company's environmental performances, its assets portfolio and, by extension, the spaces occupied by its tenants.

**Throughout 2011, the Green Committee has dealt with the following matters:**

- Improvement of the knowledge of the real-estate portfolio in terms of energy consumptions; not only in the spaces managed by Cofinimmo, but also in private spaces, in the sectors in which Cofinimmo is active. Indeed, better measurement of consumptions means better identification of potential energy saving sources and a better subsequent evaluation of the impact of the measures implemented.
- Adherence to legal obligations relating to buildings' energy performances, including the obtaining of energy performance certificates for residential and office buildings in the context of a sale or lease.
- The obtaining of the *BREEAM* certificate for major building renovation projects.
- Obtaining of the BREEAM-in-Use certificate for existing buildings by prioritising buildings currently up for sale or lease.
- The renewal of the ISO 14001:2004 certification of 2 buildings and the project and its extension to all offices buildings for the Property and Project Management activities.
- The drafting of a Green Charter setting out the mutual commitments of the tenant and the lessor regarding the adoption of environmentally friendly behaviours tending towards a rational use of natural resources in the occupancy and management of the buildings.
- The improvement of communication on sustainable development in accordance with the best practices drawn up by the EPRA.

## Assets management

### Systematic environmental risk management

**Initial inventory of assets / Quality of the soil, of the sub-soil and of ground water**

Before potentially acquiring any property, Cofinimmo carefully examines any non-conforming aspects and environmental risks. Their management is planned once the buildings are incorporated into the portfolio. Furthermore, it complies with the various obligations relating to the ground certificate introduced at regional and national levels. In order to forestall any pollution risks, where these may exist, Cofinimmo conducts a survey to ascertain the quality of the soil, the subsoil and groundwater, especially for properties in which activities involving risk are or have been taking place (fuel oil tanks, printing works, transformers, etc.).

Where pollution is proven to exist, Cofinimmo takes all possible steps to define its scope in order to eliminate it. In addition, the company periodically checks the conformity of any of its installations which potentially represent a risk to the ground (leak tightness tests, retention basins, etc.).

**Environmental and urban permits**

Cofinimmo has environmental permits, issued by the authorities, to operate the registered installations it manages in its buildings. These are systematically updated in the event of changes in the law or in the technical installations.

Moreover, for each building, it disposes of urban permits certifying the conformity of the construction or renovation works with the applicable legal provisions. Where the responsibility for obtaining urban and/or environmental permits lies with the tenants, Cofinimmo makes every effort to encourage them to apply for the permits in good time.

**Technical audit/Tenant safety**

The technical installations (boilers, air conditioning, transformers, lifts, etc.) and safety equipment (hydrants, extinguishers, fi re alarm systems, etc.) in each building managed by Cofinimmo are periodically checked by approved independent professional bodies (if required). In the case of buildings for which the tenant is responsible for technical and property related matters, Cofinimmo endeavours to advise on the organisation of this verification and checks its standard and outcome.

**Refrigerant fluids (CFCs)**

Cofinimmo conducts an active policy to replace air conditioning units using CFCs which destroy the ozone layer of the Earth's atmosphere. Based on a precise inventory per type of used refrigerant fluid, the replacement of the air conditioning units will be continued in 2012 in order to reach the objective fixed by the European Commission consisting of withdrawing the fluorinated and organic gases so as to reduce the greenhouse effect between now and 2015.

The company also ensures that its air conditioning installations are properly maintained.

**Asbestos**

All asbestos applications which present a risk to humans have been removed from the buildings. Residual and non-significant applications are the subject of a management plan that is reviewed yearly by accredited experts.

In the event that any new evaluation concludes that the risk has become significant (material decomposing, assessment of dangerousness of its application, etc.), the application in question is obviously removed in accordance with the regulations in force. Moreover, when planning maintenance or refurbishment works, Cofinimmo makes use of these opportunities to remove any non-significant residues in advance. In 2011, 46 buildings were monitored. For one of them, an intervention has been scheduled in the short term. Following these works, the number of buildings containing asbestos continues to fall. The survey to identify the presence of asbestos and related risks is also conducted for each new investment.

### Investment, renovation and redevelopment programs

Cofinimmo has developed a rational renovation policy for its existing buildings with a view to bringing about a significant reduction in their energy consumption and their $CO_2$ emissions. Special attention is given to potential energy savings in buildings' air-conditioning (heating, cooling and ventilation) and lighting and in their insulation (facades, roofs and basements).

For both its development projects and its redevelopment projects, the company scrupulously respects the Belgian and European environmental requirements, seeking to surpass them. In particular, it anticipates draft laws and also integrates the market and economic trends in its investment programme.

**Comparison between the maximum energy performance (E) imposed by Law on the submission of the construction/ renovation permit and that of the main projects carried out or in preparation**

| Projects carried out recently | Calculated E | Authorised maximum E[1] |
|---|---|---|
| **Offices** | | |
| Avenue Building | 75 | 100 |
| City Link | 74 and 76 | 100 |
| London Tower (offices part) | 74 | 100 |
| Noordkustlaan 16 A-B-C (West-End) | 69 | 100 |
| **Service flats** | | |
| Weverbos | 57 to 67[2] | |

| Projects in progress or future | Target E | Authorised maximum E[1] |
|---|---|---|
| **Offices** | | |
| Science 15-17 | 45 | 90 |
| Tervuren 270-272 | 90 | Not applicable[3] |
| **Residential** | | |
| Livingstone 1 | 60 | 90 |
| **Public-Private Partnership** | | |
| Police Station (Termonde) | 12 | 100 |

In 2011, the renovation project on the Science 15-17 building won the first prize in the "Exemplary Building" competition organised by the Institut Bruxellois de la Gestion de l'Environnement (*IBGE*). The project includes, among other things, an exhaustive degree of insulation and the use of groundbreaking energy techniques such as geothermics, classing it as a "passive" building in accordance with the IBGE's criteria.

1 According to the European Directive 2002/91/CE, transposed in the 3 Regions. 2 Depending on their location in the building. 3 This renovation is not considered as major renovation subject to the European Directive 2002/91/CE. Nevertheless, Cofinimmo ensures an important effort to optimise the energy performance of the building.

### Conversion opportunities

The company also seizes conversion opportunities if they offer potential for enhancing the value of the property. These conversions allow not only optimisation of their use, and therefore their environmental integration, but also the incorporation of sustainable, ecological systems into them. Moreover, through these conversions, Cofinimmo is able to best meet the demographic demands prevailing in the market, as well as desire from the public authorities to have more mixed neighbourhoods.

Several projects to convert offices into residential or into mixed office, residential, retail, were studied in 2011:

- Livingstone 1 and 2: This office building will be converted into a mixed residential, retail and office building.
- Science 15-17: This office building will be converted into a mixed residential, retail and office building.
- Woluwe 34: This building will be converted to residential apartments.

### Energy performance (E) requirements of the buildings

| Maximum E-level | Brussels-Capital Region | Flemish Region | Walloon Region |
|---|---|---|---|
| Offices | E 75 | E 70 | E 80 |
| Nursing homes | Not applicable | Not applicable | Not applicable |
| Service flats | E70 | E70[1] | E80 |

### Buildings' energy performance regulation (E)

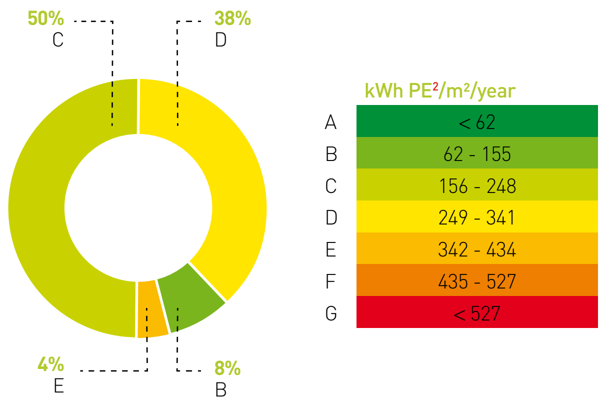
In the context of both **new constructions** and **major renovation projects**, Cofinimmo must comply with the legal requirements relating to the energy performance of buildings.

For all Cofinimmo's development projects carried out, supervised or started since the entry into force of the legislation, these requirements are respected or surpassed so as to anticipate the future trend in this field. Where the projects are carried out under the responsibility of a promoter or the tenant, Cofinimmo provides advice and raises awareness.

As regards the healthcare sector in which Cofinimmo is very active, only the **service flats** are subject to the *E-level* requirement, i.e. that applicable for residential property (see previous page).

### Results of the energy performance certificates of Cofinimmo's offices situated in the Brussels Capital Region

(in %)




### Comparison between the maximum energy performance (E) required by law for the building/renovation permit and those of the largest projects executed or in progress

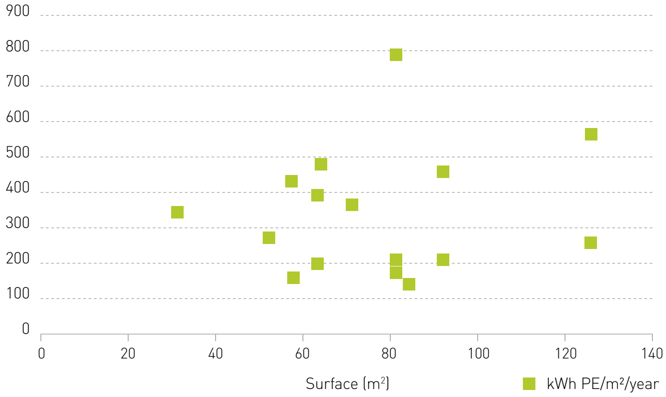
For **existing office buildings**, in accordance with the European EPB Directive transposed to national and regional legislation, Cofinimmo has had approved companies draw up Building Energy Performance certificates, which set out the energy and $CO_2$ emissions coefficients for each building. These certificates are drawn up as buildings are sold or leased.

24 office buildings located in the Brussels Capital Region, i.e. a surface area of +/- 80,000 $m^2$, received a certificate in 2011, whose results are distributed as depicted in the graph on the left.

96% of the certified buildings have an energy performance above the current average for buildings in Brussels, which lies midway between D and E (source: IBGE).

1 E70 since 01.01.2012; E60 from 01.01.2014. 2 PE = Primary Energy.

**Results of the energy performance certificates of Pubstone's apartments (above the pubs) located in the Flemish Region** (in kWh PE/m²/year)




18 certificates were drawn up in 2011 for the apartments owned by Pubstone in the Flanders Region. These apartments are located above cafés. The results are distributed as depicted on the graph to the left.

### Reduction of $CO_2$ emissions: roofs and green energies

**"Green" roofs**

Several buildings in the portfolio are equipped with a roof of vegetation (in whole or in part).

**"Green" energy**

Cofinimmo has had thermal or photovoltaic solar panels installed on some of its buildings' roofs, allowing the radiation from the sun to be recovered and converted into energy which can be used for the production of domestic hot water (thermal solar panels) or electricity (photovoltaic solar panels).

To recap, Cofinimmo already opted for "green" energy at the end of 2007 for all the common elements of buildings managed by the company. Its use allows a saving of some 13,300 tonnes of $CO_2$/year, which is the equivalent of the production of 7 average wind turbines.

### Environmental certification

For Cofinimmo, obtaining an environmental certificate pursues a 2-fold objective: on the one hand, to improve the commercial competitiveness of its buildings and on the other hand, to introduce processes for the ongoing improvement of the environmental performances of the portfolio.

**BREEAM**[1]

In order to have its efforts recognised, Cofinimmo has continued its BREEAM In-Use certification policy, prioritising buildings currently up for sale or lease. 4 buildings are currently being certified and have passed the pre-assessment stage already. These are the buildings Bourget 42 and 44, Square de Meeus 23 and Omega Court. In total, 7 buildings will be certified, i.e. 82,462 m² of offices.

BREEAM In-Use is a sub-programme of BREEAM which certifies the process of cost reduction and improvement of the environmental performance of existing buildings.

The fields analysed are very extensive, covering: energy, water, materials, transport, waste, pollution, health and welfare, management, land and ecology. Following the certification process, a rating is given to the building and its property management (Acceptable, Pass, Good, Very Good, Excellent and Outstanding).

Without any major modification to the building, the BREEAM In-Use certification is valid for 3 years.

### BREEAM In-Use certification results

| Building | Asset | Building Management |
|---|---|---|
| Certification 2012 | | |
| Bourget 42 | Good | Good |
| Bourget 44 | Good | Good |
| Square de Meeus 23 | Good | Good |
| Cockx 8-10 (Omega Court) | Good | Good |
| Certification 2010 | | |
| Avenue Building/London Tower | Good | Good |
| Noordkustlaan 16 A-B-C (West-End) | Pass | Good |
| Woluwe 58 | Pass | Good |

1 BREEAM (which stands for 'BRE Environmental Assessment Method', developed by the BRE, the British Building Research Establishment) is the reference standard in terms of sustainable development, i.e. economy in the use of natural resources (**www.breeam.org**).

### ISO 14001:2004

In 2011, the Environmental Management System (EMS) of 2 buildings of the office portfolio (Souverain 36 and Woluwe 58) was approved again following standard ISO 14001:2004, the original approval's 3-year period of validity having expired. The certification has been translated into environmental targets, which are attainable and measurable by means of specific performance indicators. In 2011, Cofinimmo worked on the certification of the EMS of its entire internally managed office portfolio. The certification application will be deposited in the first 6 months of 2012.

## Headquarters' management

### Management of the IT fleet

On the periodic replacement of its IT fleet, Cofinimmo donated its amortised infrastructure to the "Close the Gap" association. The association aims to reduce the digital divide that exists between industrialised countries and developing countries. "Close the Gap", whose motto is "reduce, re-use, recycle", undertakes to re-use the equipment donated in order to provide communities with access to quality computer resources. The association will give the IT fleet a second life and will not send obsolete equipment to developing countries, making sure that it is properly recycled.

In parallel to this project, Cofinimmo has renewed its IT fleet, opting for a partial cloud computing solution. Cloud computing is less energy-consuming and provides greater flexibility and higher performances at telework level. The installed power has fallen by 41%.

### Mobility within the company

In 2011, Cofinimmo's new Car Policy started to bear fruit. The average $CO_2$ emissions (manufacturer data $gCO_2$/km) of vehicles under leasing contract fell by 6%.

The calculation of Cofinimmo's carbon balance had showed in 2010 that employee journeys to and from work at Cofinimmo headquarters represented 67% of the total carbon balance.

1 ISO 14001:2004 specifies the requirements of an environmental management system enabling an organism to develop and implement a policy and objectives that take into account legal requirements and other obligations to which the organism has subscribed.

**Waste management**
Cofinimmo encourages its staff to carry out selective sorting by making separate containers available and proposing appropriate waste collection solutions. These measures allow the optimum cardboard-paper/other waste ratio, which is established at 75/25%[1], to be approached. At present, this ratio stands at 63%/37% within Cofinimmo.

For the second year running, Cofinimmo took part in the European Week for Waste Reduction, supported by the LIFE+ programme of the European Commission. The aim of this Week was to promote and label sustainable actions for the reduction and prevention of waste throughout Europe.

**Paper management: technology and recycling**
Cofinimmo attaches particular importance to optimum management and archiving of its various working documents.

For this purpose, an electronic document management software program, designed to digitise, organise and index the various information and documents within the organisation, was introduced as early as 2004 with a view to bringing about a substantial reduction in their 'paper' volume. To date, the program database contains 91,671 documents, that is to say 852,997 pages.

In addition to its impact on paper consumption, the adoption of this working method should also increase the efficiency of the working processes.

In 2005, Cofinimmo launched an awareness campaign among its shareholders and investors, proposing to them digital solutions for the transmission of official documents, such as the documentation for the General Meetings and the Annual and Half-Yearly Financial Reports. So far, this campaign has allowed reductions of 50% and 70% respectively in the number of print-outs. Furthermore, in 2010, Cofinimmo restructured its internet site (**www.cofinimmo.com**) offering easier access to the information by giving prominence to the actions in terms of corporate governance and corporate social responsibility.

**Raising the awareness of tenants and partners**
Aware that a truly green portfolio cannot exist without the active participation of all users, Cofinimmo intends to exceed its own environmental responsibility by actively raising the awareness of its tenants, operators and partners to encourage them to also adopt the responsible ecological practices it puts into practice, in order in this way to promote overall taking into account of the ecological aspect.

The number of Annual Financial Reports printed has been reduced by 74% since 2005

1 Source: Brussels Institute for Environmental Management.

**Tenants**
Cofinimmo plays the role of true environmental adviser in relation to its many clients. For many years, it has been informing its tenants of its decisions with a favourable environmental impact for the communal areas it was managing. The company also launched awareness campaigns to encourage them to extend this ecological modus operandi to their private areas.

This refers in particular to proactive advice which is easily put into practice on the reduction of their water and energy consumption, the sorting and reduction of waste, optimization of lighting and air quality, cleaning, the use of ecological materials and products, minimisation of transport, acoustic management, etc.

In 2011, Cofinimmo continued to install semi-buried containers. These have been placed to collect the waste of 47 buildings, this representing a total of 110 containers. These large-capacity containers enable reductions in the frequency of waste collection and therefore the transport needed for the handling of the waste and consequently the $CO_2$ emitted.

Promotion of good practices amongst the tenants with regard to:
- Water consumption;
- Energy consumption;
- Lighting;
- Waste recycling;
- Cleaning;
- Air quality;
- Mobility;
- Acoustics;
- Ecological materials and products.

Any potential tenant is also made aware of the ecological actions implemented by Cofinimmo.
In the same context, in 2011, Cofinimmo began to propose to its office tenants to sign a *Green Charter*[1], stipulating the latter's commitment to employing good environmental practices on a daily basis. The aim is to eventually propose the Green Charter to all office tenants.

Furthermore, in the marketing documentation for its properties, the company provides with the greatest transparency all the information relating to the property proposed. It also integrates into it details of available access to transport. For the new constructions, the energy levels (E) are announced; the same applies for the buildings with environmental certification.

**Subcontractors**
Cofinimmo invites any partner involved in the development of its portfolio (promoters, architects, engineers, consultants, etc.) to pay particular attention to improving the environmental aspect from the design stage of the project. It expects its subcontractors to adopt responsible, sustainable practices and to use environmentally-compatible materials. This constitutes an attention criterion during tendering procedures.

Furthermore, during its construction or renovation projects, it encourages all parties involved to participate in a programme for the recovery and recycling of materials removed during the works. Cofinimmo has signed a framework agreement with its carpet suppliers regarding the laying of carpets made of 100% recycled materials for its office refurbishing projects.

1 The goal is to set up cooperation mechanisms that enable the daily use of good environmental practices.

**HUMAN RESOURCES**

**Cofinimmo, in a middle-term vision, is concerned with the development and well-being of its staff. At every moment of their professional evolution, the company is attentive that every employee benefits from a technical knowledge update as well as opportunities for personal development. On a longer term, conscious of her responsibility, the company is devoted to insure a management at retirement that is challenging yet free of future worries. The company has been rewarded for it this year with the Pension Ambassador Award.**

**Moreover, Cofinimmo focuses on promoting diversity and equal opportunities among its staff. The staff members are invited to get involved on a societal and environmental level both individually and with solidarity.**

In 2011, Cofinimmo was granted the Pension Ambassador Award

**Staff level**

At 31.12.2011, Cofinimmo was employing 109 staff members (average age 38 years), of whom 55% are university graduates and 24% have a qualification at post-graduate level. About 54% of the staff are working on client and portfolio management, with the remaining personnel employed in support activities.

The staff total breaks down into 65% female and 35% male employees. In 2011, 8 staff members were taken on with just 7 departures. Absenteeism, as in previous years, is low, at just 2% of the total number of days worked.

**Diversity**

In 2010, Cofinimmo was one of the 4 first companies to receive the "Diversity Label" granted by the Brussels Capital Region. The company has been consolidating its approach in this direction ever since.

Cofinimmo perpetrated this objective in 2011 through an agreement on a "Consolidation Plan", based on the "Anti-Discrimination Order" adopted on 04.09.2008 and the Brussels Capital Government Decree of 07.05.2009. These 2 texts provide Brussels firms with a framework enabling them to put their commitment to diversity into practice, both by adopting a "Consolidation Plan" and by applying for a "Diversity Label".

Cofinimmo's plan was adopted on 23.02.2010. It commits the company to reinforcing its initiatives in this respect, which is expressed at various levels:

- That of recruitment, by strengthening the interactions with young people in particular (2 young employees in 2011 and 4 first job employees during the past 12 months);
- That of human resources management, by offering coaching and training in stress management (generative individual coachings and team coachings);
- That of the external positioning of the company, by continuing actions on networking and testimonies on the issue of diversity.

## Remuneration

The remuneration packages offered by Cofinimmo are determined by reference to market remuneration for similar posts and the salary is based on identical criteria for each employee, while taking into account an objective job classification. It includes a retirement benefit plan, a profit-sharing scheme and, since 2009, a non-recurrent bonus linked to the results of the company.
The profit-sharing scheme amounted to €408,475 in 2011. The members of the Group's Executive Committee and management benefit from a stock option plan designed to cement company loyalty by allying their interests with the results of the Group. In 2011, a total of 8,035 stock options were granted, representing a fair value of €363,900 (see Note 46 on page 174).

## Nurturing talent

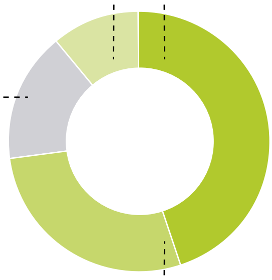
In 2011, a period of confirmed economic and financial uncertainty, Cofinimmo continued its efforts to nurture talent, aware, more than ever, that its human capital constitutes a major strength which is likely to differentiate it from other firms in the same sector. Having obtained the "*Investor in People*" label, Cofinimmo has, for 5 years, been underlining the essential deployment of knowledge.
The HR department, in cooperation with the line managers and staff, draws up a personal development plan covering languages, information and communication technologies, technical subjects and soft skills (communication, speaking in public, conflict management, etc.).

Special attention is devoted to the manager coaching aspect, with managers receiving training in this field each year. In 2011, they have been familiarised more specifically with the MBTI tool. The skills they acquire enable them to meet the needs and expectations of their fellow staff members.

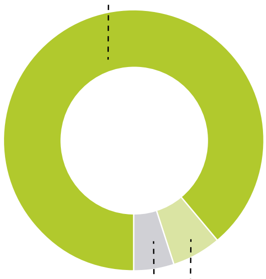
In tandem with the more traditional training courses, the company offers its staff the opportunity to pursue longer-term training at post-graduate level, both in Belgium and, more exceptionally, abroad.

Over 75% of the staff attended one or more training courses in 2011, representing a total of 2,500 hours and a budget equivalent to nearly 1.8% of the gross salary bill, distributed equitably among all the staff (men/women, younger/older employees, ...). Of a total of 357 days of training followed by the staff, 56 focused on the various themes of corporate responsibility, diversity management, environment, energy performance of buildings and sustainable development.

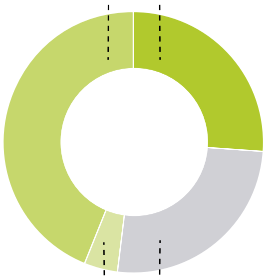
**Staff members by age group** (in %)




**Nationalities of staff** (in %)




**Seniority** (in %)




**Well-being and Satisfaction**

Always concerned with knowing and improving the satisfaction level of its employees and the need to make them aware of their responsibilities, in 2011, Cofinimmo took part in the survey "Accountability Barometer" taken in collaboration with Master Key.

The goal was to make line management aware of their responsibilities. The obtained results were of an excellent level, every time superior to the average of the participating private companies. Particularly high scores were obtained with regard to acquired skills, confidence in the company and the feeling of belonging, as well as solidarity between staff members.

- People benefiting from flexi-time (part-time): **22%**

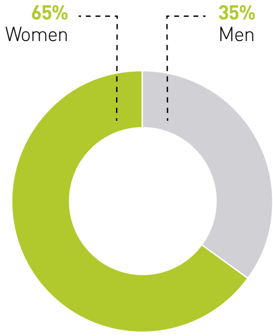
  Alternative contracts (temporary): **3%**

  % having followed training: **>80%**

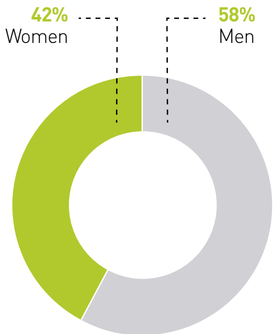
  Participation in satisfaction survey: **90%**

  Annual performance assessment: **100%**

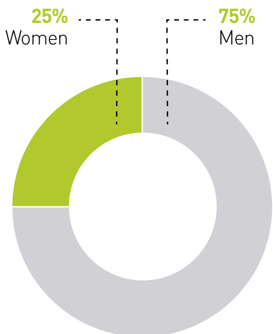
**Men/Women (entire staff)** (in %)




**Men/Women (Management)** (in %)




**Men/Women (Executive Committee)** (in %)




## Performance assessment

Wishing to meet its staff's expectations, Cofinimmo asks its managers to hold (at least) 2 formal assessment interviews per year.

The annual interview, taking place at year-end, reviews (after the self-assessment of the staff member) various generic and specific skills and the level of adhesion to the company values. It is also at this time that the manager, in agreement with the staff member, determines the objectives for the coming year and the means to achieve them (training, equipment, support, coaching, ...). These objectives are in line with the corporate objectives set by the Board of Directors.

## Internal communication by management

Regularly and openly, the management undertakes proactive, dynamic communication with all its teams. In this it presents:

- The Group strategy and its reorientations and the chain reaction which the strategic choices have at the level of the individual objectives;
- The annual and half-yearly results, as well as the forecasts for the coming years;
- The significant acquisitions and sales.

To achieve this, although it gives preference to dialogue and meetings, it also takes advantage of tools such as the intranet or internal television circuit. Each team or each business sector can post documents on the intranet, allowing everyone to have at their disposal, in real time, all the information essential to understanding the company and its activities. Cofinimmo in this way encourages the sharing of information between its various entities.
This interdepartmental interactivity reflects its desire to cultivate a true team spirit, one of its 3 corporate values.

## KEY PERFORMANCE INDICATORS
## Data compliant with the EPRA reference documents[1]

### Scope

The data is calculated on the basis of information in the possession of Cofinimmo as owner and manager of its real-estate fleet and that obtained from the buildings' occupants.

They concern **the offices portfolio only**, i.e. approximately 850,000m² over a total of 1,800,000m². These environmental indicators are exclusively managed by occupants in the other segments (nursing homes/clinics, pubs).

Nevertheless, in these other segments, on the execution of new constructions or major renovation works on existing buildings, Cofinimmo proposes sustainable construction alternatives that are less energy-consuming to the future occupants.

### Total consumption of electrical energy (MWh/year)

**Based on the GRI EN4 indicator:**

Total electricity consumed coming from indirect renewable and non-renewable sources ("indirect" means that the electricity is produced off site and is purchased from an electricity supplier).

| According to occupancy | 2011 | 2010 |
|---|---|---|
| **Cover** (no. of buildings) | **78/95** | 87/95 |
| **Consumption** (in MWh/year) | | |
| Multi-tenant leases | **33,017** | 35,260 |
| *Private elements* | **13,152** | 14,042 |
| *Common elements* | **19,865** | 21,218 |
| Single-tenant leases | **47,104** | 59,936 |
| Headquarters | **334** | 350 |
| TOTAL CONSUMPTION | **80,455** | 95,547 |
| **Like-for-like** | | |
| **Cover** (no. of buildings) | **76/95** | |
| **Consumption** (in MWh/year) | **63,152** | 64,411 |
| **2010-2011 variation** (in %) | **-2%** | |

**Notes:**
- The values indicated for single-tenant buildings represent the building's total consumption without distinguishing the private and common elements.
- The values indicated for the private elements of multi-tenant-lease buildings are partial: in 2010, 75% of the buildings' surface areas and in 2011, 76%.
- The values indicated for the common elements of multi-tenant buildings are partial: in 2010, 96% of the buildings' surface areas and in 2011, 90%.
- Cofinimmo has no influence on the private consumption of the buildings' tenants. It can only act on the common technical equipment's consumption of multi-tenants buildings whose Property Management is taken care of by Cofinimmo Services.
- See Note 1 page 102.

| Depending on the building's age / Like-for-like | | 2011 | 2010 |
|---|---|---|---|
| **Cover** (no. of buildings) | | **76/95** | |
| **Consumption** (in MWh/year) | | | |
| 0-5 years | 18/76 buildings | **9,157** | 10,090 |
| 6-10 years | 16/76 buildings | **20,827** | 26,140 |
| 11-15 years | 22/76 buildings | **17,569** | 14,918 |
| >15 years | 20/76 buildings | **15,599** | 13,262 |
| TOTAL CONSUMPTION | | **63,152** | 64,411 |
| **2010-2011 variation** (in %) | | **-2%** | |

**See Note 1, page 102.**

### Total energy consumption from district heating or cooling systems (KWh/year)

This indicator is not applicable, as Cofinimmo's office buildings are not supplied by such systems.

### Total consumption of energy from fuels (MWh/year)

**Based on the GRI EN3 indicator:**

Total energy consumed coming from fuels (gas, fuel oil, biogas, etc.).

| According to occupancy | 2011 | 2010 |
|---|---|---|
| **Cover** (no. of buildings) | **81/95** | 77/95 |
| **Consumption** (in MWh/year) | | |
| Multi-tenant leases | **27,587** | 38,273 |
| Single-tenant leases | **27,271** | 34,496 |
| Headquarters | **378** | 515 |
| TOTAL CONSUMPTION | **55,235** | 73,284 |
| **Like-for-like** | | |
| **Cover** (no. of buildings) | **74/95** | |
| **Consumption** (in MWh/year) | **50,498** | 69,886 |
| **2010-2011 variation** (in %) | **-27.7%** | |

**Notes:**
- The fuel values used represent heating gas for 100%.
- The indicated values represent the total consumption of the building, without distinction of private and common areas.
- Cofinimmo has no influence on the private consumption of the buildings' tenants. It can only act on the common technical equipment's consumption of multi-tenants buildings whose Property Management is taken care of by Cofinimmo Services.
- See Note 1, page 102.

| Depending on the building's age / Like-for-like | | 2011 | 2010 |
|---|---|---|---|
| **Cover** (no. of buildings) | | **74/95** | |
| **Consumption** (in MWh/year) | | | |
| 0-5 years | 15/74 buildings | **8,616** | 10,434 |
| 6-10 years | 15/74 buildings | **10,812** | 16,631 |
| 11-15 years | 25/74 buildings | **15,200** | 19,457 |
| >15 years | 19/74 buildings | **15,870** | 23,464 |
| TOTAL CONSOMMATION | | **50,498** | 69,886 |
| **2010-2011 variation** (in %) | | **-27.7%** | |

**See Note 1, page 102.**

At like-for-like portfolio, there is a fall in the gross gas consumption of 27.7%.

In order to assess the harshness of the climate, the standardised consumptions are normally compared on the basis of degree-days (DD). The colder it is the higher the number of degree-days. The average number of Degree Days for a place (established over the last 30 years) is called "Normal Degree-Days".

$$\text{Standardised consumption} = \frac{\text{Consumption observed} \times \text{Normal DD of the place}}{\text{DD of the place of the observation period}}$$

DD 15/15 at Uccle for 2010 are 2,309°.
DD 15/15 at Uccle for 2011 are 1,509°.
Normal DD 15/15 are 2,087.6°.

The standardised consumption (Like-for-like) of 2010 becomes: 63,185 MWh. The standardised consumption (Like-for-like) for 2011 becomes: 69,860 MWh, i.e. an increase of 11%.

1 In accordance with the "EPRA Best Practices Recommendations on Sustainability" (**www.epra. com**). The EPRA performance indicators partly include some of the indicators recommended by the GRI (Global Reporting Initiative).

### Relative energy consumption (KWh/$m^2$/year)

Based on the GRI CRE1 indicator:

Ratio between the total energies consumed, all sources together, i.e. electric, fuel, district heating and cooling, divided by unit of surface area.

The total numerator of the energies consumed corresponds to the addition, in absolute value, of the 3 following indicators: electrical energy, energy from district heating and cooling, energy from fuels.

The surface area used for the denominator corresponds, for office buildings, to the surface area of the superstructure.

| According to occupancy | 2011 | 2010 |
|---|---|---|
| **Cover** (no. of buildings)/gas | **81/95** | 77/95 |
| **Cover** (no. of buildings)/electricity | **78/95** | 87/95 |
| **Consumption** (in KWh/$m^2$/year) | | |
| Multi-tenant leases | **165** | 197 |
| Single-tenant leases | **181** | 230 |
| Headquarters | **143** | 174 |
| TOTAL CONSUMPTION | **174** | 217 |
| **Like-for-like** | | |
| **Cover** (no. of buildings)/gas | **74/95** | |
| **Cover** (no. of buildings)/electricity | **76/95** | |
| **Consumption** (in KWh/$m^2$/year) | **173** | 205 |
| **2010-2011 variation** (in %) | **-15.6%** | |
| **See Note 1.** | | |

| Depending on the building's age / Like-for-like | | 2011 | 2010 |
|---|---|---|---|
| **Cover** (no. of buildings)/gas | | **74/95** | |
| **Cover** (no. of buildings)/electricity | | **76/95** | |
| **Consumption** (in KWh/$m^2$/year) | | | |
| 0-5 years | 15/74 buildings/gas<br>18/76 buildings/electricity | **136** | 156 |
| 6-10 years | 15/74 buildings/gas<br>16/76 buildings/electricity | **187** | 220 |
| 11-15 years | 25/74 buildings/gas<br>22/76 buildings/electricity | **181** | 194 |
| >15 years | 19/74 buildings/gas<br>20/76 buildings/electricity | **182** | 233 |
| TOTAL CONSUMPTION | | **173** | 205 |
| **2010-2011 variation** (in %) | | **-15.6%** | |
| **See Note 1.** | | | |

At Like-for-like portfolio, we observe a fall of 15.6% of the relative energy consumption.

At Like-for-like portfolio, this standardised relative consumption (electricity consumption + standardised gas consumption) increases by 4%, i.e. 194 KWh/$m^2$ in 2010 and 203 KWh/$m^2$ in 2011.

### Total direct greenhouse gas emissions (tons of $CO_2$/year)

Based on the GRI EN16 indicator:

Quantity of greenhouse gases emitted through use of fuels on the site per year.

| According to occupancy | 2011 | 2010 |
|---|---|---|
| **Cover** (no. of buildings) | **81/95** | 77/95 |
| **Emissions** (in tons of $CO_2$/year) | | |
| Multi-tenant leases | **5,573** | 7,731 |
| Single-tenant leases | **5,509** | 6,968 |
| Headquarters | **76** | 104 |
| TOTAL CONSUMPTION | **11,158** | 14,803 |
| **Like-for-like** | | |
| **Cover** (no. of buildings) | **74/95** | |
| **Emissions** (in tons of $CO_2$/year) | **10,201** | 14,117 |
| **2010-2011 variation** (in %) | **-27.7%** | |
| **See Notes 1, 2, 3.** | | |

| Depending on the building's age / Like-for-like | | 2011 | 2010 |
|---|---|---|---|
| **Cover** (no. of buildings) | | **74/95** | |
| **Emissions** (tons of $CO_2$/year) | | | |
| 0-5 years | 15/74 buildings | **1,740** | 2,108 |
| 6-10 years | 15/74 buildings | **2,184** | 3,359 |
| 11-15 years | 25/74 buildings | **3,070** | 3,930 |
| >15 years | 19/74 buildings | **3,206** | 4,719 |
| TOTAL EMISSIONS | | **10,200** | 14,116 |
| **2010-2011 variation** (in %) | | **-27.7%** | |
| **See Note 1.** | | | |

Note 1: The Like-for-like analysis is conducted on the consumptions of the common service equipment of multi-tenant-lease buildings and all the consumptions of single-tenant-lease buildings.

Note 2: The total greenhouse gas emissions for offices detailed in this table come from heating gas. It is based on the "total consumption of energy from fuels" indicator.

Note 3: The conversion coefficients used are as follows:
A. Conversion of electricity consumption into primary energy: 2.5;
B. Conversion of gas consumption into primary energy: 1;
C. The $CO_2$ emission factor is 310 g/KWh for electricity (mixed) Belgian productie and 202 g/KWh for gas (source: Lampiris).

Note 4: Cofinimmo has no influence on the $CO_2$ emissions of private consumptions, i.e. compensations of single-tenant buildings and of private areas of multi-tenant buildings.

### Total indirect greenhouse gas emissions (tons of $CO_2$/year)

**Based on the GRI EN16 indicator:**

Quantity of greenhouse gas emitted indirectly by the purchase of electricity, district heating or cooling per year.

| According to occupancy | 2011 | 2010 |
|---|---|---|
| **Cover** (no. of buildings) | **78/95** | 87/95 |
| **Emissions** (in tons of $CO_2$/year) | | |
| Multi-tenant leases | **25,588** | 27,327 |
| Single-tenant leases | **36,506** | 46,451 |
| Headquarters | **259** | 271 |
| TOTAL CONSUMPTION | **62,353** | 74,049 |
| **Like-for-like** | | |
| **Cover** (no. of buildings) | **76/95** | |
| **Emissions** (in tons of $CO_2$/year) | **48,943** | 49,918 |
| **2010-2011 variation** (in %) | **-2%** | |

**See Notes 1, 2, 3, 4.**

| Depending on the building's age / Like-for-like | | 2011 | 2010 |
|---|---|---|---|
| **Cover** (no. of buildings) | | **76/95** | |
| **Emissions** (in tons of $CO_2$/year) | | | |
| 0-5 years | 18/76 buildings | **7,097** | 7,820 |
| 6-10 years | 16/76 buildings | **16,141** | 20,259 |
| 11-15 years | 22/76 buildings | **13,616** | 11,562 |
| >15 years | 20/76 buildings | **12,089** | 10,278 |
| TOTAL EMISSIONS | | **48,943** | 49,919 |
| **2010-2011 variation** (in %) | | **-2%** | |

**See Note 1.**

### Relative greenhouse gas emissions (kg $CO_2/m^2$/year)

**Based on the GRI CRE3 indicator:**

Total quantity of directly and indirectly emitted greenhouse gases per m² of surface area and per year.

The surface area used for the denominator corresponds, for office buildings, to the surface area of the superstructure.

| According to occupancy | 2011 | 2010 |
|---|---|---|
| **Cover** (no. of buildings)/gas | **81/95** | 77/95 |
| **Cover** (no. of buildings)/electricity | **78/95** | 87/95 |
| **Emissions** (in kg $CO_2/m^2$/year) | | |
| Multi-tenant leases | **72** | 79 |
| Single-tenant leases | **103** | 125 |
| Headquarters | **68** | 76 |
| TOTAL EMISSIONS | **90** | 106 |
| **Like for like** | | |
| **Cover** (no. of buildings)/gas | **74/95** | |
| **Cover** (no. of buildings)/electricity | **76/95** | |
| **Emissions** (in kg $CO_2/m^2$/year) | **89** | 97 |
| **2010-2011 variation** (in %) | **-8.2%** | |

**See Notes 1, 2, 3, 4.**

| Depending on the building's age / Like-for-like | | 2011 | 2010 |
|---|---|---|---|
| **Cover** (no. of buildings)/gas | | **74/95** | |
| **Cover** (no. of buildings)/electricity | | **76/95** | |
| **Emissions** (in kg $CO_2/m^2$/year) | | | |
| 0-5 years | 15/74 buildings/gas<br>18/76 buildings/electricity | **65** | 71 |
| 6-10 years | 15/74 buildings/gas<br>16/76 buildings/electricity | **110** | 116 |
| 11-15 years | 25/74 buildings/gas<br>22/76 buildings/electricity | **93** | 90 |
| >15 years | 19/74 buildings/gas<br>20/76 buildings/electricity | **86** | 100 |
| TOTAL EMISSIONS | | **89** | 97 |
| **2010-2011 variation** (in %) | | **-15.5%** | |

**See Note 1.**

**Total water consumption per supply source ($m^3$/year)**
Based on the GRI EN8 indicator:

| According to occupancy | 2011 | 2010 |
|---|---|---|
| **Cover** (no. of buildings) | **44/95** | 58/95 |
| Consumption (in $m^3$/year) | | |
| Multi-tenant leases | **63,747** | 79,363 |
| Single-tenant leases | **97,412** | 126,648 |
| Headquarters | **607** | 696 |
| TOTAL CONSUMPTION | **161,766** | 206,707 |
| **Like-for-like** | | |
| Cover (no. of buildings) | **36/95** | |
| **Consumption** (in $m^3$/year) | **157,273** | 158,147 |
| **2010-2011 variation** (in %) | **-0.6%** | |

**See Notes 1, 2, 3, 4.**

| Depending on the building's age / Like-for-like | | 2011 | 2010 |
|---|---|---|---|
| **Cover** (no. of buildings) | | **36/95** | |
| **Consumption** (in $m^3$/year) | | | |
| 0-5 years | 12/36 buildings | **23,794** | 18,558 |
| 6-10 years | 7/36 buildings | **46,988** | 48,503 |
| 11-15 years | 9/36 buildings | **48,653** | 53,322 |
| >15 years | 8/36 buildings | **37,838** | 37,764 |
| TOTAL CONSUMPTION | | **157,273** | 158,147 |
| **2010-2011 variation** (in %) | | **-0.6%** | |

**See Note 1.**

**Relative water consumption per supply source ($m^3/m^2$/year)**
Based on the GRI CRE3 indicator:

The surface area used for the denominator corresponds, for office buildings, to the surface area of the superstructure.

| According to occupancy | 2011 | 2010 |
|---|---|---|
| **Cover** (no. of buildings) | **44/95** | 58/95 |
| **Emissions** (in $m^3/m^2$/year) | | |
| Multi-tenant leases | **0.33** | 0.34 |
| Single-tenant leases | **0.37** | 0.37 |
| Headquarters | **0.12** | 0.14 |
| TOTAL CONSUMPTION | **0.35** | 0.36 |
| **Like-for-like** | | |
| **Cover** (no. of buildings) | **36/95** | |
| **Emissions** (in $m^3/m^2$/year) | **0.37** | 0.37 |
| **2010-2011 variation** (in %) | **-0.6%** | |

**See Notes 1, 2, 3, 4.**

| Depending on the building's age / Like-for-like | | 2011 | 2010 |
|---|---|---|---|
| **Cover** (no. of buildings) | | **36/95** | |
| **Consumption** (in $m^3/m^2$/year) | | | |
| 0-5 years | 12/36 buildings | **0.20** | 0.20 |
| 6-10 years | 7/36 buildings | **0.27** | 0.41 |
| 11-15 years | 9/36 buildings | **0.26** | 0.47 |
| >15 years | 8/36 buildings | **0.23** | 0.38 |
| TOTAL CONSUMPTION | | **0.37** | 0.37 |
| **2010-2011 variation** (in %) | | **-0.6%** | |

**See Note 1.**

Note 1: The Like-for-like analysis is conducted on all the buildings' consumptions (multi-tenant and single-tenant).

