



together  
in real estate

Cofinimmo

## PRESS RELEASE

REGULATED INFORMATION

Brussels, embargo until 01.08.2014, 08:00 CET

### HALF-YEARLY FINANCIAL REPORT 2014

#### Net current result per share – Group share (excluding IAS 39 impact) of €3.39 at 30.06.2014

- Compared to a net current result per share – Group share (excluding IAS 39 impact) of €3.35 at 30.06.2013
- In line with the forecast of a net current result per share – Group share (excluding IAS39 impact) of €6.61 for the financial year 2014<sup>1</sup>
- Confirmation of the forecast of a gross dividend of €5.50 per ordinary share and €6.37 per preference share for the financial year 2014, payable in June 2015<sup>1</sup>

#### Negative net result – Group share of €61.5 million as a result of:

- the sale of the shares of Galaxy properties SA/NV (North Galaxy building), and
- the recycling under the income statement of the negative value of the cancelled hedging instruments

#### Net asset value per share of €85.17 at 30.06.2014, against €85.77 at 31.12.2013 (portfolio in fair value)

#### On a like-for-like basis, 1.05% increase in gross rental revenues compared to 30.06.2013

#### On a like-for-like basis, the portfolio's fair value remained stable (-0.02%) compared to 31.12.2013

#### Decrease in the forecast of the debt ratio at 31.12.2014 (47.50%, versus 49.05% forecasted initially) and in the share of offices in its total portfolio (41.5% at 30.06.2014, versus 45.6% at 31.12.2013)

- Primarily due to the sale of the North Galaxy office building for €475 million

#### Active management of (re)development projects

- Delivery of six construction/reconversion works in the healthcare real estate segment
- Delivery of the construction works of the prison of Leuze-en-Hainaut
- Letting of the Livingstone II office building under renovation
- Delivery of the permits required for the redevelopment of the Science/Wetenschap 15-17 office building
- Reconversion into apartments of the Woluwe 34 office building: 80% of units sold or reserved
- Redevelopment of the Souverain/Vorst 23-25 site: start of the residential development of the Tenreuken plot of land

#### Reinforcement of equity for €32.8 million gross

- Through the reinvestment of 41.2% of the 2013 dividends in new shares

#### Active debt management

- Restructuration of the interest rate hedging instruments for the period 2014- 2017
- Decrease in the cost of debt (3.72% at 30.06.2014, versus 3.92% at 31.12.2013)
- Extension of two credit lines for a total amount of €140 million
- Debts maturing in 2014 and 2015 100% refinanced

<sup>1</sup> See also our press release dated 07.02.2014, available on our website.

## Contents

<b>1. Interim Management Report</b>	<b>p. 3</b>
1.1. Summary of the activities	p. 3
1.2. Consolidated key figures	p. 4
1.3. Evolution of the portfolio	p. 6
1.4. Commercial results	p. 11
1.5. Real estate assets	p. 13
1.6. Investment programme 2014-2016	p. 15
1.7. Sustainable development and management policy	p. 16
1.8. Management of financial resources	p. 17
1.9. Information on shares and bonds	p. 21
1.10. Events after 30.06.2014	p. 25
1.11. Risk management	p. 26
1.12. Corporate Governance	p. 29
1.13. New “Regulated Real Estate Company” status	p. 29
<b>2. Summary of the Financial Statements</b>	<b>p. 30</b>
2.1. Global result – Form Royal Decree of 07.12.2010	p. 31
2.2. Consolidated income statement – Analytical form	p. 33
2.3. Consolidated balance sheet	p. 35
2.4. Calculation of debt ratio	p. 36
2.5. Statement of cash flows	p. 37
2.6. Consolidated statement of changes in shareholders' equity	p. 38
2.7. Notes to the consolidated accounts	p. 43
<b>3. Statement of Conformity</b>	<b>p. 62</b>
<b>4. Appendices</b>	<b>p. 64</b>
4.1. Real estate expert's report	p. 65
4.2. Report of the auditor	p. 70



## 1. Interim management report

### 1.1. Summary of the activities

The most outstanding event of the first half year of 2014 is without a doubt the sale of the North Galaxy office building, which took place on 12.05.2014 and was coupled to a restructuring of the interest rate hedging instruments.

The ownership of the North Galaxy building, which is let to the Buildings Agency (Belgian Federal State) until 2031, was transferred for €475 million, in the form of a share deal, to ATP, the largest Danish pension fund, and to AXA Belgium. If this transaction resulted in an accounting loss of €24 million, due to registration rights paid, it has had as positive effects a decrease in the forecast of the Group's debt ratio at 31.12.2014 (47.50%, versus 49.05% initially forecasted) and a better allocation of risks in Cofinimmo's real estate portfolio, and, more specifically, in its office portfolio.

The forecast of a net current result (excluding IAS 39) – Group share of €6.61 per share could be maintained thanks to a restructuring of the financial instruments, which will lead to a decrease in future interest charges.

Furthermore, the Cofinimmo's operational, commercial and financial teams have worked actively on the Group's various (re)development projects.

In the office segment, the renovation of the Livingstone II building is drawing to an end. The lease signed with the European Commission enters into force on 14.08.2014. The required permits for the redevelopment of the Science/Wetenschap 15-17 building having been granted in March, a marketing phase has been entered into. The reconversion works of the Woluwe 34 building into apartments are proceeding according to plan. At the time of writing of this press release, 80% of the apartments have been either reserved or sold. The repositioning of the Souverain/Vorst 23-25 site as from 2017 has also received special attention. The residential development of the Tenreuken plot of land can start beforehand.

In the healthcare real estate sector, the construction/renovation/reconversion works of six assets have been delivered, of which three are located in Belgium, one in France and two in the Netherlands. In the Public-Private Partnerships sector, the construction works of the new prison of Leuze-en-Hainaut have been delivered. It marks the beginning of the occupation of the building by the Buildings Agency under a 25-year lease.

On the financing side, Cofinimmo has given the choice to its shareholders to receive the 2013 dividend in cash or in shares. 41.2% of the 2013 dividends have been paid in the form of new ordinary shares, resulting in an €32.8 million gross increase in the company's equity. Two credit lines were also extended during the month of July, for a total amount of €140 million.

The net current result (excluding IAS 39 impact) – Group share reaches €61.0 million at 30.06.2014, against €58.9 million at 30.06.2013.

The net result – Group share amounts to €-61.5 million at 30.06.2014, compared to €36.5 million at 30.06.2013. This loss is the result of the loss realised on the North Galaxy transaction and the recycling under the income statement of the negative fair value of the cancelled interest rate hedging instruments.

## 1.2. Consolidated key figures

### a. Global information

(x €1,000,000)	30.06.2014	31.12.2013
Portfolio of investment properties (in fair value)	3,148.3	3,347.0
(x €1,000)	30.06.2014	30.06.2013
Property result	106,367	108,746
Operating result before result on the portfolio	90,316	93,025
Financial result	-128,582	-41,120
Net current result (Group share)	-39,740	49,233
Result on the portfolio (Group share)	-21,735	-12,706
Net result (Group share)	-61,475	36,528
	30.06.2014	31.12.2013
Operating costs/average value of the portfolio under management <sup>1</sup>	0.90%	0.83%
Operating margin	84.91%	85.57%
Weighted residual lease term <sup>2</sup> (in years)	10.9	11.6
Occupancy rate <sup>3</sup>	94.59%	95.43%
Gross rental yield at 100% occupancy	7.00%	7.03%
Net rental yield at 100% occupancy	6.50%	6.55%
Average interest rate on borrowings <sup>4</sup>	3.72%	3.92%
Debt ratio <sup>5</sup>	48.88%	48.87%
Loan-to-value ratio <sup>6</sup>	48.91%	49.61%

### b. Figures per share<sup>7</sup> (in €)

Results	30.06.2014	30.06.2013
<b>Net current result – Group share – excluding IAS 39 impact</b>	<b>3.39</b>	<b>3.35</b>
IAS 39 impact	-5.60	-0.55
<b>Net current result – Group share</b>	<b>-2.21</b>	<b>2.80</b>
Realised result on the portfolio	-1.24	0.02
Unrealised result on portfolio <sup>8</sup>	0.03	-0.74
<b>Net result – Group share</b>	<b>-3.42</b>	<b>2.08</b>

<sup>1</sup> Average value of the portfolio plus the value of sold receivables relating to buildings whose maintenance costs payable by the owner are still met by the Group through total cover insurance premiums.

<sup>2</sup> Up until the date of the tenant's first break option.

<sup>3</sup> Calculated according to actual rents and the estimated rental value for unoccupied buildings.

<sup>4</sup> Including bank margins.

<sup>5</sup> Legal ratio calculated in accordance with the legislation regarding Sicafis/Bevaks as: Financial and other debts / total assets

<sup>6</sup> Ratio calculated as: Net financial debt divided by total of the portfolio's fair value and finance lease receivables.

<sup>7</sup> Ordinary and preference shares.

<sup>8</sup> This consists mainly of the variation in the fair value of investment properties.

<b>Net Asset Value per share</b>	<b>30.06.2014</b>	<b>31.12.2013</b>
Revalued net asset value in fair value <sup>1</sup> after distribution of the dividend for the year 2013	85.17	85.77
Revalued net asset value in investment value <sup>2</sup> after distribution of the dividend for the year 2013	89.43	90.24

<b>Diluted Net Asset Value per share<sup>3</sup></b>	<b>30.06.2014</b>	<b>31.12.2013</b>
Diluted revalued Net Asset Value in fair value <sup>1</sup> after distribution of dividend for the year 2013	91.36	90.58
Diluted revalued Net Asset Value in investment value <sup>2</sup> after distribution of dividend for the year 2013	94.87	94.40

**c. EPRA performance indicators<sup>4</sup> (in € per share)**

	<b>30.06.2014</b>	<b>30.06.2013</b>
EPRA Earnings	3.39	3.35
	<b>30.06.2014</b>	<b>31.12.2013</b>
EPRA Net Asset Value (NAV)	93.74	98.85
EPRA Adjusted Net Asset Value (NNNAV)	91.36	95.74
EPRA Net Initial Yield (NIY)	6.03%	6.20%
EPRA 'topped-up' NIY	5.97%	6.16%
EPRA Vacancy rate	5.63%	5.04%
EPRA Cost ratio (direct vacancy costs included)	20.09%	18.87%
EPRA Cost ratio (direct vacancy costs excluded)	17.08%	16.01%

<sup>1</sup> Fair value: after deduction of transactions costs (mainly transfer taxes) from the value of investment properties.

<sup>2</sup> Investment value: before deduction of transactions costs.

<sup>3</sup> By assuming the theoretical conversion of the convertible bonds issued by Cofinimmo, the mandatory convertible bonds issued by Cofinimur I and the stock options.

<sup>4</sup> These data are not compulsory according to the Sicafi/Bevak 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 "2014 EPRA Best Practices Recommendations" and if the financial data used in the calculation of these ratios comply with the accounting data included in the audited consolidated financial statements.

### 1.3. Evolution of the portfolio

#### a. Sale of the North Galaxy office building for €475 million<sup>1</sup>

On 12.05.2014 Cofinimmo sold 100% of the shares of the company Galaxy Properties SA/NV, owner of the North Galaxy office building. It is situated in the Brussels North District and is occupied by the Belgian Ministry of Finance. 90% of the shares were acquired by ATP, the largest Danish pension fund, and 10% by Axa Belgium. The value agreed between the parties for the building amounted to €475 million. The sale price of the shares amounted to €7 million. The difference with the conventional value mainly consisted of debts taken over by the buyers. The internal rate of return of the investment in the building during the period it was held by Cofinimmo stands at 14.9% per year, taking into account the specific financing of its acquisition in 2005. The transaction resulted a realised accounting loss for Cofinimmo of €24 million.

The sale of the North Galaxy building has had the following positive consequences:

- a decrease in the forecast of the debt ratio at 31.12.2014 (47.50%, versus 49.05% initially forecasted);
- a reduction of the share of office buildings in the total portfolio (41.5% at 30.06.2014, versus 45.6% at 31.12.2013), in line with the announced objective;
- a better allocation of risks in the office portfolio;
- a better alignment of the current cash flow and the net current result per share.

The operation does not have an impact on the forecast of the net current result per share (excluding IAS39 impact) of €6.61 for the financial year 2014, as it was combined with a restructuring of the interest rate hedging instruments, which will lead to a decrease in the future interest charges<sup>2</sup>.

#### b. Disposal of the Montoyer 14 office building for €13 million

On 15.04.2014, Cofinimmo closed an agreement concerning the disposal of a 99-year long lease on the Montoyer 14 office building in Brussels. The disposal amounts to €13 million, which is above the investment value as determined by the real estate expert at 31.12.2013. The long-term leaseholder is an investment company acting for several institutional investors.

#### c. Constructions and renovations

In the first half year of 2014, the Cofinimmo Group invested in construction and renovation works for a total amount of €32.0 million, of which:

- €19.5 million in the office sector,
- €11.7 million in the healthcare real estate sector,
- €0.8 million in the property of distribution networks sector.

---

<sup>1</sup> See also our press release dated 13.05.2014, available on our website.

<sup>2</sup> See the chapter "Management of Financial Resources" of this press release.



The main projects managed by Cofinimmo's Project Management department are presented below.

## Offices

Property	Type of works	Area	(Expected) End of works
<b>Works started before 2014</b>			
Livingstone II	Renovation of offices	17,000m <sup>2</sup>	Q3 2014
Woluwe 34	Reconversion of office building into apartments	6,680m <sup>2</sup>	Q1 2015
<b>Works started in 2014</b>			
Tervueren/Tervuren 270-272	Medium-scale renovation (phase VI)	3,391m <sup>2</sup>	Q3 2014



### Livingstone II

On 06.05.2014, the European Commission and Cofinimmo signed a usufruct agreement relating to the entire Livingstone II building situated in the Leopold District in Brussels<sup>1</sup>. The contract has a 15-year duration and is indexed annually. The lease will start on 14.08.2014 and the initial annual rent stands at €2,715,000. The building is currently under renovation. The delivery of the works is scheduled for the beginning of August.

### Woluwe 34

At the time of writing of this press release, 80% of the apartments of the Woluwe 34 office building under reconversion into residential units have been either reserved or sold. The delivery of the works is scheduled for the first quarter of 2015.



### Science/Wetenschap 15-17

In March 2014, Cofinimmo obtained the town-planning and environmental permits required for the redevelopment of the Science/Wetenschap 15-17 office building<sup>2</sup>. The building, which is located in the heart of the Leopold District in Brussels, will be completely redeveloped. The new construction will offer 17,700m<sup>2</sup> of modern, efficient and sustainable office space. The works will start as soon as tenants have been found. The required permits for this redevelopment having been delivered, a time frame can now be guaranteed to the candidate tenants who showed an interest for the building.

<sup>1</sup> See also our press release dated 06.05.2014, available on our website.

<sup>2</sup> See also our press release dated 10.03.2014, available on our website.

## Souverain/Vorst 23-25

Following Axa's decision announced in May 2013 to vacate its headquarters located Boulevard du Souverain/Vorstlaan 23-25 in 1170 Brussels at the end of the current lease, i.e. on 02.08.2017, Cofinimmo launched the studies for the repositioning of this site. Several redevelopment scenarios are being looked at, each of them undergoing a thorough technical and financial review. If different options for the redevelopment of the current buildings Souverain/Vorst 23 and 25 are still open, it has already been decided that the Tenreuken plot of land will undergo a residential development as from 2015 which will count approximately 100 apartments, for a total surface area of around 10,000m<sup>2</sup>.