Note 2: The only supply source is mains water.

Note 3: The water consumed feeds the air-conditioning, sanitation systems and the kitchenettes.

Note 4: Cofinimmo's influence is limited to the common installations of the multi-tenant buildings for which Cofinimmo Services takes care of the Property Management.

**Total weight of waste collected per processing segment (tons/year)**
Based on the GRI EN22 indicator:

Quantity of waste collected per processing segment: re-use, recycling, composting, incineration, burial, etc.

| According to occupancy | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | **Recycled** | **Incinerated** | **Other** | Recycled | Incinerated | Other |
| **Cover** (no. of buildings) | | **53/95** | | | 52/95 | |
| **Collected waste** (in tons/year) | | | | | | |
| Multi-tenant leases (1) | **602** | **186** | **122** | 588 | 183 | 114 |
| Single-tenant leases (2) | **178** | **58** | **37** | 60 | 19 | 17 |
| Headquarters | **12** | **4** | **1** | 12 | 4 | 1 |
| TOTAL COLLECTED WASTE (1) + (2) | **792** | **248** | **160** | 660 | 206 | 132 |
| **Like-for-like** | | | | | | |
| **Cover** (no. of buildings) | | | | **51/95** | | |
| **Collected waste** (in tons/year) | **669** | **208** | **129** | 648 | 202 | 129 |

**Note:**
Waste is collected at source according to type: sundry waste, paper, cardboard, plastic, tins, glass, etc. The distribution of waste to processing sectors varies according to the company responsible for collection.

**Percentage of waste collected per processing segment (% of total weight)**
Based on the GRI EN22 indicator:

Proportion of waste collected per processing segment: re-use, recycling, composting, incineration, burial, etc.

| According to occupancy | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | **Recycled** | **Incinerated** | **Other** | Recycled | Incinerated | Other |
| **Cover** (no. of buildings) | | **53/95** | | | 52/95 | |
| TOTAL COLLECTED WASTE (in %) | **66%** | **21%** | **13%** | 66% | 21% | 13% |

# cofinimmo in the stock market

## Cofinimmo offers private and institutional investors, from Belgium and abroad, who are seeking a moderate risk profile combined with a high dividend yield, 4 listed instruments:
- The ordinary share;
- The preference share;
- The non-convertible bonds;
- The convertible bonds.

■ Gross dividend proposed at the General Meeting: €6.50

The risk profiles, liquidity and return on these instruments differ.

**The ordinary share**

The Cofinimmo ordinary shares have been listed on NYSE Euronext Brussels (ticker: COFB) since 1994. Until 15.11.2010, they were also listed on NYSE Euronext Paris. However, following legal changes to the SIIC regime, it is no longer a regulatory requirement to have a listing on a domestic stock exchange. Cofinimmo has therefore decided to delist its shares from NYSE Euronext Paris. This delisting has no impact whatsoever on Cofinimmo's day-to-day operations in France, where the company continues to have an active presence. Moreover, Cofinimmo will continue to benefit from the French fiscal SIIC regime. The share is included in the BEL20 and Euronext 150 indexes. It is also included in the *EPRA Europe* and *GPR250* real estate indexes. Cofinimmo is the foremost real estate investment company of the BEL20.

**Stock market context and trend in Cofinimmo share**

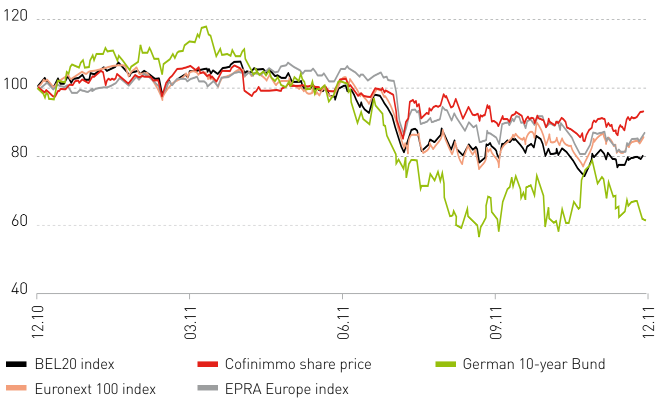
The year 2011 stands out for its highly volatile stock market in a macroeconomic context of debt crises in the Euro zone. In particular, the second half of 2011 was marked by a negative trend with a 10% slump in the Euronext 100 index in the month of August 2011 alone. The EPRA Europe index ended with an average fall of 13% for the year.

The European property sector was also subject to substantial discounts compared to the revalued net asset value of 30% on average[1]. The Cofinimmo share was negotiated in 2011 with a discount of 3% on average. It therefore performed better in this respect than the shares of the majority of the other real estate companies.

During the first 6 months of 2011, the Cofinimmo share price was relatively stable with a high of €103.9 on 29.04.2011. The share then fell sharply under the influence of a difficult market climate during the summer of 2011. The share hit its lowest value on 25.11.2011, when it was quoted at €82.31. The closing price for the year was €90.8 compared to an annual average price of €94.8.

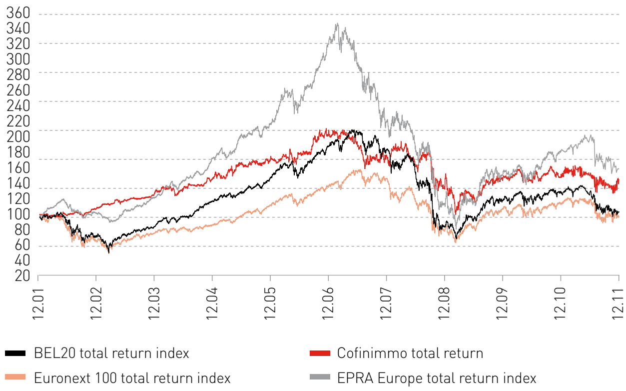
This graph illustrates the performance of the Cofinimmo share on the stock exchange (without applying any adjustment on the date of payment of the dividend) compared to the BEL20, Euronext 100 and EPRA Europe indexes during 2011. Despite a negative performance of -6.76%, the graph shows the relative resilience of the Cofinimmo share compared to the BEL20 and Euronext 100 indexes, which achieved final results of -19.2% and -14.2% respectively.

**Trend in the share price** (in %)

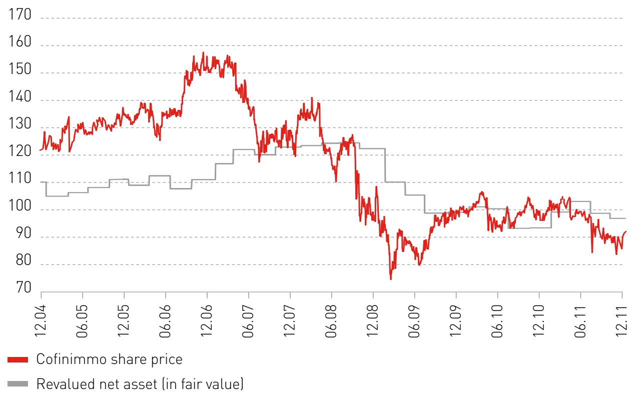



1 Source: JP Morgan European Equity Research, December 2011.

**Total returns** (in %)




**Comparison of share price versus revalued net asset** (in €)




## Total returns (in %)

Assuming the reinvestment of the dividend made available for payment in May, Cofinimmo achieved a return of -0.52% over 2011 and of 136% over the past 10 years, i.e. an annual average return of 7.12%. The BEL20 and Euronext 100 indexes recorded a variation of 7.33% and 2.13% respectively, which corresponds to average annual returns of 0.71% and 0.21%. At the same time, the EPRA total return index rose by 65.88%, i.e. an annual return equivalent to 5.19%.

Taking account of the risk profile in the market performance assessment (as indicated in the Sharpe Ratio), the good performance of the Cofinimmo share clearly emerges compared to that of the EPRA and BEL20 indexes.

## Sharpe Ratio

| Calculation of the Sharpe Ratio[1] over a 5-year period ending on 31.12.2011 | Cofinimmo | EPRA Europe | BEL20 |
|---|---|---|---|
| Risk premium compared to the risk free rate (A)[2] | 10.63% | 1.12% | 0.41% |
| Volatility (B) | 17.90% | 23.44% | 21.94% |
| Sharpe Ratio (A/B) | 59.39% | 4.78% | 1.87% |

## Cofinimmo share liquidity

In 2011, Cofinimmo continued to put effort into enhancing the liquidity of its share. Accordingly, it organised regular road shows and invested in publicity campaigns. With market capitalisation of its ordinary shares standing at €1.36 billion and an average daily volume of €3.0 million or just over 34,000 shares, Cofinimmo's liquidity level is sufficient to keep it on the radar screen of major institutional investors.

| ISIN BE0003593044 | **2011** | 2010 | 2009 |
|---|---|---|---|
| **Share price** (in €) | | | |
| Highest | **103.9** | 105.30 | 111.24 |
| Lowest | **82.3** | 90.25 | 71.17 |
| At year-end | **90.82** | 97.41 | 98.61 |
| Average | **94.8** | 97.59 | 89.58 |
| **Dividend yield**[3] | **6.86%** | 6.66% | 7.26% |
| **Gross return**[4] (over 12 months) | **0.09%** | 5.37% | 13.85% |
| **Dividend**[5] (in €) | | | |
| Gross | **6.50**[6] | 6.50 | 6.50 |
| Net | **5.14**[6] | 5.53 | 5.53 |
| **Volume** | | | |
| Average daily volume | **34,683** | 31,087 | 34,917 |
| Annual volume | **9,017,465** | 8,113,577 | 8,938,724 |
| **Number of shares entitled to share in the consolidated results of the year** | **14,126,279** | 13,614,485 | 12,682,696 |
| **Market capitalisation at year-end** (x €1,000) | **1,365,960** | 1,326,187 | 1,250,641 |
| ***Free float zone***[7] | **90%** | 90% | 90% |
| ***Velocity***[7] | **59.24%** | 67.00% | 75.72% |
| ***Adjusted velocity***[7] | **63.83%** | 74.45% | 84.14% |
| ***Pay-out* ratio**[8] | **87%** | 81.05% | 87.01 |

1 The Sharpe Ratio is calculated on the basis of the 5-year yield, the volatility and the 10-year zero-risk rate. 2 The zero-risk rate used is that of the 10-year German Bund. 3 Gross dividend to average annual share price. 4 Appreciation in share price + dividend yield. 5 *Withholding tax* on dividends paid is 21% as from 2012 (previously 15%). 6 Forecast. 7 According to the Euronext method. 8 In the *net current result* – Group share, *IAS 39* impact excluded.

## The preference share

The preference shares are listed on NYSE Euronext Brussels (tickers: COFP1 for the series issued on 30.04.2004 and COFP2 for the series issued on 26.05.2004). These shares are registered with voting rights and are convertible into ordinary shares since 01.05.2009, at a rate of 1 for 1. At 31.12.2011, 181,501 preference shares were already converted into ordinary shares.

In 2019, Cofinimmo will have the possibility to purchase the unconverted shares at their issue price (also see the section "Capital structure" in the "Corporate governance statement", page 76).

| ISIN BE0003811289 (COFP1)/ISIN BE0003813301 (COFP2) | **COFP1 2011** | COFP1 2010 | **COFP2 2011** | COFP2 2010 |
|---|---|---|---|---|
| **Share price** (in €) | | | | |
| At year-end | **93.50** | 93.00 | **76.51** | 90.52 |
| Average | **93.45** | 94.17 | **88.5** | 92.83 |
| **Dividend yield**[1] | **6.82%** | 6.76% | **7.20%** | 6.86% |
| **Gross return**[2] (over 12 months) | **7.35%** | 4.60% | **-8.28%** | 5.60% |
| **Dividend**[3] (in €) | | | | |
| Gross | **6.37**[4] | 6.37 | **6.37**[4] | 6.37 |
| Net | **5.03**[4] | 5.41 | **5.03**[4] | 5.41 |
| **Volume** | | | | |
| Average daily volume[5] | **61** | 2,453 | **34** | 150 |
| Annual volume | **245** | 24,531 | **864** | 6,916 |
| **Number of shares** | **513,297** | 561,727 | **554,512** | 687,583 |
| **Market capitalisation at year-end** (x €1,000) | **52,522** | 52,241 | **52,519** | 62,240 |

1 Gross dividend to average annual market price. 2 Appreciation in share price + dividend yield. 3 Withholding tax on dividends paid is 21% as from 2012 (previously 15%). 4 Forecast. 5 Average calculated on the basis of the number of trading days when a volume was recorded.

## The non-convertible bonds

Cofinimmo has issued 3 bonds. The first was issued by Cofinimmo Luxembourg SA in 2004 and will be redeemed in 2014 at its nominal value of €100 million. It is listed on NYSE Euronext Brussels and on the Luxembourg Stock Exchange.

The second bond was issued by Cofinimmo SA in 2009 and will be redeemed in 2014 at its nominal value of €100 million. It is listed on NYSE Euronext Brussels.

The last bond was issued by Cofinimmo SA in 2010 and will be redeemed in 2013 at its nominal value of €50 million. It is also listed on NYSE Euronext Brussels.

(in %)

| ISIN XS0193197505 (Cofinimmo Luxembourg SA 2004-2014) | **2011** | 2010 | 2009 |
|---|---|---|---|
| **Market price** | | | |
| At year-end | **103.06** | 103.77 | 99.56 |
| Average | **103.10** | 104.51 | 96.53 |
| **Average yield to maturity** (average for the year) | **4.13** | 4.01 | 6.05 |
| **Effective yield at issue** | **5.064** | 5.064 | 5.064 |
| **Interest coupon** | | | |
| Gross (per tranche of €100) | **5.25** | 5.25 | 5.25 |
| Net (per tranche of €100)[1] | **4.15** | 4.46 | 4.46 |
| **Number of securities** | **1,000,000** | 1,000,000 | 1,000,000 |

(in %)

| ISIN BE0002171370 (Cofinimmo SA 2009-2014) | **2011** | 2010 | 2009 |
|---|---|---|---|
| **Market price** | | | |
| At year-end | **102.42** | 102.82 | 102.43 |
| Average | **102.11** | 103.63 | 103.18 |
| **Average yield to maturity** (average for the year) | **4.24** | 4.07 | 4.27 |
| **Effective yield at issue** | **4.54** | 4.54 | 4.54 |
| **Interest coupon** | | | |
| Gross (per tranche of €1,000) | **5.00** | 5.00 | 5.00 |
| Net (per tranche of €1,000)[1] | **3.95** | 4.25 | 4.25 |
| **Number of securities** | **100,000** | 100,000 | 100,000 |

(in %)

| ISIN BE6202995393 (Cofinimmo SA 2010-2013) | **2011** | 2010 | 2009 |
|---|---|---|---|
| **Market price** | | | |
| At year-end | **98.48** | 97.83 | |
| Average | **97.77** | 97.80 | |
| **Average yield to maturity** (average for the year) | **4.12** | 3.78 | |
| **Effective yield at issue** | **2.936** | 2.936 | |
| **Interest coupon** | | | |
| Gross (per tranche of €50,000) | **2.936** | 2.936 | |
| Net (per tranche of €50,000)[1] | **2.319** | 2.496 | |
| **Number of securities** | **1,000** | 1,000 | |

1 Withholding tax on dividends paid is 21% as from 2012 (previously 15%).

### The convertible bonds

In April 2011, Cofinimmo SA issued 1,486,379 bonds convertible into ordinary shares of the company for a total amount of €173.3 million. The issue price and the nominal value of these bonds is €116.60. They will be redeemed in 2016 and will be convertible initially at the rate of 1 ordinary share for 1 bond. This exchange ratio will be adjusted according to the anti-dilution provisions usual for this type of issue.

The convertible bonds are listed on NYSE Euronext Brussels. At 31.12.2011, 47 convertible bonds had been converted into ordinary shares.

(in %)

| ISIN BE0002176429 (Cofinimmo SA 2011-2016) | **2011** | 2010 | 2009 |
|---|---|---|---|
| **Market price** | | | |
| At year-end | **93.19** | | |
| Average | **97.40** | | |
| **Yield to maturity** (average for the year) | **3.70** | | |
| **Effective yield at issue** | **3.13** | | |
| **Interest coupon** | | | |
| Gross (per tranche of €100) | **3.13** | | |
| Net (per tranche of €100) | **2.47** | | |
| **Number of securities** | **1,486,332** | | |

## Shareholders structure[1] (at 31.12.2011)

| Company | Number of ordinary shares | % | Number of preference shares | Total number of shares (voting rights) | % |
|---|---|---|---|---|---|
| Cofinimmo Group (own shares) | 1,094,374 | 7.28% | | 1,094,374 | 6.72% |
| Number of shares issued | 15,220,653 | 100.00% | 1,067,809 | 16,288,462 | 100.00% |
| Free float[2] | | 92.72% | | | 93.28% |

Identical voting rights are attached to all shares, ordinary or preference, issued by Cofinimmo.

## Shareholders' calendar

| | |
|---|---|
| Ordinary General Meeting for 2012 | 27.04.2012 |
| Interim statement: results at 31.03.2012 | 02.05.2012 |
| Dividends | |
| Coupon detachment date (*Ex date*) | 02.05.2012 |
| *Record date* | 04.05.2012 |
| Dividend payment date | 09.05.2012 |
| Financial service | Bank Degroof (principal paying agent) or any other financial institution |
| Ordinary share coupon | n° 21 |
| Preference share 1 coupon | n° 10 |
| Preference share 2 coupon | n° 9 |
| Half-yearly financial report: results at 30.06.2012 | 01.08.2012 |
| Interim statement: results at 30.09.2012 | 12.11.2012 |
| Annual press release: results at 31.12.2012 | 08.02.2013 |

1 Situation based on the shareholding notifications received in accordance with the Law of 02.05.2007. Any modifications notified since 31.12.2011 have been published in accordance with the provisions of the above-mentioned Law and can be consulted on the company's website (**www.cofinimmo.com**), under the heading "Investor Relations & Media/Share Information/Shareholder Structure". 2 This free float calculation, commonly used by Euronext, includes all shareholders individually holding less than 5% of the capital.

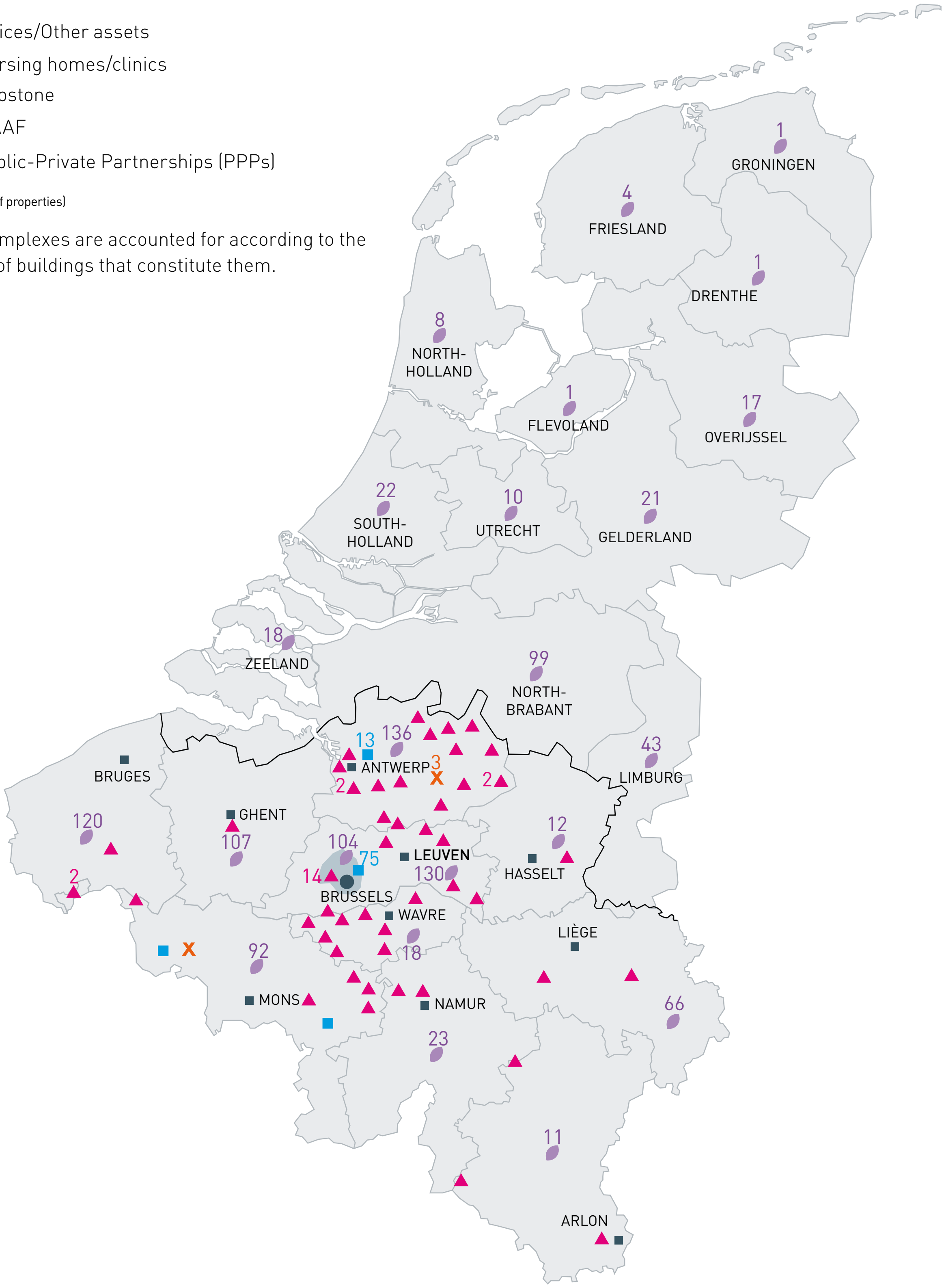
# property report

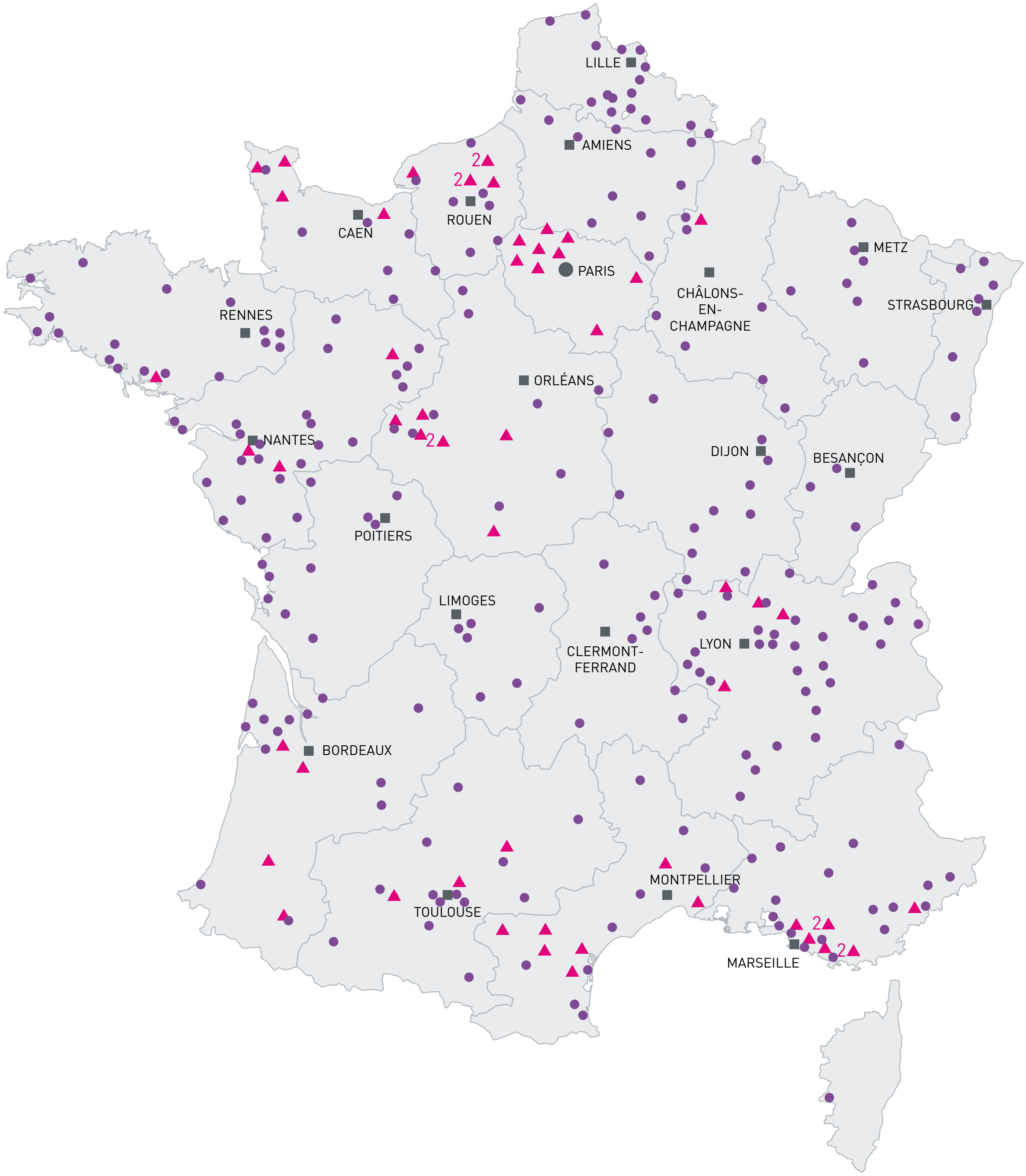
## Geographic location

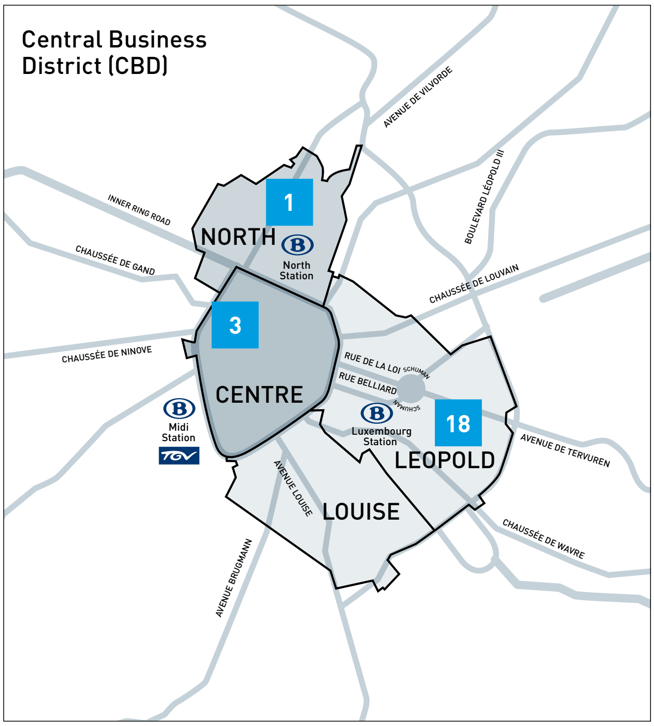
X ■ Offices/Other assets
X ▲ Nursing homes/clinics
X Pubstone
X ● MAAF
X X Public-Private Partnerships (PPPs)

(x = number of properties)

Office complexes are accounted for according to the number of buildings that constitute them.




LILLE
AMIENS
ROUEN
CAEN
PARIS
METZ
CHÂLONS-
EN-
CHAMPAGNE
STRASBOURG
RENNES
ORLÉANS
NANTES
DIJON
BESANÇON
POITIERS
LIMOGES
CLERMONT-
FERRAND
LYON
BORDEAUX
MONTPELLIER
TOULOUSE
MARSEILLE




## Market characteristics

### Offices

### Brussels

A key feature of the Brussels office market is the large presence of government institutions, both Belgian and European. This market breaks down into 3 districts, each of which with its own distinct characteristics:

#### Central Business District (CBD)

This district, composed of 4 sub-districts, Brussels Centre, the Leopold District, Brussels North and the Louise District, constitutes the epicentre of the city.

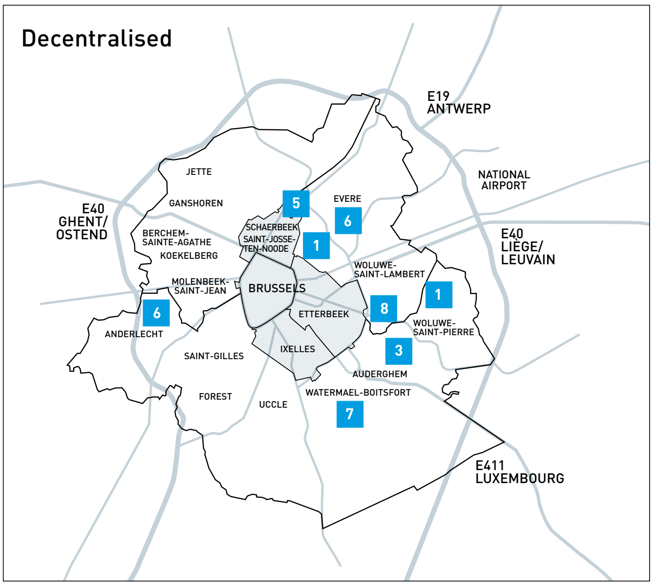
The **Centre** is the area formed by the Pentagon of Brussels, the historic heart of the city, in which buildings are located such as the Royal Palace and the Federal Parliament. Offices in this area are traditionally occupied by Belgian public authorities and large Belgian companies.

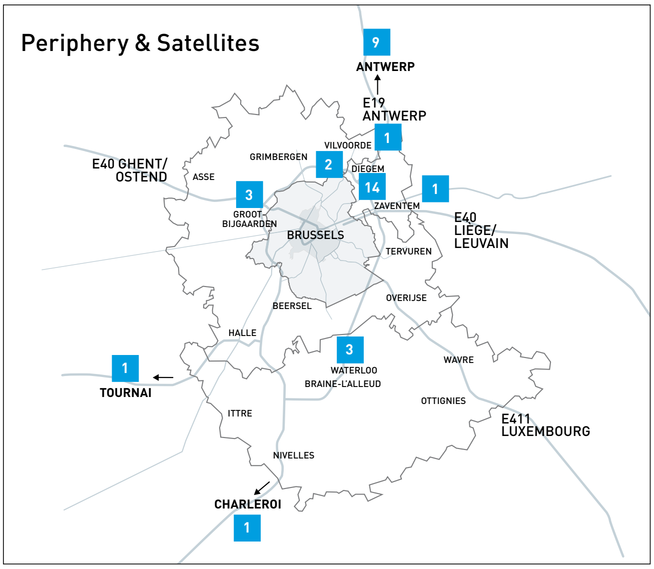
The **Leopold District** is the European heart of the city. It is centred on the Schuman roundabout, rue Belliard and rue de la Loi, and accommodates all the European institutions as well as numerous delegations, representations and associations working closely with them. A network of tunnels provides fast access to the national airport (20 minutes). The Brussels-Luxembourg railway station serves this district and the many restaurants and bars in the neighbouring Place de Luxembourg lend it its characteristic dynamism.

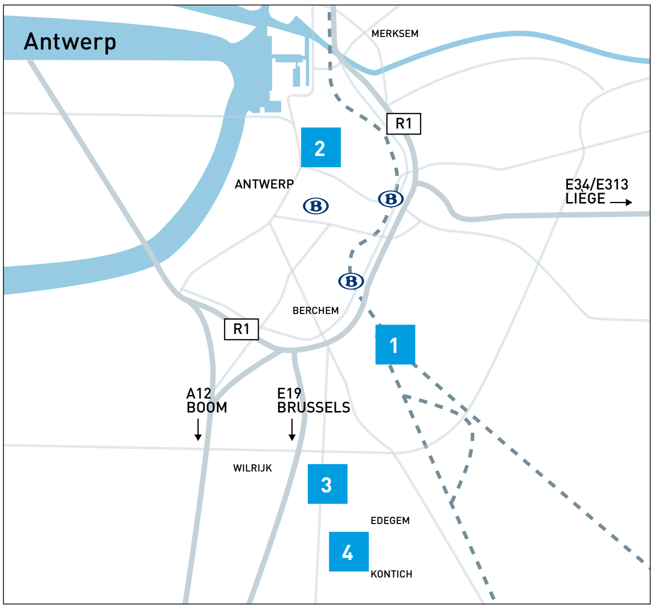
The **North District**, meanwhile, is a modern business quarter situated close to the North Station. Its typically high-rise buildings are occupied by Belgian and regional ministries, semi-public companies and large corporates.

The **Louise District** to the south of the Brussels inner ring road is characterised by a mix of prestige properties, such as offices, hotels, shops, etc., all benefiting from the cachet radiated by the Avenue Louise, still one of the city's most prestigious avenues. The offices are chiefly occupied by lawyers, embassies and medium-sized private firms (insurance, financial operations, etc.). The Midi Station, which is the terminal for high-speed trains now running from Brussels to Amsterdam (110 minutes), Cologne (110 minutes), London (120 minutes) and Paris (80 minutes), recently saw the opening of a new business hub under development.

Within the CBD, take-up of office space is generally based on long-term rental contracts (9 to 27 years). The calibre and stability of the tenants means that this area enjoys the lowest vacancy rate, while rent levels here are the highest in the capital. Nevertheless, in 2011, the low take-up by the European and Belgian institutions and the departures and reductions in areas occupied by certain large corporates, have prevented this district from improving its *occupancy rate*.




## Decentralised

This district encompasses the remaining 19 municipalities of the Brussels Region. It offers an excellent working environment due to its residential setting and green space, easy access and the presence of multiple shopping facilities. Tenants in this area are generally medium to large private companies, willing to conclude classic 3-6-9-year leases.

## Periphery & Satellites

This district, situated just outside the Brussels-Capital Region along the Brussels outer ring road, mainly houses private companies operating in such sectors as technology, IT, consultancy, pharmaceuticals and chemicals. The out-of-town location, advantageous tax regime of the Flemish and Walloon Regions compared with Brussels, as well as the presence of the national airport attract many multinationals to this area. However, the northern part of the Periphery (Zaventem-Diegem) is suffering from a high rate of vacant space due, among other factors, to the structurally excessive supply of offices. Leases concluded with tenants in this area are generally of the classic type and flexible, allowing them to be adapted rapidly to a market in a constant state of flux.

### Antwerp

The city of Antwerp, with its port, is located in one of the most industrialised regions of Europe. Its office market is spread over 4 districts: the Port, the Centre, the Singel (the most sought-after area) and the Periphery. Occupants of the office buildings are a highly diverse mix.

## Nursing homes/clinics

The nursing homes market is not characterised by local sub-markets with differing tenant and lease profiles as is the case for offices. For the entire Cofinimmo portfolio, long leases are concluded (usually 27 years in Belgium and 12 years in France) with operators each managing multiple sites. Nevertheless, the prime locations, i.e. in the city centre or in a desirable setting (e.g. riverside or at the sea) influence the rental potential or the possibility for reclassification in the event of the operator's departure.

## Distribution property networks

### Pubstone

The entire Pubstone portfolio is rented to AB InBev. The properties in prime locations (i.e. in the hypercentre or town centre) offer the best redevelopment potential if they are vacated, whether as restaurants or as stores in busy shopping areas.

### Cofinimur I

The entire Cofinimur I portfolio is let to MAAF, a subsidiary of the French insurance group Covéa. The establishments are mainly to be found in the centre of large towns or at the entrance of agglomerations, for the most part at strategic locations, such as shopping streets, market squares or business parks (France).

## Consolidated property portfolio

The table illustrated on the following pages includes:

- The properties for which Cofinimmo receives rents;
- The properties with rents assigned in whole or in part to a third party, with Cofinimmo retaining ownership and the residual value. For these properties, the heading "*Contractual rents*" comprises the reconstitution of lease payments sold and discounted and, where appropriate, the portion of unsold rents[1];
- The various projects & renovations in progress.

This table does not include the properties which are the subject of a finance lease for which the lessees benefit from a purchase option at the end of the lease. This refers to the Antwerp Court of Justice, the Antwerp Fire Station and the HEKLA Police Station. To recap, the rental situation concerning these buildings is as follows:

| Property | Superstructure (in m²) | Contractual rent[2] (x €1,000) | Occupancy rate | Tenant |
|---|---|---|---|---|
| Antwerp Court of Justice | 72,131 | 1,270 | 100% | Buildings Agency (Belgian Federal State) |
| Antwerp Fire Station | 23,585 | 190 | 100% | City of Antwerp |
| HEKLA Police Station | 4,805 | 583 | 100% | Federal Police |

All properties in the consolidated portfolio are held by Cofinimmo SA, with the exception of those asterisked (*) which are held (wholly or partially) by one of its subsidiaries (see also page 171).

For pictures and detailed descriptions of all the properties, reference is made to the company Internet site (**www.cofinimmo.com**) under the heading "Property Portfolio".

1 See also Note 21 on page 154. 2 It concerns the portion of unassigned rents, which varies from 4.0% to 100.0% according to the buildings.

| Property | Year of construction/ last renovation (extension) | Superstructure (in m²) | Contractual rent (x €1,000) | Occupancy rate | Rent + ERV on unlet (x €1,000) | Estimated Rental Value (ERV) (x €1,000) |
|---|---|---|---|---|---|---|
| **OFFICES** | | **579,348** | **87,512** | **89%** | **97,788** | **93,525** |
| **Brussels Leopold & Louise District** | | **121,545** | **23,150** | **93%** | **25,014** | **24,234** |
| Arts 19H | 1996 | 11,480 | 2,084 | 100% | 2,084 | 2,682 |
| Arts 47-49 | 2008 | 6,915 | 1,339 | 100% | 1,339 | 1,123 |
| Auderghem 22-28 | 2002 | 5,853 | 1,096 | 77% | 1,430 | 1,244 |
| Guimard 10-12 | 1995 | 10,796 | 2,649 | 100% | 2,649 | 2,649 |
| Livingstone 1 & 2 | 1996 | 34,341 | 6,734 | 100% | 6,734 | 6,419 |
| Loi 57 | 2000 | 10,279 | 2,123 | 100% | 2,123 | 1,891 |
| Loi 227 | 2009 | 5,906 | 1,356 | 91% | 1,488 | 1,226 |
| Montoyer 14 | 2005 | 3,807 | 756 | 100% | 756 | 732 |
| Science 15-17 | 1995 | 17,722 | 3,306 | 100% | 3,306 | 3,237 |
| Square de Meeûs 23 | 2010 | 8,689 | 521 | 27% | 1,907 | 1,907 |
| Trône 98 | 2005 | 5,757 | 1,185 | 99% | 1,198 | 1,124 |
| **Brussels Decentralised** | | **286,534** | **41,429** | **88%** | **46,934** | **46,199** |
| Bourget 40* | 1998 | 14,641 | 1,534 | 100% | 1,534 | 2,043 |
| Bourget 42 | 2001 | 25,756 | 3,628 | 88% | 4,130 | 4,349 |
| Bourget 44 | 2001 | 14,085 | 1,701 | 69% | 2,474 | 2,260 |
| Bourget 50 | 2000 | 5,153 | 686 | 88% | 781 | 780 |
| Brand Whitlock 87-93 | 1991 | 6,066 | 845 | 77% | 1,101 | 998 |
| Colonel Bourg 105 | 2001 | 2,634 | 223 | 64% | 347 | 339 |
| Colonel Bourg 122 | 2009 | 4,129 | 615 | 100% | 617 | 623 |
| Corner Building | 2011 | 3,440 | 178 | 30% | 589 | 593 |
| Cox 8-10 (Omega Court)* | 2008 | 16,587 | 2,029 | 69% | 2,923 | 2,838 |
| Georgin 2 (RTL House) | 2005 | 17,439 | 2,893 | 100% | 2,893 | 2,665 |
| Herrmann-Debroux 44-46 | 1994 | 9,667 | 1,373 | 87% | 1,569 | 1,643 |
| Moulin à Papier 55 | 2010 | 3,502 | 470 | 94% | 501 | 519 |
| Paepsem Business Park | 1992 | 26,456 | 2,206 | 82% | 2,705 | 2,578 |
| Serenitas | 1995 | 19,823 | 3,236 | 91% | 3,551 | 3,096 |
| Souverain 23-25 | 1987 | 56,891 | 11,091 | 100% | 11,091 | 10,437 |
| Souverain 24 | 1994 | 3,897 | 719 | 100% | 719 | 694 |
| Souverain 36 | 2000 | 8,310 | 832 | 52% | 1,586 | 1,488 |
| Tervuren 270-272 | 1998 | 19,044 | 2,799 | 90% | 3,105 | 3,509 |
| Woluwe 34 | 1974 | 6,716 | 805 | 75% | 1,075 | 995 |
| Woluwe 58 (+ St-Lambert parking) | 2001 | 3,868 | 473 | 100% | 473 | 708 |
| Woluwe 62 | 1988 | 3,285 | 493 | 87% | 566 | 527 |
| Woluwe 102 | 2008 | 8,094 | 1,372 | 100% | 1,379 | 1,385 |
| Woluwe 106-108 | 2009 | 7,051 | 1,227 | 100% | 1,227 | 1,131 |
| **Brussels Periphery** | | **78,944** | **10,138** | **91%** | **11,144** | **10,256** |
| Leuvensesteenweg 325 | 1975 (2006) | 6,295 | 561 | 94% | 596 | 456 |
| Noordkustlaan 16 A-B-C (West-End) | 2009 | 10,022 | 1,497 | 83% | 1,812 | 1,792 |
| Park Hill | 2000 | 16,695 | 2,207 | 90% | 2,446 | 2,186 |
| Park Lane | 2000 | 36,716 | 5,155 | 93% | 5,572 | 5,094 |
| Woluwelaan 151 | 1997 | 9,216 | 718 | 100% | 718 | 727 |
| **Brussels Satellites** | | **8,232** | **992** | **79%** | **1,261** | **1,293** |
| Waterloo Office Park I | 2004 | 2,360 | 336 | 90% | 375 | 373 |
| Waterloo Office Park J | 2004 | 2,360 | 372 | 99% | 377 | 368 |
| Waterloo Office Park L | 2004 | 3,512 | 283 | 56% | 509 | 552 |
| **Antwerp Periphery** | | **36,193** | **4,028** | **71%** | **5,640** | **5,106** |
| AMCA - Avenue Building | 2010 | 9,476 | 446 | 29% | 1,544 | 1,547 |
| AMCA - London Tower | 2010 | 3,704 | 250 | 45% | 557 | 546 |
| Garden Square | 1989 | 7,464 | 974 | 94% | 1,031 | 872 |
| Prins Boudewijnlaan 41 | 1991 | 5,387 | 835 | 97% | 857 | 808 |
| Prins Boudewijnlaan 43 | 1991 | 6,007 | 1,020 | 95% | 1,076 | 808 |
| Veldkant 35 | 1998 | 4,155 | 502 | 87% | 575 | 526 |

| Property | Year of construction/ last renovation (extension) | Superstructure (in m²) | Contractual rent (x €1,000) | Occupancy rate | Rent + ERV on unlet (x €1,000) | Estimated Rental Value (ERV) (x €1,000) |
|---|---|---|---|---|---|---|
| **Other regions** | | **47,900** | **7,775** | **100%** | **7,795** | **6,436** |
| Albert I, Charleroi | 2004 | 19,189 | 3,295 | 100% | 3,295 | 2,129 |
| Mechelen Station, Malines | 2002 | 28,711 | 4,480 | 100% | 4,500 | 4,307 |
| **RECONSTITUTION OF LEASE PAYMENT SOLD AND DISCOUNTED - OFFICES** | | **208,145** | **21,839** | **100%** | **21,914** | **21,914** |
| **Brussels Centre & North** | | **158,298** | **17,115** | **100%** | **17,115** | **17,115** |
| Egmont I* | 2000 | 36,616 | 1,811 | 100% | 1,811 | 1,811 |
| Egmont II* | 2008 | 16,262 | 735 | 100% | 735 | 735 |
| North Galaxy* | 2005 | 105,420 | 14,570 | 100% | 14,570 | 14,570 |
| **Brussels Leopold & Louise District** | | **26,188** | **2,808** | **97%** | **2,884** | **2,884** |
| Loi 56 | 2008 | 9,484 | 1,024 | 100% | 1,024 | 1,024 |
| Luxembourg 40 | 2007 | 7,522 | 736 | 100% | 736 | 736 |
| Nerviens 105 | 2009 | 9,182 | 1,020 | 100% | 1,020 | 1,020 |
| Square de Meeûs 23 (parking) | 2010 | | 28 | 27% | 104 | 104 |
| **Brussels Decentralised** | | **20,199** | **1,427** | **100%** | **1,427** | **1,427** |
| Colonel Bourg 124 | 2002 | 4,137 | 106 | 100% | 106 | 106 |
| Everegreen | 1996 | 16,062 | 1,322 | 100% | 1,322 | 1,322 |
| **Other Regions** | | **3,460** | **488** | **100%** | **488** | **488** |
| Maire 19, Tournai | 1996 | 3,460 | 488 | 100% | 488 | 488 |
| **TOTAL OFFICES AND RECONSTITUTION OF LEASE PAYMENTS SOLD AND DISCOUNTED** | | **787,493** | **109,351** | **91.4%** | **119,702** | **115,439** |
| **NURSING HOMES/CLINICS** | | **577,532** | **67,087** | **100%** | **67,087** | **65,570** |
| **Belgium** | | **341,762** | **39,560** | **100%** | **39,560** | **37,906** |
| **Operator: Armonea** | | **142,877** | **14,724** | **100%** | **14,724** | **14,167** |
| Binnenhof, Merksplas | 2008 | 3,142 | 403 | 100% | 403 | 414 |
| De Wyngaert, Rotselaar | 2008 (2010) | 6,878 | 723 | 100% | 723 | 686 |
| Den Brem, Rijkevorsel | 2006 | 4,063 | 486 | 100% | 486 | 486 |
| Domein Wommelgheem, Wommelgem | 2002 | 6,836 | 716 | 100% | 716 | 684 |
| Douce Quiètude, Aye | 2007 | 4,635 | 419 | 100% | 419 | 375 |
| Euroster, Messancy | 2004 | 6,392 | 1,068 | 100% | 1,068 | 921 |
| Heiberg, Beerse | 2006 | 13,747 | 1,306 | 100% | 1,306 | 1,277 |
| Hemelrijck, Mol | 2009 | 9,362 | 940 | 100% | 940 | 917 |
| Heydehof, Hoboken | 2009 | 2,751 | 325 | 100% | 325 | 302 |
| La Clairière, Comines-Warneton | 1998 | 2,437 | 248 | 100% | 248 | 242 |
| Laarsveld, Geel | 2006 (2009) | 5,591 | 792 | 100% | 792 | 760 |
| Laarsveld service flats, Geel | 2009 | 809 | 54 | 100% | 54 | 65 |
| Le Castel, Brussels | 2005 | 5,394 | 458 | 100% | 458 | 454 |
| Le Ménil, Braine-L'Alleud | 1991 | 4,404 | 530 | 100% | 530 | 512 |
| Les Trois Couronnes, Esneux | 2005 | 4,519 | 507 | 100% | 507 | 497 |
| L'Orchidée, Ittre | 2003 (2010) | 3,634 | 432 | 100% | 432 | 432 |
| L'Orée du Bois, Comines-Warneton | 2004 | 5,387 | 558 | 100% | 558 | 541 |
| Millegem, Ranst | 2009 (2010) | 5,992 | 714 | 100% | 714 | 704 |
| Nethehof, Balen | 2004 | 5,852 | 585 | 100% | 585 | 556 |
| Résidence du Parc, Biez | 1977 (2010) | 12,039 | 194 | 100% | 194 | 195 |
| Sebrechts, Brussels | 1992 | 8,148 | 976 | 100% | 976 | 934 |
| 't Smeedeshof, Oud-Turnhout | 2003 (2009) | 8,648 | 892 | 100% | 892 | 852 |
| Vogelzang, Herentals | 2009 (2010) | 8,044 | 890 | 100% | 890 | 854 |
| Vondelhof, Boutersem | 2005 (2009) | 4,173 | 506 | 100% | 506 | 507 |
| **Operator: Calidus** | | **6,066** | **668** | **100%** | **668** | **671** |
| Weverbos, Gentbrugge | 2011 | 6,066 | 668 | 100% | 668 | 671 |
| **Operator: Anima Care** | | **3,288** | **321** | **100%** | **321** | **324** |
| Zevenbronnen, Walshoutem | 2001 | 3,288 | 321 | 100% | 321 | 324 |
| **Operator: Medibelge** | | **15,156** | **1,885** | **100%** | **1,885** | **1,804** |
| L'Adret, Gosselies | 1980 | 4,800 | 430 | 100% | 430 | 408 |

| Property | Year of construction/ last renovation (extension) | Superstructure (in m²) | Contractual rent (x €1,000) | Occupancy rate | Rent + ERV on unlet (x €1,000) | Estimated Rental Value (ERV) (x €1,000) |
|---|---|---|---|---|---|---|
| Linthout, Brussels | 1992 | 2,837 | 418 | 100% | 418 | 411 |
| Rinsdelle, Brussels | 2001 | 3,054 | 503 | 100% | 503 | 476 |
| Top Senior, Tubize | 1989 | 2,265 | 372 | 100% | 372 | 355 |
| Vigneron, Ransart | 1989 | 2,200 | 162 | 100% | 162 | 155 |
| **Operator: Le Noble Âge** | | **3,931** | **406** | **100%** | **406** | **406** |
| Parkside, Brussels* | 1990 | 3,931 | 406 | 100% | 406 | 406 |
| **Operator: ORPEA Belgium** | | **5,700** | **1,336** | **100%** | **1,336** | **1,205** |
| Lucie Lambert, Buizingen | 2004 | 5,700 | 1,336 | 100% | 1,336 | 1,205 |
| **Operator: Senior Assist** | | **51,907** | **5,911** | **100%** | **5,911** | **5,559** |
| Bellevue, Brussels | 2010 | 7,074 | 1,299 | 100% | 1,299 | 1,148 |
| Borsbeekhof, Borgerhout | 1994 | 6,005 | 751 | 100% | 751 | 687 |
| Hof ter Dennen, Vosselaar | 1982 | 2,372 | 425 | 100% | 425 | 371 |
| Le Chenoy, Ottignies* | 2005 | 4,300 | 415 | 100% | 415 | 406 |
| Le Colvert, Céroux-Mousty | 1994 | 2,992 | 277 | 100% | 277 | 288 |
| Le Grand Cerf, Spa* | 1999 | 2,000 | 142 | 100% | 142 | 139 |
| Les Charmilles, Sambreville | 1999 | 2,763 | 246 | 100% | 246 | 244 |
| Les Jours Heureux, Lodelinsart | 2001 | 3,412 | 307 | 100% | 307 | 309 |
| Les Sittelles, Chastre | 2004 | 1,929 | 308 | 100% | 308 | 232 |
| Maison Saint-Ignace, Brussels | 1995 | 8,345 | 722 | 100% | 722 | 738 |
| Nieuwe Seigneurie, Rumbeke* | 2011 | 3,391 | 500 | 100% | 500 | 472 |
| Résidence du Parc, Nivelles | 2002 | 4,324 | 398 | 100% | 398 | 388 |
| Saint-Charles, Bouillon* | 2005 | 3,000 | 122 | 100% | 122 | 136 |
| **Operator: Senior Living Group** | | **112,837** | **14,310** | **100%** | **14,310** | **13,769** |
| Arcus, Brussels | 2008 | 10,719 | 1,649 | 100% | 1,649 | 1,580 |
| Bethanie, Saint-Servais | 2005 | 4,780 | 454 | 100% | 454 | 441 |
| Damiaan, Tremelo | 2003 | 12,786 | 1,585 | 100% | 1,585 | 1,276 |
| La Cambre, Brussels | 1982 | 11,697 | 1,758 | 100% | 1,758 | 1,694 |
| Nootelaer, Keerbergen | 1998 | 1,528 | 202 | 100% | 202 | 175 |
| Paloke, Brussels | 2001 | 11,262 | 1,212 | 100% | 1,212 | 1,183 |
| Prinsenpark, Genk | 2006 | 5,796 | 721 | 100% | 721 | 721 |
| Progès, La Louvière* | 1999 | 4,852 | 457 | 100% | 457 | 441 |
| Romana, Brussels | 1995 | 4,375 | 800 | 100% | 800 | 800 |
| Seigneurie du Val, Mouscron | 1995 (2008) | 6,797 | 1,051 | 100% | 1,051 | 1,051 |
| Ten Prins, Brussels | 1972 (2011) | 3,342 | 477 | 100% | 477 | 476 |
| Van Zande, Brussels | 2008 | 3,463 | 379 | 100% | 379 | 365 |
| Zonnetij, Aartselaar | 2006 (2009) | 6,601 | 653 | 100% | 653 | 653 |
| Zonneweelde, Keerbergen | 1998 (2010) | 6,106 | 688 | 100% | 688 | 688 |
| Zonneweelde, Rijmenam | 2002 | 9,644 | 1,306 | 100% | 1,306 | 1,306 |
| Zonnewende, Aartselaar | 1978 (2009) | 9,089 | 918 | 100% | 918 | 918 |
| **France** | | **235,770** | **27,527** | **100%** | **27,527** | **27,664** |
| **Operator: Korian** | | **171,435** | **19,011** | **100%** | **19,011** | **19,760** |
| Astrée, Saint-Etienne* | 2006 | 3,936 | 394 | 100% | 394 | 400 |
| Brocéliande, Caen* | 2003 | 4,914 | 785 | 100% | 785 | 500 |
| Canal de l'Ourcq, Paris* | 2004 | 4,550 | 828 | 100% | 828 | 800 |
| Centre de soins de suite, Sartrouville* | 1960 | 3,546 | 338 | 100% | 338 | 425 |
| Champgault, Esvres-sur-Indre* | 1975 | 2,200 | 158 | 100% | 158 | 150 |
| Chamtou, Chambray-lès-Tours* | 1989 | 4,000 | 548 | 100% | 548 | 400 |
| Château de Gléteins, Jassans-Riottier* | 1990 | 2,500 | 243 | 100% | 243 | 400 |
| Château de la Vernède, Conques-sur-Orbiel* | 1995 | 3,789 | 470 | 100% | 470 | 800 |
| Domaine de Vontes, Esvres-sur-Indre* | 1975 | 6,352 | 200 | 100% | 200 | 600 |
| Estrain, Siouville-Hague* | 1995 | 8,750 | 623 | 100% | 623 | 1,300 |
| Frontenac, Bram* | 1990 | 3,006 | 194 | 100% | 194 | 250 |
| Grand Maison, L'Union* | 2004 | 6,338 | 700 | 100% | 700 | 600 |
| Horizon 33, Cambes* | 1990 | 3,288 | 330 | 100% | 330 | 320 |
| La Goélette, Equeurdreville-Hainneville* | 2009 | 4,709 | 620 | 100% | 620 | 350 |
| La Pinède, Sigean* | 1998 | 1,472 | 57 | 100% | 57 | 80 |

| Property | Year of construction/ last renovation (extension) | Superstructure (in m²) | Contractual rent (x €1,000) | Occupancy rate | Rent + ERV on unlet (x €1,000) | Estimated Rental Value (ERV) (x €1,000) |
|---|---|---|---|---|---|---|
| Le Bois Clément, La Ferté-Gaucher* | 2002 | 3,466 | 510 | 100% | 510 | 475 |
| Le Clos du Mûrier, Fondettes* | 2008 | 4,510 | 527 | 100% | 527 | 400 |
| Le Jardin des Plantes, Rouen* | 2004 | 3,000 | 245 | 100% | 245 | 260 |
| L'Ermitage, Louviers* | 2007 | 4,013 | 434 | 100% | 434 | 350 |
| Les Amarantes, Tours* | 1996 | 4,208 | 436 | 100% | 436 | 520 |
| Les Blés d'Or, Castelnau de Levis* | 1989 | 3,695 | 443 | 100% | 443 | 430 |
| Les Hauts d'Andilly, Andilly* | 2008 | 3,069 | 449 | 100% | 449 | 350 |
| Les Hauts de Jardy, Vaucresson* | 2008 | 4,373 | 658 | 100% | 658 | 850 |
| Les Hauts de l'Abbaye, Montivilliers* | 2008 | 4,572 | 477 | 100% | 477 | 470 |
| Les Jardins de l'Andelle, Perriers-sur-Andelle* | 2009 | 3,348 | 405 | 100% | 405 | 250 |
| Les Luberons, Le Puy-Sainte-Réparade* | 1990 | 4,217 | 433 | 100% | 433 | 385 |
| Les Meunières, Lunel* | 1988 | 4,275 | 654 | 100% | 654 | 300 |
| Les Oliviers, Le Puy-Sainte-Réparade* | 1990 | 4,130 | 431 | 100% | 431 | 430 |
| Lo Solelh, Béziers* | 2010 | 2,760 | 227 | 100% | 227 | 225 |
| Montpribat, Montfort en Chalosse* | 1980 | 5,364 | 639 | 100% | 639 | 550 |
| Pays de Seine, Bois le Roi* | 2006 (2010) | 6,496 | 1,102 | 100% | 1,102 | 1,150 |
| Pompignane, Monpellier* | 1972 | 6,201 | 782 | 100% | 782 | 750 |
| Pont, Bezons* | 1990 | 2,500 | 195 | 100% | 195 | 580 |
| Rougemont, Le Mans* | 2006 | 5,986 | 378 | 100% | 378 | 450 |
| Saint Gabriel, Gradignan* | 2008 | 6,274 | 696 | 100% | 696 | 650 |
| Sainte Baume, Nans Les Pins* | 1970 | 5,100 | 502 | 100% | 502 | 700 |
| Villa Eyras, Hyères* | 1991 | 7,636 | 610 | 100% | 610 | 600 |
| Villa Saint Dominique, Rouen* | 1988 | 4,149 | 772 | 100% | 772 | 560 |
| William Harvey, Saint-Martin-d'Aubigny* | 1989 | 4,744 | 519 | 100% | 519 | 700 |
| **Operator: Medica** | | **21,653** | **2,788** | **100%** | **2,788** | **2,859** |
| Automne, Reims* | 1990 | 4,203 | 594 | 100% | 594 | 572 |
| Automne, Sarzeau* | 1994 | 2,482 | 406 | 100% | 406 | 402 |
| Automne, Villars les Dombes* | 1992 | 2,889 | 375 | 100% | 375 | 350 |
| Bruyères, Letra* | 2009 | 5,374 | 685 | 100% | 685 | 708 |
| Debussy, Carnoux en Provence* | 1996 | 3,591 | 339 | 100% | 339 | 377 |
| Oliviers, Cannes la Bocca* | 2004 | 3,114 | 389 | 100% | 389 | 450 |
| **Operator: ORPEA** | | **39,696** | **5,512** | **100%** | **5,512** | **4,855** |
| Belloy, Belloy* | 2002 | 2,559 | 425 | 100% | 425 | 350 |
| Cuxac II, Cuxac-Cabardès* | 1989 | 2,803 | 375 | 100% | 375 | 170 |
| Haut Cluzeau, Chasseneuil* | 2002 | 2,512 | 377 | 100% | 377 | 325 |
| Hélio Marin, Hyères* | 1975 | 12,957 | 1,645 | 100% | 1,645 | 1,450 |
| La Jonchère, Reuil Malmaison* | 2007 | 3,731 | 725 | 100% | 725 | 800 |
| La Ravine, Louviers* | 2000 (2010) | 3,600 | 602 | 100% | 602 | 550 |
| La Salette, Marseille* | 1995 | 3,582 | 570 | 100% | 570 | 500 |
| Las Peyrères, Simorre* | 1969 | 1,895 | 147 | 100% | 147 | 100 |
| Le Clos Saint Sébastien, Saint Sébastien sur Loire* | 2005 | 3,697 | 524 | 100% | 524 | 450 |
| Villa Napoli, Jurançon* | 1950 | 2,360 | 122 | 100% | 122 | 160 |
| **Operator: Mutualité de la Vienne** | | **1,286** | **108** | **100%** | **108** | **90** |
| Le Lac, Moncontour* | 1991 | 1,286 | 108 | 100% | 108 | 90 |
| **Operator: VP Investissements** | | **1,700** | **108** | **100%** | **108** | **100** |
| La Gaillardière, Vierzon* | 1975 | 1,700 | 108 | 100% | 108 | 100 |
| **DISTRIBUTION PROPERTY NETWORKS** | | **403,153** | **37,042** | **99%** | **37,261** | **34,546** |
| **Pubstone** | | **343,127** | **29,420** | **100%** | **29,420** | **26,464** |
| **Belgium (819 properties*)** | | **295,634** | **19,679** | **100%** | **19,679** | **17,593** |
| Brussels & Ring | | 39,518 | 3,536 | 100% | 3,536 | 3,302 |
| Flanders | | 184,580 | 11,770 | 100% | 11,770 | 10,556 |
| Wallonia | | 71,536 | 4,373 | 100% | 4,373 | 3,735 |
| **The Netherlands (245 properties*)** | | **47,493** | **9,741** | **100%** | **9,741** | **8,871** |
| **MAAF (281 properties*)** | | **60,026** | **7,623** | **97%** | **7,842** | **8,082** |

| Property | Year of construction/ last renovation (extension) | Superstructure (in m²) | Contractual rent (x €1,000) | Occupancy rate | Rent + ERV on unlet (x €1,000) | Estimated Rental Value (ERV) (x €1,000) |
|---|---|---|---|---|---|---|
| **OTHERS** | | **21,893** | **2,988** | **100%** | **2,988** | **2,327** |
| **Brussels Decentralised** | | **6,175** | **2,107** | **100%** | **2,107** | **1,610** |
| Sombre 56, Brussels | 2004 | 6,175 | 2,107 | 100% | 2,107 | 1,610 |
| **Brussels Periphery** | | **15,657** | **881** | **100%** | **881** | **717** |
| Mercurius 30 | 2001 | 6,124 | 548 | 100% | 548 | 390 |
| Woluwelaan 145 | 1977 | 9,533 | 333 | 100% | 333 | 327 |
| **Antwerp Periphery** | | **61** | | **100%** | | |
| Noorderplaats (AMCA) | 2010 | 61 | | 100% | | |
| **TOTAL INVESTMENT PROPERTIES & RECONSTRUCTION OF LEASE PAYMENT SOLD AND DISCOUNTED** | | **1,790,071** | **216,468** | **95.34%** | **227,039** | **217,882** |
| **LAND RESERVE OFFICES** | | | **111.54** | | **111.54** | **143.34** |
| **Brussels Centre & North** | | | **2.78** | | **2.78** | **2.78** |
| De Ligne | | | 2.73 | | 2.73 | 2.73 |
| Meiboom 16-18 | | | 0.03 | | 0.03 | 0.03 |
| Pacheco 34 | | | 0.03 | | 0.03 | 0.03 |
| **Brussels Leopold & Louise District** | | | **0.51** | | **0.51** | **0.51** |
| Montoyer 40 | | | 0.26 | | 0.26 | 0.26 |
| Louise 140 | | | 0.25 | | 0.25 | 0.25 |
| **Brussels Decentralised** | | | **2.74** | | **2.74** | **2.74** |
| Twin House | | | 2.74 | | 2.74 | 2.74 |
| **Brussels Periphery** | | | **100.18** | | **100.18** | **131.98** |
| Keiberg Park | | | 0.13 | | 0.13 | 0.13 |
| Kouterveld 6 | | | 100.00 | | 100.00 | 131.80 |
| Woluwe Garden 26 - 30 | | | 0.05 | | 0.05 | 0.05 |
| **Antwerp Periphery** | | | **2.64** | | **2.64** | **2.64** |
| Prins Boudewijnlaan 24A | | | 2.64 | | 2.64 | 2.64 |
| **Antwerp Singel** | | | **2.58** | | **2.58** | **2.58** |
| Lemanstraat 27 | | | 2.00 | | 2.00 | 2.00 |
| Plantin & Moretus | | | | | | |
| Quinten | | | | | | |
| Regent | | | | | | |
| Royal House | | | | | | |
| Uitbreidingstraat 2-8 | | | 0.58 | | 0.58 | 0.58 |
| Uitbreidingstraat 10-16 | | | | | | |
| **Other Regions** | | | **0.10** | | **0.10** | **0.10** |
| Avroy 35-39 / Destenay 13, Liège | | | 0.10 | | 0.10 | 0.10 |
| **PROJECTS AND RENOVATIONS NURSING HOMES/CLINICS** | | | **352** | | **352** | **2** |
| Diamant, Brussels | | | 2 | | 2 | 2 |
| Résidence du Parc, Biez | | | 350 | | 350 | |
| **LAND RESERVE NURSING HOMES/CLINICS** | | | **21** | | **21** | **21** |
| L'Orée du Bois, Comines-Warneton | | | 21 | | 21 | 21 |
| **PROJECTS AND RENOVATIONS OTHERS** | | | **246** | | **246** | **255** |
| Sombre 56, Brussels | | | 246 | | 246 | 255 |
| **GENERAL TOTAL PORTFOLIO** | | **1,790,071** | **217,199** | | **227,770** | **218,304** |

## Report by the real estate experts

Brussels, 23 January 2012

**Ladies, Gentlemen,**

**Context**

We have been engaged by Cofinimmo to value its real estate assets as of 31 December 2011 with a view to finalising its financial statements at that date.

DTZ Winssinger et Associates (DTZ) and PricewaterhouseCoopers Entreprise Advisory cvba/scrl (PwC) have each separately valued approximately half the portfolio of offices and other[1] properties.
DTZ Winssinger and PwC have each separately valued part of the portfolio of nursing homes in Belgium.
DTZ Eurexi and Jones Lang LaSalle France have each separately valued part of the portfolio of nursing homes and other care facilities in France.
The portfolios of pubs in Belgium and the Netherlands have been valued by DTZ Winssinger and DTZ Zadelhof, respectively.
The portfolio of insurance agencies in France has been valued by DTZ Eurexi.

DTZ and PwC have in-depth knowledge of the real estate markets in which Cofinimmo is active and have the necessary, recognised professional qualifications to perform this assessment. In conducting this assessment, we have acted with complete independence.

As is customary, our assignment has been carried out on the basis of information provided by Cofinimmo regarding tenancy schedules, charges and taxes borne by the landlord, works to be carried out and all other factors that could affect property values. We assume that the information provided is complete and accurate.

Our valuation reports do not in any way constitute an assessment of the structural or technical quality of the buildings or an in-depth analysis of their energy efficiency or of the potential presence of harmful substances. This information is well known to Cofinimmo, which manages its properties in a professional way and performs technical and legal due diligence before acquiring each property.

**The office market**

2011 was a contrasted year in economic and financial terms. The first 7 months of the year were very encouraging with a growth in the Belgian GDP being amongst the highest in the Euro zone (above 3% p.a. prorata temporis). In August arrived the turmoil in the stock exchange markets worldwide and Brussels was not spared. This was linked to the state of the general economy on the one hand and to the Greece crisis on the other which then put pressure on the European economies and on the euro. The sovereign debt of several countries was downgraded by the rating agencies, including Belgium's.

The Belgian real estate investment market regained some momentum in 2011 with a meaningful increase (+33%) in transaction volumes versus last year. Offices account for approx. 50% of total investment volume across property classes in line with Cofinimmo's portfolio. Long term steady cash flows are still very much being sought after, but unlike previous years, there have been acquisitions of well located but not necessarily long let properties (with higher yields for buyers eager to take risks and create value rather than pure dry investments based on long term leases). There was a greater supply of properties in the investment market, not all of them of prime quality. Partially empty buildings were nonetheless traded but then on the basis of their good location. The inflation rate for 2011 was at 3.5%, a historical high compared to previous years. The Brussels office letting market was weak in 2011, notwithstanding the letting by AXA of "The Capital" to the European Commission. This transaction had been expected for some time and its materialisation was a positive signal. The Zenith tower, newly built at the Gare du Nord and empty the last 2 years following its completion has seen its first tenants taking some meaningful space. This was, however, not enough to compensate for a weak 2011 letting market.

**The market for nursing homes**

The nursing home sector remained an attractive sector as it was in 2010 for investors looking to diversify their portfolio into an asset class which growth is based on solid demographic fundamentals. There is today already a shortage of beds to meet the demand and it is expected that there will be 3 times as many people staying in nursing homes in 2050 than there are now.

The evolution of the demographic pyramid in Belgium and in the western European countries is amongst all, the main driver behind the building of new nursing homes. In 2011, nursing homes occupation rate was higher than 95% (for Cofinimmo it was a 100% occupation as the homes are entirely let to operators).

Although the demand for nursing homes is strong, construction is constrained by the social security authorizations. Because of its complexity or because of their own financial constraints, nursing homes operators leave the real estate aspect to property specialists. Investors are more than happy to invest in nursing homes because these assets offer long term guaranteed rents (the leases in Belgium typically have a 27 years term), absence of void and turnover in tenants, the possibility to benefit from construction subsidies and a diversification in their portfolio.

Cofinimmo continued to invest in this sector in 2011 and remained one of the most active players in this market with acquisitions in Belgium in excess of €36 million and in France in excess of €44 million. We reckon that the yields for nursing homes have experienced compression by more than 1% over the last 4 years.

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

**The Distribution property networks (Pubstone and Cofinimur I)**
Cofinimmo's subsidiaries, Pubstone and more recently Cofinimur I, are respectively present in the pubs/restaurants and retail/agency property sectors. Both pools of assets have a diversified risk profile located at the intersection between commercial property, with often well-located ground-floor facilities in both small and large towns of Belgium (819 units), the Netherlands (245 units) and France (266 units), and rental properties with other destination potential such as residential purposes for Pubstone or local offices purposes for Cofinimur I.

The Pubstone portfolio as a whole remained relatively stable throughout 2011 but rose slightly in value this last quarter of 2011. As a matter of fact, certain discounts on properties which are less well located and/or in a less good state of maintenance were amply offset by a level of rent indexation of about 3.20% in Belgium and about 4.00% in the Netherlands.

For both subsidiaries, the leases concluded between Cofinimmo and AB InBev/MAAF can be considered as an effective buffer between any turbulence in tenants sectors (HORECA -hotels, restaurants-cafés and Insurance) and property values.

Finally, as regards the liquidity of this part of the portfolio, a 2-fold particularity should be mentioned: on the one hand, it is labelled as an institutional investment product on account of the long-term lease with a single counterparty (AB InBev or MAAF), and on the other hand, it can be sold individually to local small-scale investors -or even, for Pubstone, to the current sub-tenants.

**Opinion**
We confirm that our valuation has been done in accordance with national and international standards (International Valuation Standards issued by the International Valuation Standards Council, the Red Book of the Royal Institute of Chartered Surveyors, 7th edition) and their application procedures, in particular for the assessment of Belgian Real Estate Investment Funds (Sicafis/Bevaks).

The investment value is defined as the amount most likely to be obtained at normal conditions of sale between willing and well-informed parties, inclusive of transaction costs (mainly transfer taxes) to be paid by the acquirer. It does not reflect the costs of future investments that could improve the property or the benefits associated with such costs.

**Valuation methodology**
The valuation methodology adopted is mainly based on 3 methods :
The ERV (Estimated Rental Value) Capitalisation Approach consists in capitalizing the estimated rental value (ERV) of the property using a market yield in line with the investment market and adjusting the then obtained value for the difference between the effective passing rent and the ERV during the period of the in-place lease. The selection of the appropriate yield is based on an analysis of comparable market data, including published industry information. The yield rate corresponds to the yield expected by potential investors at the date of the valuation.

The Discounted Cash Flow Approach requires the assessment of the net rental income generated by the property on a yearly basis during an explicit forecasted period. The projected period varies generally between 10 to 18 years. At the end of this period, an exit value is calculated, taking into account the anticipated rent and yield at term horizon.

The Residual Valuation Approach is used to value land and old heavily to be refurbished buildings. It consists in determining the size and type of project that can be built/refurbished according to urbanistic law and regulations; to then estimate the value of the end project and the costs that need to be incurred to realize such project. The difference between both estimates is the residual value.

**Transaction Costs**
In theory, the disposal of properties are subject to a transfer tax charged by the Government and paid by the acquirer, which represent substantially all transaction costs. For properties situated in Belgium, the amount of this tax mainly depends on the mode of transfer, the capacity in which the acquirer acts and the property's location. The first 2 variables, and therefore the amount of tax payable, are only known once the sale is contracted. Based on a study from independent real estate experts dated 08.02.2006 and periodically reviewed, the "average" transaction cost for properties over €2,500,000 is assessed at 2.5%.

The fair value (as defined under IAS/IFRS) for properties over €2,500,000 can therefore be obtained by deducting 2.5% of "average" transaction cost from their investment value. This 2.5% figure will be reviewed periodically and adjusted if on the institutional investment transaction market a change of at least +/- 0.5% in the effectively "average" transaction cost is observed. For properties with an investment value under €2,500,000, transfer taxes of 10% or 12.5% have been subtracted, depending on the region of Belgium where they are situated.

The transfer taxes on properties in France and the Netherlands have been deducted in full from their investment values to obtain their fair values.

**Investment value and sale value (fair value)**
Taking into account the 2 opinions, the investment value (transaction costs not deducted) of Cofinimmo's total real estate portfolio as of 31.12.2011 is estimated at €3,311,307,000.

Taking into account the 2 opinions, the likely sale value, after the deduction of transaction transfer costs, of Cofinimmo's total real estate portfolio as of 31.12.2011, corresponding to the fair market value under IAS/IFRS, is estimated at €3,189,415,000.

On this basis, the yield on rent, received or contracted, including from assets that form the object of an assignment of receivables, but excluding projects, land and buildings undergoing refurbishment, and after the application of imputed rent to the premises occupied by Cofinimmo, amounts to 6.66% of the investment value.

If the properties were to be let in full, the yield would increase to 6.98%.

Investment properties have an occupancy rate of 95.34%.

The contractually passing rent (excluding projects, buildings undergoing refurbishment and assets that form the object of an assignment of receivables) for let space plus the estimated rental value for vacant space is 4.20% above the estimated fair rental value for the whole portfolio at this date. This difference results mainly from the inflation indexation of contractual rents since the inception of the in-place leases.

**PwC opinion**
The investment value of the part of Cofinimmo's real estate portfolio valued by PwC is estimated as of 31.12.2011 at €827,440,000 and the likely sale value (after the deduction of the transaction costs) is estimated at €807,258,000, corresponding to the fair market value under IAS/IFRS.

**DTZ Opinion**
The investment value of the part of Cofinimmo's real estate portfolio valued by DTZ and by Jones Lang Lasalle is estimated as of 31.12.2011 at €2,483,867,000 and the likely sale value (after deduction of transaction costs ) is estimated at €2,382,157,000, corresponding to the fair market value under IAS/IFRS.

Jean-Paul DUCARME MRICS
Consultant to PwC

Ann SMOLDERS
Partner PwC

Fabian DAUBECHIES MRICS
DTZ, Head of Valuation - Director

Benoit FORGEUR
DTZ, Managing Director

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## Consolidated global result (income statement) (x €1,000)

| | Notes | 2011 | 2010 |
|---|---|---|---|
| **A. NET RESULT** | | | |
| Rental income | 6 | **188,779** | 195,387 |
| Writeback of lease payments sold and discounted | 6 | **20,999** | 21,108 |
| Rental-related expenses | 6 | **188** | -295 |
| **Net rental income** | 5, 6 | **209,966** | 216,200 |
| Recovery of property charges | 7 | **273** | 795 |
| Recovery income of charges and taxes normally payable by the tenant on let properties | 8 | **46,122** | 35,279 |
| Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease | 7 | **-1,813** | -2,417 |
| Charges and taxes normally payable by the tenant on let properties | 8 | **-45,979** | -35,537 |
| **Property result** | | **208,569** | 214,320 |
| Technical costs | 9 | **-4,412** | -3,269 |
| Commercial costs | 10 | **-1,560** | -1,357 |
| Taxes and charges on unlet properties | | **-3,574** | -3,334 |
| Property management costs | 11 | **-13,926** | -15,031 |
| **Property charges** | | **-23,472** | -22,991 |
| **Property operating result** | | **185,097** | 191,329 |
| Corporate management costs | 11 | **-7,306** | -6,333 |
| **Operating result before result on portfolio** | | **177,791** | 184,996 |
| Gains or losses on disposals of investment properties | 5, 12 | **6,644** | 7,253 |
| Changes in fair value of investment properties | 5, 13, 22 | **-9,603** | -27,331 |
| Other result on portfolio | 5, 14 | **-17,221** | -957 |
| **Operating result** | | **157,611** | 163,961 |
| Financial income | 15 | **6,079** | 6,036 |
| Net interest charges | 16 | **-62,458** | -63,280 |
| Other financial charges | 17 | **-1,166** | -1,093 |
| Changes in fair value of financial assets and liabilities | 18 | **-9,561** | -13,757 |
| **Financial result** | | **-67,106** | -72,094 |
| Share in the result of associated companies and joint-ventures | | **213** | |
| **Pre-tax result** | | **90,718** | 91,867 |
| Corporate tax | 19 | **-6,920** | -7,224 |
| Exit tax | 19, 35 | **39,287** | -205 |
| **Taxes** | | **32,367** | -7,429 |
| **Net result** | | **123,085** | 84,438 |
| Minority interests | | **-4,546** | -642 |
| NET RESULT - GROUP SHARE | 32 | **118,539** | 83,796 |
| NET CURRENT RESULT - GROUP SHARE[1] | 32 | **103,643** | 105,435 |
| RESULT ON PORTFOLIO - GROUP SHARE[2] | 32 | **14,896** | -21,639 |
| | | | |
| **B. OTHER ELEMENTS OF THE GLOBAL RESULT** | | | |
| Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties | | **-2,331** | -468 |
| Changes in the effective part of the fair value of authorised cash flow hedge instruments | | **-49,248** | -12,979 |
| **Other elements of the global result** | | **-51,579** | -13,447 |
| Minority interests | | **87** | 25 |
| OTHER ELEMENTS OF THE GLOBAL RESULT - GROUP SHARE | | **-51,492** | -13,422 |
| | | | |
| **C. GLOBAL RESULT** | | **71,506** | 70,991 |
| Minority interests | | **-4,459** | -617 |
| GLOBAL RESULT - GROUP SHARE | | **67,047** | 70,374 |

## Result per share - Group share (in €)

| | Notes | 2011 | 2010 |
|---|---|---|---|
| Net current result | 32 | **6.82** | 7.09 |
| Result on portfolio | 32 | **0.98** | -1.45 |
| Net result | 32 | **7.80** | 5.64 |

1 Net result excluding gains or losses on disposals of investment properties, changes in fair value of investment properties, other result on portfolio and exit tax less (-) the minority interests on these 4 elements. 2 Gains or losses on disposals of investment properties, changes in fair value of investment properties, other result on portfolio and exit tax less (-) the minority interests on these 4 elements.