## Healthcare real estate

Property	Operator	Type of works	Number of (additional) beds	(additional) Area	(Expected) End of works
<b>Works started before 2014</b>					
<b>Belgium</b>					
Damiaan – Tremelo	Senior Living Group	Renovation and extension	+42 beds	+556m <sup>2</sup>	Q1 2014
De Mouterij – Aalst	Senior Assist	New construction	120 beds and 13 service flats	7,643m <sup>2</sup>	Q3 2014
Lakendal – Aalst	Senior Assist	New construction	80 beds and 29 service flats	7,503m <sup>2</sup>	Q1 2014
Les Jours Heureux – Lodelinsart	Senior Assist	New construction	20 beds	1,350m <sup>2</sup>	Q1 2014
Noordduin – Koksijde	Armonea	New construction	87 beds	6,440m <sup>2</sup>	Q1 2015
Vishay – Brussels	Armonea	New construction	165 beds	8,565m <sup>2</sup>	Q4 2014
<b>France</b>					
Frontenac – Bram	Korian	Renovation and extension	+8 beds	+700m <sup>2</sup>	Q3 2014
Le Clos Saint Sebastien – Saint Sébastien sur Loire	Orpea	Extension	+12 beds	+786m <sup>2</sup>	Q1 2014
<b>Works started in 2014</b>					
<b>Belgium</b>					
De Nieuwe Seigneurie – Rumbeke	Armonea	Extension	+31 beds	+1,688m <sup>2</sup>	Q2 2015
Den Brem - Rijkevorsel	Armonea	Extension	+36 beds	+1,325m <sup>2</sup>	Q2 2015
Susanna Wesley – Brussels	Armonea	New construction	84 beds	4,900m <sup>2</sup>	Q4 2015
<b>France</b>					
Les Lubérons – Le Puy Sainte Réparade	Korian	Renovation and extension	+25 beds	+1,400m <sup>2</sup>	Q3 2015
William Harvey – Saint Martin d'Aubigny	Korian	Renovation and extension	+10 beds	+670m <sup>2</sup>	Q4 2015

In total, six construction and renovation works of healthcare assets have been delivered during the first half year of 2014, of which:

- three in Belgium (Lakendal in Aalst, Damiaan in tremelo, Les Jours Heureux in Lodelinsart),
- one in France (Le Clos Saint-Sébastien in Saint-Sébastien-sur-Loire)



- two in the Netherlands (Bergman acute care clinics in Rijswijk and Ede)<sup>1</sup>.



**Public-Private Partnerships (PPP)**

Property	Type of works	Area	(Expected) End of works
<b>Works started before 2014</b>			
Prison – Leuze-en-Hainaut	Construction	28,300m <sup>2</sup>	Q2 2014

The Buildings Agency (Belgian Federal State) notified on 20.06.2014 the issue of the Availability Certificate relating to the new prison in Leuze-en-Hainaut<sup>2</sup>. This Certificate formalises the delivery of the construction works of the prison, at the satisfaction of the user, the Belgian Ministry of Justice.

The delivery of the Availability Certificate indicates the beginning of the occupation of the building by the Buildings Agency under a 25-year lease. At the end of the lease, the ownership of the building will be transferred to the Buildings Agency automatically and free of charge. The annual rent due by the Buildings Agency amounts to €12.1 million and is comprised of an investment fee (€7.6 million) and of maintenance and facility management fees (€4.5 million). Indeed, the contract with the Buildings Agency stipulates that Cofinimmo is responsible for the technical maintenance services as well as ancillary services. Cofinimmo subcontracts these services to specialised companies.

Cofinimmo’s net investment, after the assignment of 90% of the investment fee receivables due by the Buildings Agency over a period of 25 years, represents €12.4 million and will come under the item “Finance lease receivables” of its balance sheet. Cofinimmo’s expected net yield under its income statement stands at 10% per year, after deduction of the annual depreciation of the receivable’s principal.



<sup>1</sup> Works financed by Bergman Clinics.

<sup>2</sup> See also our press release dated 24.06.2014, available on our website.

**d. Disposal of the La Gaillardière psychiatric clinic in Vierzon (FR) for €1.6 million**

On 27.03.2014, Cofinimmo, via its French subsidiary Domaine de Vontes, sold the La Gaillardière psychiatric clinic in Vierzon (FR) for a gross amount of €1.6 million, in line with the investment value of the asset as determined by the independent real estate expert at 31.12.2013. The age of the building, its modest size and its operation by a small local player motivated the decision to sell taken by the Group.

**e. Acquisition of two agencies of the Cofinimur I distribution network for €0.5 million**

During the first half year of 2014, Cofinimmo, via its subsidiary Cofinimur I, acquired two insurance services agencies, located in Bourgoin-Jallieu and Oullins respectively, for a gross total amount of €0.5 million. The two agencies are leased to GMF<sup>1</sup> for a fixed nine-year term and offer a gross rental yield of 8.36% for the agency in Bourgoin-Jallieu and 9.40% for the agency in Oullins.

**f. Disposal of three cafés/restaurants of the Pubstone distribution network for €1.0 million**

During the first six months of 2014, Cofinimmo, via its subsidiary Pubstone, sold three pubs, located in Boom, Bornem and Ans respectively, for a gross total amount of €1.0 million. This amount is above the investment value of the three assets as determined by the independent real estate expert at 31.12.2013.

Since the acquisition of the portfolio of cafés/restaurants from AB InBev at the end of 2007, 24 assets have been sold for a gross amount of €8.0 million, with an average gain of 34.6%.

**g. Signing of an agreement with Aspria for the development of a new sports and leisure club<sup>2</sup>**

On 26.06.2014 Cofinimmo concluded an agreement with the Aspria Group to develop a new sports and leisure club on the Solvay Sports site, located avenue du Pérou/Perulaan, Brussels 1000. Aspria Roosevelt SA/NV acquired the property from Solvay SA/NV on 30.06.2014.

Cofinimmo will provide local assistance to Aspria in further preparing and presenting a detailed project of outstanding functional, environmental and aesthetic quality to the Brussels authorities and the local public.

At project completion, the new club will be leased to the Aspria Group for the long term.

---

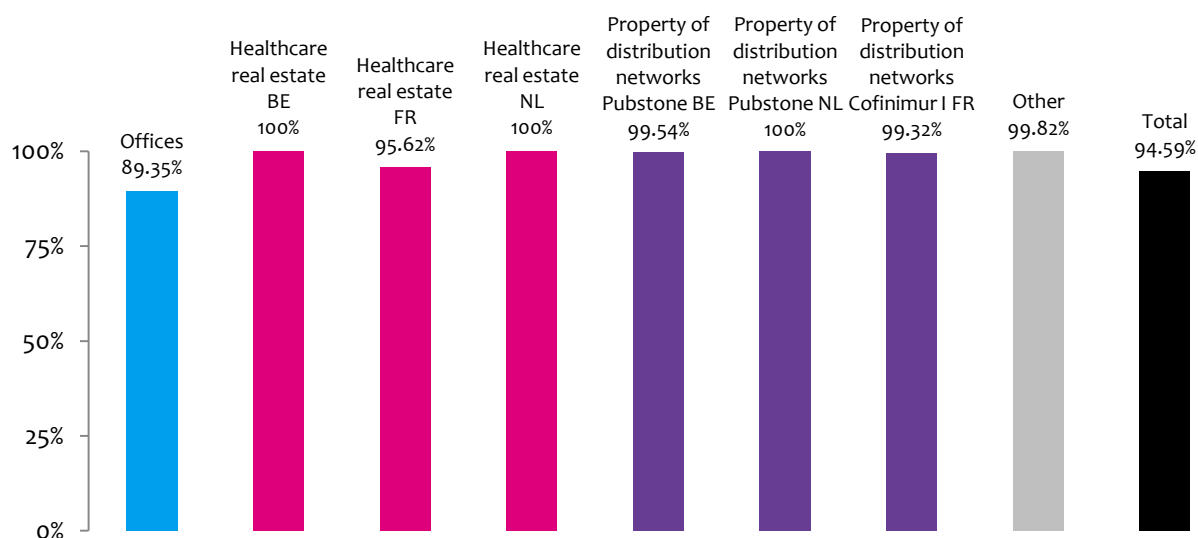
<sup>1</sup> Subsidiary of the French insurance group Covéa. In December 2011, the Cofinimmo Group had already acquired a portfolio of 263 insurance services agencies, leased to MAAF, another subsidiary of the Covéa Group. See also our press release dated 21.12.2011, available on our website.

<sup>2</sup> See also our press release dated 03.07.2014, available on our website.

## 1.4. Commercial results

During the first half year of 2014, Cofinimmo signed leases for over 37,000m<sup>2</sup> of office space, representing contractually guaranteed revenues, net of rent-free periods, of €50.8 million<sup>1</sup>.

### a. Occupancy rate



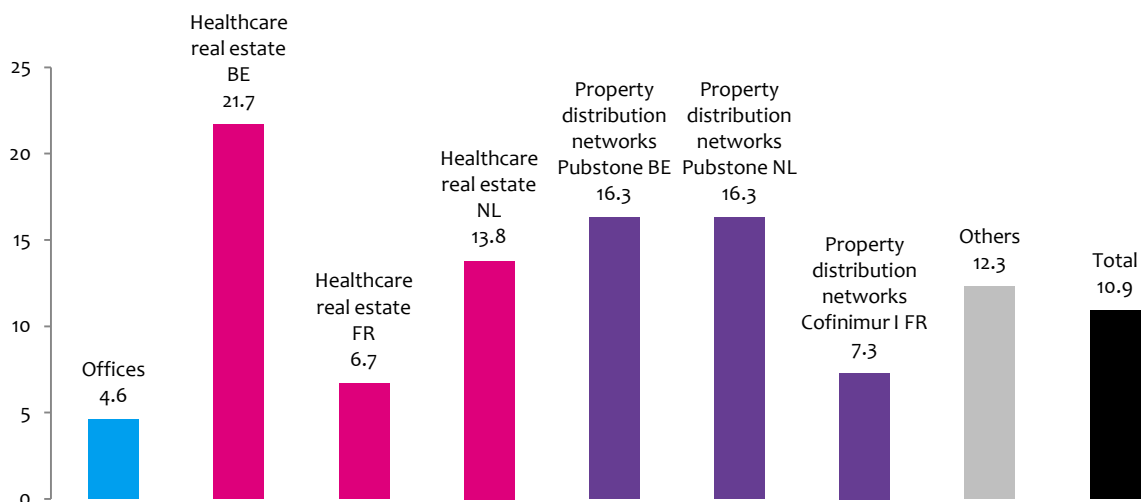
### b. Major tenants

Tenants	Contractual rents	Average residual lease term (in years)
Korian/Medica/Senior Living Group	17.2%	13.3
AB InBev	14.5%	16.3
Armonea	9.1%	20.9
Belgian public sector	5.7%	13.0
Axa Group	5.6%	3.1
<b>Top 5 tenants</b>	<b>52.2%</b>	<b>14.3</b>
International public sector	4.8%	4.7
Orpea	4.4%	12.0
MAAF	3.8%	7.3
Senior Assist	3.7%	23.7
IBM Belgium	2.3%	2.3
<b>Top 10 tenants</b>	<b>71.2%</b>	<b>13.3</b>
<b>Top 20 tenants</b>	<b>80.3%</b>	<b>12.6</b>
Other tenants	19.7%	3.9
<b>TOTAL</b>	<b>100.0%</b>	<b>10.9</b>

<sup>1</sup> Spread over the firm length of the new or renegotiated lease agreements.

### c. Average residual lease term

In years, up until the date of the tenant's first break option:



If the break option is not exercised and the tenants remain in the leased premises until the contractual expiry of their lease contracts, the average residual lease term increases to 11.9 years.

### d. Maturity of the portfolio

<b>Leases &gt;9 years</b>	<b>46.9%</b>
Offices (public sector)	3.5%
Healthcare real estate	24.9%
Property of distribution networks Cofinimur I	2.1%
Property of distribution networks Pubstone	14.5%
Offices (private sector)	0.1%
Other	1.8%
<b>Leases 6-9 years</b>	<b>17.3%</b>
Offices	7.1%
Healthcare real estate	9.1%
Property of distribution networks Cofinimur I	1.1%
<b>Leases &lt; 6 years</b>	<b>35.8%</b>
Offices	31.7%
Healthcare real estate	3.2%
Property of distribution networks Cofinimur I	0.6%
Other	0.3%

Over 46% of the leases are long-term leases (more than nine years).

## 1.5. Real estate assets

<b>GLOBAL PORTFOLIO OVERVIEW</b>		
<i>Extract from the report prepared by the independent real estate experts Winssinger &amp; Associates and PricewaterhouseCoopers based on the investment value</i>		
<b>(x €1,000,000)</b>	<b>30.06.2014</b>	<b>31.12.2013</b>
Total investment value of the portfolio	3,277.8	3,478.9
Projects and development sites	-129.4	-134.1
<b>Total properties under management</b>	<b>3,148.4</b>	<b>3,344.8</b>
Contractual rents	208.5	224.2
<b>Gross yield on properties under management</b>	<b>6.62%</b>	<b>6.70%</b>
Contractual rents and estimated rental value on unlet space at the valuation date	220.4	235.0
Gross yield at 100% portfolio occupancy	7.00%	7.03%
<b>Occupancy rate of properties under management<sup>1</sup></b>	<b>94.59%</b>	<b>95.43%</b>

At 30.06.2014, the item "Projects and development sites" mainly includes the buildings Livingstone I and II, Science/Wetenschap 15-17 and Woluwe 34. It also includes projects or extensions in the healthcare real estate segment, the most important being located in Aalst, Evere and Uccle/Ukkel.

<b>Properties</b>	<b>Area in superstructure (in m<sup>2</sup>)</b>	<b>Contractual rents (x € 1,000)</b>	<b>Occupancy rate</b>	<b>Rents + ERV on unlet premises (x €1,000)</b>	<b>Estimated Rental value (ERV) (x €1,000)</b>
Offices	508,949	76,434	88.23%	86,631	82,184
Offices of which receivables have been sold	111,532	11,809	97.34%	12,132	12,132
<b>Subtotal offices</b>	<b>620,481</b>	<b>88,243</b>	<b>89.35%</b>	<b>98,763</b>	<b>94,316</b>
Healthcare real estate	656,084	77,725	98.40%	78,985	77,832
Pubstone	362,493	30,225	99.70%	30,316	27,254
Cofinimur I	59,753	7,970	99.32%	8,025	8,295
Other	23,026	4,298	99.82%	4,306	4,099
<b>Subtotal investment properties &amp; properties of which receivables have been sold</b>	<b>1,721,837</b>	<b>208,461</b>	<b>94.59%</b>	<b>220,395</b>	<b>211,796</b>
Projects & renovations	33,642				
Development sites		148		150	177
<b>GENERAL TOTAL PORTFOLIO</b>	<b>1,755,479</b>	<b>208,609</b>	<b>94.59%</b>	<b>220,545</b>	<b>211,973</b>

<sup>1</sup> Calculated based on rental income.

Segment	Fair value			Property result after direct costs	
	(in €1,000)	(in %)	Changes over the period <sup>1</sup>	(in €1,000)	(in %)
<b>Offices</b>	<b>1,305,612</b>	<b>41.5%</b>	<b>-0.8%</b>	<b>43,196</b>	<b>42.7%</b>
Brussels Leopold/Louise districts	301,089	9.6%	1.0%	7,243	7.2%
Brussels Centre/North	109,697	3.5%	3.2%	7,694	7.6%
Brussels Decentralised	572,859	18.2%	-3.3%	17,911	17.7%
Brussels Periphery & Satellites	145,293	4.6%	1.1%	4,750	4.7%
Antwerp	63,710	2.0%	-0.3%	1,760	1.7%
Other Regions	112,964	3.6%	1.2%	3,838	3.8%
<b>Healthcare real estate</b>	<b>1,242,727</b>	<b>39.5%</b>	<b>0.4%</b>	<b>38,529</b>	<b>38.1%</b>
Belgium	807,720	25.7%	0.5%	23,934	23.7%
France	417,217	13.3%	0.2%	14,023	13.9%
Netherlands	17,790	0.5%	-2.0%	572	0.5%
<b>Property of distribution networks</b>	<b>535,312</b>	<b>17.0%</b>	<b>0.3%</b>	<b>18,432</b>	<b>18.2%</b>
Pubstone - Belgium	273,873	8.7%	0.6%	9,736	9.6%
Pubstone - Netherlands	149,884	4.8%	-0.6%	4,843	4.8%
Cofinimur I - France	111,555	3.5%	0.9%	3,853	3.8%
<b>Other</b>	<b>64,649</b>	<b>2.0%</b>	<b>5.7%</b>	<b>978</b>	<b>1.0%</b>
<b>TOTAL PORTFOLIO</b>	<b>3,148,300</b>	<b>100.0%</b>	<b>0.0%</b>	<b>101,135</b>	<b>100%</b>

The valuation of the portfolio by the independent real estate experts resulted in a change in fair value for the first half of 2014 of €-0.6 million, compared to €-11.7 million for the first half of 2013. The value decrease of the office buildings to be renovated in the short term is compensated by a value increase of the Livingstone II office building, which is let to the European Commission, and by a value increase of the healthcare assets in Belgium and France, resulting mainly from lease indexations.

Yield per segment	Offices	Healthcare real estate Belgium	Healthcare real estate France	Healthcare real estate Netherlands	Property of distribution networks	Other	Total
Gross rental yield at 100% occupancy	7.90%	6.20%	6.47%	7.22%	6.59%	6.66%	<b>7.00%</b>
Net rental yield at 100% occupancy	6.86%	6.09%	6.49%	6.93%	6.27%	6.27%	<b>6.50%</b>

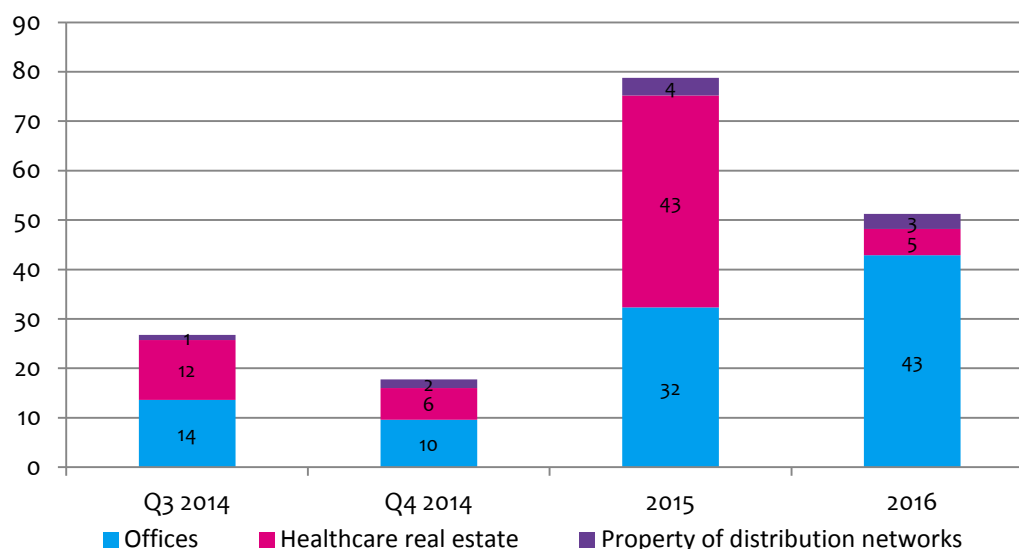
<sup>1</sup> On a like-for-like basis.

## 1.6. Investment programme 2014-2016

Cofinimmo's H2 2014-2016 investment programme totals €175 million, of which:

- €98 million in the office sector,
- €67 million in the healthcare real estate sector,
- €10 million in the portfolio of Pubstone cafés/restaurants.

In € million:



The main expenses in the office sector are related to:

- the redevelopment of the Science/Wetenschap 15-17 building,
- the renovation of the Guimard 10-12 building,
- the redevelopment of the Axa site (Souverain/Vorst 23-25 and Tenreuken plot of land),
- the reconversion of the Woluwe 34 building into apartments,
- the renovation in multiple stages of the Tervueren/Tervuren 270-272 building with tenants in the premises,
- the renovation of the Livingstone II building.

The expenses in the healthcare real estate sector are related to constructions, renovations or extensions of pre-let assets, mainly located in Belgium.



## 1.7. Sustainable development and management policy

### a. Delivery of the prison of Leuze-en-Hainaut

In line with European Directives, public authorities are required to set an example in terms of sustainable development. Buildings built as part of public tenders therefore have a high level of energy performance.

Cofinimmo has contributed its experience in this area during the construction of the prison of Leuze-en-Hainaut. A “Very Good” BREEAM rating is hoped to be achieved, and the building features namely:

- a type D ventilation system with heat recovery,
- green roofs,
- a rainwater harvesting system for the sanitary installations,
- photovoltaic panels,
- an energy cogeneration system.

### b. Collection of office building energy data

In 2013, Cofinimmo invested in an energy data management software programme to facilitate the identification of potential sources of savings and the impact of investments made with a view to reducing consumption. During the first half year of 2014, the consumption data of the common spaces managed by Cofinimmo Services, as well as the consumption data of the private spaces which are transmitted by various office tenants on a voluntary basis, have been (tele)metered and inserted in the software programme.

### c. Green Charter

Cofinimmo systematically proposes a Green Charter to its office tenants. This is a collaboration agreement signed by Cofinimmo, Cofinimmo Services and the tenant, which purpose is to actively promote sustainable development and encourage all parties to reduce the environmental impact of the rented property.

Since its launch in 2012, 19 tenants have signed the charter. Together, they represent ±17.7% of all the tenants of Cofinimmo's office portfolio (115,700m<sup>2</sup>).

## 1.8. Management of financial resources

### a. Financing

#### Strengthening of shareholders' equity for €32.8 million through the distribution of dividends in shares

Shareholders' equity was increased by €32.8 million, further to a decision by the shareholders of Cofinimmo to reinvest 41.2% of their 2013 dividends in new ordinary shares. The subscription price of the new ordinary shares was €85.50<sup>1</sup>.

As a reminder, at 30.06.2014, the Cofinimmo share price stood at €91.01 and its intrinsic value, in fair value, at €85.17.

### b. Debt

#### Debt structure

At 30.06.2014, the Cofinimmo Group consolidated borrowings amounted to €1,623.6 million. They were comprised of:

- €391.1 million in the form of four non convertible bond loans:

Issuer	Par value (x1,000,000)	Issue price	Coupon	Issue date	Maturity date
Cofinimmo Luxembourg SA	€100.0	101.434%	5.25%	15.07.2004	15.07.2014
Cofinimmo SA/NV	€100.0	102%	5.00%	25.11.2009	25.11.2014
Cofinimmo SA/NV	€140.0	100%	3.598%	26.07.2012	07.02.2020
Cofinimmo SA/NV	€50.0	100%	2.78%	23.10.2013	23.10.2017

- €383.4 million in the form of two bonds convertible into Cofinimmo shares:

Issuer	Par value (x1,000,000)	Issue price	Conversion price	Coupon	Issue date	Maturity date
Cofinimmo SA/NV	€173.3	100%	€116.60	3.125%	28.04.2011	28.04.2016
Cofinimmo SA/NV	€190.8	100%	€104.231	2.00%	20.06.2013	20.06.2018

These bond issues are booked at market value on the balance sheet.

Following the 2013 dividend distribution of €6.00 per ordinary share, the rights of the holders of convertible bonds issued in 2013 have been adjusted<sup>2</sup>. Hence, as of 06.06.2014 (settlement date of the 2013 dividend), the conversion price of these bonds stands at €104.231.

<sup>1</sup> See also our press releases dated 14.05.2014 and 05.06.2014, available on our website.

<sup>2</sup> See also our press release dated 12.06.2014, available on our website.

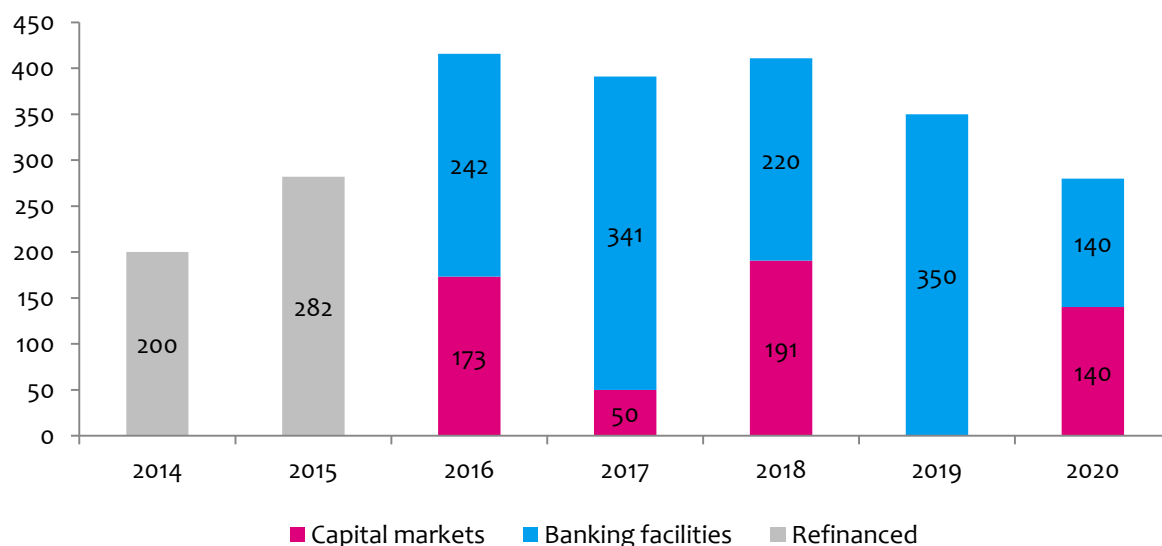
- €183.0 million of commercial papers, including €168.0 million for an initial period of under one year and €15.0 million for an initial period of over three years;
- €655.2 million in bilateral medium- and long-term loans, with an initial term of three to 10 years;
- €6.9 million in other loans and advances (account debits).
- €4.0 million in minimum coupons of the mandatory convertible bonds issued by Cofinimur I in December 2011;

At 30.06.2014, the Cofinimmo Group current consolidated borrowings amounted to €519.5 million, including:

- €178.0 million in commercial papers with a term of less than one year;
- €341.1 million in maturing debts, concerning two bonds and bank loans for respectively €201.1 million and €140.0 million;
- €0.4 million in other loans and advances (account debits).

The short-term borrowings (€519.5 million) are fully covered by the undrawn portions of long-term confirmed credit facilities totalling €775.6 million at 30.06.2014. The latter also cover the financing needs until the end of 2015.

Repayment schedule of the long-term financial commitments<sup>1</sup> of €2,189.5 million (in € million)



The long-term financial commitments, with a total outstanding amount of €2,189.5 million at 30.06.2014, mature in a staggered manner up to 2020. 100% of all loan instalments maturing in 2014 and 2015 are refinanced.

<sup>1</sup> This schedule takes into account the capital from financial commitments and excludes payment of interest (generally on a monthly or quarterly basis) as well as projected cash flows from derivatives.

The average maturity of Cofinimmo's debt (excluding short-term commercial papers, which are fully covered by the undrawn portions of long-term credit facilities) comes from 3.8 years at 31.12.2013 to 3.9 years at 30.06.2014.

The average interest rate on Cofinimmo's debt, including bank margins, stands at 3.72% for the first half year of 2014.

### **Consolidated debt ratio**

At 30.06.2014, Cofinimmo is in compliance with the limits of the financial debt ratios. Cofinimmo's regulatory debt ratio<sup>1</sup> is 48.88% (vs. 48.87% at 31.12.2013) and is coherent with the moderate risk profile of assets and cash flow, and in particular with the long residual term of the leases agreed. As a reminder, the statutory maximum debt ratio for Sicafis/Bevaks is 65%. The Loan-to-Value financial debt ratio<sup>2</sup> stands at 48.91% at 30.06.2014.

Cofinimmo's credit agreements, when they refer to a debt ceiling, refer to the legal debt ratio, with a maximum of 60%.

### **Interest rate hedging**

Given the continuing very low interest rates, Cofinimmo took the opportunity of the sale of the North Galaxy office building to cancel interest rate hedging positions<sup>3</sup>.

The cancelled positions were sold FLOOR options with a strike at 3% for a notional amount of €600 million which extended until (and including) 2017. This operation gave rise to an outlay of €56 million but will lead to a significant decrease in interest charges in the years to come. The negative value of the cancelled positions had already been recorded under shareholders' equity, which means that this cancellation did not have any effect on the intrinsic value of the Cofinimmo share.

In order to prevent that a future increase of interest rates would compromise the decrease of future interest charges, Cofinimmo also contracted new hedges through Interest Rate Swaps, over the same period and for a notional amount of €400 million. The average rate of these new IRS stands at 0.51%<sup>4</sup>.

---

<sup>1</sup> Legal ratio calculated in accordance with the legislation regarding Sicafis/Bevaks as: Financial and other debts / total assets

<sup>2</sup> Ratio calculated as: Net financial debt divided by total of the portfolio's fair value and finance lease receivables.

<sup>3</sup> See also our press release dated 13.05.2014, available on our website.

<sup>4</sup> The bank margins have to be added to this rate to calculate the effective cost of debt.

Situation of interest rate hedging for future years (in € million)

*CAP options bought*



*IRS<sup>1</sup>*



*FLOOR options sold*



Bank margins should be added to the above rates.

Assuming constant gearing, more than 80% of the interest rate risk<sup>2</sup> is covered until the end of 2019. The sensitivity of Cofinimmo's result to interest rate fluctuations is explained in the section “ Risk Management”.

**Financial rating**

In March 2014, the rating agency Standard & Poor's confirmed Cofinimmo's financial rating of BBB- for the long-term debt and A-3 for the short-term debt.

<sup>1</sup> Average of Interest Rate Swaps with various strikes and assuming that the IRS subject to early cancellation by the bank are active until their maturity date.

<sup>2</sup> Calculated based on derivative “in-the-money” instruments: IRS and FLOOR sold.