## Consolidated financial situation (balance sheet) (x €1,000)

| | Notes | 31.12.2011 | 31.12.2010 |
|---|---|---|---|
| **Non-current assets** | | **3,414,890** | 3,304,794 |
| Goodwill | 5, 20 | **157,456** | 164,012 |
| Intangible assets | 23 | **745** | 1,427 |
| Investment properties | 5, 21 | **3,177,560** | 3,041,916 |
| Other tangible assets | 23 | **966** | 539 |
| Non-current financial assets | 24 | **21,880** | 38,522 |
| Finance lease receivables | 25 | **55,403** | 58,349 |
| Trade receivables and other non-current assets | | **42** | 29 |
| Participations in associated companies and joint-ventures | | **838** | |
| **Current assets** | | **114,051** | 77,112 |
| Assets held for sale | 5, 26 | **12,025** | 170 |
| Current financial assets | 24 | **13,779** | 9,227 |
| Finance lease receivables | 25 | **2,868** | 2,780 |
| Trade receivables | 27 | **20,840** | 18,864 |
| Tax receivables and other current assets | 28 | **17,015** | 22,137 |
| Cash and cash equivalents | | **10,207** | 3,265 |
| Deferred charges and accrued income | 29 | **37,317** | 20,669 |
| TOTAL ASSETS | | **3,528,941** | 3,381,906 |

| | Notes | 31.12.2011 | 31.12.2010 |
|---|---|---|---|
| **Shareholders' equity** | | **1,515,544** | 1,466,878 |
| **Shareholders' equity attributable to shareholders of parent company** | | **1,460,887** | 1,459,781 |
| Capital | 30 | **814,228** | 796,528 |
| Share premium account | 30 | **312,330** | 513,093 |
| Reserves | 31 | **215,790** | 66,364 |
| Net result of the year | | **118,539** | 83,796 |
| **Minority interests** | | **54,657** | 7,097 |
| **Liabilities** | | **2,013,397** | 1,915,028 |
| **Non-current liabilities** | | **1,601,386** | 1,448,760 |
| Provisions | 34 | **18,474** | 19,234 |
| Non-current financial debts | 36 | **1,435,094** | 1,226,815 |
| Other non-current financial liabilities | 24, 37 | **106,735** | 69,693 |
| Deferred taxes | 35 | **41,083** | 133,018 |
| **Current liabilities** | | **412,011** | 466,268 |
| Current financial debts | 36 | **246,316** | 313,730 |
| Other current financial liabilities | 24, 37 | **58,930** | 62,780 |
| Trade debts and other current debts | 38 | **79,225** | 62,631 |
| Accrued charges and deferred income | 39 | **27,540** | 27,127 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | **3,528,941** | 3,381,906 |

## Calculation of debt ratio (x €1,000)

| | | 2011 | 2010 |
|---|---|---|---|
| Non-current financial debts | | **1,435,094** | 1,226,815 |
| Other non-current financial liabilities (except for hedging instruments) | + | | 3,373 |
| Current financial debts | + | **246,316** | 313,730 |
| Other current financial liabilities (except for hedging instruments) | + | | |
| Trade debts and other current debts | + | **79,225** | 62,631 |
| **Total debt** | = | **1,760,635** | 1,606,549 |
| **Total assets** | / | **3,528,941** | 3,381,906 |
| DEBT RATIO | = | **49.89%** | 47.50% |

## Consolidated cash flow statement (x €1,000)

| | Notes | 2011 | 2010 |
|---|---|---|---|
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | | **3,265** | 2,343 |
| **Operating activities** | | | |
| Net result of the period | | **118,539** | 83,796 |
| Adjustments for interest charges and income | | **56,540** | 57,713 |
| Adjustments for gains and losses on disposals of property assets | | **-6,644** | -7,253 |
| Adjustments for gains and losses on disposals of financial assets | | | -1,259 |
| Adjustments for non-cash charges and income | 40 | **-23,817** | 17,215 |
| Changes in working capital requirements | 41 | **4,129** | 2,146 |
| CASH FLOW RESULTING FROM OPERATING ACTIVITIES | | **148,747** | 152,358 |
| **Investment activities** | | | |
| Investments in intangible assets and other tangible assets | | **-820** | -436 |
| Acquisitions of investment properties | 42 | **-150,153** | -625 |
| Extensions of investment properties | 42 | **-34,993** | -30,824 |
| Investments in investment properties | 42 | **-8,897** | -19,000 |
| Acquisitions of consolidated subsidiaries | 4 | **-28,738** | -23,376 |
| Disposals of investment properties | 42 | **172,067** | 99,800 |
| Disposals of assets held for sale | | | 446 |
| Payment of exit tax | | **-62,065** | -5,013 |
| Disposal and reimbursement of finance lease receivables | | **2,866** | 10,654 |
| CASH FLOW RESULTING FROM INVESTMENT ACTIVITIES | | **-110,733** | 31,626 |
| **Financing activities** | | | |
| Acquisition of own shares | | | -700 |
| Disposals of own shares | | | 69,033 |
| Dividends paid to shareholders | | **-65,384** | -90,980 |
| Reacquisition of minority interests | | **-964** | -101 |
| New minority interests | | **43,040** | |
| Increase in financial debts | | **312,491** | 50,391 |
| Decrease in financial debts | | **-249,317** | -139,788 |
| Financial income received | | **6,601** | 5,790 |
| Financial charges paid | | **-61,542** | -64,316 |
| Other cash flows from financing activities | | **-15,997** | -12,391 |
| CASH FLOW RESULTING FROM FINANCING ACTIVITIES | | **-31,072** | -183,062 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | | **10,207** | 3,265 |

## Consolidated statement of changes in shareholders' equity (x €1,000)

| | Capital | Share premium account | Reserves[1] | Net result of the year | Equity Parent company | Minority interests | Share-holders' equity |
|---|---|---|---|---|---|---|---|
| **AT 01.01.2010** | **750,715** | **479,541** | **138,198** | **32,450** | **1,400,904** | **8,153** | **1,409,057** |
| Appropriation of the 2009 net result | | | 32,450 | -32,450 | | | |
| Elements directly recognised in shareholders' equity | | | -13,422 | 83,796 | 70,374 | 617 | 70,991 |
| Cash flow hedge | | | -12,979 | | -12,979 | | -12,979 |
| Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties | | | -443 | | -443 | -25 | -468 |
| Result of the period | | | | 83,796 | 83,796 | 642 | 84,438 |
| Minority interests | | | | | | -1,673 | -1,673 |
| Transfer to tax-exempt reserves | | | -1,587 | | -1,587 | | -1,587 |
| Others | | | 1,901 | | 1,901 | | 1,901 |
| SUB-TOTAL | 750,715 | 479,541 | 157,540 | 83,796 | 1,471,592 | 7,097 | 1,478,689 |
| Issue of new shares | 6,090 | 4,942 | | | 11,032 | | 11,032 |
| Acquisitions/Disposals of own shares | 39,723 | 28,610 | | | 68,333 | | 68,333 |
| Dividends | | | -91,176 | | -91,176 | | -91,176 |
| **AT 31.12.2010** | **796,528** | **513,093** | **66,364** | **83,796** | **1,459,781** | **7,097** | **1,466,878** |
| Appropriation of the 2010 net result | | | 83,796 | -83,796 | | | |
| Elements directly recognised in shareholders' equity | | | -51,492 | 118,539 | 67,047 | 4,459 | 71,506 |
| Cash flow hedge | | | -49,248 | | -49,248 | | -49,248 |
| Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties | | | -2,244 | | -2,244 | -87 | -2,331 |
| Result of the period | | | | 118,539 | 118,539 | 4,546 | 123,085 |
| Minority interests | | | | | | 43,101 | 43,101 |
| Others | | -214,086[2] | 213,574 | | -512 | | -512 |
| SUB-TOTAL | 796,528 | 299,007 | 312,242 | 118,539 | 1,526,316 | 54,657 | 1,580,573 |
| Issue of new shares | 17,697 | 13,321 | | | 31,018 | | 31,018 |
| Conversion convertible shares | 3 | 2 | | | 5 | | 5 |
| Acquisitions/Disposals of own shares | | | | | | | |
| Dividends | | | -96,452 | | -96,452 | | -96,452 |
| **AT 31.12.2011** | **814,228** | **312,330** | **215,790** | **118,539** | **1,460,887** | **54,657** | **1,515,544** |

1 See Note 31. 2 For more details, see Press Release of 29.03.2011 and Annual Financial Report 2010 page 17.

## Detail of the reserves (x €1,000)

| | Reserve for the positive/negative balance of changes in fair value of investment properties | Reserve for the estimated transaction costs resulting from hypothetical disposal of investment properties | Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS |
|---|---|---|---|
| **AT 01.01.2010** | **89,596** | **-64,510** | **-47,083** |
| | | | |
| Appropriation of the 2009 net result | -118,444 | 703 | |
| Elements directly recognised in shareholders' equity | | -443 | -12,979 |
| Cash flow hedging | | | -12,979 |
| Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties | | -443 | |
| Transfer to tax-exempt reserves | | | |
| Stock options | | | |
| Others | 231 | 122 | 1 |
| SUB-TOTAL | -28,617 | -64,128 | -60,061 |
| Dividends | | | |
| | | | |
| **AT 31.12.2010** | **-28,617** | **-64,128** | **-60,061** |
| | | | |
| Appropriation of the 2010 net result | -143,414 | -904 | -7,070 |
| Elements directly recognised in shareholders' equity | | -2,244 | -49,248 |
| Cash flow hedging | | | -49,248 |
| Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties | | -2,244 | |
| Stock options | | | |
| Others | -347 | | |
| SUB-TOTAL | -172,378 | -67,276 | -116,379 |
| Dividends | | | |
| | | | |
| **AT 31.12.2011** | **-172,378** | **-67,276** | **-116,379** |

| Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS | Distributable reserve | Non-distributable reserve | Tax-exempt reserves | Legal reserve | Total reserves |
|---|---|---|---|---|---|
| | **162,393** | **1,039** | **-3,272** | **35** | **138,198** |
| | | | | | |
| | 150,002 | 189 | | | 32,450 |
| | | | | | -13,422 |
| | | | | | -12,979 |
| | | | | | -443 |
| | | | -1,587 | | -1,587 |
| | | 329 | | | 329 |
| | 1,218 | | | | 1,572 |
| | 313,613 | 1,557 | -4,859 | 35 | 157,540 |
| | -91,176 | | | | -91,176 |
| | | | | | |
| | **222,437** | **1,557** | **-4,859** | **35** | **66,364** |
| | | | | | |
| -1,312 | 235,905 | 591 | | | 83,796 |
| | | | | | -51,492 |
| | | | | | -49,248 |
| | | | | | -2,244 |
| | | 328 | | | 328 |
| | 209,099 | -365 | 4,859 | | 213,246 |
| -1,312 | 667,441 | 2,111 | | 35 | 312,242 |
| | -96,452 | | | | -96,452 |
| | | | | | |
| **-1,312** | **570,989** | **2,111** | | **35** | **215,790** |

# notes to the consolidated accounts

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## Note 1. General business information

Cofinimmo SA (the "Company") is a public Sicaf immobilière (Société d'Investissement Immobilière à Capital Fixe publique - public fixed capital real estate investment trust) organised under Belgian Law with registered offices in 1200 Brussels (Boulevard de la Woluwe, 58).

The consolidated financial statements of the company for the financial year ended 31.12.2011 comprise the company and its subsidiaries (together referred to as the "Group"). The scope of consolidation has changed since 31.12.2010. 20 new subsidiaries were acquired during 2011. Furthermore, the Extraordinary General Meeting of 27.12.2011 approved the mergers by absorption of 9 limited liability companies acquired in 2010 and 2011, with a view to simplifying the organisation of the Group and to transferring the assets held by these subsidiaries to the Sicafi tax regime. The consolidation scope at 31.12.2011 is presented on page 169 of this Annual Financial Report.

The consolidated financial statements and company accounts were authorised for issue by the Board of Directors on 22.03.2012 and will be proposed for approval by the Annual Shareholders' Meeting on 27.04.2012. The Auditor Deloitte, Company Auditors, represented by Mr. Frank Verhaegen, has completed its audit work and confirmed that the accounting information contained in the Annual Financial Report calls for no reservation on its part and is in agreement with the financial statements adopted by the Board.

The accounting principles and methods adopted for the preparation of the financial statements are identical to those used for the annual financial statements for the financial year 2010.

## Note 2. Significant accounting methods

### A. Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union.

Moreover, the Group has chosen not to anticipate the application of the new standards and interpretations, or their modifications, issued before the publication date of the annual accounts but not in force at the closing date. It concerns IAS 12, IAS 28, IAS 32, IFRS 7, IFRS 9, IFRS 10, IFRS 11, IFRS 12, IFRS 13.

The preparation of financial statements requires the company to make significant judgments that affect the application of accounting methods (such as for example the determination of the classification of lease contracts) and to proceed to certain estimates (in particular the estimate of the provisions). These assumptions are based on the management's experience, on the assistance from third parties (real estate experts) and on various other factors that are believed to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

### B. Basis of preparation

The financial statements are presented in euro, rounded to the nearest thousand. They are prepared on the historical costs basis except that the following assets and liabilities are stated at their fair value: investment properties and derivative financial instruments.

Some financial figures in this Annual Financial Report have been rounded up and, consequently, the overall totals in this Report may differ slightly from the exact arithmetical sum of the preceding figures.

Finally, some reclassifications can intervene between the publication dates of the annual results and of the Annual Financial Report.

### C. Basis of consolidation

#### I Subsidiaries

Subsidiaries are those enterprises controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group. The subsidiaries' financial statements cover the same accounting period as that of the company.

Minority interests represent interests in subsidiaries neither directly nor indirectly held by the Group.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The book value of the Group's interests and the minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

II Jointly controlled entities
Jointly controlled entities are associated companies and joint-ventures over whose activities the Group has joint control, established by contractual agreement or following a distribution of shares amongst a limited number of shareholders. The consolidated financial statements include the Group's share in the result of associated companies and joint-ventures on an equity accounted basis, from the date the joint control commences until the date that joint control ceases. The joint controlled entities' financial statements cover the same accounting period as that of the company.

III Transactions eliminated on consolidation
Intra-group balances and transactions, and any gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Gains arising from transactions with joint controlled entities are eliminated to the extent of the Group's interest in the enterprise. Losses are eliminated in the same way as gains, but only to the extent that there is no evidence of impairment.

A list of the Group companies is included in Note 45 to the consolidated accounts.

**D. Goodwill and business combinations**
When the Group takes control of an integrated combination of activities and assets corresponding to the definition of business according to IFRS 3 - "Business combinations", assets, liabilities and any contingent liabilities of the business acquired are recorded separately at fair value at the acquisition date. The goodwill represents the positive variation between the acquisition costs (excluding acquisition-related costs) plus any minority interests and the fair value of the acquired net assets. If this difference is negative ("negative goodwill"), it is immediately recorded in the results after confirmation of the values.

After its initial recording, the goodwill is not amortised but submitted to an impairment test realised at least every year with the cash generating units to which the goodwill was allocated. If the book value of a cash generating unit exceeds its value in use, the resulting writedown is recorded in the results and first allocated in reduction of the possible goodwill and than to the other assets of the unit, proportionally to their book value. A depreciation booked on a goodwill is not written back during a subsequent year.

In accordance with IFRS 3, the goodwill can be set temporarily at the acquisition and adjusted within the 12 following months.

In the event of the disposal of a cash generating unit, the amount of goodwill that is allocated to this unit is included in the determination of the result of the disposal.

**E. Translation of foreign currencies**
I Foreign entities
There is no subsidiary whose financial statements are denominated in a currency other than the euro on the balance sheet date.

II Foreign currency transactions
Foreign currency transactions are recognised initially at exchange rates prevailing at the date of the transaction. Subsequently, at closing, monetary assets and liabilities denominated in foreign currencies are translated at the then prevailing currency rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the income statement as a financial income or a financial charge.

**F. Derivative financial instruments**
The Group uses derivative financial instruments (Interest Rate Swaps, purchase of CAP options, sale of FLOOR options) to hedge its exposure to interest rate risks arising from operational, financing and investment activities.

CAP
A CAP is an interest rate option. The buyer of a CAP buys the right to pay a maximum interest rate for a specific period. He only exercises this right if the short-term rate exceeds the CAP's interest rate level. In order to buy a CAP, the buyer pays a premium to the counterparty. By buying a CAP, Cofinimmo obtains a guaranteed maximum rate at which it can borrow. The CAP therefore hedges against unfavourable rate increases.

FLOOR
A FLOOR is an interest rate option. The buyer of a FLOOR buys the right to benefit from a minimum interest rate for a specific period. He only exercises this right if the short-term rate falls below the FLOORs interest rate level. The seller of a FLOOR sells the right to benefit from a minimum interest rate for a specific period and will thus have to pay this rate to the buyer, even if it is higher than the market rate. By selling a FLOOR, Cofinimmo receives a premium paid directly by the buyer.

Through the combination of the purchase of a CAP and the sale of a FLOOR, Cofinimmo ensures itself of an interest rate that is fixed in a corridor between a minimum rate (the rate of the FLOOR) and a maximum rate (the rate of the CAP), whilst limiting the cost of the premium paid for this insurance. For the year 2011, this corridor is fixed between 2.50% and 3.00% for an amount of €1,250 million.

The bought CAP options and sold FLOOR options are detailed in Note 24.

Interest Rate Swap (IRS)
An Interest Rate Swap (IRS) is an interest rate forward contract, unlike a CAP or a FLOOR, which are interest rate options. With an IRS, Cofinimmo exchanges a floating interest rate against a fixed interest rate or vice versa.

As part of its hedging policy of financial charges, Cofinimmo has contracted Interest Rate Swaps to exchange floating rates against fixed rates.

With regard to the 2 bond loans it has issued in 2004 and 2009 at a fixed rate, Cofinimmo has furthermore contracted Interest Rate Swaps in order to exchange fixed rates against floating rates. The increase in floating rates is hedged via CAP options bought by the Group. The combination of these IRS contracts and CAP options allows Cofinimmo to benefit from the decrease in interest rates (compared to the initial fixed rates of the bond loans) whilst protecting itself against an increase of these rates via the CAP options.

The IRS contracts are detailed in Note 24.

Cancellable Interest Rate Swap
A Cancellable Interest Rate Swap is the combination of a classic IRS with the sale by the buyer of an option for the bank to cancel the Swap as from a certain date. Cofinimmo has contracted Cancellable Interest Rate Swaps to exchange floating interest rates against fixed interest rates as part of its hedging policy of financial charges. The sale of this cancellation option allowed reducing the guaranteed fixed rates during the period covering at least the first cancellation date.

The Cancellable Interest Rate Swaps are detailed in Note 24.

In accordance with its financial policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost and are remeasured to fair value at subsequent reporting dates.

The fair value of Interest Rate Swaps, CAP options, FLOOR options and other derivative instruments is the estimated amount the Group would receive or pay to close the position at the balance sheet date, taking into account the then prevailing spot and forward interest rates, the value of the option and the creditworthiness of the counterparties.

Revaluation is carried out for all derivative products on the basis of the same hypotheses as to rate curve and volatility using an application of the independent provider of market data Bloomberg. This revaluation is compared with the one given by the banks, and any significant discrepancy between the 2 revaluations is documented.

The accounting treatment depends upon the qualification of the derivative instrument as a hedging instrument and on the type of hedging. A hedging relationship qualifies for hedge accounting if, and only if, all the following conditions are met:

- At the inception of the hedge, there is a formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge;
- The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk;
- The effectiveness of the hedge can be reliably measured;
- The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

I Fair value hedges
Where a derivative financial instrument hedges the exposure to changes in fair value of a recognised asset or liability or a unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment that is attributable to a particular risk, any resulting gain or loss on the hedging instrument is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

II Cash flow hedges
Where a derivative financial instrument hedges the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, a firm commitment or a highly probable forecasted transaction, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. The ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately.

When the firm commitment or the forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in equity are reclassified into income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement.

When a hedging instrument or hedge relationship is terminated but the hedged transaction still is expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

**G. Properties available for lease**
Investment properties are properties which are held to earn rental income for the long term. In accordance with IAS 40, investment properties are stated at fair value.

External independent valuers determine the real estate portfolio value every 3 months. Any gain or loss arising, after the acquisition of a property, from a change in its fair value is recognised in the income statement. Rental income from investment property is accounted for as described under (R). The valuers carry out the valuation on the basis of the method of calculating the present value of the rental income in accordance with the "International Valuation Standards/RICS Valuation Standards", established by the International Valuation Standards Committee/Royal Institute of Chartered Surveyors, as set out in the corresponding report. This value, referred to hereafter as the "investment value", corresponds to the price that a third-party investor would be disposed to pay in order to acquire each of the properties making up the portfolio of assets and in order to benefit from their rental income while assuming the related charges, without deduction of transfer taxes. The disposal of an investment property is usually subject to the payment to the public authorities of transfer taxes or a value added tax.

A portion of transfer tax is deducted by the valuers from the investment value of the investment properties to establish the fair value of the investment properties, as evidenced in their expert report (see Note 21).

At the time of an acquisition, the transfer taxes incurred in the case of subsequent disposal are recorded directly in the shareholders' equity; any adjustment made subsequently is booked in the income statement.

If an investment property becomes owner-occupied, it is reclassified as asset held for own use and its fair value at the date of reclassification becomes its cost for accounting purposes of subsequent recording.

**H. Development projects**

Property that is being constructed or developed for future use as investment property is classified as development projects and stated at fair value until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property, always at fair value.

All costs directly associated with the purchase and construction, and all subsequent capital expenditures qualifying as acquisition costs, are capitalised. Provided the project exceeds one year, interest charges are capitalised at a rate reflecting the average borrowing cost of the Group.

**I. Property let for long periods**

I Types of long leases

Under Belgian law, properties can be let for long periods under 2 different regimes:

- Long ordinary leases: the obligations of the lessor under the lease remain essentially those under any lease, for instance to ensure that space in a state of being occupied is available to the lessee during the whole term of the lease. This obligation is met by the lessor bearing the owner's part of maintenance costs (other than rental) and the cost of insuring the building against fire and other causes of damages;
- Long leases which involve the assignment of a real right ("droit réel") by the assignor to the assignee: in this case, ownership passes temporarily to the assignee who will bear a.o. maintenance (other than rental) and insurance costs. 3 contract types fall under this category: (a) the "bail emphytéotique" which must last a minimum of 27 years and a maximum of 99 years and can apply to land and/or construction; (b) the "droit de superficie" which may not exceed 50 years but has no minimum duration and concerns bare land and; (c) the "droit d'usufruit" which may not exceed 30 years and has no minimum duration and can apply to land and construction or bare land. Under all these contracts, the assignor keeps a residual right in that it will recover full ownership of the property at the end of the term of assignment, including the ownership of constructions erected by the assignee, with or without indemnity for these constructions depending on contractual conditions. A purchase option for the residual right may however have been granted which the lessee can exercise during or at the end of the lease.

II Long lease qualifying as finance lease receivable

Provided these leases meet the criteria of a finance lease under IAS 17 § 10, at their inception, the Group as assignor will present them as a receivable for an amount equal to the net investment in the lease agreement. The difference between this latter amount and the book value of the leased property (excluding the value of the residual right kept by the Group) at the inception of the lease will be recorded in the income statement of the period. Any payment made periodically by the lessee will be treated by the Group partly as a repayment of the principal and partly as a financial income based on a pattern reflecting a constant periodic rate of return to the Group.

At each closing date, the residual right kept by the Group will be accounted for at its fair value. This value will increase each year and will correspond, at the end of the lease, to the market value of full ownership. These increases will be accounted for under "Changes in fair value of investment properties" in the income statement.

Conversely, if Cofinimmo is assignee in a financial lease as defined by IAS 17, it will recognise an asset at an amount equal to the fair value of the leased property or, if lower, at the present value of the minimum lease payments, the corresponding amount being recorded as a financial debt. The rents accruing from tenants will be recorded under rental income. The subsequent effective payments to the assignor during the term of the lease will be recorded under financial charges, for the amount of the discount element, and, for the remainder, contribute to the amortisation of the related financial debt. At each closing date, the temporarily assigned right will be accounted for at its fair value in accordance with IAS 40 - "Investment properties", the progressive loss in value resulting from the passage of time being recorded as "Changes in fair value of investment properties" in the income statement.

III Sale of future lease payments under a long lease not qualifying as a finance lease receivable

The amount collected by the Group as a result of the sale of the future lease payments will be recognised in deduction of the property's value to the extent that this sale of lease payments is opposable to third parties and that, as a consequence, the market value of the property is reduced by the amount of the future lease payments sold. The progressive reconstitution of the lease payments sold will be recognised in the income statement under the caption "Writeback of lease payments sold and discounted".

Separately in the income statement, the changes in fair value of the property will be recorded under the heading "Changes in fair value of investment properties".

**J. Other property**

I Assets held for own use

In accordance with the alternative method allowed by IAS 16 § 31, the part of the property used by the company itself as headquarters is stated at market value. It appears under "Assets held for own use".

II Subsequent expenditure

Expenditure incurred to refurbish a property that is accounted for separately, is capitalised. Other expenditure is capitalised only when it increases the future economic benefits embodied in the item of property. All other expenditures in the income statement are recorded as costs (see S II).

III Depreciation

Investment properties, whether land or constructions, are not depreciated but posted at fair value (see G). A depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the following items:

- Fixture and fittings 4-10 years;
- Furniture 8-10 years;
- Computer hardware 4 years;
- Software 4 years.

IV Assets held for sale

Assets held for sale (investment properties) are presented separately in the balance sheet at a value corresponding to their fair value.

V Depreciation (Impairment)

The other assets are subject to a depreciation test only if there is an indication showing their book value will not be recoverable by their use or sale.

**K. Finance lease receivables**

Finance lease receivables are valued on the basis of their present value at the interest rate prevailing at the time of their issuing. If they are indexed to an inflation index, conservative assumptions concerning inflation are also used for the determination of the present value. If recourse is taken to a derivative financial instrument providing hedging, the market interest rate for this instrument will serve as the reference rate for calculating the market value of the receivable concerned at the close of each accounting period. In this case, the entire unrealised gain generated by the valuation at market value of the receivable is limited to the unrealised loss relating to the valuation at market value (see F I) of the hedging instrument. Conversely, any unrealised loss generated by the receivable will be entirely booked in the income statement.

**L. Cash and cash equivalents**

Cash and cash equivalents comprise call deposits, cash and short-term investments.

**M. Shareholders' equity**

I Ordinary share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as deduction, net of tax, from the proceeds.

II Preference share capital and mandatory convertible bonds

Preference share and mandatory convertible bond capital is classified as equity if it meets the definition of an equity instrument under IAS 32.

III Repurchase of shares

When share capital recognised as equity is repurchased by the Group, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are presented as a deduction from the headings "Capital" and "Share premium account". The proceeds on sales of own shares are directly included in equity with no impact on the income statement.

IV Dividends

Dividends are recognised as debt when they are approved by the General Shareholders' Meeting.

**N. Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. Upfront fees payable to lenders or legal fees are for example integrated into the effective interest rate calculation. Fixed rate borrowings are expressed at their amortised nominal value. If, however, interest on a fixed rate borrowing is swapped into a floating by virtue of a matching Interest Rate Swap derivative contract, in conformity with fair value hedge accounting under IAS 39 § 86, the unamortised balance of the fixed rate borrowing is stated at market value as is the derivative itself (see F I).

The convertible borrowing is evaluated at fair value at the closing date.

**O. Employee benefits**

The Group funds a defined contribution pension scheme for its employees which is entrusted to an insurance company and thus independent from the Group. Contributions paid during the accounting period are charged to income.

**P. Provisions**

A provision is recognised in the balance sheet when the Group has a legal or contractual obligation as a result of a past event, and if it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the adequate market rate reflecting, where appropriate, the risk specific to the liability.

**Q. Trade and other payables**

Trade and other payables are stated at cost.

**R. Revenues**

Revenues include revenues from lease contracts on buildings and revenues from real estate services.

Revenues from lease contracts are recorded under the rental revenues heading. Some lease contracts allow for a period of free occupancy followed by a period during which the agreed rent is due by the tenant. In this case, the total amount of the contractual rent to be collected until the first break option for the tenant is recognised in the income statement (header "rental revenues") pro rata temporis over the length of the lease contract, beginning at the start of the occupancy and ending at the first break option (i.e. the firm term of the lease). More accurately, the contractual rent expressed in annual amount is first recognized as a revenue and the rent-free period spread over this firm term of the lease is then booked as an expense. Hence, first, an accrued income account is debited at the start of the lease for an amount corresponding to the rental revenue (net of the cost of rent-free periods) already earned but not yet expired.

When real estate experts make an estimation of the value of the buildings based on the future cash updated flows method, they include in these values the total rents yet to be collected. Hence, the accrued income account referred to above is redundant with the part of the buildings representing rents already earned and recognised in the income statement but not yet due. Therefore, secondly, in order to avoid this redundancy which would wrongfully swell the total of the balance sheet and the shareholder's equity, the amount under the accrued income account is reversed against a charge booked under the heading "Other result on portfolio". Once the date of the first break option is passed, no charge is to be recorded in the income statement, as would have been the case without this reverse booking.

As a result, the operating result before result on portfolio (and thus the current income of the analytical form) reflects the rents spread over the firm term of the lease, whereas the net result reflects the rents to date and as they are cashed.

Until 2010, rents were recorded as "rental income" during the year they were collected, without any correction to be made under the header "Other result on portfolio".

The concessions granted to tenants are, on their part, booked as charges over the firm term of the lease. They refer to incentives consisting in the financing by the landlord of certain expenses the tenant is normally responsible for, such as the cost of the fitting works of private surfaces for example.

**S. Expenses**

I Services costs

Services costs paid, as well as those borne on behalf of the tenants, are included in direct property expenses. Their reclaiming from the tenants is presented separately.

II Works carried out on properties

Works carried out which are the responsibility of the building owner are recorded in the accounts in 3 different ways, depending on the type of work concerned:

- Expenditure on maintenance and repairs which does not add any extra functionality to or increase the standard of comfort of the building is considered current expenditure for the period, and property costs;
- Extensive renovation works: these are normally undertaken at intervals of 25 to 35 years and involve virtually reconstructing the building whereby, in most cases, the existing carcass work is reutilised and state-of-the-art building techniques applied; on completion of such renovation works, the property can be considered as new and the expenditures are capitalised;
- Improvement works: these are works carried out on an occasional basis to add functionality to the property or significantly enhance the standard of comfort, thus making it possible to raise the rent and, hence, the estimated rental value. The costs of these works are capitalised by reason of the fact that and in so far as the expert normally recognises a pro tanto appreciation in the value of the property. Example: installation of an air conditioning system where one did not previously exist.

The works for which expenses are capitalised are identified in accordance with the above criteria during the budget preparation stage. Expenses to be capitalised concern materials, contractor works, technical studies, internal costs, architect fees and interests during construction.

III Commissions paid to real estate brokers and other transaction costs

Commissions relating to property rentals are entered in current expenditure for the year under the caption commercial costs, exit tax and deferred taxes. Commissions relating to the acquisition of properties, transfer duties, notary fees and other ancillary costs are considered as transaction costs and included in the acquisition cost of the acquired property. These costs are also considered as part of the acquisition cost when the purchase is done through a business combination. Commissions on property sales are deducted from the sale price obtained to determine the gain or loss made. Property valuation costs and technical valuation costs are always entered in current expenditure.

IV Financial result

Net financing costs comprise interest payable on borrowings, calculated using the effective interest rate method, and gains and losses on hedging instruments that are recognised in the income statement (see G). Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset. Dividend income is recognised in the income statement on the date that the dividend is declared.

**T. Income tax**

Income tax on the profit or loss for the year comprises current tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is also recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using the tax rate enacted or substantially enacted at the balance sheet date, and any adjustment to taxes payable in respect of previous years.

**U. Exit tax and deferred taxes**

An exit tax is the tax on the capital gain that arises upon approval of a non-Sicafi company as a Sicafi or merger of a Belgian non-Sicafi company with a Sicafi. When the non-Sicafi company, which is eligible for this regime, first enters the consolidation scope of the Group, a provision for exit tax liability is recorded simultaneously with a revaluation gain on the property corresponding to the market value of the property and taking into account a forecasted merger date. Any subsequent adjustment to this exit tax liability is recognised in the income statement. When the approval or merger takes place, the provision becomes a debt and any difference is also recognized in the income statement. The same treatment is applied mutatis mutandis to French companies eligible for the SIIC regime. When companies not eligible for the Sicafi or SIIC regimes are acquired, a deferred tax is recognised on the unrealised gain of the investment property.

**V. Stock option**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 46.

**W. Estimates and main sources of concern**

I. Fair value of the portfolio

Cofinimmo's portfolio is valued quarterly by real estate experts. This valuation by real estate experts is intended to determine the market value of a property at a certain date, as a function of the market evolution and the characteristics of the property concerned. In parallel to the work of the real estate experts, Cofinimmo proceeds with its own valuation of its assets. This valuation is used by the Group as counter-value of the experts' evaluation in order to minimise the uncertainties linked to the estimations of the real estate experts. The portfolio is recorded at the fair value established by the real estate experts in the Group's consolidated accounts.

II. Financial instruments

The fair value of the Group's financial instruments is calculated on the basis of the market values in the Bloomberg software. These fair values are compared with the quarterly estimations received from the banks and major variations are analysed.

The fair value of financial assets and liabilities is established as follows:

- The fair value of financial assets and liabilities with standard terms and conditions and negotiated on active and liquid markets is established based on stock market prices;
- The fair value of derivative instruments is calculated based on stock market prices. When such prices are not available, analyses of updated cash flows based on the applicable yield curve with respect to the duration of the instruments are used in the case of non-optional derivatives, and option evaluation models are used in the case of optional derivatives. Interest rate swaps are evaluated according to the updated value of estimated and updated cash flows in accordance with the applicable yield curves obtained on the basis of the market interest rates.

III. Goodwill

Goodwill is calculated at acquisition date as the positive difference between the acquisition cost and Cofinimmo's share in the net asset acquired. This goodwill is then the subject of an impairment test by comparing the net book value of the groups of buildings with their value in use. The calculation of the value in use is based on hypotheses of future cash flows, indexation rates, cash flow years and residual values.

More details are given in Note 20.

IV. Transactions

In the case of an asset acquisition, the Group takes into account such elements as the percentage of shares held and the authority for appointing directors of each of the parties concerned for determining joint control or overall control.

When a property portfolio meets the definition of a business combination as defined in IFRS 3, the Group revaluates the assets and liabilities acquired at their fair value. The fair value of the property assets is established on the basis of the value established by the real estate experts.

More details are given in Note 4.

## Note 3. Operational and financial risk management

The Group actively manages its client base in order to minimise vacancies and tenant turnover in the office segment. The *Property Management* team is responsible for swiftly resolving tenant complaints while the commercial team maintains regular contact with them so as to offer alternative solutions from within the portfolio should tenants require more or less space. Although this activity is fundamental to protecting rental income, it has little impact on the price at which a vacant property can be let, as that depends on prevailing market conditions. Nearly 100% of the lease contracts include a provision whereby rents are annually indexed. Before accepting any new client, a credit risk analysis is requested from an outside rating agency. An advance deposit or bank guarantee is usually required from non-public sector tenants corresponding to 6 months rent.

Rents are payable in advance, on a monthly, quarterly or yearly basis. A quarterly provision covering property charges and taxes incurred by the Group but contractually rechargeable to tenants is also requested. The level of rental defaults recorded net of recoveries represents 0.067% of total turnover over the period 1996-2011. A serious deterioration in the general economic situation is likely to magnify losses on lease receivables, particularly in the office sector. The possible insolvency of a major tenant can represent a significant loss for Cofinimmo, as well as an unexpected vacancy or even having to rent out the vacant space at a price below the level of the broken contract.

By operating risk, Cofinimmo means the risk of losses due to inadequacies in the company's procedures or failures in its management. Direct operating costs are driven essentially by 2 factors:

- The age and quality of buildings, which determine the level of maintenance and repair expenses, both closely monitored by the Property Management team, while the execution of works is outsourced;
- The vacancy level of office properties and tenant turnover, which determine the level of expenses for unlet space, the letting fees, refurbishment costs, incentives granted to new clients, ... which the active commercial management of the portfolio is designed to minimise.

Construction and refurbishment projects are prepared and supervised by the Group's Project Management team with a mandate to complete them on time and on budget. For managing large-scale projects, specialised outside companies are brought in by the Group.

The risk of buildings being destroyed by fire or other disastrous events is insured for a total reconstruction value of €1,762.08 million[1] in relation to a fair value for the investment properties of €1,580.35 million[1] at 31.12.2011, including the value of the land. Cover has been obtained for the resulting vacancies. Cofinimmo also assumes its public liability as the building owner or project supervisor.

Insofar as the Group owns a long-term real estate portfolio, it is highly probable that its borrowings, which finance a large part of this portfolio, will be refinanced on maturity by other borrowings. It is therefore probable that the company's total financial debt be renewed for a long and indeterminate period. For reasons of cost efficiency, the Group's financing by debt policy separates the raising of borrowings activity (liquidity and margins on floating rates) from the interest rates risks and charges activity (fixing and hedging of future floating interest rates). The funds borrowed are generally borrowed at floating rate and, if a borrowing is contracted at fixed rate, and interest rate swap is generally used to transform it into floating rate. The Group then hedges certain parts of its total debt for certain periods, signing contracts on interest rate derivatives with banks. The banks that sign these contracts are normally different from the ones providing the funds. However, the Group makes sure that the periods and dates of fixture of the interest rate derivatives contracts correspond to the renewal periods and the dates of fixture of the rates of its borrowings contracts, so that the hedging is effective.

If the derivative instrument is hedging an underlying debt contracted at a floating rate, the hedge is qualified as a cash flow hedge, while if it hedges an underlying debt contracted at a fixed rate, it is qualified as a fair value hedge.

Only the intrinsic item is designated as a hedge instrument.

The Group contracts the largest part of its financial debt at floating rate or, if at fixed rate, conversion frequently follows to floating rate so as to take advantage of low short-term rates. However, financial charges being exposed to hikes in rates, the policy of the Group consists in locking in interest rates over a rolling period of minimum 3 years for 50% to 90% of the consolidated financial debt. In accordance with this policy, Cofinimmo uses derivative financial instruments, mainly Interest Rate Swaps and CAP and FLOOR options, to ensure the fixing of its interest rate in a corridor between a minimum and a maximum rate (see page 49).

The cover period of minimum 3 years was chosen, on the one hand, to offset the depressive effect this time lag would have on the net income and, on the other hand, to forestall the adverse impact of any rise in European short-term interest rates not accompanied by a simultaneous increase in national inflation. Finally, a rise in real interest rates would probably be accompanied or quickly followed by a revival of overall economic activity which would give rise to more robust rental conditions and subsequently benefit the net result.

Simulations conducted show that the net income is historically sensitive to fluctuations in interest rates. However, in 2012, assuming that the structure and level of debt remain constant compared to 31.12.2011 and taking into account the hedging instruments put in place for 2012, an increase or decrease in interest rates of 0.5% would lead to an inverse change of the financial charges of €1.02 million. The average rate without margin on the closing date, as well as the fair value of the derivative instruments, are shown on page 143. In accordance with IFRS 7, a 1% sensitivity analysis was carried out of the various interest rates without margin applied to the debt and derivative instruments.

1 This amount does not include the insurances taken during the works nor those for which the occupants are contractually liable (i.e. for nursing homes in Belgium and France, pubs in the Pubstone portfolio and some office properties) nor those relating to finance leases.This amount does not include the insurances for MAAF properties (first-rank insurance for buildings in whole ownership, second-rank insurance for buildings in co-ownership) either, which are hedged for their reconstruction value.

### Impact of a 1% interest rate variation on the average interest rate of the debt and on the fair value of financial instruments (based on the debt and derivative positions at the closing date) (x €1,000,000)

| | | 31.12.2011 | 31.12.2010 |
|---|---|---|---|
| Average interest rate | | **3.94%**[1] | 4.18% |
| Fair value of derivative instruments | | **-141.49** | -81.35 |
| | +1%[2] | | |
| Average interest rate | | **4.07%** | 4.09% |
| Fair value of derivative instruments | | **-90.64** | 6.75 |
| | -1%[2] | | |
| Average interest rate | | **3.82%** | 4.26%[3] |
| Faire value of derivatives instruments | | **-261.75** | -160.65 |

The average financing cost of 3.94% is determined by 3 factors: 1) the base rate, 2) the credit margin, and 3) the hedging exercice price. In the test, the base rate is increased or decreased by 100 bps, then the average financing cost is recalculated based on the outstanding debt, while maintaining the credit margin and the hedging exercice price unchanged.

The Group may also hedge on a case by case basis against fluctuations of the underlying interest rates the value of financial assets consisting in receivables derived from long-term lease contracts (generally indexed) by entering into Interest Rate Swap contracts. The underlying inflation risk is however not hedged.

The Group is currently not exposed to any exchange risk.

## Note 4. Business combinations and joint-ventures

**Business combinations during FY 2011**

On 28.12.2011, Cofinimmo acquired, in partnership with Foncière ATLAND, 281 sites (branches and offices) of the MAAF group, located in France, totalling 60,411m² for a total sum of 103.8 million. The acquisition of these branches and offices was executed by Cofinimur I S.A. ("Cofinimur I"), a company under French Law recently founded by Cofinimmo, which holds 97.65% of its capital and voting rights. Cofinimur I, as subsidiary of listed companies subject to the Sociétés d'Investissements Immobiliers Cotée (SIIC) tax regime, is also subject to this tax regime.

### Assets acquired and liabilities booked on the date of acquisition

From an accounting point of view, this acquisition is treated as a business combination in accordance with the IFRS 3 norm. The acquisition situation considered is the situation taking into account the operation signed on 28.12.2011. The total acquisition price of this portfolio comes to €103.8 million. The impact of the acquisition of the MAAF branches and of the placement of mandatory convertible bonds (MCB) in Cofinimmo's consolidated balance on 31.12.2011 is set out below.

(x €1,000,000)

| | | | |
|---|---|---|---|
| Investment properties | 101.7 | Shareholders' equity | 48.9 |
| Assets held for sale | 3.3 | | |
| Banks | 2.6 | Non-current financial debt[4] | 58.7 |
| TOTAL ASSETS | 107.6 | TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 107.6 |

### Assets

These assets comprise of a set of 263 retail properties used by the MAAF group as branches for its customers, 15 assets used mainly as offices and 3 mixed-use properties, all also occupied by the MAAF group. The rents come to a total of €7.62 million. These rents will be subject to annual indexing. Out of the total said rents, 83% are on leases of 9 or 12 years, 3% on 6/9 year leases and the remaining 13% on 3/6/9 year leases (10 sites being vacant on signing), i.e. a weighted average length of 9.7 years for all the leases. The initial rental yield is therefore 7.31%. The fair value of the portfolio stands at €105.0 million.

1 The average effective interest rate on borrowings over the year 2011 amounts to 4.20% as mentioned in Note 16. 2 If the interest curve increases in parallel by 1%, the fair value of the financial instruments increases by €50.85 million, which represents, in view of the current level of short term interest rates and the exercise price of financial instruments, an increase of €28.45 million in equity and €22.40 million in the results account. If the interest curve drops in parallel by 1%, the fair value of the financial instruments falls by €120.25 million, which represents, in view of the current level of short term interest rates and the exercise price of financial instruments, a fall of €100.31 million in equity and €19.95 million in the results account. 3 On 31.12.2010, the margin free interest rate stood at 0.90%. Rather than applying a 1% decrease to this rate, the sensitivity analysis relates to the application of interest rates without margin of 0%. 4 €58.7 million = €52.0 millions (MCB issue) + €6.7 million shareholder current accounts.

### Liabilities

As well as Foncière ATLAND's share (2.35%) in the capital of Cofinimur I, Cofinimmo has proceded to issue mandatory convertible bonds (MCB) for a total of €52.0 million. This offering was placed by Banque Degroof, mainly by French and Belgian insurance companies. For more information on the conditions attached to the MCBs, please refer to the Management Report (see page 48).

We note that as the MAAF assets were acquired at the end of the year, no income was generated for the Group in 2011. But if the MAAF assets had been acquired on 01.01.2011, the impact of the rents on the 2011 income would have been K€7,623.

**Business combinations previous to 2011**

As a reminder, 2 business combinations were established in the past, one being the acquisition of 90% of Immobrew SA (renamed Pubstone SA since) in 2007 and the other being the acquisition of Médimur (renamed Cofinimmo France) in 2008. For more details on these 2 operations, we refer you to Note 4, page 104 of the Annual Financial Report 2009.

**Joint-ventures**

Cofinimmo has a 50% share in the joint-venture FPR Leuze, which obtained the institutional REIT status on 19.09.2011. This company was created following the awarding by the Building Agency (Belgian Federal State) to the Future Prisons consortium, of which Cofinimmo is part, of the public contract drawn up on the Design-Build-Finance-Maintain model for the construction and maintenance of a new prison in Leuze-en-Hainaut, in the Mons region. The contract was finalised (financial close) on 20.10.2011. This joint-venture will be responsible for the building and operating of the prison.

The following amounts are included in Cofinimmo's consolidated financial statements at 31.12.2011 via the equity-consolidated company FPR Leuze SA (50%).

(x €1,000)

| Consolidated balance sheet | 2011 |
|---|---|
| Participations in associated companies or joint-ventures | 837.8 |
| Result of the period | 212.8 |
| Financing of the share in FPR Leuze | 625.0 |

(x €1,000)

| Consolidated income statement | 2011 |
|---|---|
| Share in the result of associated companies or joint-ventures | 212.8 |

On the issue of the Property Availability Certificate by the Buildings Agency (scheduled for the last quarter of 2013), Cofinimmo will take over the remaining shares in FPR Leuze SA.

At that time, Cofinimmo will own the company outright and it will therefore be consolidated by full consolidation.

**Acquisitions of subsidiaries other than business combinations and joint-ventures**

The companies acquired during FY 2011 are the following: Cofinea I SAS, Parkside SA, Kosalise SA, Hemera SA, Vert Buisson SA, Saint-Charles Château des Moines SA, Gerigroep SA, De Mouterij SA, Rheastone SA, Le Progres SA, Superstone SA, Amca SA, De Abdij SPRL, Epris SA, Paloke SA, Dewa Invest SA, Bethanie SA and Residentie de Nootelaer SPRL. These acquisitions are detailled in the Management Report (see page 35). The overall positive impact on 2011 revenue is K€8,827.

## Net amount paid for the acquisition of consolidated subsidiaries (x €1,000)

| | 2011 |
|---|---|
| Amount paid in cash for the acquisition of companies | 29,178.4 |
| Cash included in the acquisition balance sheet of the companies acquired | 440.4 |
| Net amount paid for the acquisition of companies | 28,738.0 |
| Fair value of investment properties held by the companies acquired | 114,755.6 |

## Note 5. Segment information

In fair value, offices represent 48.65% of the portfolio, nursing homes and clinics 33.87%, distribution property networks 16.06% and the other business sectors 1.42%.
The different property segments are described on pages 18 to 45.

(x €1,000)

| | OFFICES | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | BRUSSELS CBD[1] | | BRUSSELS DECENTRALISED | | BRUSSELS PERIPHERY | | ANTWERP | | OTHER REGIONS | |
| INCOME STATEMENT | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 |
| **Net rental income** | **45,144** | 65,429 | **42,237** | 41,616 | **10,576** | 10,779 | **8,980** | 4,364 | **8,252** | 8,424 |
| **Property result after direct property costs** | **43,060** | 63,878 | **35,847** | 35,970 | **9,352** | 9,538 | **7,999** | 3,576 | **8,210** | 8,226 |
| Property management costs | | | | | | | | | | |
| Corporate management costs | | | | | | | | | | |
| Gains or losses on disposals of investment properties | **5,012** | 4,817 | | | **3** | -72 | **1,037** | | | |
| Changes in fair value of investment properties | **-19,702** | -27,638 | **-13,833** | -30,234 | **-4,971** | -1,081 | **-3,806** | -3,838 | **3,135** | 943 |
| Other result on portfolio | **-829** | | | -15 | **-69** | | **-4,301** | | **40** | |
| **Operating result** | | | | | | | | | | |
| **Financial result** | | | | | | | | | | |
| **Share in the result of associated companies and joint-ventures** | | | | | | | | | | |
| **Taxes** | | | **27** | | | | | | | |
| NET RESULT | | | | | | | | | | |
| NET RESULT - GROUP SHARE | | | | | | | | | | |
| | | | | | | | | | | |
| BALANCE SHEET | | | | | | | | | | |
| **Assets** | | | | | | | | | | |
| Goodwill | | | | | | | | | | |
| Investment properties | **609,876** | 692,964 | **623,490** | 633,043 | **144,381** | 149,350 | **60,732** | 107,108 | **113,089** | 108,518 |
| Of which: Development projects | **1,435** | 1,370 | **196** | 187 | **296** | 291 | **412** | 2,226 | **1,031** | 53 |
| Assets held for own use | | | **9,130** | 8,881 | | | | | | |
| Assets held for sale | | | | | | | | | | |
| Other assets | | | | | | | | | | |
| TOTAL ASSETS | | | | | | | | | | |
| **Shareholders' equity and Liabilities** | | | | | | | | | | |
| Shareholders' equity | | | | | | | | | | |
| Shareholders' equity attributable to shareholders of parent company | | | | | | | | | | |
| Minority interests | | | | | | | | | | |
| Liabilities | | | | | | | | | | |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | | | | | | | | | |

1 Central Business District.

| NURSING HOMES/CLINICS | | | | DISTRIBUTION PROPERTY NETWORKS | | | | | | OTHERS | | UNALLOCATED AMOUNTS | | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BELGIUM | | FRANCE | | PUBSTONE BELGIUM | | PUBSTONE NETHERLANDS | | MAAF FRANCE | | | | | | | |
| **2011** | 2010 | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 |
| **36,401** | 29,756 | **26,206** | 24,084 | **19,253** | 18,719 | **9,535** | 9,366 | | | **3,382** | 3,663 | | | **209,966** | 216,200 |
| **36,285** | 29,508 | **26,174** | 23,938 | **18,843** | 18,474 | **9,238** | 9,063 | | | **4,015** | 4,189 | | | **199,023** | 206,360 |
| | | | | | | | | | | | | **-13,926** | -15,031 | **-13,926** | -15,031 |
| | | | | | | | | | | | | **-7,306** | -6,333 | **-7,306** | -6,333 |
| **422** | 99 | | 27 | **279** | 2,228 | **15** | | | | **-124** | 135 | | 19 | **6,644** | 7,253 |
| **16,824** | 11,238 | **2,238** | 20,855 | **6,471** | 2,348 | **2,949** | 485 | | | **1,092** | -522 | | 113 | **-9,603** | -27,331 |
| **-201** | 148 | | | **-6,300** | -1,649 | **-989** | -252 | | | | | **-4,572** | 811 | **-17,221** | -957 |
| | | | | | | | | | | | | | | **157,611** | 163,961 |
| | | | | | | | | | | | | **-67,106** | -72,094 | **-67,106** | -72,094 |
| | | | | | | | | | | **213** | | | | **213** | |
| **-341** | | **-213** | | **39,404** | | **410** | | | | | | **-6,920** | -7,429 | **32,367** | -7,429 |
| | | | | | | | | | | | | | | **123,085** | 84,438 |
| | | | | | | | | | | | | | | **118,539** | 83,796 |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | **26,929** | 26,929 | **91,877** | 97,833 | **38,650** | 39,250 | | | | | | | **157,456** | 164,012 |
| **679,229** | 554,079 | **392,557** | 356,810 | **258,085** | 249,954 | **149,235** | 145,603 | **101,725** | | **45,171** | 44,487 | | | **3,177,560** | 3,041,916 |
| **48,339** | 34,161 | **107** | | | | | | | | **5,937** | 4,368 | | | **57,752** | 42,656 |
| | | | | | | | | | | | | | | **9,130** | 8,881 |
| | | **8,740** | 170 | | | | | **3,285** | | | | | | **12,025** | 170 |
| | | | | | | | | | | | | **181,900** | 175,808 | **181,900** | 175,808 |
| | | | | | | | | | | | | | | **3,528,941** | 3,381,906 |
| | | | | | | | | | | | | **1,515,544** | 1,466,878 | **1,515,544** | 1,466,878 |
| | | | | | | | | | | | | **1,460,887** | 1,459,781 | **1,460,887** | 1,459,781 |
| | | | | | | | | | | | | **54,657** | 7,097 | **54,657** | 7,097 |
| | | | | | | | | | | | | **2,013,397** | 1,915,028 | **2,013,397** | 1,915,028 |
| | | | | | | | | | | | | | | **3,528,941** | 3,381,906 |

## Note 6. Rental income and rental-related expenses (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| **Rental income** | | |
| Gross potential income | **202,660** | 211,286 |
| Vacancy | **-11,037** | -11,357 |
| **Rents** | **191,623** | 199,929 |
| Cost of rent free periods | **-1,018** | -4,743 |
| Concessions granted to tenants | **-2,463** | -1,164 |
| Indemnities for early termination of rental contracts | **637** | 1,365 |
| SUB-TOTAL | **188,779** | 195,387 |
| **Writeback of lease payments sold and discounted** | **20,999** | 21,108 |
| **Rental-related expenses** | | |
| Rent payable on rented premises | **-86** | -80 |
| Writedowns on trade receivables | **-177** | -676 |
| Writeback of writedowns on trade receivables | **451** | 461 |
| SUB-TOTAL | **188** | -295 |
| TOTAL | **209,966** | 216,200 |

Except in some rare cases, the leases contracted by the Group are subject to indexation. The rental income takes into account, if the case should arise, the income guaranteed by developers substituting rents.

The Group leases out its properties under operating leases and finance leases. Only revenues of operating leases appear under rental income. The amount under "Writeback of lease payments sold and discounted" represents the difference of the discounted value, at the beginning and at the end of the year, of the future inflation-linked payments on the lease contracts whose receivables have been sold. The writeback through the income statement allows for a gradual reconstitution of the gross initial value of the concerned buildings at the end of the lease. It is a recurring and non-cash income item.

The change in fair value of these buildings is determined by the independent valuer and is taken as profit or loss under the caption "Changes in fair value of investment properties". This time, it is a non-recurring item as it depends on the valuer's assumptions as to future market conditions.

### Total rental income

When a lease is classified as a finance lease, the property is considered to be disposed of and the Group to have an interest in a finance lease instead. Payments received on the finance leases are split between "capital" and "interest": the capital element is taken to the balance sheet and offset against the Group's interest in the finance lease; the interest element to the income statement. Therefore, only the part of the rents relating to interests flows through the income statement.

### Total income generated from the Group's properties, through operating and finance leases (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| Rental income from operating leases | **188,779** | 195,387 |
| Interest income in respect of finance leases | **3,016** | 2,933 |
| Capital receipts in respect of finance leases | **2,934** | 9,473 |
| TOTAL | **194,729** | 207,793 |

### Total future aggregate minimum rental receivables under non-cancellable operating leases and finance leases in effect at 31.12 (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| **Simple lease** | **2,451,222** | 2,360,122 |
| Within 1 year | **205,578** | 204,866 |
| Between 1 and 5 years | **538,910** | 509,964 |
| Beyond 5 years | **1,706,734** | 1,645,293 |
| **Financial lease** | **58,271** | 61,129 |
| Within 1 year | **2,868** | 2,780 |
| Between 1 and 5 years | **11,130** | 16,726 |
| Beyond 5 years | **44,273** | 41,623 |
| TOTAL | **2,509,493** | 2,421,251 |

## Note 7. Net redecoration expenses (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| Costs payable by tenants and borne by the landlord on rental damage and refurbishment at end of lease | **1,813** | 2,417 |
| Recovery of property charges | **-273** | -795 |
| TOTAL | **1,540** | 1,622 |

The recovery of property charges is only made up of indemnities on rental damage.

## Note 8. Charges and taxes not recovered from the tenant on let properties (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| **Recovery income of charges and taxes normally payable by the tenant on let properties** | **46,122** | 35,279 |
| Rebilling of rental charges invoiced to the landlord | **18,373** | 17,412 |
| Rebilling of withholding taxes and other taxes on let properties | **27,749** | 17,867 |
| **Rental charges and taxes normally payable by the tenant on let properties** | **-45,979** | -35,537 |
| Rental charges invoiced to the landlord | **-18,613** | -17,458 |
| Withholding taxes and other taxes on let properties | **-27,366** | -18,079 |
| TOTAL | **143** | -258 |

Under usual lease terms, these charges and taxes are borne by the tenants through rebilling. However, a number of lease contracts of the Group provide otherwise, leaving the taxes or the charges to be borne by the landlord.

## Note 9. Technical costs (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| **Recurrent technical costs** | **3,797** | 2,966 |
| Repairs | **3,249** | 1,952 |
| Insurance premia | **548** | 1,014 |
| **Non-recurrent technical costs** | **615** | 303 |
| Major repairs (building companies, architects, engineering offices, ...)[1] | **537** | 212 |
| Damage expenses | **78** | 91 |
| Losses providing from disasters and subject to insurance cover | **335** | 402 |
| Insurance compensation for losses providing from disasters | **-257** | -311 |
| TOTAL | **4,412** | 3,269 |

## Note 10. Commercial costs (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| Letting fees paid to real estate brokers | **775** | 927 |
| Advertising | **30** | 54 |
| Fees paid to lawyers and other experts | **429** | 376 |
| Others | **326** | |
| TOTAL | **1,560** | 1,357 |

1 Except for capital expenditures.

## Note 11. Management costs

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

### Property management costs

These costs comprise the costs of personnel responsible for this activity, the operational costs of the company headquarters and fees paid to third parties. The management fees collected from tenants covering partially the costs of the property management activity are deducted.

The portfolio is entirely managed internally. The internal costs of property management are divided as follows:

(x €1,000)

| | **2011** | 2010 |
|---|---|---|
| **Office charges** | **2,400** | 2,557 |
| IT | **1,310** | 1,361 |
| Others | **1,090** | 1,196 |
| **Fees paid to third parties** | **2,816** | 3,943 |
| Recurrent | **1,548** | 1,999 |
| Real estate valuers | **842** | 978 |
| Lawyers | **87** | 160 |
| Others | **619** | 861 |
| Non-recurrent | **1,268** | 1,944 |
| Mergers and acquisitions (other than business combinations) | **1,268** | 1,944 |
| **Public relations, communication and advertising** | **463** | 530 |
| **Personnel expenses** | **10,159** | 9,852 |
| Salaries | **8,049** | 7,800 |
| Social security | **1,374** | 1,376 |
| Pensions and other benefits | **736** | 676 |
| **Management fees earned from tenants** | **-2,263** | -2,226 |
| Lease contract related fees | **-2,096** | -2,046 |
| Fees for additional services | **-167** | -180 |
| **Taxes and regulatory fees** | **217** | 257 |
| **Depreciation charges on office furniture** | **134** | 118 |
| TOTAL | **13,926** | 15,031 |

### Corporate management costs

Corporate management costs cover the overheads of the company as a legal entity with a stock exchange listing and as a Sicaf immobilière. These expenses are incurred in order to provide complete and continued information, economic comparability with other types of investment and liquidity for the shareholder's indirect participation in a property portfolio. Certain costs of studies relating to the Group's expansion also come under this category.

(x €1,000)

| | **2011** | 2010 |
|---|---|---|
| **Office charges** | **390** | 316 |
| IT | **130** | 142 |
| Others | **260** | 174 |
| **Fees paid to third parties** | **925** | 549 |
| Recurrent | **611** | 460 |
| Lawyers | **65** | 43 |
| Auditors | **414** | 389 |
| Others | **132** | 28 |
| Non-recurrent | **314** | 89 |
| **Public relations, communication and advertising** | **636** | 520 |
| **Personnel expenses** | **4,008** | 3,470 |
| Salaries | **3,522** | 3,040 |
| Social security | **335** | 312 |
| Pensions and other benefits | **151** | 118 |
| **Taxes and regulatory fees** | **1,347** | 1,478 |
| TOTAL | **7,306** | 6,333 |

The fixed emoluments of Deloitte, Company Auditors for reviewing and certifying Cofinimmo's company and consolidated accounts amounted to €111,055 (excluding VAT). Its emoluments for certifying the company accounts of Cofinimmo's subsidiaries amounted to €105,724 (excluding VAT).

(x €1,000)

| | 2011 | 2010 |
|---|---|---|
| **Emoluments for the company auditor** | **421** | 192 |
| Emoluments for the execution of a mandate of company auditor | **217** | 168 |
| Emoluments for exceptional activities or special assignments within the Group | **204** | 24 |
| Other certification assignments | **98** | 20 |
| Other assignments external to the auditing duties | **106** | 4 |
| **Emoluments for people with whom the auditor is connected** | **151** | 85 |
| Emoluments for exceptional activities or special assignments within the Group | **151** | 85 |
| Other certification assignments | | 8 |
| Tax advisory duties | **151** | 77 |
| TOTAL | **572** | 277 |

The emoluments of the company auditor for the Group's French companies amounted to K€72 (excluding VAT).

## Note 12. Gains or losses on disposals of investment properties (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| **Net sale of properties (selling price - transaction costs)** | **172,067** | 100,245 |
| **Investment value of properties sold** | **-165,423** | -94,780 |
| Fair value of properties sold | **-161,229** | -92,447 |
| Writeback of the impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties | **-4,194** | -2,333 |
| **Others** | | 1,788 |
| TOTAL | **6,644** | 7,253 |

The future hypothetical transaction fees are deducted directly from capital and reserves on the acquisition of properties. When the properties are sold, this amount must therefore be deducted from the difference between the price obtained and the book value of these properties in order to calculate the gain actually made.

## Note 13. Changes in fair value of investment properties (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| Positive changes in fair value of investment properties | **59,256** | 39,681 |
| Negative changes in fair value of investment properties | **-68,859** | -67,012 |
| TOTAL | **-9,603** | -27,331 |

The breakdown of the changes in fair value of the properties is exhibited in Note 22.

## Note 14. Other result on portfolio (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| Change in deferred taxes[1] | **-390** | -1,907 |
| Reversal of already earned rents not expired | **-8,105** | |
| Change in fair value of other non-financial assets | **-348** | 133 |
| Goodwill impairment test[2] | **-6,900** | |
| Other | **-1,478** | 817 |
| TOTAL | **-17,221** | -957 |

The reversal of already earned rents not expired, recognized during the year, results from the application of the accounting method detailed in Note 2, point R.

## Note 15. Financial income (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| Interests and dividends received | **2,948** | 1,770 |
| Interest receipts in respect of finance lease and similar receivables | **3,016** | 2,933 |
| Net realised gains on disposals of finance lease and similar receivables | | 1,259 |
| Other financial income | **115** | 74 |
| TOTAL | **6,079** | 6,036 |

1 See Note 35. 2 See Note 20.

## Note 16. Net interest charges (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| **Nominal interests on loans with amortised cost** | **34,678** | 21,912 |
| Bilateral loans - floating rate | **16,438** | 11,577 |
| Syndicated loans - floating rate | **2,952** | 3,817 |
| Treasury bills - floating rate | **3,015** | 1,311 |
| Investment credits - floating or fixed rate | **1,193** | 131 |
| Debenture loan - fixed rate | **11,080** | 5,076 |
| **Charges relating to authorised hedging instruments** | **24,619** | 38,827 |
| Authorised hedging instruments qualifying for hedge accounting | **20,632** | 31,220 |
| Authorised hedging instruments not qualifying for hedge accounting | **3,987** | 7,607 |
| **Other interest charges** | **3,161** | 2,541 |
| TOTAL | **62,458** | 63,280 |

The effective charge for interests on borrowings, including all bank margins and the amortisation of premia paid on hedging instruments relating to the period is K€67,428, which corresponds to an average effective interest rate of loans of 4.20%.

## Note 17. Other financial charges (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| Bank costs and other commissions | **285** | 617 |
| Others | **881** | 476 |
| TOTAL | **1,166** | 1,093 |

## Note 18. Changes in fair value of financial assets and liabilities (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| Authorised hedging instruments qualifying for hedge accounting | **-9,642**[1] | 1,494 |
| Authorised hedging instruments not qualifying for hedge accounting | **-4,177**[2] | -15,251 |
| Convertible bonds | **11,811** | |
| Others | **-7,553** | |
| TOTAL | **-9,561** | -13,757 |

Only the changes in the ineffective part of the fair value of cash flow hedging instruments, as well as the changes in fair value of trading instruments, are taken into account. The changes in the effective part of the fair value of cash flow hedging instruments are booked directly under equity.

## Note 19. Corporate tax and exit tax (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| **Corporate tax** | **6,920** | 7,224 |
| **Parent company** | **1,511** | 2,100 |
| Pre-tax result | **113,094** | 23,074 |
| Result exempted from income tax due to the Sicafi regime | **-113,094** | -23,074 |
| Taxable result based on non-deductible costs | **4,089** | 3,671 |
| Tax rate of 33.99% | **1,390** | 1,248 |
| Others | **121** | 852 |
| **Subsidiaries** | **5,409** | 5,124 |
| **Exit tax - subsidiaries** | **39,287** | -285 |

The non-deductible costs chiefly comprise the office tax in the Brussels-Capital Region. The heading "Others" chiefly comprises taxes related to the merged companies. With the exception of the institutional Sicafi, the Belgian subsidiaries are not subject to the Sicafi regime. Tax on subsidiaries chiefly comprises tax on Pubstone SA for a total of K€2,620. As a reminder, Pubstone SA became an institutional Sicafi on 30.06.2011. As a result, a sum of K€39,403 was booked in the results account. For more details, please refer to the manangement report (see page 15) and to Note 35 on deferred taxes.

1 The gross amounts are respectively an income of K€37,804 and a charge of K€47,446. 2 The gross amounts are respectively an income of K€4,726 and a charge of K€8,903.

## Note 20. Goodwill

### Pubstone

Cofinimmo's acquisition in 2 stages (31.10.2007 and 27.11.2008) of 89.90% of the shares of Pubstone Group SA (formerly Express Properties SA) (see page 31 of the Annual Financial Report 2008) generated a goodwill for Cofinimmo resulting from the positive difference between the acquisition cost and Cofinimmo's share in the fair value of the net asset acquired. More specifically, this goodwill results from:

- The positive difference between the value offered at the acquisition for the property assets (on which the price paid for the shares was based) and the fair value of those property assets (this being expressed after deduction of the transaction costs standing at 10.0% to 12.5% in Belgium and 6.0% in the Netherlands);
- And the deferred tax corresponding to the theoretical hypothesis imposed by the IAS/IFRS standards of an immediate disposal of all pubs at closing date. A tax rate of respectively 34% and 25% for the assets located in Belgium and in the Netherlands has been applied to the difference between the tax value and the market value of the assets at the acquisition.

The variation of the goodwill of Pubstone SA (Belgium) during the year is explained mainly by the depreciation of €6.3 million and the restructuring of the sub-group Pubstone Group which occurred on 30.06.2011 following Pubstone SA's approval as institutional Sicafi, as explained in the management report (see page 40). This restructuring had a positive impact on the goodwill, as Pubstone Group owns 99.99% of the goodwill of Pubstone SA on 31.12.2011, as against 99.74% on 31.12.2010.

### Cofinimmo France

Cofinimmo's acquisition of 100% of the shares of Cofinimmo France SA (formerly Médimur) on 20.03.2008 generated a goodwill for Cofinimmo resulting from the positive difference between the acquisition cost and the fair value of the acquired net assets. More precisely, this goodwill results from the positive difference between the value offered for the property assets at the acquisition (on which the price paid for the shares was based) and the fair value of those property assets (being expressed after deduction of the transaction cost standing at 1.80% and 6.20% in France).

### Changes in goodwill in 2011 (x €1,000)

| | Pubstone Belgium | Pubstone Netherlands | Cofinimmo France | TOTAL |
|---|---|---|---|---|
| COST | | | | |
| AT 01.01 | 99,813 | 39,250 | 26,929 | 165,992 |
| Changes in goodwill subsequent to the squeeze out of the minority interests of Pubstone SA | 344 | | | 344 |
| AT 31.12 | 100,157 | 39,250 | 26,929 | 166,336 |
| WRITEDOWNS | | | | |
| AT 01.01 | 1,980 | | | 1,980 |
| Writedowns recorded during the year | 6,300 | 600 | | 6,900 |
| AT 31.12 | 8,280 | 600 | | 8,880 |
| CARRYING AMOUNT | | | | |
| AT 01.01 | 97,833 | 39,250 | 26,929 | 164,012 |
| AT 31.12 | 91,877 | 38,650 | 26,929 | 157,456 |

### Impairment test

At the end of the accounting year 2011, the goodwill was subject to a depreciation test (executed on the groups of properties to which it was allocated per country) comparing the fair value of the properties plus the goodwill at their utility value.

The result of this test (illustrated in the table below) gives a depreciation of K€6,300 on the goodwill of Pubstone Belgium and a depreciation of K€600 on the goodwill of Pubstone Netherlands. For Cofinimmo France, no depreciation was recorded.

During 2011, the fair value of the portfolios of these 3 entities recorded positive variations of respectively K€6,471, K€2,949 and K€2,238.

### Assumptions used in the calculation of the value in use of Pubstone

A projection of future net cash flows was drawn up for the entire remaining duration of the lease bearing on the operating result and disposal of assets. During this remaining period, an attrition rate is taken into account based on the terms of the lease signed with AB InBev. The pubs vacated are assumed to have all been sold. At the end of the initial 27-year lease, a residual value is calculated. The sale price of the properties and the residual value are based on the average value attributed by the expert to the m² of assets on 31.12.2011, indexed. The indexation considered for these cash flows is 2% per annum. The discount rate used is 6.25%[1].

1 This rate is calculated based upon a zero-risk rate of 2.80%, a market risk premium of 7.70%, a beta coefficient of 0.70%, a cost of loans of 4.30% and a ratio of equity/loans of 50/50.

## Assumptions used in the calculation of the value in use of Cofinimmo France

A projection was drawn up of future net cash flow over 27 years. The assumption adopted is the renewal of all the leases during a 27-year period. The cash flow comprises the present indexed rent up to the known date of the first renewal of the lease. After this date, the cash flow considered is the indexed allowable rent. Allowable rents are rents estimated by the expert, stated in his valuation of the portfolio at 31.12.2011, which are considered sustainable in the long-term in terms of the profitability of the activity of the operating lessee. At the 28th year, a residual value is calculated per property. The indexation considered for these cash flows is 2% per annum. The discount rate used is 6.25%.

(x €1,000)

| BUILDING GROUP | Goodwill | Net carrying amount[1] | Utility value | Impairment |
|---|---|---|---|---|
| Pubstone Belgium | 98,177 | 356,263 | 349,963 | -6,300 |
| Pubstone Netherlands | 39,250 | 188,485 | 187,885 | -600 |
| Cofinimmo France | 26,929 | 239,060 | 239,060 | |
| TOTAL | 164,356 | 783,808 | 776,908 | -6,900 |

## Sensitivity analysis of the value in use when the 2 main variables of the impairment test vary by 0.10%

| BUILDING GROUP | 0.10% variation in inflation | 0.10% variation in the discount rate |
|---|---|---|
| Pubstone Belgium | 1.30% | 1.27% |
| Pubstone Netherlands | 1.31% | 1.28% |
| Cofinimmo France | 1.26% | 1.26% |

## Note 21. Investment properties (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| Properties available for lease | **3,110,678** | 2,990,379 |
| Development projects[2] | **57,752** | 42,656 |
| Assets held for own use | **9,130** | 8,881 |
| TOTAL | **3,177,560**[3] | 3,041,916 |

The fair value of the portfolio, as determined by the independent experts, stands at €3,189,415 at 31.12.2011. It includes investment properties for €3,177,560 and assets held for sale for €11,855.

## Properties available for lease (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| AT 01.01 | **2,990,379** | 2,975,276 |
| Capital expenditures | **8,268** | 19,281 |
| Acquisitions | **241,954** | 47,181 |
| Transfers from/to Assets held for sale | **-10,200** | |
| Transfers from/to Development projects | **25,132** | 44,734 |
| Sales/Disposals (fair value of assets sold/disposed of) | **-161,218** | -90,986 |
| Writeback of lease payments sold and discounted | **20,999** | 21,108 |
| Increase/Decrease in fair value[4] | **-4,636** | -26,239 |
| Others | | 24 |
| AT 31.12 | **3,110,678** | 2,990,379 |

## Fair value of investment properties

Investment properties are accounted for at fair value using the fair value model in accordance with IAS 40. This fair value is the price at which a property could be exchanged between knowledgeable and willing parties in normal competitive conditions. It is determined by the independent valuers in a two step approach.

In the **first step**, the valuers determine the investment value of each property based on the present value of the net future rental income net of maintenance and renovation costs. The yield used depends essentially on market rates applied in the property investment market, taking into consideration the location and the quality of the property and of the tenant at the valuation date. Future rental income is estimated based on current lease and reasonable assumptions about rental income from future leases in the light of current conditions. This value is the price that an investor (or hypothetical buyer) would be ready to pay to acquire the property in order to earn its rental revenues and to achieve a certain return on his investment.

1 Including goodwill. 2 Only the buildings to be renovated are not prelet. The borne cost consists of the absence of rental income during renovation and until the beginning of the lease. 3 The fair value of the investment properties subject to disposal of receivables is K€323,583.41. 4 Note 22 reconciles the total change in fair value of the investment properties.

In a **second step**, the valuers deduct from the investment value an estimated amount for the transaction costs that the buyer or seller must pay in order to carry out a transfer of ownership. The investment value less the estimated transaction costs is the fair value in the meaning of IAS 40.

In **Belgium**, the transfer of ownership of a property is subject to the payment of transfer taxes. The amount of these taxes depends on the method of transfer, the type of purchaser and the location of the property. The first 2 elements, and therefore the total amount of taxes to be paid, are only known once the transfer has been completed.

The range of taxes for the major types of property transfer includes:
- Sale of properties: 12.5% for properties situated in the Brussels Capital Region and in the Walloon Region, 10% for properties situated in the Flemish Region;
- Sale of real estate under the rules governing estate traders: 4.0 to 8.0%, depending on the Region;
- Surface and long lease agreements for real estate (up to 50 years for surface rights and up to 99 years for the *long lease* right): 0.2%;
- Sales of properties where the purchaser is a public body (e.g. an agency of the European Union, the Federal Government, a regional government or a foreign government): tax exempt;
- Contribution in kind of real estate property against the issue of new shares in favour of the contributing party: tax exempt;
- Sale of shares of a real estate company: no taxes;
- Merger, split and other forms of company restructuring: no taxes, etc.

The effective rate of the transfer tax therefore varies from 0 to 12.5%, whereby it is not possible to predict which rate would apply to the transfer of a given property before that transfer has effectively taken place.

In January 2006, all independent valuers[1] who carry out the periodic valuation of the Belgian Sicafis' real estate portfolios were asked to compute a weighted average transaction cost percentage to apply on the Sicafis' real estate portfolios, based on supporting historical data. For transactions concerning properties with an overall value exceeding €2.5 million, given the range of different methods for property transfers (see above), the valuers have calculated on the basis of a representative sample of 220 transactions taking place in the market between 2003 and 2005 and totalling €6.0 billion, that the weighted average transfer tax comes to 2.5%. This percentage is reviewed annually and, if necessary, adjusted at each 0.5% threshold.

For transactions concerning properties with an overall value of less than €2.5 million, transaction costs of between 10.0% and 12.5% would apply, depending on the region in which the property is located.

As at 01.01.2004 (date of transition to IAS/IFRS), the transaction costs deducted from the investment value of the real estate portfolio amounted to €45.5 million and have been accounted for under a separate caption of equity entitled "Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties".

The 2.5% transaction costs have been applied to the subsequent acquisitions of buildings.

At 31.12.2011, the difference between investment value and fair value for the global portfolio was €121.89 million or €8.02 per share.

It is worth noting that for Cofinimmo SA alone, the average gain in relation to the investment value realised on the disposal of assets operated since the changeover to the Sicafi regime in 1996 equals 9.92%. Over that period, Cofinimmo SA has undertaken 105 asset disposals for a total of €1,412.24 million. This gain would have been 12.45% had the 2.5% deduction been applied as from 1996.

The transaction costs applied on the properties located in **France** and the **Netherlands** come to 5.40% and 6.00% respectively.

### Sale of lease receivables

On 21.04.2005, the Cofinimmo Group sold to Fortis Bank SA all the future lease payments relating to the 18-year lease contract with the Buildings Agency for the North Galaxy building which it fully owns.

On 22.12.2008, the Cofinimmo Group sold to a subsidiary of the Société Générale SA Group the usufruct receivables for an initial period of 15 years payable by the European Commission and relating to the Loi 56, Luxembourg 40 and Everegreen buildings which Cofinimmo owns in Brussels. The usufruct from these 3 buildings ends between December 2020 and April 2022. Cofinimmo retains bare ownership and the indexation part of the receivables from the Luxembourg 40 building was not sold.

1 Cushman & Wakefield, de Crombrugghe & Partners, Winssinger & Associates, Stadim and Troostwijk-Roux.

On 20.03.2009, the Cofinimmo Group sold to a subsidiary of Société Générale SA, the usufruct receivables for an initial period of 15 years payable by the European Commission and relating to the Nerviens 105 building located in Brussels. The usufruct ends in May 2023. Cofinimmo retains bare ownership of the building.

On 23.03.2009, the Cofinimmo Group sold to Fortis Bank SA 90% of the finance lease receivables payable by the City of Antwerp relating to the Fire Station. At the end of the financial lease, the building will automatically be transferred to the City of Antwerp for free. The Cofinimmo Group also sold on the same date and to the same bank lease receivables payable by the Belgian State relating to the Colonel Bourg 124 building in Brussels and the Maire 19 building in Tournai. Cofinimmo retains ownership of these 2 buildings.

On 28.08.2009, the Cofinimmo Group sold to BNP Paribas Fortis SA 96% of the lease receivables pertaining to 2011 and the following years relating to the Egmont I and Egmont II buildings.

The leases related to the North Galaxy, Colonel Bourg 124, Maire 19, Egmont I and Egmont II buildings, as well as the usufructs from the Loi 56, Luxembourg 40, Everegreen and Nerviens 105 buildings do not qualify as financial leases. The fair value of these properties after the sale of their rental income or usufruct receivables corresponds to the difference between their market value, including the future rental income or lease receivables, and the discounted value of the future rental income or lease payments sold. In fact, by virtue of Article 1690 of the Belgian Civil Code, a third party wishing to buy the North Galaxy, Colonel Bourg 124, Maire 19, Egmont I and Egmont II buildings would be deprived of the right to receive rental income on that property until the end of the lease. Likewise, in the case of the Loi 56, Luxembourg 40, Everegreen and Nerviens 105 buildings, the buyer would be deprived of the receivables until the expiry of the right of usufruct.

Although neither specifically foreseen nor forbidden under IAS 40, the derecognition from the gross value of the properties of the residual value of the future receivables sold allows, in the opinion of the Board of Directors of Cofinimmo, a true and fair presentation of the value of the properties in the consolidated balance sheet which corresponds to the independent valuer's assessment of the properties, as required by Article 29 § 1 of the Royal Decree of 07.12.2010.

## Development projects (x €1,000)

| | **2011** | 2010 |
|---|---|---|
| AT 01.01 | **42,656** | 56,031 |
| Investments | **29,732** | 32,082 |
| Acquisitions | **14,093** | 697 |
| Transfer from/to Properties available for lease | **-25,132** | -44,734 |
| Sales/Disposals (fair value of assets sold/disposed of) | **-11** | -876 |
| Increase/Decrease in fair value[1] | **-3,586** | -544 |
| AT 31.12 | **57,752** | 42,656 |

## Assets held for own use (x €1,000)

| | **2011** | 2010 |
|---|---|---|
| AT 01.01 | **8,881** | 9,429 |
| Increase/Decrease in fair value[1] | **249** | -548 |
| AT 31.12 | **9,130** | 8,881 |

1 Note 22 reconciles the total change in fair value of the investment properties.

## Note 22. Breakdown of the changes in fair value of investment properties (x €1,000)

| | **2011** | 2010 |
|---|---|---|
| Properties available for lease | **-4,636** | -26,239 |
| Development projects | **-3,586** | -544 |
| Assets held for own use | **249** | -548 |
| Assets held for sale | **-1,630** | |
| TOTAL | **-9,603** | -27,331 |

This section includes the change in fair value of investment properties and assets held for sale.

The total portfolio of investment properties is estimated by the experts at 31.12.2011 based on a market rate of 6.98% applied to the contractual rents increased by the estimated rental value on unlet space (see report of the real estate expert on page 122). A 0.10% variation of this market rate would give rise to a variation of the portfolio fair value of €45.9 million.

## Note 23. Intangible assets and Other tangible assets (x €1,000)

| | Intangible assets | | Other tangible assets | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| AT 01.01 | **1,427** | 1,984 | **539** | 723 |
| **Acquisitions of the year** | **178** | 417 | **647** | 27 |
| IT software | **178** | 417 | | |
| Office fixtures and fittings | | | **647** | 27 |
| **Depreciation of the year** | **860** | 828 | **220** | 210 |
| IT software | **860** | 828 | | |
| Office fixtures and fittings | | | **220** | 210 |
| **Disposals of the year** | | 146 | | 1 |
| IT software | | 146 | | |
| Office fixtures and fittings | | | | 1 |
| AT 31.12 | **745** | 1,427 | **966** | 539 |

The intangible assets and other tangible assets are exclusively assets held for own use.

Depreciation rates used depending on the economic life:

- Fixtures: 10 to 12.5%;
- IT hardware: 25%;
- IT software: 25%.

## Note 24. Derivative financial instruments

The financial risk management policy of Cofinimmo is explained on page 5 of this Annual Financial Report 2011.

### Cash flow hedges (x €1,000)

| Period | Option | Strike | Yearly amount |
|---|---|---|---|
| 2012 | CAP purchased | 3.25% | 1,500,000 |
| 2013 | CAP purchased | 3.75% | 1,500,000 |
| 2014-2015 | CAP purchased | 4.25% | 1,400,000 |
| 2016 | CAP purchased | 4.50% | 1,000,000 |
| 2017 | CAP purchased | 5.00% | 1,000,000 |
| 2012 | FLOOR sold | 3.00% | 1,250,000 |
| 2013 | FLOOR sold | 3.00% | 1,500,000 |
| 2014-2015 | FLOOR sold | 3.00% | 1,400,000 |
| 2016-2017 | FLOOR sold | 3.00% | 1,000,000 |

For the years 2012 to 2017, Cofinimmo SA projects to maintain a property portfolio partially financed through debt, in order to owe an interest flow to be paid, which forms the element covered by the derivative financial instruments described above.

Cofinimmo SA has also concluded an Interest Rate Swap starting on 01.12.2008 for an initial notional amount of €30.8 million, whereby the company pays the Euribor 1 year +0.20% and receives a fixed interest rate of 4.8002%, maturing in December 2044. The notional amount decreases from year to year, until it reaches €0 at its maturity. This swap is cancellable every 5 years.

#### Fair value hedges

Cofinimmo Luxembourg SA has contracted an Interest Rate Swap whereby the company pays the Euribor 3 months +0.80% and receives a fixed interest rate of 5.25% related to the payable coupon regarding the €100 million bond loan maturing on 15.07.2014 that it has issued in 2004.

Cofinimmo SA has contracted an Interest Rate Swap whereby the company pays the Euribor 3 months +2.22% and receives a fixed interest rate of 5.00% related to the payable coupon regarding the €100 million bond loan maturing on 25.11.2014 that it has issued in 2009.

Cofinimmo SA has contracted an Interest Rate Swap whereby the company pays the Euribor 3 months +1.62% and receives a fixed interest rate of 2.936% related to the payable coupon regarding the €50 million bond loan maturing on 29.09.2013 that it has issued in 2010.

#### Held for trading

The Group has contracted several Cancellable Interest Rate Swaps. These instruments, booked as trading, combine a classic IRS, whereby the company pays a fixed interest rate and receives a floating interest rate, and the sale by Cofinimmo of an option for the bank to cancel this Swap from a certain date onwards. The sale of this option allowed reducing the guaranteed fixed rate during the whole period.

| Period | Option | Strike | Floating rate | Yearly amount (x €1,000) | First option | Frequency of option |
|---|---|---|---|---|---|---|
| 2010-2018 | Cancellable IRS | 4.10% | Euribor 3 months | 140,000 | 15.10.2011 | Annual |

### Fair value of hedging instruments (x €1,000)

| | **31.12.2011 Assets** | **31.12.2011 Liabilities** | 31.12.2010 Assets | 31.12.2010 Liabilities |
|---|---|---|---|---|
| **Cash flow hedges** | | | | |
| CAP options | **10,426** | | 30,025 | |
| FLOOR options | | **121,492** | | 81,105 |
| Interest Rate Swaps | | **10,502** | | 5,315 |
| **Fair value hedges** | | | | |
| Interest Rate Swaps | **11,488** | | 8,517 | |
| **Trading** | | | | |
| Interest Rate Swaps | **13,745** | **33,670** | 9,207 | 34,232 |
| CAP options | | **1** | | 8,449 |
| TOTAL | **35,659** | **165,665** | 47,749 | 129,101 |

Non-current and current parts of the fair value of hedging instruments (x €1,000)

| | 31.12.2011 Assets | 31.12.2011 Liabilities | 31.12.2010 Assets | 31.12.2010 Liabilities |
|---|---|---|---|---|
| Non-current | **21,880** | **106,735** | 38,522 | 61,006 |
| Current | **13,779** | **58,930** | 9,227 | 28,548 |
| TOTAL | **35,659** | **165,665** | 47,749 | 89,554 |

At reporting date, the shareholders' equity included the effective part of the changes in fair value of financial assets and liabilities corresponding to the derivative financial instruments, qualified as cash flow hedges.

Effective part of the changes in fair value of the derivative financial instruments, qualified as cash flow hedge (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| AT 01.01 | **-60,061** | -47,083 |
| Variation in the effective part of the changes in fair value of the derivative financial instruments | **-55,533** | -20,479 |
| Transfer to the income statement of the intrinsic value of the derivative financial instruments active during the year | **6,285** | 7,501 |
| AT 31.12 | **-109,309** | -60,061 |

Ineffective part of the changes in fair value of the derivative financial instruments, qualified as cash flow hedge (x €1,000)

| | | |
|---|---|---|
| AT 01.01 | **-220** | -7,291 |
| Variation in the ineffective part of the changes in fair value of the derivative financial instruments | **-9,642** | 7,071 |
| AT 31.12 | **-9,862** | -220 |

The financial instruments that are valued, subsequent to initial recognition, at fair value on the balance sheet, are grouped into 3 levels (1 to 3), based on the degree to which the fair value is observable:

- The level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for similar assets or liabilities;
- The level 2 fair value measurements are those derived from data other than quoted prices included within level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- The level 3 fair value measurements are those derived from valuation techniques that include data for the asset or liability that are not based on observable market data (unobservable data).

The financial instruments held at fair value by Cofinimmo (derivative financial instruments) are all classified as level 2 (also see Note 2 paragraph W).

## Note 25. Finance lease receivables

The Group has concluded finance leases for several buildings, of which the Court of Justice of Antwerp, for 36 years. The Group has also granted financing linked to refitting works to certain tenants. Long lease rights have been granted on certain assets. The average implicit yield of these finance lease contracts amounts to 5.42% for 2011 (2010: 5.80%). During the year 2011, conditional rents (indexation) were registered in the income statement for the period for an amount of €0.12 million (2010: €0.10 million).

(x €1,000)

| | 2011 | 2010 |
|---|---|---|
| Less than 1 year | **4,410** | 5,382 |
| More than 1 year but less than 5 years | **11,606** | 17,287 |
| More than 5 years | **158,847** | 163,258 |
| **Minimum lease payments** | **174,863** | 185,926 |
| Deferred financial income | **-116,592** | -124,797 |
| **Present value of minimum lease payments** | **58,271** | 61,129 |
| Non-current finance lease receivables | **55,403** | 58,349 |
| At more than 1 year but less than 5 years | **11,130** | 16,726 |
| At more than 5 years | **44,273** | 41,623 |
| Current finance lease receivables | **2,868** | 2,780 |

The market value of these finance lease receivables at 31.12.2011 is estimated at €65.05 million.