## 1.9. Information on shares and bonds

### a. Share performance

#### Ordinary share (COFB)

	30.06.2014	31.12.2013	31.12.2012
<b>Share price (over 6/12 months, in €)</b>			
Highest	92.28	93.50	95.00
Lowest	84.74	82.23	83.38
At close	91.01	89.75	89.60
Average	87.72	88.26	88.40
<b>Dividend yield<sup>1</sup></b>	<b>6.27%</b>	<b>7.36%</b>	<b>7.35%</b>
<b>Gross return<sup>2</sup> (over 6/12 months)</b>	<b>7.67%</b>	<b>7.53%</b>	<b>6.01%</b>
<b>Volume (over 6/12 months, in number of shares) on Euronext</b>			
Average daily volume	36,489	37,975	33,584
Total volume	4,707,115	9,911,464	8,765,448
<b>Number of outstanding ordinary shares at end of period<sup>3</sup></b>	<b>17,290,073</b>	<b>16,905,085</b>	<b>15,318,175</b>
<b>Market capitalisation at end of period (x €1,000)</b>	<b>1,573,569</b>	<b>1,517,231</b>	<b>1,372,508</b>
<b>Free float zone<sup>4</sup></b>	<b>90%</b>	<b>90%</b>	<b>90%</b>

#### Preference shares (COFP1 & COFP2)

	COFP1 30.06.2014	COFP1 31.12.2013	COFP2 30.06.2014	COFP2 31.12.2013
<b>Share price (over 6/12 months, in €)</b>				
At close	95.00	95.00	86.66	78.00
Average	95.00	95.00	84.56	84.71
<b>Dividend yield<sup>1</sup></b>	<b>6.71%</b>	<b>6.71%</b>	<b>7.53%</b>	<b>7.52%</b>
<b>Gross return<sup>2</sup> (over 6/12 months)</b>	<b>6.71%</b>	<b>6.71%</b>	<b>8.40%</b>	<b>-1.89%</b>
<b>Volume (over 6/12 months, in number of shares)</b>				
Average daily volume <sup>5</sup>	0	0	30	66
Total volume	0	0	330	1,061
<b>Number of shares</b>	<b>395,048</b>	<b>395,148</b>	<b>293,482</b>	<b>293,534</b>
<b>Market capitalisation at end of period (x €1,000)</b>	<b>37,530</b>	<b>37,539</b>	<b>25,433</b>	<b>22,896</b>

<sup>1</sup> Gross dividend on average share price.

<sup>2</sup> Increase in share price + dividend yield.

<sup>3</sup> Excluding treasury shares.

<sup>4</sup> Using the Euronext method.

<sup>5</sup> Average calculated based on number of stock exchange days on which a volume was recorded.

## Bonds

	Cofinimmo Luxembourg SA €100 million – 2004-2014 ISIN XS0193197505		Cofinimmo SA €100 million – 2009-2014 ISIN BE0002171370	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
<b>Market price (over 6/12 months, as a % of nominal price)</b>				
At close	100.17	101.98	101.64	102.95
Average	101.20	103.28	101.93	104.07
<b>Yield to maturity (12-month average)</b>	<b>1.06%</b>	<b>1.71%</b>	<b>0.91%</b>	<b>2.58%</b>
<b>Effective yield at issue</b>	<b>5.06%</b>	<b>5.06%</b>	<b>4.54%</b>	<b>4.54%</b>
<b>Interest coupon (in %)</b>				
Gross	5.25	5.25	5.00	5.00
Net	3.94	3.94	3.75	3.75
<b>Number of securities</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>100,000</b>	<b>100,000</b>

	Cofinimmo SA/NV €140 million – 2012-2020 ISIN BE6241505401		Cofinimmo SA/NV €50 million – 2013-2017 ISIN BE6258604675	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
<b>Market price (over 6/12 months, as a % of nominal price)</b>				
At close	103.76	100.13	101.98	99.90
Average	102.98	100.33	101.27	99.94
<b>Yield to maturity (12-month average)</b>	<b>2.84%</b>	<b>3.49%</b>	<b>2.13%</b>	<b>2.81%</b>
<b>Effective yield at issue</b>	<b>3.55%</b>	<b>3.55%</b>	<b>2.78%</b>	<b>2.78%</b>
<b>Interest coupon (in %)</b>				
Gross	3.55	3.55	2.78	2.78
Net	2.66	2.66	2.09	2.09
<b>Number of securities</b>	<b>1,400</b>	<b>1,400</b>	<b>500</b>	<b>500</b>



## Convertible bonds

	Cofinimmo SA/NV Convertible bonds €173.3 million – 2011-2016 ISIN BE0002176429		Cofinimmo SA/NV Convertible bonds €190.8 million – 2013-2018 ISIN BE6254178062	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
<b>Market price (over 6/12 months)</b>				
At close	104.48%	102.75%	€114.71	€110.56
Average	103.59%	102.92%	€112.21	€109.59
<b>Yield to maturity (12-month average)</b>	<b>0.65%</b>	<b>0.54%</b>	<b>0.47%</b>	<b>1.54%</b>
<b>Effective yield at issue</b>	<b>3.13%</b>	<b>3.13%</b>	<b>2.00%</b>	<b>2.00%</b>
<b>Interest coupon (in %)</b>				
Gross	3.13	3.13	2.00	2.00
Net	2.34	2.34	1.50	1.50
<b>Number of securities</b>	<b>1,486,332</b>	<b>1,486,332</b>	<b>1,764,268</b>	<b>1,764,268</b>

### b. 2013 dividends

The Board of Directors gave the holders of both ordinary and preference shares the option of payment of the 2013 dividend in new ordinary shares or in cash or a combination of the two<sup>1</sup>.

At the end of the offer period, a total of 41.2% of the dividend coupons had been re-contributed to the capital in return for new shares<sup>2</sup>. This resulted in the issue of 383,224 new ordinary shares, at a subscription price of €85.50, for a total amount of €32.8 million. The subscription price was equal to the closing price of the existing share on Euronext Brussels on the day before the announcement of subscription opening, minus the detached 2013 dividend coupon.

The new ordinary shares are entitled to share in Cofinimmo's results as from 01.01.2014 (first dividend payable in June 2015).

### c. 2014 dividends

Barring the occurrence of unforeseen events, the 2014 dividend forecast published in the 2013 Annual Financial Report is maintained. It amounts to €5.50 gross (€4.125 net) per ordinary share and €6.37 gross (€4.7775 net) per preference share. Dividends are subject to a 25% withholding tax.

<sup>1</sup> See also our press release dated 14.05.2014, available on our website.

<sup>2</sup> See also our press release dated 05.06.2014, available on our website.

#### d. Conversion of preference shares

In accordance with Article 8.2. of the company's Articles of Association, two new windows to convert Cofinimmo preference shares into Cofinimmo ordinary shares were opened during the first six months of the year. During this period, applications to convert 152 preference shares were received<sup>1</sup>. Accordingly, since the opening of the conversion procedure (01.05.2009), 811,236 preference shares have been converted into ordinary shares. The number of preference shares still outstanding is 688,530.

#### e. Shareholding

At 30.06.2014, no shareholder exceeds the minimum notification threshold, fixed at 5%. The Cofinimmo Group holds 0.003% of its own shares.

Company	Ordinary shares	Preference shares	Total number of shares (voting rights)	%
Cofinimmo Group	47,305		47,305	0.003%
<b>Total number of issued shares</b>	<b>17,337,378</b>	<b>688,530</b>	<b>18,025,908</b>	<b>100%</b>

#### f. Shareholders' calendar

Event	Date
Interim announcement: results at 30.09.2014	07.11.2014
Annual press release: results at 31.12.2014	06.02.2015
Publication of the 2014 Annual Financial Report	13.04.2015
Interim announcement: results at 31.03.2015	13.05.2015
2014 Annual General Meeting	13.05.2015
Half-yearly Financial Report: results at 30.06.2015	31.07.2015
Interim announcement: results at 30.09.2015	06.11.2015
Annual press release: results at 31.12.2015	05.02.2016

---

<sup>1</sup> See also our press releases dated 07.04.2014 and 07.07.2014, available on our website.

## **1.10. Events after 30.06.2014**

### **a. Sale of the EHPAD<sup>1</sup> Villa Saint-Dominique in Rouen (FR) for €3.8 million**

On 04.07.2014, Cofinimmo, via its French subsidiary SCI Privatel Investissement, sold the EHPAD Villa Saint-Dominique in Rouen (FR) for a gross amount of €3.8 million, in line with the investment value of the asset as determined by the independent real estate expert at 31.12.2013. The asset had been vacated by Korian at the end of its lease on 30.06.2013.

### **b. Acquisition of an SSR<sup>2</sup> clinic to be renovated and extended in Néville (FR) for €5.2 million**

On 31.07.2014, Cofinimmo acquired the SSR clinic Caux du Littoral in Néville (FR). The existing site will be renovated and extended by July 2015. At the delivery of the works, the 12-year triple net lease (maintenance, including structural, borne by the lessee) signed with the operator Handra will enter into force.

The acquisition price of the land and the existing constructions and the budget for the renovation and extension works amount to a total of €5.2 million, VAT excluded. Half of this amount has been paid by Cofinimmo on 31.07.2014. The balance will be paid as the works are completed. The expected initial rental yield is 7.5%.

Handra is a private French Group which counts 150 employees. The Group operates 158 beds over four EHPAD or SSR sites located in France. It concentrates on smaller structures (25 to 60 beds) to be renovated, located in wealthy areas.

### **c. Extension of two credit lines for a total amount of €140 million**

During the month of July, two credit lines maturing on 31.08.2014 were extended for five years. The amount of these credit lines stands at €100 million and €40 million respectively.

---

<sup>1</sup> Etablissement d'Hébergement pour Personnes Agées Dépendantes. In France, this is the most widespread form of institution for the elderly.

<sup>2</sup> Soins de Suite et de Réadaptation. In France, clinic providing rehabilitation care to patients following a hospital stay for a health complaint or surgery.

## **1.11. Risk management**

Below is an overview of the most significant risks to which Cofinimmo is exposed in its activities. Reference is made to pages 2 to 7 of the 2013 Annual Financial Report for a detailed account of the company's risk management strategy.

### **Risks associated with the economic climate**

The activities of Cofinimmo are partially linked to the general economic climate. A decline in economic growth indirectly influences the occupancy rate of offices in the private sector as well as rents. It can also increase the risk of default by tenants. The impact on Cofinimmo's bottom line is, however, mitigated by the duration of its lease agreements (at 30.06.2014, the average duration until the first break option is 10.9 years), the diversification of its tenant portfolio (402 clients), and the fact that over 23% of its office tenants are from the public sector. Thanks to its diversification into less volatile sectors such as healthcare real estate and sale and leaseback operations with AB InBev and MAAF, Cofinimmo's portfolio is less exposed to the risks posed by the general economic climate.

### **Risk of vacancy**

For about six years, the Brussels office market has been suffering from a significant vacancy rate. At 30.06.2014, the vacancy rate in Brussels stood at 10.54% (source: CBRE). For Cofinimmo's Brussels office portfolio, the vacancy rate was 10.65% at 30.06.2014. Cofinimmo actively manages its client base in order to minimise vacancies and tenant turnover in the office segment. An internal property management team is responsible for swiftly resolving tenant complaints. The commercial team maintains regular contacts with existing tenants and actively seeks new ones.

The healthcare real estate assets are let on a long-term basis, with an initial lease term of 27 years in Belgium, 12 years in France and 15 years in the Netherlands. At 30.06.2014, the average remaining lease term was 21.7 years in Belgium, 6.7 years in France and 13.8 years in the Netherlands.

At 30.06.2014, 99.70% of the cafés/restaurants portfolio is let to AB InBev with a minimum average residual term of 16.3 years. Furthermore, 99.32% of the insurance services agencies are leased to MAAF for an average residual term of 7.3 years.

### **Risk of tenant insolvency**

Cofinimmo is exposed to the risk of default by its tenants. At 30.06.2014, the five most important clients accounted for 52.2% of its rental income. Among the three most important office tenants, two are from the public sector.

An advance deposit or bank guarantee corresponding to six months' rent is generally requested from private sector tenants.

### **Risks associated with investment and development**

Cofinimmo engages in limited development activity for its own account, the maximum being set at 10% of the fair value of its portfolio.

When considering investments, Cofinimmo makes certain estimates as to economic, market and other conditions, including estimates relating to the value or potential value of a property and the potential return on investment. These estimates may prove to be incorrect, rendering Cofinimmo's investment strategy inappropriate with consequent negative effects for Cofinimmo's business, operational results, financial conditions and prospects.

Before acquiring a building, Cofinimmo performs an internal assessment in order to determine a price for the building with a view to long-term management. Moreover, an independent expert assesses each acquisition or sale of property.

### **Risks associated with deterioration and large-scale works**

Cofinimmo maintains and regularly renovates its properties in order to ensure that they remain attractive to tenants. The current trend towards sustainable, energy-efficient buildings, both in terms of construction and use, may require additional investments.

### **Risks associated with fluctuations in the fair value of real estate**

The properties are valued quarterly by independent property experts. A fluctuation of 1% in the value of the portfolio can have an impact of around €31.5 million on the company's net result and of €1.75 on the net asset value per share. It can also have an impact of approximately 0.44% on the debt ratio.

### **Liquidity and financing risks**

A diversification of financing sources, a stable and varied banking pool with good financial ratings (Cofinimmo has nine banking partners) and staggered loan maturity dates favour appropriate financial conditions.

Cofinimmo's borrowing capacity is limited by the maximum debt ratio authorised by the legislation on Sicafis/Bevaks (65%) and by the ceiling of this ratio agreed with banks in credit documents (60%). At 30.06.2014, the consolidated debt ratio, calculated according to the Sicafi/Bevak regime, amounts to 48.88%.

Cofinimmo has a medium-term financial plan which is completely revised in the spring of each year and updated during the year following every significant property acquisition or sale. The purpose of this type of plan is namely to position the consolidated debt ratio of Cofinimmo at an appropriate level, based on an assessment by the Board of Directors of the risks inherent in the company's portfolios of assets and leases<sup>1</sup>.

---

<sup>1</sup> See Article 54 of the Royal Decree of 07.12.2010.

## **Interest rate risk**

Cofinimmo contracts an important portion of its financial debts at a variable (floating) interest rate. Derivatives are used to hedge financing costs against rate increases and to ensure that interest rates remain within a certain margin, between a maximum and minimum rate. These instruments include specifically Interest Rate Swaps and CAP options, partially financed by FLOOR options.

By using existing hedging mechanisms and assuming a constant level of debt, a 0.5% rise or fall in the interest rate should not significantly affect financing expenses of the current year.

The interest-rate derivatives are marked to market at the end of each quarter. Future rate fluctuations thus impact the net asset value and the result of the period.

## **1.12. Corporate Governance**

Cofinimmo sees that it maintains high standards of corporate governance and assesses its methods against the principles, practices and requirements in this field. The practice of corporate governance by Cofinimmo is entirely in line with the Belgian Corporate Governance Code<sup>1</sup>.

A detailed description of the various Committees, their respective roles and members appears in the chapter entitled “Corporate Governance Statement” of the 2013 Annual Financial Report.

The General Meeting of 14.05.2014 appointed Mr. Christophe Demain as Director representing the shareholder Belfius Insurance, with immediate effect and until the end of the Ordinary General Meeting to be held in 2016. The composition of the Board of Directors is given on page 62 of this Report.