## Note 26. Assets held for sale (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| AT 01.01 | **170** | 755 |
| Acquisitions | **3,285** | |
| Transfer from Investment properties | **10,200** | |
| Disposal of assets during the year | | -585 |
| Increase/Decrease in fair value | **-1,630** | |
| AT 31.12 | **12,025** | 170 |

All the assets held for sale are investment properties.

## Note 27. Current trade receivables (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| **Gross trade receivables**[1] | | |
| Gross trade receivables which are due but not provisioned | **9,165** | 15,003 |
| Gross trade receivables which are not due | **11,675** | 3,861 |
| Bad and doubtful receivables | **1,484** | 1,731 |
| Provision for impairment of receivables (-) | **-1,484** | -1,731 |
| TOTAL | **20,840** | 18,864 |

The Group has recognised a net charge of K€274 (2010: K€215) for the impairment of its trade receivables during the year ended 31.12.2011. The Board of Directors considers that the carrying amount of trade receivables approximate their fair value.

### Gross trade receivables which are due but not provisioned (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| Due under 60 days ago | **3,209** | nd |
| Due 60 to 120 days ago | **2,213** | nd |
| Due over 120 days ago | **3,743** | nd |
| TOTAL | **9,165** | nd |

### Provision for impairment of receivables (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| AT 01.01 | **1,731** | 1,556 |
| Use | **27** | -40 |
| Provisions charged to income statement | **177** | 676 |
| Provision writebacks credited to income statement | **-451** | -461 |
| AT 31.12 | **1,484** | 1,731 |

## Note 28. Tax receivables and other current assets (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| Taxes | **1,841** | 8,227 |
| Regional taxes | **2,117** | 1,607 |
| Withholding tax | **6,245** | 5,549 |
| Others | **6,812** | 6,754 |
| TOTAL | **17,015** | 22,137 |

The other current assets are mainly various receivables and other charges to be reinvoiced.

## Note 29. Deferred charges and accrued income (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| Rent free periods and incentives granted to tenants to be spread | **1,497** | 4,587 |
| Property charges paid in advance | **30,435** | 10,347 |
| Prepaid interest and other financial charges | **5,385** | 5,735 |
| TOTAL | **37,317** | 20,669 |

1 The credit risk is detailed on page 4 of this Annual Financial Report.

## Note 30. Share capital and share premium[1]

| | Ordinary shares | | Convertible preference shares | | TOTAL | |
|---|---|---|---|---|---|---|
| (in number) | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 |
| **Number of shares (A)** | | | | | | |
| AT 01.01 | **13,667,092** | 12,705,070 | **1,249,310** | 1,326,693 | **14,916,402** | 14,031,763 |
| Issued against contribution in kind | | 113,577 | | | | 113,577 |
| Issued in mergers to Group subsidiaries | **1,041,767** | 771,062 | | | **1,041,767** | 771,062 |
| Issued as a result of the optional dividend | **330,246** | | | | **330,246** | |
| Conversion of preference shares into ordinary shares | **181,501** | 77,383 | **-181,501** | -77,383 | | |
| Conversion of convertible bonds into ordinary shares | **47** | | | | **47** | |
| AT 31.12 | **15,220,653** | 13,667,092 | **1,067,809** | 1,249,310 | **16,288,462** | 14,916,402 |
| **Own shares held by the Group (B)** | | | | | | |
| AT 01.01 | **52,607** | 22,374 | | | **52,607** | 22,374 |
| Issued in mergers to Group subsidiaries | **1,041,767** | 771,062 | | | **1,041,767** | 771,062 |
| Own shares (sold)/purchased - net | | -740,829 | | | | -740,829 |
| AT 31.12 | **1,094,374** | 52,607 | | | **1,094,374** | 52,607 |
| **Shares outstanding (A-B)** | | | | | | |
| AT 01.01 | **13,614,485** | 12,682,696 | **1,249,310** | 1,326,693 | **14,863,795** | 14,009,389 |
| AT 31.12 | **14,126,279** | 13,614,485 | **1,067,809** | 1,249,310 | **15,194,088** | 14,863,795 |

| | Ordinary shares | | Convertible preference shares | | TOTAL | |
|---|---|---|---|---|---|---|
| (x €1,000) | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 |
| **Capital** | | | | | | |
| AT 01.01 | **729,909** | 679,970 | **66,619** | 70,745 | **796,528** | 750,715 |
| Issued against contribution in kind | | 6,090 | | | | 6,090 |
| Own shares (sold)/purchased - net | | 39,723 | | | | 39,723 |
| Issued as a result of the optional dividend | **17,697** | | | | **17,697** | |
| Conversion of preference shares into ordinary shares | **9,678** | 4,126 | **-9,678** | -4,126 | | |
| Conversion of convertible bonds into ordinary shares | **3** | | | | **3** | |
| AT 31.12 | **757,287** | 729,909 | **56,941** | 66,619 | **814,228** | 796,528 |
| **Share premium account** | | | | | | |
| AT 01.01 | **447,215** | 409,582 | **65,878** | 69,959 | **513,093** | 479,541 |
| Issued against contribution in kind | | 4,942 | | | | 4,942 |
| Own shares (sold)/purchased - net | | 28,610 | | | | 28,610 |
| Issued as a result of the optional dividend | **13,321** | | | | **13,321** | |
| Conversion of preference shares into ordinary shares | **9,572** | 4,081 | **-9,572** | -4,081 | | |
| Conversion of convertible bonds into ordinary shares | **2** | | | | **2** | |
| Reclassification of the share premiums | **-214,086** | | | | **-214,086**[1] | |
| AT 31.12 | **256,024** | 447,215 | **56,306** | 65,878 | **312,330** | 513,093 |

### Categories of shares

The Group has issued 2 categories of shares:

**Ordinary shares:** the holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the General Shareholders' Meetings of the company. The par value of each ordinary share is €53.61 on 31.12.2011. The ordinary shares are listed on Euronext Brussels' First Market.

**Convertible preference shares:** the preference shares were issued in 2004 in 2 distinct series which both feature the following main characteristics:

- Priority right to an annual fixed gross dividend of €6.37 per share, capped at this level and non-cumulative;
- Priority right in case of liquidation to a distribution equal to the issue price of these shares, capped at this level;
- Option for the holder to convert his preference shares into ordinary shares from the 5th anniversary of their issue date (01.05.2009), at a rate of 1 ordinary share for 1 preference share;
- Option for a third party designated by Cofinimmo (for example one of its subsidiaries) to purchase in cash and at their issue price, from the 15th anniversary of their issue, the preference shares that have not yet been converted;
- The preference shares are registered, listed on Euronext Brussels' First Market and carry a voting right identical to that for the ordinary shares.

1 For more details, see page 17 of this Annual Financial Report 2011.

The first series of preference shares was issued at €107.89 and the second at €104.40 per share. The par value of both series is €53.33 per share.

**Shares held by the Group:** at 31.12.2011, the Group held 1,094,374 ordinary Cofinimmo shares, all of which were held by Cofinimmo SA (also see page 17) (31.12.2010 : 52,607).

### Authorised capital

The Shareholders' Meeting of the Company has authorised the Board of Directors on 29.03.2011 to issue new capital for an amount of €799,000,000 and for a period of 5 year. At 31.12.2011, the Board had made use of this authorisation for a total amount of €97,350,399.56. Hence the remaining authorised capital amounts to €701,649,600.44 at that date. This authorised capital is based on the par value of the ordinary or preference shares of €53.33 per share before 31.12.2007 and €53.61 per ordinary share subsequently.

## Note 31. Reserves (x €1,000)

| | **2011** | 2010 |
|---|---|---|
| Legal reserve | **35** | 35 |
| Reserve for the balance of changes in fair value of investment properties | **-172,378** | -28,617 |
| Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties | **-67,276** | -64,128 |
| Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS | **-116,379** | -60,061 |
| Reserve for the balance of changes in fair value of authorized hedging instruments not qualifying for hedge accounting as defined under IFRS | **-1,312** | |
| Others | **573,100** | 219,135 |
| Non-distributable reserves | **2,111** | 1,557 |
| Tax-exempt reserves | | -4,859 |
| Distributable reserves | **570,989** | 222,437 |
| TOTAL | **215,790** | 66,364 |

The reserves are presented before appropriation of the result of the period.

## Note 32. Result per share

The calculation of the result per share at balance sheet date is based on the net current result/net result attributable to ordinary and preference shareholders of K€103,643 (2010: K€105,435)/K€118,539 (2010: K€83,796) and a number of ordinary and preference shares outstanding and entitled to share in the result of the period ended 31.12.2011 of 15,194,088 (2010: 14,863,795).

The diluted result per share takes into account the effect of a theoretical conversion of the convertible bonds issued by Cofinimmo and the mandatory convertible bonds issued by Cofinimur I.

### Result attributable to ordinary and preference shares (x €1,000)

| | **2011** | 2010 |
|---|---|---|
| **Net current result attributable to ordinary and preference shares** | **103,643** | 105,435 |
| Net current result for the year | **103,977** | 105,678 |
| Minority interests | **-334** | -243 |
| **Result on portfolio attributable to ordinary and preference shares** | **14,896** | -21,639 |
| Result on portfolio for the year | **19,108** | -21,240 |
| Minority interests | **-4,212** | -399 |
| **Net result attributable to ordinary and preference shares** | **118,539** | 83,796 |
| Net result for the year | **123,085** | 84,438 |
| Minority interests | **-4,546** | -642 |

### Result per share (in €)

| | **2011** | 2010 |
|---|---|---|
| Number of ordinary and preference shares entitled to share in the result of the year | **15,194,088** | 14,863,795 |
| Net current result per share - Group share | **6.82** | 7.09 |
| Result on portfolio per share - Group share | **0.98** | -1.45 |
| Net result per share - Group share | **7.80** | 5.64 |
| Diluted net result per share – Group share | **7.18** | 5.64 |

## Note 33. Dividend per share[1] (in €)

| | Paid in 2011 | Paid in 2010 |
|---|---|---|
| Gross dividends for ordinary shareholders | **88,494,152.50** | 82,749,608.50 |
| Gross dividend per ordinary share | **6.50** | 6.50 |
| Net dividend per ordinary share | **5.1350** | 5.5250 |
| Gross dividends for preference shareholders | **7,958,104.70** | 8,102,697.33 |
| Gross dividend per preference share | **6.37** | 6.37 |
| Net dividend per preference share | **5.0323** | 5.4145 |

A gross dividend for ordinary shares in respect of 2011 of €6.50 per share (net dividend per share €5.135), amounting to a total dividend of €91,820,813.50, is to be proposed at the Ordinary General Meeting on 27.04.2012. Indeed, at the closing date, the number of ordinary shares entitled to the 2011 dividend amounts to 14,126,279.

The Board of Directors proposes to suspend the right to dividend for the 42,720 own ordinary shares still held by Cofinimmo under its stock option plan and to cancel the dividend right of the remaining 1,051,654 own shares.

A gross dividend for preference shares in respect of 2011 of €6.37 per share (net dividend per share €5.0323), amounting to a total dividend of €6,801,943.33, is to be proposed at the Ordinary General Meeting on 27.04.2012. Indeed, at the closing date, the number of preference shares entitled to the 2011 dividend stands at 1,067,809.

## Note 34. Provisions (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| AT 01.01 | **19,234** | 17,766 |
| Amounts charged to income statement | **5,085** | 3,270 |
| Use | **-106** | -324 |
| Writebacks credited to income statement | **-5,739** | -1,478 |
| AT 31.12 | **18,474** | 19,234 |

Provisions are built up and correspond to a contingent quota of the cost of works the Group has committed to undertake on several buildings. Moreover, the Group has built up provisions to face its potential commitments vis-à-vis tenants or third parties.

These provisions correspond to the best estimate of outgoing resources considered as likely by the Board of Directors.

## Note 35. Deferred taxes (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| Exit tax | **7,099** | 11,824 |
| Deferred taxes | **33,984** | 121,194 |
| TOTAL | **41,083** | 133,018 |

The exit tax pertains to Cofinimmo France following the adoption of the SIIC regime by the French subsidiary in January 2009. This exit tax is based upon the gains resulting from the valuation of the properties, i.e. the difference between the value of the properties as estimated by the valuer on 31.12.2008 and the net book value of these properties at the same date. The taxation rate applied to this figure stands at 19%. The payment of the exit tax is spread over 4 years. The first 3 payments took place in December 2009, 2010 and 2011 for a total amount of €15.04 million.

The deferred taxes pertain to the Pubstone SA, Pubstone Properties I BV and Pubstone Properties II BV subsidiaries. The deferred tax of these subsidiaries corresponds to the taxation, at a rate of 25%, of the difference between the assets' investment value and their net book value.

The reduction in deferred tax is the result of the adoption of the institutional Sicafi regime by Pubstone SA on 30.06.2011. Originally, a provision of 34% of deferred tax was constituted. When it became an institutional Sicafi, Pubstone SA paid an exit tax of 17%, which comes to €48.0 million. The difference between the provision of €87.3 million and the amount of exit tax paid of €48.0 million was booked in the income statement under the exit tax heading (see Note 19).

1 Based on the results of the parent company.

## Note 36. Financial debts (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| Interest-bearing borrowings | **1,681,410** | 1,540,545 |
| TOTAL | **1,681,410** | 1,540,545 |
| Non-current | **1,435,094** | 1,226,815 |
| Current | **246,316** | 313,730 |
| TOTAL | **1,681,410** | 1,540,545 |

### Interest-bearing borrowings (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| **Non-current** | | |
| Bilateral loans - floating rate | **889,291** | 855,364 |
| Syndicated loans - floating rate | **90,000** | 90,000 |
| Treasury bills - floating rate | **15,000** | 15,000 |
| Debenture loans - fixed rate | **427,336** | 258,517 |
| Others - floating or fixed rate | **13,467** | 7,934 |
| SUB-TOTAL | **1,435,094** | 1,226,815 |
| **Current** | | |
| Bilateral loans - floating rate | **390** | 200,000 |
| Treasury bills - floating rate | **235,500** | 106,150 |
| Overdrafts - floating rate | **10,389** | 7,550 |
| Others - floating or fixed rate | **37** | 30 |
| SUB-TOTAL | **246,316** | 313,730 |
| TOTAL | **1,681,410** | 1,540,545 |

All interest-bearing loans are unsecured. The heading "Others" chiefly comprises capital leases related to French assets.

### Maturity of non-current loans (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| Between 1 and 2 years | **521,791** | 205,000 |
| Between 2 and 5 years | **673,303** | 801,029 |
| Over 5 years | **240,000** | 220,786 |
| TOTAL | **1,435,094** | 1,226,815 |

### Allocation between floating rate loans and fixed rate loans (non-current and current) (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| Floating rate loans | **1,227,284** | 1,282,028 |
| Fixed rate loans | **454,126** | 258,517 |
| TOTAL | **1,681,410** | 1,540,545 |

The fixed rate debenture loans have been immediately converted to floating rate[1].

### Non-current undrawn borrowing facilities[2] (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| Expiring within 1 year | **30,000** | |
| Expiring after 1 year | **561,900** | 568,400 |

The fair value of the non-convertible bond issues of 2004, 2009, and 2010, for a total amount of €261.48 million fluctuates in accordance with the risk covered, i.e. the risk-free rate, and consequently takes into account a constant average credit margin of 1.53%, which corresponds to the margin paid at the time of issue in 2004, 2009 and 2010. This fair value differs from the redemption value on maturity in 2013 and 2014, i.e. €250 million, and the market value, i.e. €254,7 million at 31.12.2011 (based on the daily quotation on Bloomberg, for guidance).
In 2011, Cofinimmo issued a convertible bond for a nominal amount of €173.31 million. On 31.12.2011, this bond had a market value of €161.50 million (based on the quotation on Bloomberg, for guidance)[3].

As a result of article 54 of the *Royal Decree of 10.12.2010* on Sicafis, the public Sicafi must, where the consolidated debt ratio exceeds 50% of the consolidated assets, draw up a financial plan accompanied by an execution schedule, detailing the measures taken to prevent this debt ratio exceeding 65% of the consolidated assets.

1 See paragraph on interest rate risk management on page 5 of the Annual Financial Report. 2 The undrawn lines extensively cover the emissions of short term treasury bills, amounting to €235.5 million on 31.12.2011. 3 See Note 2, paragraph W.

This financial plan is subject to a special auditor's report confirming that the latter has checked the method for drawing up the plan, in particular with regard to its economic bases, and that the figures it contains are coherent with the public Sicafi's accounts. The annual and 6-monthly financial reports must justify the way in which the financial plan has been executed during the period in question and the way in which the Sicafi intends to execute the plan in the future.

1. **Evolution of the debt ratio**
   On 30.06.2011, the debt ratio reached 52.07%, well above the 50% bar. On 30.09.2011, this rate was brought back to 50.52%. On 31.12.2011, the debt ratio stood at 49.89%, thus falling below the 50% bar. This evolution over the year is explained mainly by the payment of the dividend in May 2011 (37.7% of which has nevertheless been reinvested by shareholders in new ordinary shares) and by the new investments made in the first 6 months; the new investments of the second 6 months were accompanied by significant property disposals. In total, over the course of the year, the Cofinimmo group executed acquisitions, constructions and large-scale renovations for €312 million and disposals for €172 million.
2. **Debt ratio policy**
   Cofinimmo's policy is to maintain a debt ratio close to 50%. This may repeatedly rise above or fall below the 50% bar without this signalling a change of policy in one or the other direction.
   Every year, at the end of the first 6 months, Cofinimmo draws up a mid-term financial plan that includes all the financial commitments made by the Group. This plan is updated over the course of the year when a significant new commitment is made. The debt ratio and its future evolution are recalculated on each edition of this plan. In this way, Cofinimmo has a permanent prospective view of this key parameter of the structure of its consolidated balance.
3. **Debt ratio evolution forecast**
   Cofinimmo's financial plan, updated on 13.02.2012, shows that Confinimmo's consolidated debt ratio should not deviate significantly from the 50% level on 31 December of the next 3 years. This forecast nevertheless remains subject to the occurrence of unforeseen events. In this respect, please refer specifically to the "Risks" chapter of this Financial Annual Report.
4. **Decision**
   Cofinimmo's Board of Directors thus considers that the debt rate will not exceed 65% and that, for the moment, in view of the economic and real estate trends in the segments in which the Group is present, the investments planned and the expected evolution of its assets, it is not necessary to take additional measures to those contained in the financial plan referred to above.

## Note 37. Other financial liabilities (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| Authorised hedging instruments | **165,665** | 129,101 |
| Others | | 3,372 |
| TOTAL | **165,665** | 132,473 |
| Non-current | **106,735** | 69,693 |
| Current | **58,930** | 62,780 |
| TOTAL | **165,665** | 132,473 |

In 2010, the section "Others" essentially includes the cash guarantees received on the part of lessees.

## Note 38. Trade debts and other current debts (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| **Exit tax** | **5,376** | 4,504 |
| **Others** | **73,849** | 58,127 |
| Suppliers | **37,270** | 29,019 |
| Taxes, social charges and salaries debts | **25,491** | 19,119 |
| Taxes | **24,247** | 17,871 |
| Social charges | **298** | 254 |
| Salaries debts | **946** | 994 |
| Others | **11,088** | 9,989 |
| Urban charges | **406** | 406 |
| Dividend coupons | **397** | 347 |
| Provision for withholding taxes and other taxes | **5,817** | 5,040 |
| Pubstone dividend coupons | **1,322** | 1,322 |
| Various | **3,146** | 2,874 |
| TOTAL | **79,225** | 62,631 |

## Note 39. Accrued charges and deferred income (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| Rental income received in advance | **11,761** | 15,528 |
| Interests and other financial charges accrued and not due | **14,955** | 9,382 |
| Others | **824** | 2,217 |
| TOTAL | **27,540** | 27,127 |

## Note 40. Non-cash charges and income (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| **Charges and income related to operating activities** | **-31,880** | 4,041 |
| Changes in fair value of investment properties | **9,603** | 27,331 |
| Writeback of lease payments sold and discounted | **-20,999** | -21,108 |
| Movements in provisions and stock options | **-1,025** | 1,748 |
| Depreciation/Writedown (or writeback) on intangible and tangible assets | **1,076** | 1,177 |
| (Writeback of) Losses on current assets | **-274** | 215 |
| Exit tax | **-39,287** | 205 |
| Goodwill impairment | **6,900** | |
| Rent-free periods | **8,221** | |
| Others | **3,905** | -5,322 |
| **Charges and income related to financing activities** | **8,063** | 13,174 |
| Changes in fair value of financial assets and liabilities | **9,561** | 13,757 |
| Others | **-1,498** | -583 |
| TOTAL | **-23,817** | 17,215 |

## Note 41. Changes in working capital requirements (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| **Movements in asset items** | **-12,048** | 19,753 |
| Trade receivables | **-1,657** | -6,519 |
| Tax receivables | **6,782** | 22,615 |
| Other short-term assets | **5,811** | 2,556 |
| Deferred charges and accrued income | **-22,984** | 1,101 |
| **Movements in liability items** | **16,177** | -17,607 |
| Trade debts | **12,663** | -3,780 |
| Taxes, social charges and salaries debts | **6,284** | -4,874 |
| Other current debts | **-4,250** | -8,207 |
| Accrued charges and deferred income | **1,480** | -746 |
| TOTAL | **4,129** | 2,146 |

## Note 42. Evolution of the portfolio per segment during the year

The tables below show the movements of the portfolio per segment during the year 2011 in order to specify the amounts included in the cash flow statement.
The amounts included in the cash flow statement and in the tables below are shown in investment value.

### Acquisitions of investment properties

The acquisitions made during the year are realised in 3 ways:

- Acquisition of the property directly against cash, included in the section "Acquisitions of investment properties" in the cash flow statement;
- Acquisition against cash of shares in the company owning the property, included in the section "Acquisitions of consolidated subsidiaries" in the cash flow statement;
- Acquisition of the company owning the property against the issue of Cofinimmo shares. These transactions are not included in the cash flow statement as they are non cash.

| Heading | Type of acquisition | Offices | Nursing homes/clinics Belgium | France | Property distribution networks | Others | **Total** |
|---|---|---|---|---|---|---|---|
| Properties available for lease | Direct properties | | 1,752 | 44,585 | 103,816 | | **150,153** |
| | Companies against cash | 29,854 | 81,911 | | | | **111,765** |
| | **Sub-total** | 29,854 | 83,663 | 44,585 | 103,816 | | **261,918** |
| Development projects | Companies against shares | | 2,990 | | | | **2,990** |
| | **Sub-total** | | 2,990 | | | | **2,990** |
| TOTAL | | 29,854 | 86,653 | 44,585 | 103,816 | | **264,908** |

The sum of K€150,153 booked in the cash flow statement under the heading "Acquisitions of investment properties" comprises the sum of the direct property acquisitions.

The companies acquired in cash in 2011 are listed in Note 4. The fair value of the investment properties held by these acquired companies totals K€114,755.

## Extensions of investment properties

Extensions of investment properties are financed in cash and are included in the "Extensions of investment properties" section in the cash flow statement.

| Heading | Offices | Nursing homes/clinics Belgium | France | Property distribution networks | Others | **Total** |
|---|---|---|---|---|---|---|
| Development projects | 1,865 | 27,063 | | | 1,418 | **30,346** |
| TOTAL | 1,865 | 27,063 | | | 1,418 | **30,346** |
| Amount paid in cash | 1,708 | 31,674 | -9 | | 1,620 | **34,993** |
| Change in provisions | 157 | -4,611 | 9 | | -202 | **-4,647** |
| TOTAL | 1,865 | 27,063 | | | 1,418 | **30,346** |

## Investments in investment properties

Investments in investment properties are financed in cash and are included in the "Investments in investment properties" section in the cash flow statement.

| Heading | Offices | Nursing homes/clinics Belgium | France | Property distribution networks | Others | **Total** |
|---|---|---|---|---|---|---|
| Properties available for lease | 4,119 | 1,144 | 94 | 3,032 | | **8,389** |
| TOTAL | 4,119 | 1,144 | 94 | 3,032 | | **8,389** |
| Amount paid in cash | 5,753 | 1,144 | 108 | 1,892 | | **8,897** |
| Change in provisions | -1,633 | -1 | -14 | 1,140 | | **-508** |
| TOTAL | 4,120 | 1,143 | 94 | 3,032 | | **8,389** |

## Disposals of investment properties

The amounts included in the cash flow statement under the section "Disposals of investment properties" represent the net price received in cash from the buyer.

This net price is made of the net book value of the property at 31.12.2011 and the net gain or loss realised on the sale after the deduction of the transaction costs.

| Heading | | Offices | Nursing homes/clinics Belgium | France | Property distribution networks | Others | **Total** |
|---|---|---|---|---|---|---|---|
| Assets held for sale | Net book value | 159,249 | 3,738 | | 463 | 1,973 | **165,423** |
| | Result on the disposal of assets | 6,052 | 422 | | 294 | -124 | **6,644** |
| | **Net sales price received** | 165,301 | 4,160 | | 757 | 1,849 | **172,067** |
| TOTAL | | 165,301 | 4,160 | | 757 | 1,849 | **172,067** |

## Note 43. Contingent rights and liabilities

Acquisitions/Disposals

- Cofinimmo has undertaken to acquire the nursing home extensions and new constructions realised by Armonea SA (as a long lease holder or contracting partner) on the land plots Cofinimmo has acquired by the transaction with Group Van Den Brande (now Armonea).
- Cofinimmo has signed call and put options relating to the freehold of a plot of land located in Gentbrugge intended for the construction of a nursing home which will be operated by Foyer de la Femme ASBL.
- The shares in the company Belliard III-IV Properties SA held by Cofinimmo are subject to a purchase option. The exercise of this option is subject to the fulfilment of certain specific conditions.
- With regard to the assignment of current lease receivables with the Buildings Agency (Belgian State) on the Antwerp Court of Justice, the balance of the receivables not assigned has been pledged in favour of a bank, subject to certain conditions. Cofinimmo has furthermore undertaken to grant a mortgage and a mortgage mandate on the site.
- With regard to the assignment of lease receivables with the Buildings Agency (Belgian State) on the North Galaxy, Egmont I, Egmont II, Maire 19 and Colonel Bourg 124 buildings, as well as the assignment of lease receivables with the City of Antwerp on the Fire Station, the shares of Galaxy Properties SA, Egmont Properties SA, Belliard I-II SA and a SPV to be set up have been pledged in favour of a bank, subject to certain conditions, as well as a deposit of €1.0 million for maintenance and insurance costs payable by the owner in the case of the North Galaxy building. Cofinimmo has furthermore obtained the issuing of guarantees in favour of the bank which can be exercised, subject to certain conditions.
- Cofinimmo has granted a rental income guarantee on the occasion of the disposal of part of its portfolio located in the Brussels periphery and in Wavre.
- Cofinimmo has granted a purchase option to the HEKLA Police in Antwerp on the property granted under long lease to this entity, to be taken up on the expiry of the long lease.
- Cofinimmo has agreed to several preferential rights and/or purchase options to the long lease holder ("emphytéote"), at market value, on a part of its nursing homes and clinics portfolio.
- Cofinimmo has undertaken to incorporate in its subsidiary "Silverstone SA" several nursing home projects and has accepted on behalf of the said subsidiary a preemptive right on future developments to be executed in partnership with a nursing home operator.
- Cofinimmo has given an execution guarantee for its obligations regarding the creation of its Belgian Law subsidary "Silverstone SA" as institutional Sicafi.
- Cofinimmo has a preemptive right on a project to be executed in partnership with a nursing home operator in Belgium.
- Within the context of the signing of a partnership with ORPEA, Cofinimmo will set up joint-ventures with ORPEA whose purpose will be the acquisition, holding and leasing of property assets operated by ORPEA in France.
- Within the context of the awarding of a public contract relating to the construction and maintenance of a new prison in Leuze-en-Hainaut, Cofinimmo will take over the remaining shares of the company FPR Leuze SA, institutional Sicafi constituted on this occasion, in which it currently holds 50%, on the issuing of the Property Availability Certificate by the Buildings Agency (Belgian State).
- With regard to tendering, Cofinimmo generally issues commitments to obtain bank guarantees.
- As a general rule, Cofinimmo benefits from liability guarantees issued by the sellers of shares in real estate companies it has acquired.

Miscellaneous

- With regard to its lease agreements, Cofinimmo receives a rental guarantee (in cash or as a bank guarantee) of an amount generally representing 6 months of rent.
- With regard to the transfer against a structured deposit to an external trustee (JPA Properties SPRL administered by Intertrust (Belgium)) of the finance lease, discharge obligation with respect to Justinvest Antwerpen SA concerning the Antwerp Court of Justice, the matching deposit has been pledged in favour of Cofinimmo SA. The benefit of the pledge has been transferred in favour of a bank, subject to certain conditions.
- Cofinimmo has a call option on the issued preference shares (Art. 8 of the articles of association).
- Cofinimmo has undertaken to find a buyer for the Notes falling due in 2027 issued by Cofinimmo Lease Finance (see page 42 of the 2001 Annual Financial Report) for the eventuality that a withholding tax would be applicable to the interest on these Notes following a change in the fiscal laws affecting holders resident in Belgium or the Netherlands.
- When requested to convert the convertible bonds that it issued, Cofinimmo will have the choice, under certain conditions, between releasing new and/or existing shares or paying an amount in cash, or a combination of both.
- Cofinimmo will have the option to acquire in 2023, at their intrinsic value, all the Mandatory Convertible Bonds issued by Cofinimur I, either in cash or in exchange for ordinary Cofinimmo shares, subject to approval by 2/3 of the holders in the latter case.

## Note 44. Commitments

The Group has capital commitments of K€213,471 (31.12.2010: K€148,562) in respect of capital expenditures contracted for at the balance sheet date but not yet incurred, for new property and extensions construction. Renovation works are not included in this figure.

## Note 45. Consolidation criteria and scope

### Consolidation criteria

The consolidated financial statements group together the accounts of the parent company and those of the subsidiaries and joint-ventures, as drawn up at the end of the financial year. Consolidation is achieved by applying the following consolidation methods.

**Consolidation by the full consolidation method for subsidiaries**

Full consolidation consists of incorporating the entire assets and liabilities of the subsidiaries as well as the income and charges. Minority interests are shown in a separate caption on both the balance sheet and the income statement.
The full consolidation method is applied where the parent company has exclusive control provided that the holding is of a lasting character.

The consolidated financial statements have been prepared at the same date as that on which the consolidated subsidiaries prepared their own financial statements.

**Consolidation by the equity method for joint-ventures**

The equity method consists in replacing the book value of the securities by the fair value of the equity share of the associated entity. More details are provided in Note 2, paragraph C (see page 134).

### Consolidation perimeter

| NAME AND ADDRESS OF REGISTERED OFFICE<br>Fully consolidated subsidiaries | VAT or national number (NN) | Direct and indirect shareholding and voting rights (in %) |
|---|---|---|
| **BELLIARD I-II PROPERTIES SA**<br>Boulevard de la Woluwe 58, 1200 Brussels | BE 832 136 571 | 100.00 |
| **BELLIARD III-IV PROPERTIES SA**<br>Boulevard de la Woluwe 58, 1200 Brussels | BE 475 162 121 | 100.00 |
| **BOLIVAR PROPERTIES SA**<br>Boulevard de la Woluwe 58, 1200 Brussels | BE 878 423 981 | 100.00 |
| **COFINEA I SAS**<br>Avenue de l'Opéra 27, 75001 Paris (France) | | 100.00 |
| **COFINIMMO FRANCE SA**<br>Avenue de l'Opéra 27, 75001 Paris (France) | FR 88 487 542 169 | 100.00 |
| **SAS IS II**<br>Avenue de l'Opéra 27, 75001 Paris (France) | FR 74 393 097 209 | 100.00 |
| **SCI AC Napoli**<br>Avenue de l'Opéra 27, 75001 Paris (France) | FR 71 428 295 695 | 100.00 |
| **SCI Beaulieu**<br>Avenue de l'Opéra 27, 75001 Paris (France) | FR 50 444 644 553 | 100.00 |
| **SCI Chamtou**<br>Avenue de l'Opéra 27, 75001 Paris (France) | FR 11 347 555 203 | 100.00 |
| **SCI Cuxac II**<br>Avenue de l'Opéra 27, 75001 Paris (France) | FR 18 343 262 341 | 100.00 |
| **SCI de l'Orbieu**<br>Avenue de l'Opéra 27, 75001 Paris (France) | FR 14 383 174 380 | 100.00 |
| **SA Domaine de Vontes**<br>Avenue de l'Opéra 27, 75001 Paris (France) | FR 67 654 800 135 | 100.00 |
| **SCI du Donjon**<br>Avenue de l'Opéra 27, 75001 Paris (France) | FR 06 377 815 386 | 100.00 |
| **SNC du Haut Cluzeau**<br>Avenue de l'Opéra 27, 75001 Paris (France) | FR 39 319 119 921 | 100.00 |
| **SARL Hypocrate de la Salette**<br>Avenue de l'Opéra 27, 75001 Paris (France) | not subject to tax<br>NN 388 117 988 | 100.00 |
| **SCI La Nouvelle Pinède**<br>Avenue de l'Opéra 27, 75001 Paris (France) | FR 78 331 386 748 | 100.00 |
| **SCI Privatel INVESTISSEMENT**<br>Avenue de l'Opéra 27, 75001 Paris (France) | FR 13 333 264 323 | 100.00 |
| **SCI RÉSIDENCE Frontenac**<br>Avenue de l'Opéra 27, 75001 Paris (France) | FR 80 348 939 901 | 100.00 |
| **SCI Sociblanc**<br>Avenue de l'Opéra 27, 75001 Paris (France) | not subject to tax<br>NN 328 781 844 | 100.00 |
| **COFINIMMO LUXEMBOURG SA**<br>Boulevard Grande-Duchesse Charlotte 65, 1331 Luxemburg (Luxemburg) | not subject to tax<br>NN 100 044 | 100.00 |
| **COFINIMMO SERVICES SA**<br>Boulevard de la Woluwe 58, 1200 Brussels | BE 437 018 652 | 100.00 |
| **COFINIMUR I SA**<br>Avenue Georges V 10, 75008 Paris (France) | | 97.65 |

| | | |
|---|---|---|
| **DE MOUTERIJ D.W.C SA**<br>Boulevard de la Woluwe 58, 1200 Brussels | BE 465 428 764 | 100.00 |
| **EGMONT PROPERTIES SA**<br>Boulevard de la Woluwe 58, 1200 Brussels | BE 891 801 042 | 100.00 |
| **GALAXY PROPERTIES SA**<br>Boulevard de la Woluwe 58, 1200 Brussels | BE 872 615 562 | 100.00 |
| **GERIGROEP SA**<br>Boulevard de la Woluwe 58, 1200 Brussels | BE 451 720 981 | 90.00 |
| **HEMERA SA**<br>Boulevard de la Woluwe 58, 1200 Brussels | BE 474 356 823 | 90.00 |
| **KOSALISE SA**<br>Boulevard de la Woluwe 58, 1200 Brussels | BE 467 054 604 | 100.00 |
| **LEOPOLD SQUARE SA**<br>Boulevard de la Woluwe 58, 1200 Brussels | BE 465 387 588 | 100.00 |
| **MAISON SAINT IGNACE SA**<br>Boulevard de la Woluwe 58, 1200 Brussels | BE 452 711 074 | 100.00 |
| **PARKSIDE INVEST SA**<br>Boulevard de la Woluwe 58, 1200 Brussels | BE 881 606 373 | 100.00 |
| **PUBSTONE GROUP SA**<br>Boulevard de la Woluwe 58, 1200 Brussels | BE 878 010 643 | 90.0006 |
| **PUBSTONE SA**<br>Boulevard de la Woluwe 58, 1200 Brussels | BE 405 819 096 | 90.00[1] |
| **PUBSTONE HOLDING BV**<br>Prins Bernhardplein 200, 1097 JB Amsterdam (The Netherlands) | not subject to tax<br>NN 8185 89 723 | 90.00[1] |
| **PUBSTONE PROPERTIES I BV**<br>Prins Bernhardplein 200, 1097 JB Amsterdam (The Netherlands) | NL 00.11.66.347.B.01 | 90.00[1] |
| **PUBSTONE PROPERTIES II BV**<br>Prins Bernhardplein 200, 1097 JB Amsterdam (The Netherlands) | NL 00.26.20.005.B.01 | 90.00 |
| **RHEASTONE SA**<br>Boulevard de la Woluwe 58, 1200 Brussels | BE 893 787 296 | 100.00 |
| **LE PROGRES SPRL**<br>Boulevard de la Woluwe 58, 1200 Brussels | BE 458 308 469 | 100.00 |
| **SAINT-CHARLES CHÂTEAU DES MOINES SA**<br>Boulevard de la Woluwe 58, 1200 Brussels | BE 455 736 583 | 90.00 |
| **SUPERSTONE NV**<br>Claudius Prinsenlaan 128, 4818 CP Breda (Pays-Bas) | NL 85.07.32.554.B.01 | 100.00 |
| **VERT BUISSON SA**<br>Boulevard de la Woluwe 58, 1200 Brussels | BE 466 624 834 | 90.00 |

| NAME AND ADDRESS OF REGISTERED OFFICE<br>List of the joint-ventures consolidated by the equity method | VAT or national number (NN) | Direct and indirect shareholding and voting rights (in %) |
|---|---|---|
| **FPR LEUZE SA**<br>Boulevard de la Woluwe 58, 1200 Brussels | BE 839 750 279 | 50.00 |

1 Economic interest.

**Belliard I-II Properties SA** holds the residual rights to the property, charged with a right in a long lease (emphytéose).

**Belliard III-IV Properties SA** holds the residual rights to the property, charged with a right in a long lease (emphytéose).

**Bolivar Properties SA** owns the freehold of Omega Court.

**Cofinea I SAS** will house the nursing homes operated by ORPEA in France following the partnership agreement signed with the ORPEA Group.

**Cofinimmo France SA** owns, directly or indirectly, 37 healthcare institutions in France :

- 14 aftercare and rehabilitation clinics ("cliniques de Soins de Suite et de Rééducation, SSR"): Belloy in Belloy, Bezons in Bezons, Brocéliande in Caen, Canal de l'Ourcq in Paris, Château de Gléteins in Janssans-Riottier, Château de la Vernède in Conques-sur-Orbiel, Hélio Marin in Hyères, La Pinède in Sigean, La Ravine in Louviers, La Salette in Marseille, Montpribat in Montfort en Chalosse, Sainte Baume in Nans Les Pins, Siouville in Siouville-Hague and William Harvey in Saint-Martin-d'Aubigny;
- 6 psychiatric clinics: Champgault in Esvres-sur-Indre, Domaine de Vontes in Esvres-sur-Indre, Haut Cluzeau in Chasseneuil, Horizon 33 in Cambes, La Gaillardière in Vierzon and Pays de Seine in Bois le Roi;
- 17 nursing homes ("Établissements d'Hébergement pour Personnes Âgées Dépendantes, EHPAD"): Chamtou in Chambray-lès-Tours, Cuxac II in Cuxac-Cabardès, Frontenac in Bram, Grand Maison in L'Union, La Goélette in Equeurdreville-Hainneville, La Jonchère in Reuil Malmaison, Las Peyrères in Simorre, Le Bois Clément in La Ferté-Gaucher, Le Clos du Mûrier in Fondettes, Le Clos Saint-Sébastien in Saint-Sébastien-sur-Loire, Le Jardin des Plantes in Rouen, Le Lac in Moncontour, Les Hauts d'Andilly in Andilly, Les Jardins de l'Andelle in Perriers-sur-Andelle, Saint Gabriel in Gradignan, Villa Napoli in Jurançon and Villa Saint Dominique in Rouen.

**Cofinimmo SA** also has a branch in France, through which it owns 14 medical institutions in France: Hotelia Montpellier in Montpellier, L'Ermitage in Louviers, Les Amarantes in Tours, Les Blés d'Or in Castelnau de Levis, Les Hauts de l'Abbaye in Montivilliers, Les Lubérons in Le Puy-Sainte-Réparade, Les Meunières in Lunel, Les Oliviers in Le Puy-Sainte-Réparade, Les Ophéliades in Saint-Etienne, Les Villandières in Vaucresson, Lo Solelh in Béziers, Rougemont in Le Mans, Sartrouville in Sartrouville and Villa Eyras in Hyères.

**Cofinimmo Luxembourg SA** has issued a 10-year debenture loan guaranteed by Cofinimmo SA. Its resources are used to finance other Group companies.

**Cofinimmo Services SA** is responsible for the management of the Cofinimmo properties. It does not act on behalf of third parties.

**Cofinimur I SA** has a portolio of 281 sites (branches and offices), located in France and used by the MAAF group.

**De Mouterij D.W.C. SA** owns a plot of land located in Alost and 25 parking spaces located on a site next to the plot.

**Egmont Properties SA** holds a right in a long lease on the Egmont I and II buildings.

**FPR Leuze SA** was created following the assignment by the Buildings Agency (Belgian State) to the Future Prisons consortium, of which Cofinimmo is part, of the public contract drawn up on the Design-Build-Finance-Maintain model for the construction and maintenance of a new prison in Leuze-en-Hainaut, in the Mons region. Cofinimmo SA owns 50% of FPR Leuze SA, which is therefore consolidated by the equity method in the Group's accounts.

**Galaxy Properties SA** holds a right in a long lease on the North Galaxy building.

**Gerigroep SA** has a nursing home located in Ottignies and a plot of land in Alost on which a second nursing home is being built.

**Hemera SA** has a nursing home in Rumbeke.

**Kosalise SA** owns the Susanna Wesley nursing home in Uccle (Brussels).

**Leopold Square SA** owns the freehold of the land under the buildings located in Brussels, Avenue du Bourget 40, and in Diegem, Avenue Mommaerts 16. This subsidiary also holds participating interests in the companies Belliard I-II Properties SA, Bolivar Properties SA, Cofinimmo Services SA, Egmont Properties SA, Galaxy Properties SA, Parkside Invest SA and Kosalise SA.

**Le Progrès SA** has a nursing home located in La Louvière.

**Maison Saint Ignace SA** owns the nursing home of the same name in Laeken (Brussels).

**Parkside Invest SA** owns the Parkside nursing home in Laeken.

**Pubstone Group SA** holds a controlling interest in the company Pubstone SA.

**Pubstone SA** holds 819 pubs in Belgium and an interest in the company Pubstone Holding BV.

**Pubstone Holding BV** owns the companies Pubstone Properties I BV and Pubstone Properties II BV.

**Pubstone Properties I BV** owns 200 pubs in the Netherlands.

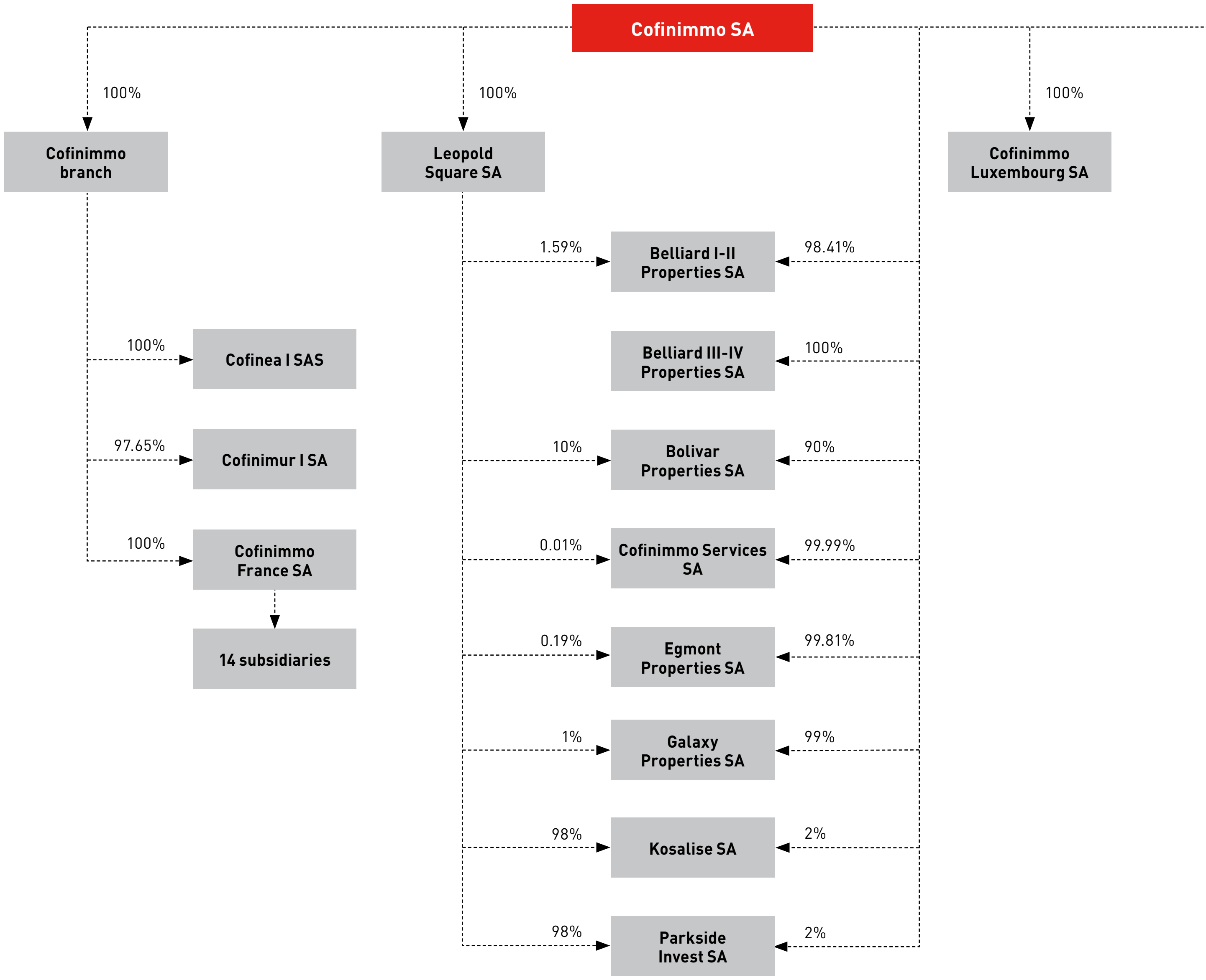
**Pubstone Properties II BV** owns 45 pubs in the Netherlands.

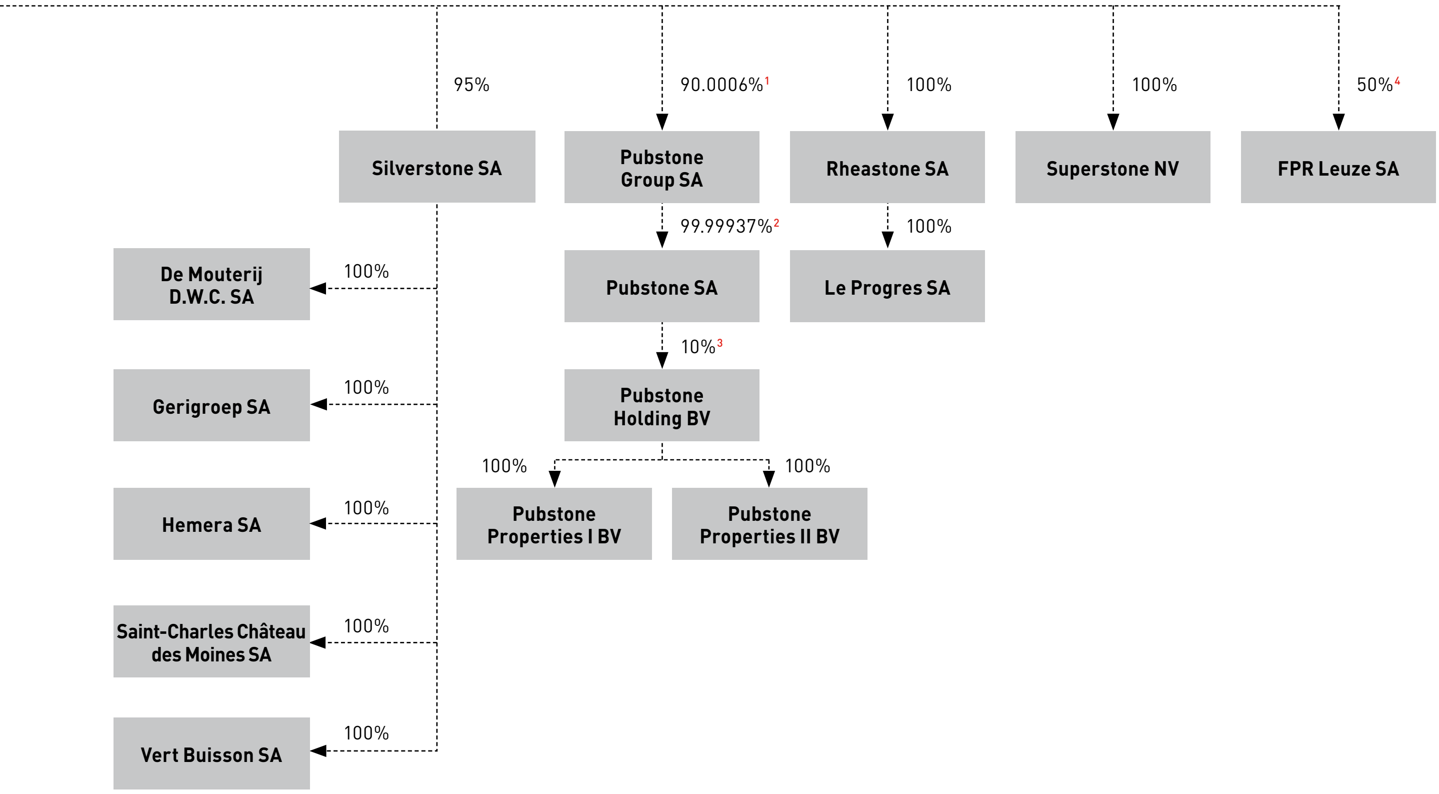
**Rheastone SA** has a controlling share in the company Le Progrès SA.

**Saint-Charles Château des Moines SA** has a nursing home of the same name in Bouillon.

**Superstone NV** will house any future projects in the Netherlands. It benefits from the "fiscale beleggingsinstelling" status.

**Vert Buisson SA** owns the Le Grand Cerf nursing home in Spa.


Cofinimmo SA
100%
Cofinimmo branch
100%
Leopold Square SA
100%
Cofinimmo Luxembourg SA
1.59%
Belliard I-II Properties SA
98.41%
100%
Cofinea I SAS
Belliard III-IV Properties SA
100%
97.65%
Cofinimur I SA
10%
Bolivar Properties SA
90%
100%
Cofinimmo France SA
0.01%
Cofinimmo Services SA
99.99%
14 subsidiaries
0.19%
Egmont Properties SA
99.81%
1%
Galaxy Properties SA
99%
98%
Kosalise SA
2%
98%
Parkside Invest SA
2%




1 9.9994% of the shares held by Inbev Belgium SA 2 0.00063% of the shares held by Inbev Belgium SA, 0.05% of the shares held by Brasserie Gheens SA and 0.14% of the shares held by Cavenor SA. 3 Majority of the votes. 4 Company consolidated by the equity method.

## Note 46. Payments based on shares

**Stock option plan**

In 2006, Cofinimmo launched a stock option plan by which 8,000 stock options were granted to the management of the Group. This plan was relaunched during each subsequent year. In 2011, a total of 8,035 stock options has been granted. At the time of exercise, the beneficiaries will pay a strike price of €97.45 per share for the 2011 plan, in exchange for the delivery of the shares. In the event of a voluntary or involuntary departure (with the exception of dismissal on ground of misconduct) of a beneficiary, the accepted and vested stock options will only be exercisable during the first exercise window after the date of the contract breach. The non-vested options will be cancelled. In the event of an involuntary departure due to misconduct, the accepted stock options, vested or not, will be cancelled. These conditions for the acquisition and exercise periods of the options in case of departure, voluntary or involuntary, will be applied without prejudice of the Board of Directors for the members of the Executive Committee or the Executive Committee for the other beneficiaries to authorise derogations to these dispositions, based on objective and pertinent criteria in the advantage of the beneficiary.

### Evolution of the number of stock options

| Year of the plan | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|---|
| ON 01.01.2010 | | 5,740 | 7,215 | 6,730 | 7,300 | 7,700 |
| Granted | **8,035** | | | | | |
| Cancelled | | | | | | |
| Exercised | | | | | | |
| Expired | | | | | | |
| ON 31.12.2010 | **8,035** | 5,740 | 7,215 | 6,730 | 7,300 | 7,700 |
| Exercisable at 31.12.2010 | | | | 6,730 | 7,300 | 7,700 |
| Strike price (in €) | **97.45** | 93.45 | 86.06 | 122.92 | 143.66 | 129.27 |
| Last date for exercising options | **14.06.2021** | 13.06.2020 | 11.06.2019 | 12.06.2023[1] | 12.06.2022[1] | 13.06.2021[1] |
| Fair value of the options at the date of granting (x €1,000) | **363.90** | 255.43 | 372.44 | 353.12 | 261.27 | 216.36 |

Cofinimmo applies the IFRS 2 standard by recognising over the vesting period (namely 3 years), the fair value of the stock options at the date of granting according to the progressive acquisition method. The annual cost of the progressive vesting is recognised in personnel charges in the income statement.

### Fair value of the stock options at the date of granting and assumptions used - weighted average

| | Plan 2011 |
|---|---|
| Valuation model | **Black & Scholes** |
| Contractual life of the options | **10 years** |
| Estimated duration | **8 years** |
| Strike price (in €) | **97.45** |
| Volatility (average last 3 years) | **16.44%** |
| Risk free interest rate | **«Euro Swap Annual Rate»** |
| Fair value of the options at the date of granting recognised over 3 years (x €1,000) | **363.90** |

1 In accordance with the Law on economic stimulation of 27.03.2009, the exercise period for the stock option plans of 2006 to 2008 has been extended from 10 to 15 years with the approval of the beneficiaries, without any additional fiscal costs.

## Note 47. Average number of people linked by an employment contract or by a permanent service contract

| | 2011 | 2010 |
|---|---|---|
| **Average number of persons linked by an employment contract or by a permanent service contract** | **109** | 105 |
| Employees | **105** | 101 |
| Executive management personnel | **4** | 4 |
| FULL TIME EQUIVALENT | **104** | 101 |

## Note 48. Related party transactions

The emoluments and insurance premiums, borne by Cofinimmo and its subsidiaries, for the benefit of the members of the Board of Directors, charged to the income statement, amount €2,423,957.

Pages 78 and 81 of the Annual Financial Report include the composition of the various decision-making bodies and the tables on remuneration of the non-executive and executive Directors.
The difference between the amount of the income statement and that stated in the tables is explained by movements in provisions.

The Directors are not beneficiaries of the profit-sharing scheme which exclusively concerns the employees of the Group.

At the end of 2011, Cofinimmo signed a joint-venture with the entity FPR Leuze SA. For more details, please see the joint-ventures section of Note 4 and the Management Report on page 44.

## Note 49. Events after the closing

No major events occured after the closing date that could have a significant impact on the figures at 31.12.2011.

We nevertheless note that the company Maison Saint-Ignace, subsidiary of Cofinimmo, and renamed Silverstone SA, has executed the following operations:

- Silverstone SA has been registered as an institutional Sicafi;
- It has received as in-kind contributions from Cofinimmo 8 buildings;
- It acquired from Cofinimmo 90% and from Senior Assist 10% of the shares in the subsidiaries Vert Buisson SA, Saint-Charles Château des Moines SA and Gerigroep SA;
- By means of partial divisions of companies belonging to the Senior Assist Group, Silverstone has received as an in-kind contribution 3 buildings in operation and 2 buildings that it has undertaken to renovate and extend;
- Siverstone SA has purchased in exchange for cash all the shares of the company holding De Mouterij plot, as well as the shares of the company Hemera SA, subsidiary at 31.12.2011 of Cofinimmo..

For more details on these operations, see the chapter "Events after 31.12.2011" of the Management Report, on page 58.

The amount of the dividend proposed to shareholders at the Ordinary General Meeting of 27.04.2012 is €91,820,813.50 for ordinary shares and €6,801,943.33 for preference shares. For more details, see Note 33.

# statutory auditor's report

Diegem, 23 March 2012

**To the shareholders,**

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

**Unqualified audit opinion on the consolidated financial statements**

We have audited the accompanying consolidated financial statements of Cofinimmo SA/NV ("the company") and its subsidiaries (jointly "the Group"), prepared in accordance with International Financial Reporting Standards as executed by the Royal Decree of 7 December 2010 with respect to public real estate investment trusts. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 3.528.941 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 118.539 (000) EUR.

The financial statements of several significant entities included in the scope of consolidation which represent total assets of 440.065 (000) EUR and a total profit of 15.130 (000) EUR have been audited by other auditors. Our opinion on the accompanying consolidated financial statements, insofar as it relates to the amounts contributed by those entities, is based upon the reports of those other auditors.

The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained, together with the reports of other auditors on which we have relied, provides a reasonable basis for our opinion.

In our opinion, and based upon the reports of other auditors, the consolidated financial statements give a true and fair view of the Group's financial position as of 31 December 2011, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as executed by the Royal Decree of 7 December 2010 with respect to real estate investment trusts.

**Additional comment**

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.

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

- The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

**The statutory auditor**
DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises, BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Frank Verhaegen

# company accounts

## Global result (income statement) (abbreviated format) (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| **A. NET RESULT** | | |
| Rental income | **134,255** | 149,226 |
| Writeback of lease payments sold and discounted | **20,999** | 21,108 |
| Rental-related expenses | **-105** | -516 |
| **Net rental income** | **155,149** | 169,818 |
| Recovery of property charges | **273** | 795 |
| Recovery of rental charges and taxes normally payable by the tenant on let properties | **19,155** | 16,278 |
| Costs payable by the tenant and borne by the landlord on rental damage and refurbishment at end of lease | **-18,598** | -16,092 |
| Charges and taxes normally payable by the tenant on let properties | **-1,802** | -2,383 |
| **Property result** | **154,177** | 168,416 |
| Technical costs | **-3,005** | -2,304 |
| Commercial costs | **-1,226** | -894 |
| Taxes and charges on unlet properties | **-3,490** | -3,027 |
| Property management costs | **-11,177** | -11,177 |
| Other property charges | **-2** | -3 |
| **Property charges** | **-18,900** | -17,405 |
| **Property operating result** | **135,277** | 151,011 |
| Corporate management costs | **-6,820** | -6,034 |
| **Operating result before result on portfolio** | **128,457** | 144,977 |
| Result on disposals of investment properties | **337** | 5,060 |
| Changes in fair value of investment properties | **-20,574** | -42,975 |
| Other result on portfolio | | |
| **Operating result** | **108,220** | 107,062 |
| Financial income | **20,399** | 71,580 |
| Net interest charges | **-50,101** | -52,770 |
| Other financial charges | **-4,021** | -2,716 |
| Changes in fair value of financial assets and liabilities | **38,597** | -100,082 |
| **Financial result** | **4,874** | -83,988 |
| **Pre-tax result** | **113,094** | 23,074 |
| Corporate tax | **-2,369** | -2,100 |
| Exit tax | | |
| **Taxes** | **-2,369** | -2,100 |
| NET RESULT | **110,725** | 20,974 |
| **B. OTHER ELEMENTS OF THE GLOBAL RESULT** | | |
| Impact on fair value of estimated transaction costs and rights resulting from the hypothetical disposal of investment property | **748** | -130 |
| Changes in the effective part of the fair value of authorised cash flow hedge instruments | **-49,248** | -12,979 |
| **Other elements of the global result** | **-48,500** | -13,109 |
| **C. GLOBAL RESULT** | **62,225** | 7,865 |

## Appropriation account (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| **A. NET RESULT** | **110,725** | 20,974 |
| **B. TRANSFER FROM/OF RESERVES** | **-11,764** | 75,842 |
| **Transfer from/to the reserve of the positive balance of changes in fair value of investment properties** | **-25,021** | |
| Fiscal year | **-25,021** | |
| Previous years | | |
| **Transfer from the reserve of the negative balance of changes in fair value of investment properties** | **13,395** | 159,474 |
| Fiscal year | | 131,693 |
| Previous years | **13,395** | 27,781 |
| **Tranfer to the reserve of the estimated transaction costs resulting from hypothetical disposal of investment properties** | **575** | -358 |
| Fiscal year | **575** | -358 |
| **Tranfer from the reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting** | **-9,642** | 7,071 |
| Fiscal year | **-9,642** | 7,071 |
| **Tranfer from the reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting** | **168** | 1,311 |
| Fiscal year | **168** | 1,311 |
| **Transfer to other reserves** | **-278** | -226 |
| **Transfer to result carried forward from previous years** | **9,039** | -91,430 |
| **C. REMUNERATION OF THE CAPITAL** | **-98,622** | -96,452 |
| **D. REMUNERATION OF THE CAPITAL OTHER THAN C** | **-339** | -365 |
| **E. RESULT TO CARRY FORWARD** | **491,915** | 260,580 |

## Financial situation (balance sheet) (abbreviated format) (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| **Non-current assets** | **3,254,059** | 2,884,906 |
| Intangible assets | **234** | 237 |
| Investment properties | **2,319,741** | 2,343,146 |
| Other tangible assets | **945** | 508 |
| Non-current financial assets | **877,734** | 482,664 |
| Finance lease receivables | **55,402** | 58,348 |
| Trade receivables and other non-current assets | **3** | 3 |
| **Current assets** | **75,719** | 54,699 |
| Current financial assets | **13,779** | 9,227 |
| Finance lease receivables | **2,868** | 2,780 |
| Trade receivables | **14,105** | 15,892 |
| Tax receivables and other current assets | **11,410** | 9,565 |
| Cash and cash equivalents | **35** | 26 |
| Deferred charges and accrued income | **33,522** | 17,209 |
| TOTAL ASSETS | **3,329,778** | 2,939,605 |

| | | |
|---|---|---|
| **Shareholders' equity** | **1,553,614** | 1,459,781 |
| Capital | **872,876** | 799,349 |
| Share premium account | **409,594** | 595,329 |
| Reserves[1] | **160,419** | 44,129 |
| Net result of the year | **110,725** | 20,974 |
| **Liabilities** | **1,776,164** | 1,479,824 |
| **Non-current liabilities** | **1,410,232** | 1,049,399 |
| Provisions | **17,547** | 19,055 |
| Non-current financial debts | **1,285,768** | 963,996 |
| Other non-current financial liabilities | **106,917** | 66,348 |
| **Current liabilities** | **365,932** | 430,425 |
| Current financial debts | **245,896** | 313,701 |
| Other current financial liabilities | **38,875** | 47,069 |
| Trade debts and other current debts | **61,912** | 49,464 |
| Accrued charges and deferred income | **19,249** | 20,191 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | **3,329,778** | 2,939,605 |

1 Reserves include the item "Reserve for own shares" for K€-5,124 at 31.12.2011.

## Obligation to distribute dividends according to the Royal Decree of 07.12.2010 concerning Sicafis (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| **Net result** | **110,726** | 20,974 |
| Depreciation (+) | **349** | 337 |
| Losses (+) | **202** | 648 |
| Writeback of writedowns (-) | **-440** | -461 |
| Writeback of lease payments sold and discounted (-) | **-20,999** | -21,108 |
| Other non-cash elements (+/-) | **5,216** | 11,656 |
| Result on disposals of property assets (+/-) | **-337** | -5,060 |
| Changes in fair value of investment properties (+/-) | **-24,734** | 131,401 |
| **Corrected result (A)** | **69,983** | 138,387 |
| Realised gains and losses[1] on property assets during the year (+/-) | **13,732** | 32,788 |
| Realised gains[1] on property assets during the year, exonerated from the obligation to distribute if reinvested within 4 years (-) | **-26,993** | -34,213 |
| Realised gains on property assets previously exonerated from the obligation to distribute and that were not reinvested within 4 years (+) | | |
| **Net gains on realisation of property assets non-exonerated from the distribution obligation (B)** | **-13,261** | -1,425 |
| TOTAL (A+B) X 80% | **45,378** | 109,570 |
| DEBT DECREASE (-) | | -95,526 |
| OBLIGATION TO DISTRIBUTE DIVIDENDS | **45,378** | 14,044 |

## Shareholders' equity that can not be distributed according to Article 617 of the Company Code (x €1,000)

| | 2011 | 2010 |
|---|---|---|
| Net assets | **1,553,614** | 1,459,781 |
| Distribution of dividends and profit-sharing plan for financial year 2010 | **-99,240** | -97,043 |
| **Net assets after distribution** | **1,454,374** | 1,362,738 |
| Paid-up capital or, if greater, subscribed capital | **872,876** | 799,349 |
| Share premium account unavailable for distribution according to the articles of association | **409,594** | 595,329 |
| Reserves for estimated transaction costs resulting from hypothetical disposal of investment properties | **-60,642** | -60,814 |
| Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting | **-106,737** | -67,132 |
| Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting | **-1,478** | -1,311 |
| Other reserves declared non-distributable by the General Meeting of Shareholders | **2,389** | 2,148 |
| **Non-distributable equity according to Article 617 of the Company Code** | **1,116,002** | 1,267,569 |
| **Margin remaining after distribution** | **338,372** | 95,168 |

1 In relation to the acquisition value, increased by the capitalised renovation costs.

# general information

The company attaches great importance to open and comprehensive communication aimed at all its stakeholders.

## Company name

Cofinimmo: Sicaf immobilière ("Société d'investissement immobilière à capital fixe publique de droit belge" - fixed public capital real estate investment trust incorporated under Belgian Law).

## Registered and administrative offices

The registered and administrative offices are established at 1200 Brussels, Boulevard de la Woluwe 58 (Tel. +32 2 373 00 00). The registered offices may be transferred to any other place in Belgium by a simple decision of the Board of Directors.

## Register of Legal Persons

The company is entered in the Register of Legal Persons (R.L.P.) of Brussels under No. 0426 184 049. Its VAT number is BE 0426 184 049.

## Constitution, legal form and publication

Cofinimmo was set up as a limited liability company incorporated under Belgian law (Société Anonyme) on 29.12.1983, by deed enacted before Notary André Nerincx in Brussels, published in the annexes to the Belgian Official Gazette (Moniteur belge) of 27.01.1984, under number 891-11. The company has the legal form of a limited liability company incorporated under Belgian Law. Since 01.04.1996, Cofinimmo has been recognised as a Sicaf immobilière ("Société d'investissement immobilière à capital fixe publique de droit belge" - fixed public capital real estate investment trust incorporated under Belgian Law), registered with the Financial Services and Markets Authority (FSMA).

It is subject to the legal provisions of closed-end investment companies, as stipulated in Article 19 of the Law of 20.07.2004 regarding certain types of collective administration of investment portfolios. The company has opted for the category investments foreseen in Article 7, § 1, 5° (real estate properties) of this Law.

The company is subject to the provisions of Book II of the above mentioned Law of 20.07.2004 regarding certain types of collective administration of investment portfolios, as well as to the Royal Decree of 07.12.2010, regarding Sicaf immobilières.

The articles of association have been amended on various occasions, the last of which was on 25.01.2012 by deed enacted before Associate Notary Louis-Philippe Marcelis in Brussels, published in the annexes to the Belgian Official Gazette (Moniteur belge) of 24.02.2012 under number 0044566.

The company makes issues for general subscription within the meaning of Article 438 of the Company Code.

## Duration

The company is constituted for an unlimited term.

## Activities of the company

**Article 3 of the articles of association**

The company's main activity is the collective investment in real estate.

Consequently, as main activity, the company invests in real estate, as defined in the Sicafi legislation ("immovable property"), i.e. properties as defined by Articles 517 ff. of the Civil Code, real rights on properties, shares with voting rights issued by property companies and shares of institutional Sicafis, provided that joint or exclusive control is exercised over such companies, shares of public Sicafis, option rights on immovable property, units of foreign real estate collective investment undertakings, under the conditions provided for by the Sicafi legislation, real estate certificates, rights arising from contracts which bestow one or more assets on the company under financial leasing, or conferring other similar rights of use.

In this capacity, the company may carry out all operations which relate to real estate assets, such as the purchase, conversion, fitting out, letting, subletting, management, exchange, sale, development, transfer to common ownership, investment, whether by merger or otherwise, in any enterprise with similar or complementary activities, and, in general terms, any operations directly or indirectly linked to the company's activities. The company may not act as property developer except on an occasional basis.

As an accessory or temporary activity, the company may invest in securities. Such investments shall be diversified in order to ensure the adequate spreading of risk. The company may hold short-term liquid funds, in any currency, as current or deposit accounts or in the form of any money market instrument which can easily be converted. The company may lend securities and carry out hedging operations, provided that the latter are intended exclusively to cover the interest rate and exchange risks to the exclusion of any speculative transaction.

The company and its subsidiaries may enter into financial leasing agreements for one or more properties. Financial leasing with purchase option of the properties can be carried out only as an accessory activity, except if these properties are intended for public interest purposes (in which case the activity may be carried out as a principal activity).

The company is required to carry out all its activities and operations in accordance with the regulations and within the limits provided for by the Sicafi legislation and all other legislation applicable.

Cofinimmo may not modify its activities through application of Article 559 of the Company Code, as this Article is not applicable to Sicaf immobilières, as set out in Article 19 of the Law of 20.07.2004 regarding certain types of collective administration of investment portfolios.

## Financial year

The financial year starts on 1 January and ends on 31 December of each year.

## Places at which documents accessible to the public may be consulted

The company's articles of association may be consulted at the clerk's office of the Brussels Commercial Court as well as on the website (**www.cofinimmo.com**).

The company and consolidated accounts of the Cofinimmo Group are filed at the National Bank of Belgium, in accordance with the legal provisions governing the matter. Decisions with regard to the appointment and resignation of members of the Board of Directors are published in the annexes of the Belgian Official Gazette (Moniteur belge).

Notices convening General Meetings are published in the annexes of the Belgian Official Gazette and in 2 financial daily newspapers. These notices and all documents relating to the General Meetings are simultaneously available on the website (**www.cofinimmo.com**).

All press releases and other financial information given out by the Cofinimmo Group since the beginning of 2002 can be consulted on the website (**www.cofinimmo.com**).

The Annual Reports and Annual Financial Reports may be obtained from the registered offices or consulted on the website (**www.cofinimmo.com**). They are sent each year to the holders of registered shares and to any parties expressing a wish to receive them. They include reports by the real estate expert and the statutory auditor.

## Declarations

### Responsible people

The Board of Cofinimmo SA assumes responsibility for the content of this Annual Financial Report, subject to the information supplied by third parties, including the reports of the statutory auditor and the real estate experts.

The Board, composed as described on page 67, declares that to the best of its knowledge:

- This Annual Financial Report contains a fair and true statement of the important events and, as the case may be, of major transactions between related parties, which have occurred during the year, and of their incidence on the financial statements;
- This Report has no omissions likely significantly to modify the scope for any statements made in this Annual Financial Report;
- The financial statements, established in conformity with the applicable accounting standards have been submitted to the statutory auditor for a complete audit review and give a fair and true image of the portfolio, financial situation and results of Cofinimmo and its subsidiaries incorporated in the consolidation; moreover the Management Report includes a perspective for the coming year result as well as a comment on the risks and uncertainties confronting the company (see page 2).

### Forecast information

This Annual Financial Report contains forecast information based on company plans, estimates and projections, as well as on its reasonable expectations concerning external events and factors. By its nature, this forecast information is subject to risks, uncertainties and other factors that may have the consequence that the results, financial situation, performance and actual figures differ from this information. Taking into account these uncertain factors, statements regarding future developments cannot be considered as a guarantee whatsoever.

### Declaration concerning the Directors

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

- None of the Directors has ever been convicted for a fraud-related offence, that no official and/or public accusation has been expressed or any sanctions ever imposed by a legal or supervisory authority, that no Director has been prohibited by court to act as a member of the Directing body and that in this capacity they have never been implicated in a bankruptcy;
- That no employment contract has been concluded with the Directors, either with the Sicafi, or with its Executive Committee, which provides for the payment of indemnities upon termination of the employment contract, except for the comment in the section "Contractual terms of the members of the Executive Committee" in the "Corporate Governance Statement" chapter.

### Declaration concerning information from third parties

The information published in this Report provided by third parties, such as the "Report by the real estate expert" and the "Statutory auditor's report", has been included with the consent of the person who has vouched for the content, form and context of this part of the registration document. This information has been faithfully reproduced and, as far as the Board of Directors knows and is able to assure in the light of data published by this third party, no facts have been omitted that might render the information reproduced incorrect or misleading.

### Historical financial information referred to by reference

The Annual Reports and Annual Financial Reports since financial year 2001, which comprise the company accounts, the consolidated annual accounts and the Statutory auditor's report, as well as the Half Year Reports and the Half-Yearly Financial Reports can be consulted on the website (**www.cofinimmo.com**) ("Investor Relations & Media/Reports and Publications").

## Fiscal regimes

**The Sicaf immobilière (Sicafi)**

The Sicaf immobilière ("Société d'investissement immobilière à capital fixe publique" - public fixed capital real estate investment trust) regime, is a collective property investment organisation created in 1995 disposing of a similar regime such as exists in numerous countries: Real Estate Investment Trusts (REITs) in the US, Fiscale Beleggingsinstellingen (FBI) in the Netherlands, G-REITs in Germany, Sociétés d'Investissements Immobiliers Cotées (SIIC) in France and UK-REITs in the UK. This regime is currently governed by the Royal Decree of 07.12.2010 which replaces the previous texts. The Law of 23.12.1994 regulated the tax effects on existing companies of transformation into a Sicafi immobilière.

The main characteristics of a public Sicafi immobilière are as follows:

- Closed-end company;
- Stock exchange listing;
- activity limited to real estate investment; the Sicafi can invest its assets in listed securities;
- Possibility for the Belgian subsidiaries of the public Sicaf immobilière to obtain the regime of institutional Sicafi ;
- Risk diversification: no more than 20% of total consolidated assets invested in a single property;
- Consolidated debt limited to 65% of the market value of the company's assets; the amount of sureties and mortgages is limited to 50% of the total fair value of the properties and to 75% of the value of the mortgaged property;
- Very strict rules governing conflicts of interest;
- Regular valuation of the asset portfolio by independent real estate valuers;
- Properties carried at their fair value;
- No depreciation;
- Results (rental income and capital gains on sales less operating expenses and financial charges) are tax exempt;
- At least 80% of the sum of the corrected result[1] and the net gains on realised disposals of real estate assets not exempted to the compulsory distribution are subject to compulsory distribution; the decrease in debt during the year can however be subtracted from the amount to be distributed;
- Withholding tax of 21% for physical persons residing in Belgium. No withholding tax is deducted for non-resident investors who are not engaged in a profit making activity.

Companies applying for approved public or institutional Sicaf immobilière status, or which merge with a Sicaf immobilière, are subject to an exit tax, which is treated in the same way as a liquidation tax, on net unrealised gains and on tax-exempt reserves, at a rate of 16.5% (increased by a supplementary crisis tax uplift of 3%, giving a total of 16.995%).

Cofinimmo obtained its approved Sicaf immobilière status on 01.04.1996.

**Institutional REIT**

The Institutional REIT, introduced by the Royal Decree of 07.12.2010, is a legal form attached to the Public REIT. It enables the Public REIT to extend the fiscal characteristics of its legal form to its subsidiaries and to undertake specific partnerships and projects with third parties.

Institutional REIT status is acquired on registration with the FSMA.

Its status is governed by the Royal Decree of 07.12.2010, the Law of 20.07.2004 on Collective Investment Organisms and the Code des Sociétés.

The main characteristics of the Institutional REIT are as follows:

- Non-listed company owned by a Public REIT;
- Registered shares held by institutional or public investors;
- No diversification or debt ratio requirement (consolidation with Public REIT);
- Dividend distribution obligation;
- Owned jointly or exclusively by a Public REIT;
- Investment in real estate assets exclusive purpose;
- No obligation to nominate a real-estate expert, the real estate assets being appraised by the Public REIT's expert;
- Statutory accounts drawn up in accordance with IFRS regulations (same accounting scheme as the Public REIT);
- Strict rules on operation and conflicts of interest;
- Subject to auditing by the FSMA.

**"Société d'Investissements Immobiliers Cotée" (SIIC)**

The "Société d'Investissements Immobiliers Cotée" (SIIC) regime, introduced by Finance Law No. 2002-1575 of 30.12.2002, authorises real estate companies to be set up in France which are subject to a specific tax regime, similar to the Sicafi regime in Belgium. Cofinimmo opted for the SIIC regime with effect from 04.08.2008, as did Cofinimmo France and its subsidiaries with effect from 23.01.2009. This regime allows Cofinimmo to benefit from exemption from corporate income tax, in respect of its branch in France, on its rental income and the capital gains it realises, in exchange for an obligation to distribute 85% of its profits.

The main characteristics of the SIIC are as follows:

- Exemption from corporate income tax of the fraction of the profit arising from i) property lets, ii) capital gains on property disposals, iii) gains on the disposal of shares in partnerships or subsidiaries subject to corporate income tax having opted for the SIIC regime, iv) the proceeds distributed by their subsidiaries having opted for the SIIC regime, and v) shares in profits of partnerships;
- Profit distribution obligation: 85% of the exempted profits arising from rental income, 50% of the exempted profits arising from disposal of property, shares in partnerships and subsidiaries subject to the SIIC regime, and 100% of the dividends distributed to them by their subsidiaries subject to corporate income tax having opted for the SIIC regime;
- Payment of an exit tax at the rate of 19% on unrealised capital gains relating to properties held by the SIIC or its subsidiaries subject to corporate income tax having opted for the SIIC regime, and to the shares in partnerships not subject to corporate income tax.

Cofinimmo does not have a status similar to that of the Sicafi in The Netherlands for Pubstone Holding and its subsidiaries.

1 Calculated according to the schemes of chapters 3 and 4 of Appendix C of the Royal Decree of 07.12.2010.

# share capital

## Issued capital

The capital is fully paid-up.

## Share capital

The shares have no par value

## Schedule of changes

The history of the share capital changes before 2011 can be consulted in the 2010 Annual Financial Report as well as in Title VIII of the company articles of association. These documents are available on the website of the company (**www.cofinimmo.com**) under the captions "Investor Relations & Media/Reports and Publications/Annual Financial Reports" and "Investor Relations & Media/Reports and Publications/Other Official Documents".

### Schedule of changes in 2011

| Date | Amount (€) of share capital | Type of transaction |
|---|---|---|
| 31/12/10 | | Situation at 31.12.2010 |
| 31/03/11 | | Conversion preference shares Q1 2011 |
| 24/05/11 | 17,697,422.45 | Non-cash contribution of dividend rights |
| 30/06/11 | | Conversion preference shares Q2 2011 |
| 30/09/11 | | Conversion preference shares Q3 2011 |
| 08/11/11 | 2,518.66 | Conversion convertible bonds October 2011 |
| 27/12/11 | 15,971,599.93 | Merger by absorption of AMCA SA |
| 27/12/11 | 3,779,818.31 | Merger by absorption of Bethanie SA |
| 27/12/11 | 480,100.27 | Merger by absorption of De Abdij SPRL |
| 27/12/11 | 6,458,551.66 | Merger by absorption of Dewa Invest SA |
| 27/12/11 | 8,243,427.16 | Merger by absorption of Epris SA |
| 27/12/11 | 830,087.41 | Merger by absorption of Leopold Basement SA |
| 27/12/11 | 11,305,426.18 | Merger by absorption of Paloke SA |
| 27/12/11 | 6,993,473.07 | Merger by absorption of Prinsenpark SA |
| 27/12/11 | 1,764,351.07 | Merger by absorption of Residentie De Nootelaer SA |
| 31/12/11 | | Conversion preference shares Q4 2011 |
| 31/12/11 | | Situation at 31.12.2011 |

## Description type of shares

At 31.12.2011, Cofinimmo had issued 15,220,653 ordinary shares. In order to modify the referred rights, the procedure referred to in the articles of association, as provided by Law, is applicable.

In addition to the ordinary shares, Cofinimmo issued 2 series of preference shares in 2004.
The key features of the preference shares are:

- Priority right to an annual fixed gross dividend of €6.37 per share, capped at this amount, which represents a gross yield of 5.90% compared to the subscription price or a net yield of 5.02% after deduction of the 21% withholding tax;
- Priority right in case of liquidation to a distribution equal to the issue price, capped at this amount;
- Option for the holder to convert his preference shares into ordinary shares from the fifth anniversary of their issue date (01.05.2009), at a rate of 1 new ordinary share for 1 preference share (see also page 76);

| Issue price (€) | Amount (€) of the net contribution to the shareholders' equity[1] | Number of ordinary shares | Total number of ordinary shares after the transaction | Number of preference shares COFP1 | Total number of preference shares COFP1 after the transaction | Number of preference shares COFP2 | Total number of preference shares COFP2 after the transaction | Total number of preference shares after the transaction | Total share capital after the transaction |
|---|---|---|---|---|---|---|---|---|---|
| | | | 13 667 092 | | 561 727 | | 687 583 | 1 249 310 | 799 349 172,22 |
| | | +305 | 13,667,397 | 0 | 561,727 | -305 | 687,278 | 1,249,005 | 799,349,172.22 |
| 93.93 | 31,018,355.550 | +330,246 | 13,997,643 | 0 | 561,727 | 0 | 687,278 | 1,249,005 | 817,046,594.67 |
| | | +404 | 13,998,047 | 0 | 561,727 | -404 | 686,874 | 1,248,601 | 817,046,594.67 |
| | | +439 | 13,998,486 | 0 | 561,727 | -439 | 686,435 | 1,248,162 | 817,046,594.67 |
| 106.91 | 5,019.625 | +47 | 13,998,533 | 0 | 561,727 | 0 | 686,435 | 1,248,162 | 817,049,113.33 |
| 89.01 | 26,533,326.750 | +298,041 | 14,296,574 | 0 | 561,727 | 0 | 686,435 | 1,248,162 | 833,020,713.26 |
| 89.01 | 6,278,109.740 | +70,534 | 14,367,108 | 0 | 561,727 | 0 | 686,435 | 1,248,162 | 836,800,531.57 |
| 89.01 | 789,263.700 | +8,959 | 14,376,067 | 0 | 561,727 | 0 | 686,435 | 1,248,162 | 837,280,631.84 |
| 89.01 | 10,727,602.830 | +120,521 | 14,496,588 | 0 | 561,727 | 0 | 686,435 | 1,248,162 | 843,739,183.50 |
| 89.01 | 13,692,253.290 | +153,828 | 14,650,416 | 0 | 561,727 | 0 | 686,435 | 1,248,162 | 851,982,610.66 |
| 89.01 | 1,378,745.060 | +15,490 | 14,665,906 | 0 | 561,727 | 0 | 686,435 | 1,248,162 | 852,812,698.07 |
| 89.01 | 18,778,103.650 | +210,967 | 14,876,873 | 0 | 561,727 | 0 | 686,435 | 1,248,162 | 864,118,124.25 |
| 89.01 | 11,616,110.460 | +130,503 | 15,007,376 | 0 | 561,727 | 0 | 686,435 | 1,248,162 | 871,111,597.32 |
| 89.01 | 2,930,577.370 | +32,924 | 15,040,300 | 0 | 561,727 | 0 | 686,435 | 1,248,162 | 872,875,948.39 |
| | | +180,353 | 15,220,653 | -48,430 | 513,297 | -131,923 | 554,512 | 1,067,809 | 872,875,948.39 |
| | | | 15,220,653 | | 513,297 | | 554,512 | 1,067,809 | 872,875,948.39 |

- Option for a third party designated by Cofinimmo (for example one of its subsidiaries) to purchase in cash and at their issue price, from the 15th anniversary of their issue, the preference shares that have not yet been converted;
- The preference shares are registered, listed on Euronext Brussels First Market and carry a voting right identical to that for ordinary shares.

The first series of 702,490 preference shares (denomination on Euronext: COFP1) was issued on 30.04.2004, the second series (797,276 shares - denomination on Euronext: COFP2) on 26.05.2004. The characteristics of these series of preference shares are identical, with the exception of the issue price (€107.89 for the COFP1 vs. €104.44 for the COFP2) which represents the purchase price.