The General Meeting of 14.05.2014 accepted the proposal to renew the mandate of the SC s.f.d. SCRL Deloitte Company Auditors, represented by Mr. Frank Verhaegen, statutory auditor, having its registered office at 1831 Diegem, Berkenlaan 8B, until the end of the Ordinary General Meeting to be held in 2017. Moreover, it accepted the proposal to set the Statutory Auditor's annual fee at €116,700, without VAT and disbursements, to be indexed annually based on the health index.

## **1.13. New “Regulated Real Estate Company” status**

Following the transposition of the European « Alternative Investment Fund Managers » (AIFM) Directive into Belgian law, the Sicafis/Bevaks are subject to new obligations.

Within this context, the Belgian Parliament approved a law that introduces the status of Regulated Real Estate Company (“Société Immobilière Réglementée” or SIR/“Gereguleerde Vastgoedvennootschap” or GVV) and offers the existing Sicafis/Bevaks the possibility to adopt this new status. This law was laid down in an Implementing Royal Decree, which was published in the Belgian Official Gazette of 16.07.2014.

The Sicafis/Bevaks therefore have to make a choice within four months following the publication of the said Royal Decree in the Belgian Official Gazette: either seeking approval as AIF and investment trust, or proposing their shareholders to adopt the status of Regulated Real Estate Company (SIR/GVV) and request the approval as such.

Cofinimmo will make a recommendation to its shareholders with regard to this matter in the coming weeks.

---

<sup>1</sup> See our Corporate Governance Charter available on our website.



## **2. Summary of the financial statements**

The accounting principles and methods used to draw up these interim financial statements are identical to those used to prepare the annual financial statements for the financial year 2013. These interim financial statements have been prepared using accounting methods that comply with IFRS and in particular IAS 34 on “Interim financial reporting”.

**2.1. Comprehensive income statement – in accordance with the Royal Decree of 07.12.2010**  
**(x €1,000)**

<b>A. NET RESULT</b>	<b>Notes</b>	<b>Q2 2014</b>	<b>Q2 2013</b>	<b>H1 2014</b>	<b>H1 2013</b>
Rental income	5	48,965	49,043	97,385	97,622
Writeback of lease payments sold and discounted	5	4,426	6,319	11,333	12,638
Rental-related expenses		-22	-2	-30	-7
<b>Net rental income</b>	<b>4,5</b>	<b>53,369</b>	<b>55,360</b>	<b>108,688</b>	<b>110,253</b>
Recovery of property charges		-95	-10	180	69
Recovery income of charges and taxes normally payable by the tenant on let properties		10,938	10,749	23,597	20,889
Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease		-217	-55	-662	-404
Charges and taxes normally payable by the tenant on let properties		-12,074	-11,291	-25,436	-22,061
<b>Property result</b>		<b>51,921</b>	<b>54,753</b>	<b>106,367</b>	<b>108,746</b>
Technical costs		-1,842	-975	-2,644	-1,726
Commercial costs		-236	-206	-462	-598
Taxes and charges on unlet properties		-879	-1,174	-2,126	-2,129
Property management costs		-3,353	-3,748	-7,230	-7,806
<b>Property charges</b>		<b>-6,310</b>	<b>-6,103</b>	<b>-12,462</b>	<b>-12,259</b>
<b>Property operating result</b>		<b>45,611</b>	<b>48,650</b>	<b>93,905</b>	<b>96,487</b>
Corporate management costs		-1,721	-1,730	-3,589	-3,462
<b>Operating result before result on the portfolio</b>		<b>43,890</b>	<b>46,920</b>	<b>90,316</b>	<b>93,025</b>
Gains or losses on disposals of investment properties and other non-financial assets		-22,620	-232	-22,236	341
Changes in the fair value of investment properties		6,004	-5,420	-572	-11,718
Other result on the portfolio		313	-682	335	-1,376
<b>Operating result</b>		<b>27,587</b>	<b>40,586</b>	<b>67,843</b>	<b>80,272</b>
Financial income	6	1,449	1,217	2,844	2,532
Net interest charges	7	-13,888	-15,865	-30,315	-33,110
Other financial charges	8	-223	-887	-218	-911
Changes in the fair value of financial assets and liabilities	9	-76,493	-9,643	-100,892 <sup>1</sup>	-9,631
<b>Financial result</b>		<b>-89,155</b>	<b>-25,178</b>	<b>-128,581</b>	<b>-41,120</b>
Share in the result of associated companies and joint ventures		485	540	827	731
<b>Pre-tax result</b>		<b>-61,083</b>	<b>15,948</b>	<b>-59,911</b>	<b>39,883</b>
Corporate tax		-192	-530	-162	-713
Exit tax		40	92	802	131
<b>Taxes</b>		<b>-152</b>	<b>-438</b>	<b>640</b>	<b>-582</b>
<b>Net result of the period</b>		<b>-61,235</b>	<b>15,510</b>	<b>-59,271</b>	<b>39,301</b>
Minority interests		-994	-1,463	-2,204	-2,773
<b>Net result – Group share</b>		<b>-62,229</b>	<b>14,047</b>	<b>-61,475</b>	<b>36,528</b>
<b>Net current result – Group share</b>		<b>-45,954</b>	<b>20,292</b>	<b>-39,740</b>	<b>49,233</b>
<b>Result on the portfolio – Group share</b>		<b>-16,275</b>	<b>-6,245</b>	<b>-21,735</b>	<b>-12,705</b>

<sup>1</sup> Includes the restructuring of financial instruments/cancellation of FLOOR options for K€-56,198.

<b>B. OTHER ELEMENTS OF THE GLOBAL RESULT</b>	<b>Notes</b>	<b>Q2 2014</b>	<b>Q2 2013</b>	<b>H1 2014</b>	<b>H1 2013</b>
Impact on the fair value of estimated transaction costs resulting from the hypothetical disposal of investment properties		298	-362	201	-629
Change in the effective part of the fair value of authorised cash flow hedging instruments as defined under IFRS		53,135	27,702	49,116	41,010
<b>Other elements of the global result</b>		<b>53,433</b>	<b>27,340</b>	<b>49,317</b>	<b>40,381</b>
Minority interests		11	5	11	5
<b>Other elements of the global result – Group share</b>		<b>53,444</b>	<b>27,345</b>	<b>49,328</b>	<b>40,386</b>

<b>C. GLOBAL RESULT</b>	<b>Notes</b>	<b>Q2 2014</b>	<b>Q2 2013</b>	<b>H1 2014</b>	<b>H1 2013</b>
<b>Global result</b>		<b>-7,802</b>	<b>42,850</b>	<b>-9,954</b>	<b>79,682</b>
Minority interests		-983	-1,458	-2,193	-2,768
<b>Global result – Group share</b>		<b>-8,785</b>	<b>41,392</b>	<b>-12,147</b>	<b>76,914</b>

<b>Result per share – Group share (in €)</b>	<b>30.06.2014</b>	<b>30.06.2013</b>
Net current result per share – Group share	-2.21	2.80
Result on portfolio per share – Group share	-1.21	-0.72
Net result per share – Group share	-3.42	2.08

<b>Diluted result per share – Group share (in €)<sup>1</sup></b>	<b>30.06.2014</b>	<b>30.06.2013</b>
Diluted number of shares	17,290,073	16,943,145 <sup>2</sup>
Diluted net result per share – Group share	-3.81	1.90 <sup>2</sup>

<sup>1</sup> In accordance with IAS 33, the convertible bonds are excluded from the calculation of the diluted net result – Group share of 2013 and 2014 because they would have an accretive impact on the diluted net result per share – Group share.

<sup>2</sup> The calculation method of the diluted net result – Group share has been reviewed at end 2013. The diluted number of shares and the diluted net result per share – Group share at 30.06.2013 were recalculated based on this new method.

## 2.2. Consolidated income statement – analytical format (x €1,000)

<b>A. NET CURRENT RESULT</b>	<b>30.06.2014</b>	<b>30.06.2013</b>
Rental income, net of rental-related expenses	97,355	97,615
Writeback of lease payments sold and discounted (non-cash element)	11,333	12,638
Taxes and charges on rented properties not recovered	-1,839	-1,172
Redecoration costs, net of tenant compensation for damages	-482	-335
<b>Property result</b>	<b>106,367</b>	<b>108,746</b>
Technical costs	-2,644	-1,726
Commercial costs	-462	-598
Taxes and charges on unlet properties	-2,126	-2,129
<b>Property result after direct property costs</b>	<b>101,135</b>	<b>104,293</b>
Property management costs	-7,230	-7,806
<b>Property operating result</b>	<b>93,905</b>	<b>96,487</b>
Corporate management costs	-3,589	-3,462
<b>Operating result before result on the portfolio</b>	<b>90,316</b>	<b>93,025</b>
Financial income (IAS 39 excluded) <sup>1</sup>	2,844	2,532
Financial charges (IAS 39 excluded) <sup>2</sup>	-30,533	-34,021
Revaluation of derivative financial instruments (IAS 39)	-100,892 <sup>3</sup>	-9,631
Share in the result of associated companies and joint ventures	699	731
Taxes	-162	-713
<b>Net current result<sup>4</sup></b>	<b>-37,728</b>	<b>51,923</b>
Minority interests	-2,012	-2,690
<b>Net current result – Group share</b>	<b>-39,740</b>	<b>49,233</b>

<b>B. RESULT ON PORTFOLIO</b>	<b>30.06.2014</b>	<b>30.06.2013</b>
Gains or losses on disposals of investment properties and other non-financial assets	-22,236	341
Changes in the fair value of investment properties	-572	-11,718
Share in the result of associated companies and joint ventures	128	
Other result on the portfolio	1,137	-1,245
<b>Result on the portfolio</b>	<b>-21,543</b>	<b>-12,622</b>
Minority interests	-192	-83
<b>Result on the portfolio – Group share</b>	<b>-21,735</b>	<b>-12,705</b>

<b>C. NET RESULT</b>	<b>30.06.2014</b>	<b>30.06.2013</b>
<b>Net result of the period</b>	<b>-59,271</b>	<b>39,301</b>
Minority interests	-2,204	-2,773
<b>Net result – Group share</b>	<b>-61,475</b>	<b>36,528</b>

<b>NUMBER OF SHARES</b>	<b>30.06.2014</b>	<b>30.06.2013</b>
Number of ordinary shares issued (treasury shares included)	17,337,378	16,953,421
Number of preference shares issued and not converted	688,530	689,263
Number of ordinary shares entitled to share in the result of the period	17,290,073	16,903,954
Number of preference shares entitled to share in the result of the period	688,530	689,263
<b>Total number of shares entitled to share in the result of the period</b>	<b>17,978,603</b>	<b>17,593,217</b>

<sup>1</sup> Including IAS 39, at 30.06.2014 and 30.06.2013, financial income totalled K€2,844 and K€12,523 respectively.

<sup>2</sup> Including IAS 39, at 30.06.2014 and 30.06.2013, financial charges totalled K€-131,425 and K€-53,643 respectively.

<sup>3</sup> Includes the restructuring of financial instruments/cancellation of FLOOR options for K€-56,198.

<sup>4</sup> Net income excluding namely the gains or losses on disposals of investment properties and other non-financial assets, the changes in the fair value of investment properties and the exit tax.

## Comments on the consolidated income statement – Analytical form

The net rental income amounts to €97.4 million at 30.06.2014, compared to €97.6 million at 30.06.2013. On a like-for-like basis, the gross rental revenues rose by 1.05% over the last 12 months: the negative effect of departures (-1.15%) and renegotiations (-0.42%) was offset by the positive effect of lease indexations (+1.34%) and new lettings (+1.28%). The item “Writeback of lease payments sold and discounted” comes from €12.6 million at 30.06.2013 to €11.3 million at 30.06.2014, mainly as a result of the exit of the North Galaxy office building on 12.05.2014. The property result amounts to €106.4 million at 30.06.2014, compared to €108.7 million at 30.06.2013, i.e. a 2.1% decrease.

Direct and indirect operating costs represent 0.90% of the average value of the assets under management at 30.06.2014, compared to 0.82% at 30.06.2013. The operating result (before result on the portfolio) stands at €90.3 million at 30.06.2014, versus €93.0 million one year before.

The financial result (excluding IAS 39 impact) amounts to €-27.7 million at 30.06.2014, compared to €-31.5 million at 30.06.2013. The average interest rate, including bank margins<sup>1</sup>, decreased from 3.97% at 30.06.2013 to 3.72% at 30.06.2014, namely thanks to the cancellation of FLOOR options on 12.05.2014. The average debt level also decreased (€1,632.0 million at 30.06.2014, versus €1,669.9 million at 30.06.2013). The item “Revaluation of derivative financial instruments” stands at €-100.9 million at 30.06.2014, and namely includes the costs related to the restructuring of the interest rate hedging instruments for €56 million<sup>2</sup>.

Taxes include the corporate income tax due by subsidiaries which do not benefit from the Sicafi/Bevak, SIIC or FBI tax regime and the tax on non-deductible costs of a Sicafi/Bevak (primarily the office tax in the Brussels Capital Region).

The net current result - Group share amounts to €-39.7 million at 30.06.2014, compared to €49.2 million at 30.06.2013. Per share, it represents €-2.21 at 30.06.2014 and €2.80 at 30.06.2013.

Within the result on the portfolio, the realised gains or losses on disposals of investment properties and other non-financial assets amounts to €-22.2 million at 30.06.2014 and mainly comprises the €24 million loss realised on the sale of the North Galaxy office building. The change in the fair value of investment properties comes from €-11.7 million at 30.06.2013 to €-0.6 million at 30.06.2014. The value decrease of the office buildings to be renovated in the short term is compensated namely by a value increase of the Livingstone II office building, following the announcement of the letting to the European Commission, and by a value increase of the healthcare assets in Belgium and France, resulting mainly from lease indexations. On a like-for-like basis, the fair value of investment properties is stable since 31.12.2013 (-0.02%).

The net result - Group share amounts to €-61.5 million at 30.06.2014, compared to €36.5 million at 30.06.2013. Per share, it represents €-3.42 at 30.06.2014 and €2.08 at 30.06.2013.

---

<sup>1</sup> Margins paid to be added to the floating rate (Euribor).

<sup>2</sup> Concerns mainly the recycling under the income statement of the discontinued hedging instruments.

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

	Notes	30.06.2014	31.12.2013
<b>Non-current assets</b>		<b>3,366,956</b>	<b>3,565,180</b>
Goodwill	4	129,356	129,356
Intangible assets		698	753
Investment properties	4,10	3,141,170	3,338,709
Other tangible assets		1,089	677
Non-current financial assets		10,837	20,941
Finance lease receivables		78,104	67,449
Trade receivables and other non-current assets		40	40
Participations in associated companies and joint ventures		5,662	7,255
<b>Current assets</b>		<b>102,005</b>	<b>105,263</b>
Assets held for sale	4	7,130	8,300
Current financial assets		4,305	2,782
Finance lease receivables		1,630	1,236
Trade receivables		24,361	25,698
Tax receivables and other current assets		10,615	24,304
Cash and cash equivalents		24,362	15,969
Accrued charges and deferred income		29,602	26,974
<b>TOTAL ASSETS</b>		<b>3,468,961</b>	<b>3,670,443</b>
<b>Equity</b>		<b>1,597,257</b>	<b>1,681,462</b>
<b>Shareholders' equity attributable to the shareholders of the parent</b>		<b>1,531,282</b>	<b>1,614,937</b>
Capital	11	963,448	942,825
Share premium account	11	384,362	372,110
Reserves		244,947	241,265
Net result of the year	12	-61,475	58,737
<b>Minority interests</b>		<b>65,975</b>	<b>66,525</b>
<b>Liabilities</b>		<b>1,871,704</b>	<b>1,988,981</b>
<b>Non-current liabilities</b>		<b>1,223,569</b>	<b>1,412,904</b>
Provisions		17,101	18,180
Non-current financial debts		1,104,096	1,266,665
Other non-current financial liabilities		67,854	93,304
Deferred taxes		34,518	34,755
<b>Current liabilities</b>		<b>648,135</b>	<b>576,077</b>
Current financial debts		519,539	455,509
Other current financial liabilities		26,671	21,921
Trade debts and other current debts		69,568	64,680
Accrued charges and deferred income		32,357	33,967
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>3,468,961</b>	<b>3,670,443</b>

## Comments on the consolidated balance sheet

The fair value of the property portfolio<sup>1</sup>, as appears from the consolidated balance sheet, by application of IAS 40, is obtained by deducting transaction costs from the investment value. At 30.06.2014, the fair value stands at €3,148.3 million, compared to €3,347.0 million at 31.12.2013.

The investment value of the property portfolio<sup>1</sup>, as established by the independent real estate experts, is €3,277.8 million at 30.06.2014, compared with €3,478.9 million at 31.12.2013.

The heading “Participations in associated companies and joint ventures” concerns the stake of 51% held by Cofinimmo in Cofinéa I SAS.

The heading “Minority interests” includes the mandatory convertible bonds issued by the subsidiary Cofinimur I SA, as well as the minority interests of the Silverstone and Pubstone subsidiaries.

### **2.4. Calculation of debt ratio (x €1,000)**

The debt ratio (debts to total assets) at 30.06.2014 comes to 48.88%.

		<b>30.06.2014</b>	<b>31.12.2013</b>
Non-current financial debts		1,104,096	1,266,665
Other non-current financial liabilities (except for hedging instruments)	+	61	54
Current financial debts	+	519,539	455,509
Trade debts and other current debts	+	69,568	64,680
<b>Total debt</b>	=	<b>1,693,264</b>	<b>1,786,908</b>
Total assets		3,468,961	3,670,443
Hedging instruments	-	4,990	13,999
<b>Total assets, except for hedging instruments</b>	=	<b>3,463,971</b>	<b>3,656,444</b>
<b>DEBT RATIO</b>		<b>48.88%</b>	<b>48.87%</b>

<sup>1</sup> Including buildings for own use and development projects.

## 2.5. Consolidated cash flow statement (x €1,000)

	30.06.2014	30.06.2013
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>15,969</b>	<b>3,041</b>
<b>OPERATING ACTIVITIES</b>		
Net result for the period	-61,475	36,528
Adjustments for interest charges and income	25,475	33,351
Adjustments for gains and losses on disposal of property assets	22,236	-341
Adjustments for non-cash charges and income	89,151	7,716
Changes in working capital requirements	1,127	2,119
<b>Cash flow from operating activities</b>	<b>76,514</b>	<b>79,373</b>
<b>INVESTMENT ACTIVITIES</b>		
Investments in intangible assets and other tangible assets	-52	-436
Acquisitions of investment properties	-503	-753
Extensions of investment properties	-18,709	-19,586
Investments in investment properties	-6,485	-11,531
Acquisitions of consolidated subsidiaries	-1,555	
Disposals of investment properties	21,221	5,109
Disposals of assets held for sales	1,639	310
Disposal of consolidated subsidiaries	198,506	
Payment of exit tax	778	-7
Disposal and reimbursement of finance lease receivables	81,572	1,556
Other cash flows from investment activities	635	-39
<b>Net cash from investing activities</b>	<b>277,047</b>	<b>-25,377</b>
<b>FINANCING ACTIVITIES</b>		
Disposal of own shares	143	91,638
Dividends paid to shareholders	-73,399	-67,323
Coupons paid to minority shareholders	-285	-241
Coupons paid to Mandatory Convertible Bondholders	-2,702	-2,727
Increase of financial debts	66,087	220,499
Decrease of financial debts	-253,226	-219,866
Financial income received	2,568	1,736
Financial charges paid	-28,043	-35,831
Other cash flows from financing activities	-56,311	-32,138
<b>Cash flow resulting from financing activities</b>	<b>-345,168</b>	<b>-44,253</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>24,362</b>	<b>12,784</b>



## 2.6. Consolidated statement of changes in shareholders' equity (x €1,000)

	Capital	Share premium account	Reserves <sup>1</sup>	Net result of the year	Equity Parent company	Minority interests	Equity
<b>AT 01.01.2013</b>	<b>857,822</b>	<b>329,592</b>	<b>190,543</b>	<b>98,072</b>	<b>1,476,029</b>	<b>66,263</b>	<b>1,542,292</b>
Appropriation of the 2012 net result			98,072	-98,072			
Elements directly recognised in shareholders' equity			40,387	36,528	76,915	2,768	79,683
Cash flow hedge			41,010		41,010		41,010
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties			-623		-623	-5	-628
Result of the period				36,528	36,528	2,773	39,301
Other			-293		-293	12	-281
<b>SUBTOTAL</b>	<b>857,822</b>	<b>329,592</b>	<b>328,709</b>	<b>36,528</b>	<b>1,552,651</b>	<b>69,043</b>	<b>1,621,694</b>
Issue of new shares	28,368	15,504			43,872		43,872
Acquisitions/Disposals of own shares	56,606	27,006	8,026		91,638		91,638
Dividends			-111,207		-111,207	-2,968	-114,175
<b>At 30.06.2013</b>	<b>942,796</b>	<b>372,102</b>	<b>225,528</b>	<b>36,528</b>	<b>1,576,954</b>	<b>66,075</b>	<b>1,643,029</b>
Elements directly recognised in shareholders' equity			15,476	22,209	37,685	324	38,009
Cash flow hedge			16,279		16,279		16,279
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties			-803		-803	-30	-833
Result of the period				22,209	22,209	354	22,563
Other			251		251	158	409
<b>SUBTOTAL</b>	<b>942,796</b>	<b>372,102</b>	<b>241,255</b>	<b>58,737</b>	<b>1,614,890</b>	<b>66,557</b>	<b>1,681,447</b>
Acquisitions/Disposals of own shares	29	8	10		47		47
Dividends/Coupons						-32	-32
<b>At 31.12.2013</b>	<b>942,825</b>	<b>372,110</b>	<b>241,265</b>	<b>58,737</b>	<b>1,614,937</b>	<b>66,525</b>	<b>1,681,462</b>

<sup>1</sup> The following pages contain details regarding reserves.

	Capital	Share premium account	Reserves <sup>1</sup>	Net result of the year	Equity Parent company	Minority interests	Equity
<b>AT 01.01.2014</b>	<b>942,825</b>	<b>372,110</b>	<b>241,265</b>	<b>58,737</b>	<b>1,614,937</b>	<b>66,525</b>	<b>1,681,462</b>
Appropriation of the 2013 net result			58,737	-58,737			
Elements directly recognised in shareholders' equity			48,926	-61,475	-12,549	2,193	-10,356
Cash flow hedge			49,116		49,116		49,116
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties			-190		-190	-11	-201
Result of the period				-61,475	-61,475	2,204	-59,271
Other			2,150		2,150	245	2,395
<b>SUBTOTAL</b>	<b>942,825</b>	<b>372,110</b>	<b>351,078</b>	<b>-61,475</b>	<b>1,604,538</b>	<b>68,963</b>	<b>1,673,501</b>
Issue of new shares	20,536	12,229			32,765		32,765
Acquisitions/Disposals of own shares	87	23	34		144		144
Dividends			-106,165		-106,165	-2,988	-109,153
<b>AT 30.06.2014</b>	<b>963,448</b>	<b>384,362</b>	<b>244,947</b>	<b>-61,475</b>	<b>1,531,282</b>	<b>65,975</b>	<b>1,597,257</b>

<sup>1</sup> The following pages contain details regarding reserves.

## Detail of the reserves

	Reserve for the positive/negative balance of changes in the fair value of investment properties	Reserve for the estimated transaction costs and transfer duties resulting from the hypothetical disposal of investment properties	Reserve for the balance of changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	Reserve for the balance of changes in the fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	Distributable reserve	Non-distributable reserve	Tax-exempt reserves	Legal reserve	TOTAL RESERVES
<b>AT 01.01.2013</b>	<b>-150,059</b>	<b>-71,424</b>	<b>-157,113</b>	<b>-1,479</b>	<b>566,271</b>	<b>2,685</b>		<b>1,662</b>	<b>190,543</b>
Appropriation of the 2012 net result	5,858	-2,865	11,080	-13,421	97,165	255			<b>98,072</b>
Elements directly recognised in shareholders' equity		-617	41,010						<b>40,393</b>
Cash flow hedge			41,010						<b>41,010</b>
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties		-617							<b>-617</b>
Other	-704			-22,653	22,972	13		73	<b>-299</b>
<b>SUBTOTAL</b>	<b>-144,905</b>	<b>-74,906</b>	<b>-105,023</b>	<b>-37,553</b>	<b>686,408</b>	<b>2,953</b>		<b>1,735</b>	<b>328,709</b>
Acquisitions/disposals of own shares					8,026				<b>8,026</b>
Dividends					-111,207				<b>-111,207</b>
<b>AT 30.06.2013</b>	<b>-144,905</b>	<b>-74,906</b>	<b>-105,023</b>	<b>-37,553</b>	<b>583,227</b>	<b>2,953</b>		<b>1,735</b>	<b>225,528</b>

	Reserve for the positive/negative balance of changes in the fair value of investment properties	Reserve for the estimated transaction costs and transfer duties resulting from the hypothetical disposal of investment properties	Reserve for the balance of changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	Reserve for the balance of changes in the fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	Distributable reserve	Non-distributable reserve	Tax-exempt reserves	Legal reserve	<b>TOTAL RESERVES</b>
<b>AT 30.06.2013</b>	<b>-144,905</b>	<b>-74,906</b>	<b>-105,023</b>	<b>-37,553</b>	<b>583,227</b>	<b>2,953</b>		<b>1,735</b>	<b>225,528</b>
Elements directly recognised in shareholders' equity		-809	16,278						<b>15,469</b>
Cash flow hedge			16,278						<b>16,278</b>
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties		-809							<b>-809</b>
Other	483				-309	85			<b>259</b>
<b>SUBTOTAL</b>	<b>-144,422</b>	<b>-75,715</b>	<b>-88,745</b>	<b>-37,553</b>	<b>582,918</b>	<b>3,038</b>		<b>1,735</b>	<b>241,256</b>
Acquisitions/disposals of own shares					9				<b>9</b>
<b>AT 31.12.2013</b>	<b>-144,422</b>	<b>-75,715</b>	<b>-88,745</b>	<b>-37,553</b>	<b>582,927</b>	<b>3,038</b>		<b>1,735</b>	<b>241,265</b>

	Reserve for the positive/negative balance of changes in the fair value of investment properties	Reserve for the estimated transaction costs and transfer duties resulting from the hypothetical disposal of investment properties	Reserve for the balance of changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	Reserve for the balance of changes in the fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	Distributable reserve	Non-distributable reserve	Tax-exempt reserves	Legal reserve	TOTAL RESERVES
<b>AT 01.01.2014</b>	<b>-144,422</b>	<b>-75,715</b>	<b>-88,745</b>	<b>-37,553</b>	<b>582,927</b>	<b>3,038</b>		<b>1,735</b>	<b>241,265</b>
Appropriation of the 2013 net result	16,570	-3,087	4,576	23,702	16,735	241			58,737
Elements directly recognised in shareholders' equity		-190	49,116						48,926
Cash flow hedge			49,116 <sup>1</sup>						49,116
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties		-190							-190
Other	1	5,318			-3,243	1,809		-1,735	2,150
<b>SUBTOTAL</b>	<b>-127,851</b>	<b>-73,674</b>	<b>-35,053</b>	<b>-13,851</b>	<b>596,419</b>	<b>5,088</b>			<b>351,078</b>
Acquisitions/disposals of own shares					34				34
Dividends					-106,165				-106,165
<b>AT 30.06.2014</b>	<b>-127,851</b>	<b>-73,674</b>	<b>-35,053</b>	<b>-13,851</b>	<b>490,288</b>	<b>5,088</b>			<b>244,947</b>

<sup>1</sup> Of which K€56,198 from the cancellation of FLOOR options.

## **2.7. Notes to the consolidated accounts**

### **Note 1. General information**

Cofinimmo SA/NV (the “Company”) is a public Sicafi/Bevak (Belgian REIT) organised under Belgian law with its registered office at Boulevard de la Woluwe 58, 1200 Brussels.

The half year consolidated financial statements of Cofinimmo SA for the period which ended on 30.06.2014 cover the Company and its subsidiaries (collectively referred to as “the Group”). The scope of consolidation has been altered since 31.12.2013 (see Note 14).

The half year consolidated financial statements were drawn up by the Board of Directors on 31.07.2014. The auditor Deloitte, company auditors, represented by Mr. Frank Verhaegen, concluded its limited audit and confirmed that the accounting information contained in this half year report does not call for any reservations and corresponds with the financial statements adopted by the Board of Directors.

### **Note 2. Significant accounting methods**

The half year consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and IAS 34 on Interim Financial Reporting.

The accounting methods are identical to those mentioned in the 2013 Annual Financial Report.

Some figures in this half year report have been rounded up and, consequently, the overall totals in this report may differ slightly from the exact sum of the preceding figures.

### **Note 3. Operational and financial risk management**

At 30.06.2014, the Group is facing substantially the same risks as those identified and mentioned in the 2013 Annual Financial Report. Risk management during the first half of 2014 was done using the same means and in accordance with the same criteria as those applied the previous year.