1 According to the accounting rules for Belgian Sicaf immobilières.

## Evolution of the conversion of the preference shares into ordinary shares

| | Converted COFP1 shares | Converted COFP2 shares |
|---|---|---|
| From 01.05.2009 to 10.05.2009 | 28,348 | 45,578 |
| From 21.06.2009 to 30.06.2009 | 81,743 | 10,083 |
| From 21.09.2009 to 30.09.2009 | 0 | 933 |
| From 22.12.2009 to 31.12.2009 | 2,794 | 3,594 |
| From 22.03.2010 to 31.03.2010 | 7,399 | 47,285 |
| From 20.06.2010 to 30.06.2010 | 20,000 | 398 |
| From 20.09.2010 to 30.09.2010 | 400 | 1,693 |
| From 22.12.2010 to 31.12.2010 | 79 | 129 |
| From 22.03.2011 to 31.03.2011 | 0 | 305 |
| From 21.06.2011 to 30.06.2011 | 0 | 404 |
| From 21.09.2011 to 30.09.2011 | 0 | 439 |
| From 22.12.2011 to 31.12.2011 | 48,430 | 131,923 |

## Authorised capital

At 31.12.2011, the amount of the authorised capital was €701,649,600.44 (see Note 30, page 161).

## Changes in holding of treasury shares (own shares)

The number of treasury shares held by the Cofinimmo Group on 01.01.2011 came to 52,607.

On the mergers by absorption of the companies Administratief en Maritiem Centrum Antwerpen NV (AMCA), Bethanie NV, De Abdij PVBA, Dewa Invest NV, Epris NV, Leopold Basement NV, Paloke NV, Prinsenpark NV, and Residentie de Nootelaer NV on 27.12.2011, Leopold Square SA, a company controlled 100% directly and indirectly by Cofinimmo, was allocated 1,041,767 ordinary Cofinimmo shares. All these shares carry entitlement to a share in the results with effect from 01.01.2011.

The number of treasury shares held by the Cofinimmo Group on 31.12.2011 thus came to 1,094,374 (held by Cofinimmo SA and Leopold Square SA), which represents a level of self-ownership of 6.72%.

## Shareholders

The shareholders structure is described in the chapter "Cofinimmo in the stock market" on page 111 of this Report. It can also be consulted on the company's website (**www.cofinimmo.com**) under the caption "Investor Relations & Media/Share Information/Shareholder Structure".

## Summary of modifications in 2011

Recast of the Articles of Association approved by the Extraordinary General Meeting of 29.03.2011, following the new Sicafi Royal Decree of 07.12.2010 and the Law of 20.12.2010 concerning the exercise of certain rights of shareholders of listed companies, and various amendments approved by the Extraordinary General Meeting of 27.12.2011.

## Capital

**Article 6, Point 2 - Authorised capital**

The Board of Directors is empowered to increase share capital in one or several tranches up to a maximum amount of seven hundred and ninety-nine million euros (€799,000,000) on the dates and according to the procedures to be decided by the Board of Directors, in accordance with Article 603 of the Company Code. In the case of a capital increase accompanied by the payment or entry in the accounts of a share premium, only the amount assigned to the capital will be subtracted from the remaining available amount of the authorised capital.

This authorisation is granted for a period of 5 years from the date of publication in the annexes of the Belgian Official Gazette (Moniteur belge) of the minutes of the Extraordinary General Meeting of 29.03.2011.

For any capital increase, the Board of Directors fixes the price, the share premium, where appropriate, and the issue conditions for new shares, unless a decision on these elements is taken by the General Shareholders' Meeting itself.

Share capital increases which are thus decided by the Board of Directors may be carried out by subscription for cash or by non-cash contributions, provided that the legal provisions are respected, or by incorporation of reserves or the share premium account, with or without the creation of new shares, and increases may give rise to the issue of Ordinary Shares or Preference Shares or of shares with or without voting rights. These capital increases may also be carried out by the issue of convertible bonds or subscription rights -whether or not attached to another security- which can give rise to the creation of Ordinary Shares or Preference Shares or of shares with or without voting rights.

The Board of Directors is entitled to abolish or limit the preferential subscription right of the shareholders, including in favour of specific persons other than staff members of the company or its subsidiaries, provided that an irreducible allocation right is granted to the existing shareholders at the time of allocation of the new shares. This irreducible allocation right must meet the conditions laid down by the Sicafi legislation and Article 6.4 of the Articles of Association. It does not need to be granted in the case of cash contribution under the distribution of an optional dividend, in the circumstances provided for in Article 6.4 of the Articles of Association.

Share capital increases by non-cash contribution are carried out in accordance with the conditions laid down by the Sicafi legislation and the conditions provided for in Article 6.4 of the Articles of Association. Such contributions may also relate to the dividend right in the context of the distribution of an optional dividend.

Notwithstanding the authorisation given to the Board of Directors in accordance with the foregoing, the Extraordinary General Meeting of 29.03.2011 expressly authorised the Board of Directors to carry out one or more capital increases in the event of a takeover bid, in accordance with the provisions of Article 607 of the Company Code and subject to compliance, where appropriate, with the irreducible allocation right provided for under the Sicafi legislation. Capital increases carried out by the Board of Directors by virtue of the said authorisation shall be scored against the remaining available capital within the meaning of this Article. This authorisation does not restrict the powers of the Board of Directors to undertake operations utilising authorised capital other than those referred to by Article 607 of the Company Code.

Where capital increases decided in accordance with these authorisations involve a share premium, the amount thereof, after charging any expenses, shall be allocated to an account not available for distribution known as a "Share premium account" which shall constitute, like the capital, the guarantee of third parties and may not be reduced or annulled except by decision of the General Meeting deliberating subject to the conditions of quorum and majority required for reducing the capital, under reservation of its incorporation in the capital.

**Article 6, Point 3 - Acquisition and transfer of own shares**

The company may obtain by acquisition or take as security its own shares subject to the conditions laid down by law. It is authorised to transfer title to shares, on or off the stock market, under the conditions laid down by the Board of Directors, without prior authorization of the General Meeting.

The Board of Directors is specially authorised, for a period of 3 years from the date of publication of the Extraordinary General Meeting of 29.03.2011, to acquire, accept as security and transfer on behalf of Cofinimmo, the own shares of the company without a prior decision by the General Meeting, where this acquisition or this transfer is necessary in order to prevent serious and imminent harm to the company.

Furthermore, during a period of 5 years following the holding of the said Meeting of 21.01.2009, the Board of Directors may acquire, accept as security and transfer (even outside the stock exchange) on behalf of Cofinimmo, the own shares of the company at a unit price that may not be less than eighty-five percent (85%) of the closing market price on the day preceding the date of the transaction (acquisition, sale and acceptance as security) and that may not be more than one hundred and fifteen percent (115%) of the closing market price on the day preceding the date of the transaction (acquisition, acceptance as security) whereby Cofinimmo may at no time hold more than twenty percent (20%) of the total issued shares.

The authorisations referred to above include the acquisitions and transfers of company shares by one or more direct subsidiaries of this company, within the meaning of the legal provisions relating to acquisition of shares in their parent company by subsidiary companies.

The authorisations referred to above cover both Ordinary Shares and Preference Shares.

**Article 6, Point 4 - Capital increases**
All capital increases will be carried out in accordance with Articles 581 to 609 of the Company Code and the Sicafi legislation.

In the event of a capital increase by contribution of cash by decision of the General Meeting or in the context of the authorised capital as provided for in Article 6.2, the preference subscription right of shareholders may be limited or abolished only on condition that an irreducible right of allocation is granted to the old shareholders on the allocation of new shares. This irreducible right of allocation meets the following conditions established by the Sicafi legislation:

1° It relates to all the newly issued shares;
2° It is granted to shareholders in proportion to the part of the capital represented by their shares at the time of the operation;
3° A maximum price per share is announced no later than the day before the opening of the public subscription period, which must last for at least 3 trading days.

The irreducible right of allocation applies to the issue of shares, convertible bonds and subscription rights. It need not be granted in the case of contribution in cash with limitation or abolition of the preference subscription right, in addition to a non-cash contribution in the context of the distribution of an optional dividend, provided that the granting thereof is in fact open to all shareholders.

Capital increases by way of non-cash contribution are subject to the rules prescribed by Articles 601 and 602 of the Company Code. In addition, the following conditions must be respected in the case of non-cash contribution, in accordance with the Sicafi legislation:

1° The identity of the party making the contribution must be mentioned in the report of the Board of Directors referred to in Article 602 of the Company Code, as well as, where appropriate, in the notice convening the General Meeting, which is to take a decision on the capital increase;
2° The issue price may not be below the lower value of (a) a net asset value dating back no longer than 4 months before the date of the contribution agreement or, at the company's choice, before the date of the capital increase deed or (b) the average closing price in the 30 calendar days prior to this same date. In this respect, it is permitted to subtract from the amount referred to in point 2(b) above an amount corresponding to the portion of the gross undistributed dividends, of which the new shares could be deprived, provided that the Board of Directors specifically justifies the amount of the accumulated dividends to be deducted in its special report and discloses the financial conditions of the operation in the Annual Financial Report;
3° Except where the issue price, or in the case referred to in Article 6.6, the exchange report, and their terms and conditions are determined and communicated to the public no later than on the day following the conclusion of the contribution agreement, mentioning the time within which the capital increase will in fact be carried out, the capital increase deed is concluded within a maximum of 4 months; and
4° The report referred to in point 1° above must also indicate the impact of the proposed contribution on the situation of the old shareholders, in particular concerning their portion of the profits, the net asset value and the capital, as well as the impact in terms of voting rights.

These supplementary conditions are not applicable in the case of contribution of the dividend right in the context of the distribution of an optional dividend, provided that the granting of this is in fact open to all shareholders.

If the General Meeting decides to ask for the payment of an issue premium, this must be entered in an unavailable reserve account which may be reduced or abolished only by a decision by the General Meeting deliberating in accordance with the provisions laid down for the amendment of the Articles of Association. The issue premium, in the same capacity as the capital, will be in the nature of a common pledge in favour of third parties.

## Shares

**Article 7 - Types of shares**
The shares are without par value.

The shares are divided into 2 categories: ordinary shares (referred to as "Ordinary Shares" in these articles of association) and preference shares (referred to as "Preference Shares" in these articles of association). The Preference Shares confer the rights and have the characteristics set out in Article 8 of the articles of association.

The Ordinary Shares are registered, bearer or dematerialized shares, at the choice of the owner or holder (hereafter "the Shareholder") and within the limits laid down by the law. The Shareholder may, at any time and at no cost to himself, request that these shares be converted into registered or dematerialised shares. The Preference shares are registered.

All dematerialised shares are represented by an entry in the Shareholder's account held by an accredited account holder or settlement institution. A register of registered shares is held at the registered office of the company and, where appropriate and permitted by law, this register may take electronic form. Shareholders may consult the register with respect to their shares.

Bearer shares in the company, previously issued and entered in the share account at 01.01.2008, exist in dematerialised form from that date. The other bearer shares will also be converted automatically into dematerialised shares as and when their entry in the share account is requested by the Shareholder with effect from 01.01.2008.

On expiry of the deadlines laid down by the legislation concerning the abolition of bearer shares, those bearer shares for which conversion has not yet been requested will be converted automatically into dematerialised shares and entered in the share account by the company.

**Article 8 - Preference shares**
In addition to the Ordinary shares, the company may issue Preference shares, against a cash or non-cash contribution, or in connection with a merger. The Preference shares confer the rights and have the characteristics set out below:

**8.1 Preference Dividends**
8.1.1. Each Preference share carries entitlement to a dividend payable by priority in relation to the dividend payable on Ordinary shares (hereafter "Preference Dividend").

The annual gross amount of the Preference Dividend is six euros thirty-seven cents (€6.37) per preference share.
The Preference Dividend is only due, in full or in part, where there exist distributable profits within the meaning of Article 617 of the Company Code and where the company's General Meeting decides to distribute dividends. Accordingly, in the event that during any given year, no distributable profits within the meaning of Article 617 of the Company Code exist, or that the General Meeting were to decide not to pay out dividends, no Preference Dividend will be paid to the holders of preference shares. Furthermore, in the event that during any given year, the level of distributable profits within the meaning of Article 617 of the Company Code does not permit payment of the full amount of the Preference Dividend, or that the General Meeting were to decide to distribute dividends the amount of which is insufficient to pay the full Preference Dividend, the holders of Preference Shares will only receive the amounts distributed.

8.1.2. The Preference Shares do not confer rights to the distribution of profits other than the Preference Dividend, with the proviso of their priority right in the event that the company is liquidated, as indicated in point 8.5 below. It follows that the dividend to be distributed among the Preference Shares may never exceed the annual gross amount of the Preference Dividend, namely six euros thirty-seven cents (€6.37) per Preference Share.

8.1.3 The Preference Dividend is released for payment on the same day as the dividend payable on the Ordinary Shares except in the event of requirements relating to the market or to compliance with legal provisions, provided that the delay does not exceed 10 working days. The distributable profit which it has been decided to distribute will first be paid to the holders of Preference Shares, for the amount of six euros thirty-seven cents (€6.37) per Preference Share. Any amount remaining from the distributable profit which it has been decided to distribute will next be paid to the holders of Ordinary Shares. In the event that, during any given year, no dividend is released for payment on the Ordinary Shares, the Preference Dividend will be released for payment on 1 June of that year.

8.1.4. The Preference Dividend is non-cumulative. This means that in the event that the dividend is paid only in part or not at all during one or more years, the holders of Preference Shares will not be able to recover, during the subsequent year or years, the difference between any amount or amounts that may have been paid and the amount of six euros thirty-seven cents (€6.37) per Preference Share.

8.1.5. In the event that, during any given year, the Board of Directors were to decide to distribute a dividend on the Ordinary Shares payable other than in cash, the Preference Dividend will be payable in cash, or according to the same method as for the Ordinary Shares, at the option of each of the holders of Preference Shares.

**8.2. Conversion**
The Preference Shares are convertible into Ordinary Shares, on one or more occasions, at the option of their holders exercised in the following cases:

1° From the fifth anniversary of their issue date, that is from May 1st to May 10 of that year and subsequently during the last 10 days of each quarter of the calendar year;
2° At any time during a period of 1 month following notification of the exercise of the call option referred to below; and
3° In the event of the company being liquidated, during a period commencing 2 weeks after publication of the liquidation decision and ending on the day before the General Meeting convened to conclude the liquidation process.

The conversion rate will be 1 Ordinary Share for 1 Preference Share.

The conversion will be carried out by issuing new Ordinary Shares, without increasing the company's capital. The company's Board of Directors may have the conversions carried out recorded in an authentic document. These official records may be grouped together at the end of each civil quarter, on the understanding that the conversion will be deemed to have taken effect on the date of dispatch of the request for conversion.

The conversion request must be addressed to the company by the holder of the Preference Shares by registered post, indicating the number of Preference Shares for which conversion is requested.

**8.3. Call option**
As from the 15th year following their issue, the third party designated by the company may purchase for cash all or a portion of the unconverted Preference Shares. However, this purchase may only take place (1) at the earliest 45 days after the company's Board of Directors has given notification of its decision to exercise the call option, and provided that the Preference Shares concerned have not in the meantime been converted into Ordinary Shares by their holders; and (2) only after any Preference Dividends relating to the year preceding notification of the exercise of the call option have been paid to the holders of Preference Shares.

In the event that the purchase involves only a portion of the unconverted Preference Shares, it would be applied to each holder of Preference Shares, proportionately to the number of Preference Shares held.

Furthermore, should it be the case, in whatever manner, that the unconverted Preference Shares represent no more than two and a half percent (2.5%) of the total number of Preference Shares originally issued, the third party designated by the company may purchase the balance of the unconverted Preference Shares, as from the fifth year following their issue date, at the earliest 45 days after the company's Board of Directors has given notification of its decision to exercise the call option, and provided that the Preference Shares concerned have not in the meantime been converted into Ordinary Shares by their holders.

The purchase of the unconverted Preference Shares will be made at a price equal to their issue price (capital and share premium, where applicable).

The call option will be exercised by means of notification given by the third party designated by the company, addressed to each of the holders of Preference Shares concerned, by registered letter, of its decision to purchase Preference Shares. This notification will indicate the number of Preference Shares to be sold by the holder of the Preference Shares concerned. Transfer of title will take place 45 days following this notification, by means of payment of the price by transfer to the bank account to be indicated by the holders of Preference Shares in response to the notification.

The subscription or acquisition, on whatsoever grounds, of Preference Shares implies the obligation by the holder of Preference Shares to sell to the third party designated by the company, within 45 days of the above mentioned notification, the Preference Shares, the purchase of which has been duly decided upon by virtue of this provision. This subscription or this acquisition also entails an irrevocable mandate given to the company to enter the required particulars in the shareholders' register as a record of transfer of the Preference Shares.

In the event of the holder of Preference Shares failing to present the Preference Shares, the purchase of which has been duly decided upon, within 45 days of the notification of the exercise of the call option, the shares not presented will automatically be deemed to have been transferred to the third party designated by the company, subject to deposit of the price with the Caisse des Dépôts et Consignations.

**8.4. Voting right**
Each Preference Share carries one voting right at the General Shareholders' Meeting identical to that carried by an Ordinary Share.

**8.5. Priority in the event of liquidation**
In the event that the company is liquidated, each Preference Share will receive by priority, from the net assets of the company remaining after discharge of all debts, charges and liquidation expenses, an amount in cash equal to the paid-up issue price (capital and share premium, where applicable) of the Preference Share concerned.

The Preference Shares will not participate in the distribution of any liquidation surplus. From this it follows that the amount distributed to the Preference Shares in the event of liquidation may never exceed the issue price (capital and share premium, where applicable) of the Preference Shares.

In the event of the liquidation of the company, whether voluntary or compulsory, the holders of Preference Shares will automatically have the right to convert the Preference Shares into Ordinary Shares during a period commencing 2 weeks following publication of the liquidation decision and ending on the day before the General Meeting convened to conclude the liquidation process, on the understanding that the holders of Preference Shares will be informed by the liquidator, prior to this meeting, of the result of the liquidation operations.

No distribution will be made to the shareholders before the expiry of this conversion period except where all the Preference Shares have been converted into Ordinary Shares.

**8.6. Maximum percentage of Preference Shares**
The Preference Shares may not represent in total more than fifteen percent (15%) of the company share capital following their issue, unless otherwise decided by at least a seventy-five percent (75%) majority of the votes in each share class.

In addition, the company may not issue Preference Shares, or reduce the share capital in such a way that the Preference Shares represent in total more than fifteen percent (15%) of the company share capital, or carry out any other operation which has this effect, unless otherwise decided by at least a seventy-five percent (75%) majority of the votes in each share class.

**8.7. Modification of the rights attached to the different classes of shares**
In accordance with Article 560 of the Company Code, any decision to modify the rights of Preference Shares or to replace these Preference Shares with another class of shares may only be taken provided that, for each class of shares, the required terms and conditions concerning presence and majority are met in order for the articles of association to be modified.

**8.8. Form**
The Preference Shares are, and shall remain, registered.

## Other securities

**Article 9 - Other securities**
The company is entitled to issue the securities referred to in Article 460 of the Company Code, with the exception of profit shares and similar securities and subject to compliance with the specific rules provided for by the Sicafi legislation and the Articles of Association. These securities may take the forms provided for by the Company Code.

## Shareholding

**Article 10 - Stock exchange listing and disclosure of major participations**
The company shares must be traded on a regulated Belgian market, in accordance with the Sicafi legislation.

All shareholders are required to notify the company and the Financial Services and Markets Authority (FSMA) of their holding of securities conferring voting rights or other assimilated financial instruments of the company, in accordance with the legislation on the disclosure of major participations.

The percentages which when exceeded give rise to a notification obligation under the requirements of the legislation on the disclosure of major participations are set at 5 per cent (5%) and multiples of 5 per cent (5%) of the total number of existing voting rights.

Apart from the exceptions provided for by the Company Code, no-one may take part in the voting at the General Meeting of the company for a number exceeding the number of securities in the holding he has declared at least twenty (20) days before the date of the General Meeting.

## Administration and Supervision

**Article 11 - Composition of the Board of Directors**

The company is administered by a Board composed in a manner to ensure autonomous management in the exclusive interests of the shareholders of the company. This Board is composed of at least 5 members, appointed in principle for a term of 4 years by the General Meeting of Shareholders, who that body may remove at any time. Their mandates are renewable.

The General Meeting must appoint at least 3 independent Directors from among the members of the Board of Directors. For this purpose, an independent Director is understood to be a Director who meets the criteria laid down in Article 526ter, paragraph 2 of the Company Code.

The mandate of out-going Directors, who have not been re-elected, ends immediately following the General Meeting which conducted the re-election procedure.

In the event that one or more mandates are not filled, the remaining Directors, at a meeting of the Board, shall be empowered provisionally to designate a replacement for the period until the next General Meeting, which shall hold the final election. This right becomes an obligation whenever the number of Directors effectively in office no longer reaches the statutory minimum.

Where a legal person is appointed Director of the company, this legal person is required to appoint from among its members, managers, Directors or personnel, a permanent representative responsible for performing these duties on behalf of and for account of this legal person.

The Director appointed to replace another Director shall serve out the term of the Director he is replacing.

The Directors have the necessary professional integrity and appropriate experience to perform their duties.

Any remuneration may not be determined in accordance with the operations carried out by the company or its subsidiaries.

**Article 17 - Representation of the company and signature of documents**

Except where the Board of Directors has delegated special powers of representation, the company is represented in all its acts, including those involving a public official or a ministerial officer and in legal proceedings, either as applicant or defendant, either by 2 Directors acting jointly, or within the limits of the powers conferred to the Executive Committee, by 2 members of the said Committee acting jointly or, within the limits of their powers of day-to-day management, by 2 persons delegated such powers, acting jointly.

The company is further validly represented by special authorised representatives of the company within the limits of the term of office granted to them for this purpose by the Executive Committee or within the limits of their powers of day-to-day management, by those persons delegated such powers.

In any act of disposal relating to a property, the company must be represented by 2 Directors acting jointly, except in the case of transactions relating to an asset with a value below the threshold fixed for this purpose by the Sicafi legislation, i.e. 1% of the consolidated assets of the company or €2.5 million, whichever is the lower, in which case the company will be validly represented by one Director acting alone.

If these value limits are exceeded, use may however be made of a special delegation of powers in favour of one person: such delegations of powers must occur under the direct ex ante and ex post control of the Board of Directors, provided that the following cumulative conditions are met, i.e.:

- The Board of Directors must exercise effective control over the acts/documents signed by the special authorised representative(s) and must put in place an internal procedure relating to both the content and the frequency of the control;
- The power of attorney may cover only one clearly specified transaction or a group of definitively defined transactions (it is not sufficient for the transaction or group of transactions to be determinable). General power of attorney is not authorised;
- The relevant limits (for example as regards the price) must be indicated in the power of attorney itself and the power of attorney must be subject to a time limit, i.e. to the period of time necessary to complete the operation;
- A specific delegation is also organised for cash operations.

**Article 18 - Audits**

The company appoints one or more auditors who carry out the duties incumbent upon them under the Company Code and the Sicafi legislation.

The auditor must be approved by the Financial Services and Markets Authority (FSMA).

## General Meetings

**Article 19 - Meetings**

The Annual General Meeting shall be held on the last Friday of the month of April at three-thirty in the afternoon.

Should this day be a public holiday, the Meeting shall take place on the next working day at the same time, not including Saturday or Sunday.

The Ordinary or Extraordinary General Meetings shall be held at the place indicated in the notice convening the Meeting.

The threshold above which one or more shareholders may, in accordance with Article 532 of the Company Code, require that a General Meeting be held in order to submit one or more proposals at that meeting, is fixed at 5% of all the shares with voting rights.

One or more shareholders together holding at least 3% of the capital of the company may, in accordance with the provisions of the Company Code, require the inclusion of items to be dealt with on the agenda for any General Meeting, and submit proposals for decisions concerning items to be dealt with included or to be included on the agenda.

**Article 20 - Attendance at Meetings**
The right to attend the General Meeting and to exercise voting rights there is subject to the registration in the accounts of the shares in the name of the shareholder on the 14th day prior to the General Meeting, at midnight (Belgian time) (below, the registration date), either by their registration on the register of shareholders of the Company, by their registration in the accounts of an approved account holder or of a clearing house, or by the production of the bearer shares to a financial intermediary, without account being taken of the number of shares held by the shareholder on the day of the General Meeting.

The owners of dematerialised or bearer shares wishing to attend the Meeting must produce an attestation issued by their financial intermediary or approved account holder certifying, as the case may be, the number of dematerialised shares registered in the name of the shareholder in its accounts on the registration date or the number of bearer shares produced on the recording date, and for which the shareholder has declared that he wishes to attend the General Meeting. This deposit must be made at the registered office or with establishments designated in the notices convening the meeting, no later than the 6th day prior to the date of the Meeting.

Registered shareholders wishing to attend the Meeting must notify the company of their intention by ordinary letter, fax or e-mail, sent no later than the 6th day before the date of the Meeting.

**Article 21 - Voting by correspondence**
All owners of shares entitling them to attend the Meeting may arrange to be represented by an authorised representative, whether or not this person is a shareholder.

The shareholder may appoint only one person as authorised representative for a given General Meeting, save as otherwise provided by the Company Code.

The power of attorney must be signed by the shareholder and reach the company or the place indicated in the notice convening the meeting no later than the 6th day prior to the date of the Meeting.

The Board of Directors may draw up a form conferring power of attorney.

Joint owners, usufructuaries and bare owners, creditors and pledgors must arrange to be represented respectively by one and the same person.

**Article 22 - Bureau**
Every General Meeting is chaired by the Chairman of the Board of Directors or, in his absence, by the Managing Director or, should he also be absent, by the person designated by the Directors present.

The Chairman designates the secretary.
The Meeting shall choose 2 scrutineers.
The Directors present complete the bureau.

**Article 23 - Number of votes**
Each share, Ordinary or Preference Share, confers entitlement to one vote, save in the cases in which voting rights are suspended by the Company Code.

**Article 25 - Voting by correspondence**
By authorisation given by the Board of Directors in its notice convening the meeting, shareholders will be authorised to vote by correspondence using a form prepared by the company.

This form must include the date and venue of the Meeting, the name or company name of the shareholder and his address or registered office, the number of votes that the shareholder wishes to cast at the General Meeting, the form of the shares held, the items on the agenda for the Meeting (including the proposals for decisions), a space allowing a vote to be made for or against each motion, or to abstain, and the deadline by which the voting form must reach the Meeting. It must be expressly stipulated that the form must be signed, the signature certified and the entire document sent by registered letter no later than the 6th day prior to the date of the Meeting.

**Article 27 - General Meetings of Bondholders**
The Board of Directors and the auditor(s) of the company can convene the bondholders for a General Meeting of Bondholders. They have to convene also a General Meeting when asked by bondholders representing one fifth of the total amount of the bonds in circulation. The notice convening the Meeting must contain an agenda and must be established in accordance with the Company Code. To be admitted to the General Meeting of Bondholders, the Bondholders must conform to the formalities provided in Article 571 of the Company Code and to possible formalities provided by the conditions relating to the issue of bonds or in the notice convening the Meeting.

## Accounting procedures - Appropriation of profits

**Article 29 - Distribution**
The company has the obligation to distribute to its shareholders, within the limits allowed by the Company Code and the Sicafi legislation, a dividend of which the minimum amount is laid down by the Sicafi legislation

By decision of the Extraordinary General Meeting held on 27.04.2007, the Board of Directors is authorised to decide to distribute to the employees of this company, a share in the profits for a maximum amount of zero point sixty-five per cent (0.65%) of the profit for the financial year, for a period of 5 years, the first distributable profit being that of the financial year two thousand and seven (2007).

By decision of the Extraordinary General Meeting held on 29.03.2011, the Board of Directors is authorised to decide to distribute to the employees of this company and its subsidiaries, a share in the profits for a maximum amount of one per cent (1%) of the profit for the financial year, for a period of 5 years, the first distributable profit being that of the financial year two thousand and eleven (2011).

The provisions of this Article may be amended only where the resolutions are supported by a majority of at least seventy-five per cent (75%) of the votes for each class of shares, on the understanding that such a modification may not in any circumstances take place if it does not comply with the regulations applying to the company.

## Liquidation - Winding up

**Article 33 - Loss of capital**
In the event that half or three quarters of the capital is lost, the Directors must place the question of the company's liquidation before the General Meeting, in accordance with the formal requirements set out in Article 633 of the Company Code

**Adjusted velocity**
Velocity multiplied by the free float zone.

**Break**
First option to terminate a lease.

**BREEAM (Building Research Establishment Environmental Assessment Method)**
Method assessing a building's environmental efficiency (**www.breeam.org**).

**Call option**
A right to purchase a specific financial instrument at a preset price and during a determined period.

**CAP**
CAPs are interest-rate options. The buyer of a CAP is paying for the right to borrow at an interest rate fixed for a specific period. The buyer only exercises this right if the short-term rate exceeds the CAP's interest rate level. In order to buy a CAP, the buyer pays a premium to the counterparty. By buying a CAP, Cofinimmo obtains a guaranteed maximum rate at which it can borrow. The CAP therefore hedges against unfavourable rate increases.

**Cash-pooling**
Management and transfer of cash resources between subsidiaries.

**Contractual rents**
Rents as defined contractually in leases in force on the closing date, before deducting rental gratuities or other incentives granted to the tenants.

**Corporate Governance Code 2009**
Belgian corporate governance code drawn up by the Corporate Governance Commission including the governance practices and provisions to be adhered to by companies subject to Belgian Law whose shares are listed on a regulated market.

**COSO**
Committee of Sponsoring Organizations of the Treadway Commission. Commission that has established an internal control reference and a framework for evaluating its efficacy.

**DBFM (Design Build Finance Maintain)**
Complete real estate project assignment including the design, construction, financing and upkeep of a property.

**Dealing Code**
Code of Conduct stipulating the rules to be followed by the Directors and Designated Persons who wish to trade the financial instruments issued by the company.

**Debt ratio**
Legal ratio calculated according to the regulation on Sicafis as financial and other debts divided by the total assets.

**Derivatives**
As a borrower, Cofinimmo seeks to hedge against any short-term rise in interest rates. It is possible to hedge this interest rate risk to a limited extent by using derivatives (the purchase of a CAP, possibly accompanied by selling a FLOOR; IRS contracts).

**Disposal value**
Book value of the buildings as used in the IAS/IFRS balance sheet, calculated by deducting from the investment value a portion of transfer taxes set by the real estate valuers at 2.5% for assets located in Belgium. However, for properties with an overall value of less than €2.5 million, the taxes to deduct are the registration taxes of 10 and 12.5%, depending on the region in which the property is located. For assets located in France or in the Netherlands, the deducted transfer taxes amount to respectively 5.40% and 6.00%. This disposal value is used as fair value in Cofinimmo's IAS/IFRS financial accounts.

**Dividend yield**
Gross dividend divided by the average stock market price of the share during the year.

**Double net**
Rental contracts (leases) or so-called "double net" yields imply that the maintenance costs are, to a greater or lesser extent, payable by the owner (leaser). These costs include those for the maintenance of roofs, walls and façades, technical and electrical installations, surroundings, water supply and drainage systems. This mainly concerns office properties. Part or all of these maintenance costs can be charged to the lessee in the special provisions of the lease. Where all costs are thus paid, these are called 'triple net' contracts.

**Due diligence**
Procedure that provides a full, certified inventory of a company (accounting, economic, legal and fiscal aspects, ...) before a financing or acquisition operation.

**EBIT**
Current Earnings Before Interest and Taxes. Operating result. Net current result before interests and taxes. Under Sicafi status, Cofinimmo must not amortise its properties. EBIT + the changes in fair value of investment properties is therefore equal to EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation).

**EBITDAR**
Earnings Before Interests, Taxes, Depreciation, Amortisation and Rents. Cash flow before payment of rents, interest charges and income, and taxes.

**EHPAD (Établissement d'Hébergement pour Personnes Âgées Dépendantes)**
In France, this is the most widespread form of institution for the elderly.

**E-level**
Maximum primary energy consumption level of a building.

**EPB (Energy Performance of a Building)**
This index, issuing from European Directive 2002/91/EC, expresses the quantity of energy required to meet the various needs for a normal use of a building. The latter results from a calculation that takes into account the various factors that influence energy demand (insulation, ventilation, solar and internal contributions, heating system, ...).

**EPRA (European Public Real Estate Association)**
Organisation grouping together the listed European real estate companies with the aim of promoting this sector and making it more attractive compared with direct real estate investment by offering greater liquidity, accessibility and transparency of the companies (**www.epra.com**).

**EPRA Europe**
European stock exchange index (excluding Great Britain) of the FTSE EPRA/NAREIT Global Real Estate. Index composed of representative European commercial property stocks created by EPRA.

**ERM (Enterprise Risk Management)**
See Risk Management.

**ERP (Enterprise Resource Planning)**
Integrated management tool.

**Ex date**
Date as of which stock exchange trading takes place without the right to the payment of the dividend to come (due to 'detachment of the coupon' that formerly represented the dividend), i.e. 3 working days after the Ordinary General Meeting of Shareholders.

**Exit tax**
Companies applying for approved Sicaf immobilière status, or which merge with a Sicaf immobilière, are subject to what is known as an exit tax. This tax, equivalent to a liquidation tax on net unrealised gains and on tax-exempt reserves, is 16.5% (increased by a supplementary crisis tax uplift of 3%, giving a total of 16.995%).

**Fair value**
Disposal value (see this term) of investment properties according to the IAS/IFRS accounting principles, i.e. after deduction of transaction costs.

**FLOOR**
A FLOOR is an interest rate option. The buyer of a FLOOR buys the right to benefit from a minimum interest rate for a specific period. He only exercises this right if the short-term rate falls below the FLOORs interest rate level. The seller of a FLOOR sells the right to benefit from a minimum interest rate for a specific period and will thus have to pay this rate to the buyer, even if it is higher than the market rate. By selling a FLOOR, Cofinimmo receives a premium paid directly by the buyer which partially or entirely finances the premium paid for buying a CAP.

**Free float**
Percentage of shares held by the public. According to the Euronext and EPRA definitions, this concerns all shareholders who own less than 5% of the total number of shares.

**Free float zone**
The tranche in which the free float is situated according to the Euronext calculation method.

**FSMA (Financial Services and Markets Authority)**
The autonomous authority governing financial and insurance markets in Belgium.

**GPR250 (Global Property Research 250)**
Stock exchange index of the 250 largest listed property companies worldwide.

**Green Charter**
Charter signed by Cofinimmo and its tenants relative to a cooperation promoting sustainable development, encouraging the leaser and/or the lessee to reduce the environmental impacts of a rented asset.

**Green Committee**
Committee, internal to Cofinimmo, responsible for obtaining and sharing information and issuing advice on sustainable development matters.

**Help Desk**
Support centre responsible for responding to tenants' support requests.

**IAS/IFRS (International Accounting Standards/ International Financial Reporting Standards)**
The international accounting standards drawn up by the International Accounting Standards Board (IASB), for the preparation of financial statements.

**IAS 39**
IAS 39 is an IAS/IFRS standard that sets out the way in which a company has to classify and evaluate its financial instruments in its balance sheet. It requires that all derivatives be booked in the balance sheet at their fair value, i.e. their market value at closing date.

**IBGE (Institut Bruxellois pour la Gestion de l'Environnement)**
Brussels-Capital Region environmental protection authority (**www.ibgebim.be**).

**(Initial) gross rental yield**
The ratio between the (initial) rent of an acquired asset and its acquisition value, transaction costs not deducted.

**Insider trading**
This term refers to the infringement committed by an individual who takes advantage from information obtained through his professional occupancy in order to speculate on stock-market developments (see Article 25 of the Law of 02.08.2002).

**Investment grade**
Investment grades are ratings from AAA to BBB- given by rating agencies based on the Standard & Poor's scale, indicating the company's risk level.

**Investment value**
Value of the portfolio as established by the independent real estate expert, of which transaction costs are not deducted.

**Investor in People**
British standard certifying that the company makes a real investment in its employees at all levels of the company.

**IRS (Interest Rate Swap)**
An IRS is a forward agreement on interest rates, unlike a CAP or a FLOOR, which are options on an interest rate. In an IRS, Cofinimmo swaps a floating interest rate for a fixed interest rate, or the other way round.

**K-level**
Total thermal insulation level of a building, which characterises the thermal quality of the building's shell.

**Loan-to-value**
Conventional debt ratio defined in agreements with bankers as net financial debts divided by the fair value of the property portfolio and financial lease receivables.

**Long lease**
A temporary real right which consists in having full use of a property belonging to another party, in return for making an annual payment to the owner in recognition of his right of ownership. Under Belgian law, a long lease may be concluded for a period of not less than 27 years and not more than 99 years.

**Market capitalisation**
Closing stock market price multiplied by the total number of outstanding shares on that date.

**MBTI (Myers-Briggs Type Indicator)**
Test determining the psychological profile of an individual, enabling, within a team, a better understanding of each individual's way of operating, and hence, an improvement of interpersonal relationships.

**MCB (Mandatory Convertible Bonds)**

**MSCI (Morgan Stanley Capital International)**
European stock market index launched by Morgan Stanley Capital International gathering listed companies worldwide.

**Net current cash flow**
Net current result (Group share) before the result on portfolio plus (+) contributions to depreciations, value reductions on commercial loans receivable and constitutions and writebacks of provisions less (-) other non-cash items such as writebacks of lease payments sold and discounted, positive and negative changes in the fair value of financial instruments and the extent of benefits and concessions granted to tenants.

**Net current result**
Operating result plus financial result (financial income - financial charges) minus income taxes.

**Net result**
Net current result + result on portfolio (gains/losses realised + changes in the portfolio's fair value).

**Occupancy rate**
The occupancy rate is calculated by dividing the (indexed) contractual rents of leases in progress by the sum of these contractual rents and of the estimated rental values of vacant areas, the latter being calculated on the basis of the level of current rents on the market.

**Operating margin**
Operating result in relation to net rents.

**One-stop-shopping**
The opportunity to provide various linked products or services at a single time and from a single supplier.

**Pay-out**
Percentage of the net current result distributed in the form of a dividend.

**PPP (Public-Private Partnership)**
Partnership between the public and private sector regarding projects with a public destination: urban renovation, infrastructure works, public buildings, etc.

**Private placement**
Fund-raising from a limited number of (institutional) investors without approaching public sources.

**Project Management**
Management of property construction or renovation projects. Cofinimmo has an in-house team of project managers (architects, engineers, designers, ...), who work exclusively for the company.

**Property Management**
Daily management of operational property assets. Cofinimmo has an in-house team of property managers who work exclusively for the company.

**Pubstone**
Sub-group of Cofinimmo, which owns pubs in Belgium and the Netherlands acquired in 2007 from the brewer AB InBev.

**Quality management**
Management and control of products and services provided by people or companies outside Cofinimmo.

**Rating**
Ratings are awarded by specialised agencies (Standard & Poor's for Cofinimmo) as an estimate of the short or long term financial soundness of a company. These ratings influence the interest rate at which a company can raise financing.

**Record date**
Date on which the positions are closed in order to identify the shareholders who qualify to receive a dividend. i.e. 2 working days after the ex date.

**REIT (Real Estate Investment Trust)**
Listed property investment trust as existing in the United States.

**Result on portfolio**
Gains and losses realised and unrealised compared to the last valuation by the real estate expert, including the amounts of exit tax due following the entry into the Sicafi regime of the assets of the companies absorbed by a Sicafi or themselves approved as Sicafi.

**Revalued Net Assets**
Net Asset Value (NAV) = Equity estimated at its market value, which is obtained by the difference between the company's assets and liabilities (these both being presented directly in market value on the Cofinimmo balance sheet). This value is calculated at the company on the basis of information relating to property valuations provided by the independent property valuers.

**Risk Assessment**
The quantitative or qualitative determination of risks linked to a situation or a threat.

**Risk Management**
Process designed to identify the potential events likely to affect the organisation and to manage the risks within the limits of its risk appetite.

**Royal Decree of 10.04.1995**
Initial Royal Decree concerning Sicaf immobilières.

**Royal Decree of 21.06.2006**
Royal Decree concerning the accounting, annual accounts and consolidated accounts of public Sicaf immobilières and amending the Royal Decree of 10.04.1995.

**Royal Decree of 07.12.2010**
Royal Decree amending the provisions of the Royal Decree of 10.04.1995 and those of the Royal Decree of 21.06.2006.

**Service flats**
Small apartments providing accommodation to (semi)-autonomous elderly people combined with domestic and meal services.

**Soft skills**
Interpersonal and behavioural capacities.

**SSR (Soins de Suite et de Réadaptation)**
Aftercare and rehabilitation clinics providing rehabilitation care to a patient following a stay in hospital for a health complaint or surgery.

**Swap rate**
Interbank rate.

**Take-up**
The occupancy of rented area.

**Think-tank**
Private institution bringing together experts who identify and issue ideas in a specific field.

**Triple net**
Rental contracts or so-called 'triple net' yields imply that the upkeep costs (see 'Double net') are, to a greater or lesser extent, payable by the tenant (lessee). This mainly concerns the leases of healthcare establishments.

**Velocity**
This parameter indicates the speed of circulation of the share and is obtained by dividing the total volume of shares exchanged over the year by the total number of shares.

**Withholding tax**
Tax withheld by a bank or by another financial intermediary on payment of a dividend. For Cofinimmo, the percentage withheld is 21%.

**Workflow**
Information and processes flow within an organisation.

Cofinimmo

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Van der Poorten

This document is printed on 100% reclyclable Cyclusprint paper. Made in Denmark, the Cyclus Print, holds the eco-label "European Ecolabel" as well as the famous German label "Der Blaue Engel".

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This English Annual Financial Report is a translation of the French Annual Financial Report. Only the French Annual Financial Report forms legal evidence. The Annual Financial Report was translated under the responsibility of Cofinimmo. The French Annual Financial Report is available upon request at the company's registered offi ce.

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

Subject to the FSMA approval and in accordance with Article 23 of the Law of 16.06.2006 on public offering of investment instruments and the admission of investment instruments authorised to trading on a regulated market, this Annual Financial Report will be a registration document in the sense of Article 28 of the above mentioned Law.