Note 4. Segment information (x €1,000) – Global portfolio

INCOME STATEMENT	Offices		Healthcare real estate		Property of distribution networks		Other		Unallocated amounts		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
At 30.06												
Net rental income	48,552	51,312	38,767	37,783	19,136	18,857	2,233	2,301			108,688	110,253
Property result after direct property costs	43,196	46,000	38,529	37,694	18,432	18,421	978	2,178			101,135	104,293
Property management costs									-7,230	-7,806	-7,230	-7,806
Corporate management costs									-3,589	-3,462	-3,589	-3,462
Gains or losses on disposals of investment properties and other non-financial assets	-22,572	-272	-6	53	342	471		89			-22,236	341
Changes in the fair value of investment properties	-10,380	-20,560	4,650	8,034	1,644	405	3,514	403			-572	-11,718
Other result on the portfolio					203	66			132	-1,442	335	-1,376
Operating result											67,843	80,272
Financial result									-128,581	-41,120	-128,581	-41,120
Share in the result of associated companies and joint ventures							827	731			827	731
Taxes			732	-34	70	165			-162	-713	640	-582
<b>NET RESULT</b>											-59,271	39,301
<b>NET RESULT – GROUP SHARE</b>											-61,475	36,528

BALANCE SHEET	Offices		Healthcare real estate		Property of distribution networks		Other		Unallocated amounts		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
AT 30.06/31.12												
<b>Assets</b>												
Goodwill			26,929	26,929	102,427	102,427					129,356	129,356
Investment properties	1,305,611	1,524,811	1,236,627	1,220,595	534,282	532,168	64,650	61,135			3,141,170	3,338,709
Development projects	85,422	77,707	39,047	50,896	180		1,613	1,930			126,262	130,533
Assets held for own use	8,894	9,146									8,894	9,146
Assets held for sale			6,100	7,650	1,030	650					7,130	8,300
Other assets									191,304	194,078	191,304	194,078
<b>TOTAL ASSETS</b>											3,468,961	3,670,443
<b>Shareholders' equity and liabilities</b>												
Equity									1,597,257	1,681,462	1,597,257	1,681,462
Shareholders' equity attributable to the shareholders of the parent company									1,531,282	1,614,937	1,531,282	1,614,937
Minority interests									65,975	66,525	65,975	66,525
<b>Liabilities</b>									1,871,704	1,988,981	1,871,704	1,988,981
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>											3,468,961	3,670,443

Note 4. Segment information (x €1,000) – Offices

INCOME STATEMENT	Brussels CBD <sup>1</sup>		Brussels Decentralised		Brussels Periphery		Antwerp		Other Regions		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
At 30.06												
Net rental income	16,600	19,456	20,752	20,461	5,264	5,243	2,106	2,294	3,830	3,858	48,552	51,312
Property result after direct property costs	14,937	17,676	17,911	17,760	4,750	4,885	1,760	2,106	3,838	3,573	42,195	46,000
Property management costs												
Corporate management costs												
Gains or losses on disposals of investment properties and other non-financial assets	-23,042	-272	470								-22,572	-272
Changes in the fair value of investment properties	6,439	-11,061	-19,585	-8,317	1,627	-765	-201	-522	1,340	105	-10,380	-20,560
Other result on the portfolio												
<b>Operating result</b>												
<b>Financial result</b>												
Share in the result of associated companies and joint ventures												
Taxes												
<b>NET RESULT</b>												
<b>NET RESULT – GROUP SHARE</b>												

BALANCE SHEET	Brussels CBD <sup>1</sup>		Brussels Decentralised		Brussels Periphery		Antwerp		Other Regions		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
AT 30.06/31.12												
<b>Assets</b>												
Goodwill												
Investment properties	410,785	615,882	572,859	591,643	145,293	143,666	63,710	62,297	112,964	111,323	1,305,611	1,524,811
Development projects	77,428	67,313	7,200	9,613	335	331	459	450			85,422	77,707
Assets held for own use			8,894	9,146							8,894	9,146
Assets held for sale												
Other assets												
<b>TOTAL ASSETS</b>												
<b>Shareholders' equity and liabilities</b>												
<b>Equity</b>												
Shareholders' equity attributable to the shareholders of the parent company												
Minority interests												
<b>Liabilities</b>												
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>												

<sup>1</sup> Central Business District.



Note 4. Segment information (x €1,000) – Healthcare real estate

INCOME STATEMENT	Belgium		France		Netherlands		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013
At 30.06								
Net rental income	24,052	22,893	14,123	14,475	592	415	38,767	37,783
Property result after direct property costs	23,934	22,816	14,023	14,466	572	412	38,529	37,694
Property management costs								
Corporate management costs								
Gains or losses on disposals of investment properties and other non-financial assets			-6	53			-6	53
Changes in the fair value of investment properties	4,374	3,322	639	4,738	-363	-26	4,650	8,034
Other result on the portfolio								
<b>Operating result</b>								
<b>Financial result</b>								
<b>Share in the result of associated companies and joint ventures</b>								
Taxes			732	-34			732	-34
<b>NET RESULT</b>								
<b>NET RESULT – GROUP SHARE</b>								

BALANCE SHEET	Belgium		France		Netherlands		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013
AT 30.06/31.12								
<b>Assets</b>								
Goodwill			26,929	26,929			26,929	26,929
Investment properties	807,720	791,995	411,117	410,480	17,790	18,120	1,236,627	1,220,595
Development projects	39,047	44,026				6,870	39,047	50,896
Assets held for own use								
Assets held for sale			6,100	7,650			6,100	7,650
Other assets								
<b>TOTAL ASSETS</b>								
<b>Shareholders' equity and liabilities</b>								
<b>Equity</b>								
Shareholders' equity attributable to the shareholders of the parent company								
Minority interests								
<b>Liabilities</b>								
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>								

Note 4. Segment information (x €1,000) – Property of distribution networks

INCOME STATEMENT	Pubstone - Belgium		Pubstone - Netherlands		Cofinimur I - France		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013
AT 30.06								
Net rental income	9,990	10,025	5,155	5,001	3,991	3,831	19,136	18,857
Property result after direct property costs	9,736	9,845	4,843	4,847	3,853	3,729	18,432	18,421
Property management costs								
Corporate management costs								
Gains or losses on disposals of investment properties and other non-financial assets	342	453				18	342	471
Changes in the fair value of investment properties	1,513	-157	-849	-508	980	1,070	1,644	405
Other result on the portfolio			203	66			203	66
Operating result								
Financial result								
Share in the result of associated companies and joint ventures								
Taxes			70	165			70	165
<b>NET RESULT</b>								
<b>NET RESULT – GROUP SHARE</b>								

BALANCE SHEET	Pubstone - Belgium		Pubstone - Netherlands		Cofinimur I - France		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013
AT 30.06/31.12								
Assets								
Goodwill	66,777	66,777	35,650	35,650			102,427	102,427
Investment properties	273,873	272,243	149,884	150,650	110,525	109,275	534,282	532,168
Development projects					180		180	
Assets held for own use								
Assets held for sale					1,030	650	1,030	650
Other assets								
<b>TOTAL ASSETS</b>								
Shareholders' equity and liabilities								
Equity								
Shareholders' equity attributable to the shareholders of the parent company								
Minority interests								
Liabilities								
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>								

Note 4. Segment information (x €1,000) – Others

INCOME STATEMENT	Brussels CBD <sup>1</sup>		Brussels Decentralised		Brussels Periphery		Antwerp		Other Regions		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>AT 30.06</b>												
<b>Net rental income</b>			1,287	1,263	315	407			631	631	2,233	2,301
<b>Property result after direct property costs</b>			241	1,220	315	392			422	566	978	2,178
Property management costs												
Corporate management costs												
Gains or losses on disposals of investment properties and other non-financial assets						89						89
Changes in the fair value of investment properties			2,878	-103	-316	319			952	187	3,514	403
Other result on the portfolio												
<b>Operating result</b>												
<b>Financial result</b>												
<b>Share in the result of associated companies and joint ventures</b>									827	731	827	731
<b>Taxes</b>												
<b>NET RESULT</b>												
<b>NET RESULT – GROUP SHARE</b>												

BALANCE SHEET	Brussels CBD <sup>1</sup>		Brussels Decentralised		Brussels Periphery		Antwerp		Other Regions		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>AT 30.06/31.12</b>												
<b>Assets</b>												
Goodwill												
Investment properties			38,437	35,558	6,489	6,819	153	142	19,571	18,616	64,650	61,135
<i>Development projects</i>					1,613	1,930					1,613	1,930
<i>Assets held for own use</i>												
Assets held for sale												
Other assets												
<b>TOTAL ASSETS</b>												
<b>Shareholders' equity and liabilities</b>												
<b>Equity</b>												
<i>Shareholders' equity attributable to the shareholders of the parent company</i>												
<i>Minority interests</i>												
<b>Liabilities</b>												
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>												

<sup>1</sup> Central Business District.

Note 5. Rental income and rental-related expenses (x €1,000)

	30.06.2014	30.06.2013
<b>Rental income</b>		
Gross potential income <sup>1</sup>	104,406	103,991
Vacancy <sup>2</sup>	-5,816	-5,129
<b>Rents<sup>3</sup></b>	<b>98,590</b>	<b>98,862</b>
Cost of rent-free periods	-1,544	-1,145
Concessions granted to tenants	-348	-352
Early lease termination indemnities <sup>4</sup>	687	257
<b>SUBTOTAL</b>	<b>97,385</b>	<b>97,622</b>
<b>Writeback of lease payments sold and discounted</b>	<b>11,333</b>	<b>12,638</b>
<b>Rental-related expenses</b>		
Rent payable on rented premises	-43	-44
Writedowns on trade receivables		15
Writeback of writedowns on trade receivables	13	22
<b>SUBTOTAL</b>	<b>-30</b>	<b>-7</b>
<b>TOTAL</b>	<b>108,688</b>	<b>110,253</b>

The classification method and treatment of rental income and charges are detailed in the 2013 Annual Financial Report, on page 150.

Note 6. Financial income (x €1,000)

	30.06.2014	30.06.2013
Interests and dividends received <sup>5</sup>	508	875
Interest receipts from finance leases and similar receivables	2,154	1,606
Other financial income	182	51
<b>TOTAL</b>	<b>2,844</b>	<b>2,532</b>

<sup>1</sup> The gross potential income is the sum of real rents received and estimated rents attributed to unlet spaces.

<sup>2</sup> The vacancy is calculated on unlet spaces based on the rental value estimated by independent real estate experts.

<sup>3</sup> Including income guaranteed by developers to replace rents.

<sup>4</sup> Early termination indemnities are recognised directly in full in the income statement, in accordance with IAS 17.50.

<sup>5</sup> The amount of dividends received is €0.00 at 30.06.2014.

Note 7. Net interest charges (x €1,000)

	30.06.2014	30.06.2013
<b>Nominal interests on loans at amortised cost</b>	<b>-17,637</b>	<b>-15,871</b>
Bilateral loans - floating rate	-3,994	-3,294
Syndicated loans - floating rate		-252
Commercial papers - floating rate	-439	-506
Investment credits - floating or fixed rate	-320	-711
Bonds - fixed rate	-8,306	-8,339
Nominal interests on loans at fair value through the net result	-4,578	-2,769
<b>Charges relating to authorised hedging instruments</b>	<b>-10,481</b>	<b>-15,076</b>
Authorised hedging instruments qualifying for hedge accounting	-7,817	-12,505
Authorised hedging instruments not qualifying for hedge accounting	-2,664	-2,571
<b>Other interest charges</b>	<b>-2,197</b>	<b>-2,163</b>
<b>TOTAL</b>	<b>-30,315</b>	<b>-33,110</b>

Note 8. Other financial charges (x €1,000)

	30.06.2014	30.06.2013
Bank fees and other commissions	-112	-192
Net realised losses on disposals of financial assets	-3	-3
Other	-104	-716
<b>TOTAL</b>	<b>-219</b>	<b>-911</b>

Note 9. Changes in fair value of financial assets and liabilities (x €1,000)

	30.06.2014	30.06.2013
Authorised hedging instruments qualifying for hedge accounting	-56,509 <sup>1</sup>	-16,848
Authorised hedging instruments not qualifying for hedge accounting	-34,079	9,983
Other	-10,304	-2,766
<b>TOTAL</b>	<b>-100,892</b>	<b>-9,631</b>

<sup>1</sup> Includes the restructuring of financial instruments/cancellation of FLOOR options for K€-56,198.

## Note 10. Investment properties (x €1,000)

	30.06.2014	31.12.2013
Asset category	Level 3 <sup>1</sup>	Level 3 <sup>1</sup>
Properties available for lease	3,006,014	3,199,030
Development projects	126,262	130,533
Assets held for own use	8,894	9,146
<b>TOTAL<sup>2</sup></b>	<b>3,141,170</b>	<b>3,338,709</b>

### Properties available for lease (x €1,000)

	30.06.2014	31.12.2013
Asset category	Level 3 <sup>1</sup>	Level 3 <sup>1</sup>
<b>AT 01.01</b>	<b>3,199,030</b>	<b>3,156,893</b>
Capital expenditures	5,833	17,868
Acquisitions	388	528
Transfers from/to Assets held for sale		-410
Transfers from/to Development projects	26,388	12,473
Sales/Disposals (fair value of assets sold/disposed of)	-231,458	-4,678
Writeback of lease payments sold	11,333	25,276
Increase/Decrease in the fair value	-5,500	-8,920
<b>AT 30.06/31.12</b>	<b>3,006,014</b>	<b>3,199,030</b>

### Development projects (x €1,000)

	30.06.2014	31.12.2013
Asset category	Level 3 <sup>1</sup>	Level 3 <sup>1</sup>
<b>AT 01.01</b>	<b>130,533</b>	<b>131,857</b>
Investments	25,187	35,015
Acquisitions	107	6,883
Transfer from/to Properties available for lease	-26,388	-12,473
Sales/Disposals (fair value of assets sold/disposed of)	-8,148	-14,422
Increase/Decrease in the fair value	4,971	-16,327
<b>AT 30.06/31.12</b>	<b>126,262</b>	<b>130,533</b>

### Assets held for own use (x €1,000)

	30.06.2014	31.12.2013
Asset category	Level 3 <sup>1</sup>	Level 3 <sup>1</sup>
<b>AT 01.01</b>	<b>9,146</b>	<b>9,150</b>
Investments	14	
Increase/Decrease in the fair value	-266	-4
<b>AT 30.06/31.12</b>	<b>8,894</b>	<b>9,146</b>

<sup>1</sup> According to IFRS 13, the basis of the valuation leading to the fair values can be qualified as:

- level 1: listed prices observable on active markets;
- level 2: observable data other than the listed prices included in level 1;
- level 3: unobservable data.

<sup>2</sup> Including the fair value of the investment properties which receivables were sold.

Note 11. Financial instruments

	30.06.2013					
(x €1000)	Designated in a hedging relationship	Designated at fair value through the net result	Held for trading	Loans, receivables and financial liabilities at amortised cost	Fair value	Fair value qualification
<b>Non-current financial assets</b>	<b>15,936</b>			<b>67,312</b>	<b>106,397</b>	
Hedging instruments	15,936				15,936	
CAP	8,640				8,640	Level 2
FLOOR						
IRS	7,296				7,296	Level 2
Credits and receivables				53,163	76,312	
Non-current finance lease receivables				53,066	76,215	Level 2
Trade receivables and other non-current assets				97	97	Level 2
Other current financial assets				14,149	14,149	Level 2
<b>Current financial assets</b>	<b>671</b>			<b>44,432</b>	<b>46,084</b>	
Hedging instruments	671				671	
CAP						
FLOOR						
IRS	671				671	Level 2
Credits and receivables				44,432	45,413	
Loans to associated companies						
Current finance lease receivables				2,249	3,230	Level 2
Trade receivables				29,399	29,399	Level 2
Cash and cash equivalents				12,784	12,784	Level 2
<b>TOTAL</b>	<b>16,607</b>			<b>111,744</b>	<b>152,481</b>	

30.06.2013						
(x €1000)	Designated in a hedging relationship	Designated at fair value through the net result	Held for trading	Loans, receivables and financial liabilities at amortised cost	Fair value	Fair value qualification
<b>Non-current financial liabilities</b>	<b>93,599</b>	<b>373,073</b>		<b>1,103,775</b>	<b>1,577,903</b>	
Non-current financial debts		373,073		1,103,259	1,483,788	
Bonds				340,000	347,456	Level 2
Commercial papers - fixed rate				15,000	15,000	Level 2
(Mandatory) Convertible bonds		373,073			373,073	Level 1
Bank debts				740,405	740,405	Level 2
Rental guarantees received				7,854	7,854	Level 2
Other non-current financial liabilities	93,599			516	94,115	
CAP	4,449				4,449	Level 2
FLOOR	89,150				89,150	Level 2
IRS						
Other non-current financial liabilities				516	516	Level 2
<b>Current financial liabilities</b>	<b>15,020</b>		<b>22,381</b>	<b>310,209</b>	<b>347,610</b>	
Current financial debts				253,321	253,321	
Commercial papers - floating rate				130,100	130,100	Level 2
Bank debts				123,189	123,189	Level 2
Other current financial debts				32	32	Level 2
Other current financial liabilities	15,020		22,381		37,401	
CAP	15,020				15,020	Level 2
FLOOR						
IRS			22,381		22,381	Level 2
Trade debts and other current debts				56,888	56,888	Level 2
<b>TOTAL</b>	<b>108,619</b>	<b>373,073</b>	<b>22,381</b>	<b>1,413,984</b>	<b>1,925,513</b>	



	30.06.2014					
(x €1000)	Designated in a hedging relationship	Designated at fair value through the net result	Held for trading	Loans, receivables and financial liabilities at amortised cost	Fair value	Fair value qualification
<b>Non-current financial assets</b>	<b>685</b>			<b>93,957</b>	<b>110,751</b>	
Hedging instruments	685			10,152	10,837	
CAP	551				551	Level 2
FLOOR						
IRS	134				134	Level 2
Other				10,152	10,152	Level 2
Credits and receivables				83,805	99,914	
Loans to associated companies				5,662	5,662	Level 2
Non-current finance lease receivables				78,104	94,213	Level 2
Trade receivables and other non-current assets				39	39	Level 2
<b>Current financial assets</b>			<b>4,305</b>	<b>50,353</b>	<b>54,994</b>	
Hedging instruments			4,305		4,305	
CAP						
FLOOR						
IRS			4,305		4,305	Level 2
Credits and receivables				50,353	50,689	
Current finance lease receivables				1,630	1,966	Level 2
Trade receivables				24,361	24,361	Level 2
Cash and cash equivalents				24,362	24,362	Level 2
<b>TOTAL</b>	<b>685</b>		<b>4,305</b>	<b>144,310</b>	<b>165,745</b>	

	30.06.2012					
(x €1000)	Designated in a hedging relationship	Designated at fair value through the net result	Held for trading	Loans, receivables and financial liabilities at amortised cost	Fair value	Fair value qualification
<b>Non-current financial liabilities</b>	<b>67,793</b>	<b>387,391</b>		<b>716,547</b>	<b>1,171,888</b>	
Non-current financial debts		387,391		716,547	1,104,095	
Bonds				190,000	190,157	Level 2
Commercial papers - fixed rate				5,000	5,000	Level 2
(Mandatory) Convertible bonds		387,391			387,391	Level 1
Bank debts				514,655	514,655	Level 2
Rental guarantees received				6,892	6,892	Level 2
Other non-current financial liabilities	67,793				67,793	
CAP	285				285	Level 2
FLOOR	32,420				32,420	Level 2
IRS	35,088				35,088	Level 2
<b>Current financial liabilities</b>	<b>6,192</b>	<b>201,108</b>	<b>20,479</b>	<b>395,335</b>	<b>623,114</b>	
Current financial debts		201,108		318,431	519,539	
Bonds		201,108			201,108	Level 2
Commercial papers - floating rate				177,950	177,950	Level 2
Bank debts				140,450	140,450	Level 2
Other				31	31	Level 2
Other current financial liabilities	6,192		20,479		26,671	
CAP						
FLOOR	6,192				6,192	Level 2
IRS			20,479		20,479	Level 2
Trade debts and other current debts				76,904	76,904	Level 2
<b>TOTAL</b>	<b>73,985</b>	<b>588,499</b>	<b>20,479</b>	<b>1,111,882</b>	<b>1,795,002</b>	

## Categories of financial instruments

The fair value is estimated:

- at book value for trade receivables and debts and variable loans and debts;
- based on the future cash flows discounted at adapted market rates for finance lease receivables;
- by reference to a quoted price on an active market for listed bonds (retail bonds and private placements).

### Financial instruments designated as being at fair value through the net result

The financial instruments that are valued, subsequent to initial recognition, at fair value on the balance sheet, are grouped into three 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).

#### **Level 1**

The convertible bonds issued by Cofinimmo are level 1.

#### **Level 2**

The financial assets and liabilities as well as the financial derivatives owned at fair value by Cofinimmo are all level 2, except for the convertible bonds issued by Cofinimmo, which are level 1.

Their fair value is established as follows:

- Fair value of financial assets and liabilities  
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.
- Fair value of participations in associated companies and joint ventures  
The fair value is determined based on the share in the associated company of which all the assets are valued at their fair value.
- Fair value of hedging derivative financial instruments  
The fair value of derivative instruments is calculated based on stock market prices. When such prices are not available, analyses of discounted 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 discounted value of estimated and discounted cash flows in accordance with the applicable yield curves obtained on the basis of the market interest rates.

### **Level 3**

Cofinimmo currently does not hold any level 3 financial instruments.

There were no asset transfers between the various fair value categories.

A description of the financial risks can be found in section 1.11. of this Half Year Financial Report.

### **Interest rate hedging**

During the second quarter of 2014, Cofinimmo restructured its interest rate hedging scheme. The review of the hedging plan of financial risks was done following the sale of the North Galaxy office building. Subsequent this sale, various credit lines were reimbursed. The future debt as forecasted in the financial plan also decreased.

The following operations on FLOOR and CAP options were concluded:

#### **CAP**

- CAP options related to the period 2014-2015 were cancelled for a total notional amount of €800 million, bringing the notional amount down from €1,200 million to €400 million.
- CAP options related to the period 2016-2017 were cancelled for a total notional amount of €600 million, bringing the notional amount down from €1,000 million to €400 million.

#### **FLOOR**

- FLOOR options relative to the period 2014-2017 were cancelled for a total notional amount of €600 million, bringing down the notional amount from €1,000 million to €400 million.

### **Interest Rate Swaps (IRS)**

After these cancellations of hedging instruments, Cofinimmo fixed part of its floating debt with swaps (floating to fix) by signing four contracts (with four different banks) covering the period May 2014 – January 2018 for a total notional amount of €400 million, at a fixed rate of 0.51%.

Note 12. Share capital and share premiums

(in number)	Ordinary shares		Convertible preference shares		TOTAL	
Number of shares (A)	30.06.2014	31.12.2013	30.06.2014	31.12.2013	30.06.2014	31.12.2013
<b>AT 01.01</b>	<b>16,954,002</b>	<b>16,423,925</b>	<b>688,682</b>	<b>689,397</b>	<b>17,642,684</b>	<b>17,113,322</b>
Issued as a result of the optional dividend	383,224	529,362			383,224	529,362
Conversion of preference shares into ordinary shares	152	715	-152	-715		
<b>AT 30.06/31.12</b>	<b>17,337,378</b>	<b>16,954,002</b>	<b>688,530</b>	<b>688,682</b>	<b>18,025,908</b>	<b>17,642,684</b>

Own shares held by the Group (B)	30.06.2014	31.12.2013	30.06.2014	31.12.2013	30.06.2014	31.12.2013
<b>AT 01.01</b>	<b>48,917</b>	<b>1,105,750</b>			<b>48,917</b>	<b>1,105,750</b>
Own shares sold/purchased – net	-1,612	-1,056,833			-1,612	-1,056,833
<b>AT 30.06/31.12</b>	<b>47,305</b>	<b>48,917</b>			<b>47,305</b>	<b>48,917</b>

Number of outstanding shares (A-B)	30.06.2014	31.12.2013	30.06.2014	31.12.2013	30.06.2014	31.12.2013
<b>AT 01.01</b>	<b>16,905,085</b>	<b>15,318,175</b>	<b>688,682</b>	<b>689,397</b>	<b>17,593,767</b>	<b>16,007,572</b>
<b>AT 30.06/31.12</b>	<b>17,290,073</b>	<b>16,905,085</b>	<b>688,530</b>	<b>688,682</b>	<b>17,978,603</b>	<b>17,593,767</b>

(x €1000)	Ordinary shares		Convertible preference shares		TOTAL	
Capital	30.06.2014	31.12.2013	30.06.2014	31.12.2013	30.06.2014	31.12.2013
<b>AT 01.01</b>	<b>906,099</b>	<b>821,058</b>	<b>36,726</b>	<b>36,764</b>	<b>942,825</b>	<b>857,822</b>
Own shares sold/purchased – net	87	56,635			87	56,635
Issued as a result of the optional dividend	20,536	28,368			20,536	28,368
Conversion of preference shares into ordinary shares	8	38	-8	-38		
<b>AT 30.06/31.12</b>	<b>926,730</b>	<b>906,099</b>	<b>36,718</b>	<b>36,726</b>	<b>963,448</b>	<b>942,825</b>

Share premium account	30.06.2014	31.12.2013	30.06.2014	31.12.2013	30.06.2014	31.12.2013
<b>AT 01.01</b>	<b>335,799</b>	<b>293,243</b>	<b>36,311</b>	<b>36,349</b>	<b>372,110</b>	<b>329,592</b>
Own shares sold/purchased – net	23	27,014			23	27,014
Issued as a result of the optional dividend	12,229	15,504			12,229	15,504
Conversion of preference shares into ordinary shares	8	38	-8	-38		
<b>AT 30.06/31.12</b>	<b>348,059</b>	<b>335,799</b>	<b>36,303</b>	<b>36,311</b>	<b>384,362</b>	<b>372,110</b>

### Note 13. Result per share

(x €1000)	30.06.2014	30.06.2013
Net current result attributable to ordinary and preference shares	-39,740	49,233
Net current result for the period	-37,728	51,923
Minority interests	-2,012	-2,690
Result on portfolio attributable to ordinary and preference shares	-21,735	-12,705
Result on portfolio for the period	-21,543	-12,622
Minority interests	-192	-83
Net result attributable to ordinary and preference shares	-61,475	36,528
Net result for the period	-59,271	39,301
Minority interests	-2,204	-2,773
Diluted net result attributable to ordinary and preference shares	-65,861	32,137
Diluted net result for the period	-63,657	34,910
Minority interests	-2,204	-2,773

Result per share (in €)	30.06.2014	30.06.2013
Number of ordinary and preference shares entitled to share in the result of the period	17,978,603	17,593,217
Net current result per share – Group share	-2.21	2.80
Result on portfolio per share – Group share	-1.21	-0.72
<b>Net result per share – Group share</b>	<b>-3.42</b>	<b>2.08</b>

Diluted result per share (in €) <sup>1</sup>	30.06.2014	30.06.2013
Diluted number of ordinary and preference shares entitled to share in the result	17,290,073	16,943,145 <sup>2</sup>
Diluted net current result per share – Group share	-2.55	2.65
Diluted result on portfolio per share – Group share	-1.26	-0.75
<b>Diluted net result per share – Group share</b>	<b>-3.81</b>	<b>1.90</b>

<sup>1</sup> In accordance with IAS 33, the convertible bonds are excluded from the calculation of the diluted net result – Group share of 2013 and 2014 because they would have an accretive impact on the diluted net result per share – Group share.

<sup>2</sup> The calculation method of the diluted net result – Group share has been reviewed at end 2013. The diluted number of shares and the diluted net result per share – Group share at 30.06.2013 were recalculated based on this new method.

## Note 14. Consolidation criteria and scope

### Consolidation perimeter

Name and address of registered offices of the subsidiaries held at 100% by the Group (full consolidation)	VAT or national number (NN)	Direct and indirect interests and voting rights (in %)
<b>BELLIARD 1 &amp; 2 PROPERTIES SA/NV</b> Boulevard de la Woluwe 58, 1200 Brussels	BE 832 136 571	100.00
<b>BELLIARD III-IV PROPERTIES SA/NV</b> Boulevard de la Woluwe 58, 1200 Brussels	BE 475 162 121	100.00
<b>BOLIVAR PROPERTIES SA/NV</b> Boulevard de la Woluwe 58, 1200 Brussels	BE 878 423 981	100.00
<b>COFINIMMO INVESTISSEMENTS ET SERVICES SA</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 88 487 542 169	100.00
<b>SAS IS II</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 74 393 097 209	100.00
<b>SCI AC NAPOLI</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 71 428 295 695	100.00
<b>SCI BEAULIEU</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 50 444 644 553	100.00
<b>SCI CHAMTOU</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 11 347 555 203	100.00
<b>SCI CUXAC II</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 18 343 262 341	100.00
<b>SCI DE L'ORBIEU</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 14 383 174 380	100.00
<b>SA DOMAINE DE VONTES</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 67 654 800 135	100.00
<b>SCI DU DONJON</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 06 377 815 386	100.00
<b>SNC DU HAUT CLUZEAU</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 39 319 119 921	100.00
<b>SARL HYPOCRATE DE LA SALETTE</b> Avenue de l'Opéra 27, 75001 Paris (France)	not subject to taxation NN 388 117 988	100.00
<b>SCI LA NOUVELLE PINÈDE</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 78 331 386 748	100.00
<b>SCI PRIVATEL INVESTISSEMENT</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 13 333 264 323	100.00
<b>SCI RESIDENCE FRONTENAC</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 80 348 939 901	100.00
<b>SCI SOCIBLANC</b> Avenue de l'Opéra 27, 75001 Paris (France)	not subject to taxation NN 328 781 844	100.00
<b>COFINIMMO LUXEMBOURG SA</b> Boulevard Grande-Duchesse Charlotte 56, 1331 Luxembourg (Luxembourg)	not subject to taxation NN 100 044	100.00
<b>COFINIMMO SERVICES SA/NV</b> Boulevard de la Woluwe 58, 1200 Brussels	BE 437 018 652	100.00
<b>EGMONT PROPERTIES SA/NV</b> Boulevard de la Woluwe 58, 1200 Brussels	BE 819 801 042	100.00
<b>FPR LEUZE SA/NV</b> Boulevard de la Woluwe 58, 1200 Brussels	BE 839 750 279	100.00
<b>LEOPOLD SQUARE SA/NV</b> Boulevard de la Woluwe 58, 1200 Brussels	BE 465 387 588	100.00
<b>LIVINGSTONE II SA/NV</b> Boulevard de la Woluwe 58, 1200 Brussels	BE 544 336 086	100.00

<b>RHEASTONE SA/NV</b> Boulevard de la Woluwe 58, 1200 Brussels	BE 893 787 296	100.00
<b>SUPERSTONE BV</b> Claudius Prinsenlaan 128, 4818 CP Breda (Netherlands)	NL 85.07.32.554.B.01	100.00
<b>W34 SA/NV</b> Boulevard de la Woluwe 58, 1200 Brussels	BE 536 269 745	100.00

<b>Name and address of registered offices of the subsidiaries held by the Group but with minority interests (full consolidation)</b>	<b>VAT or national number (NN)</b>	<b>Direct and indirect interests and voting rights (in %)</b>
<b>COFINIMUR I SA</b> Avenue George V 10, 75008 Paris (France)	FR 74 537 946 824	97.65
<b>PUBSTONE GROUP SA/NV</b> Boulevard de la Woluwe 58, 1200 Brussels	BE 878 010 643	90.00
<b>PUBSTONE SA/NV</b> Boulevard de la Woluwe 58, 1200 Brussels	BE 405 819 096	89.999
<b>PUBSTONE PROPERTIES BV</b> Claudius Prinsenlaan 128, 4818 CP Breda (Netherlands)	not subject to taxation NN 8185 89 723	90.00
<b>SILVERSTONE SA/NV</b> Boulevard de la Woluwe 58, 1200 Brussels	BE 452 711 074	95.00

<b>Name and address of registered offices of the joint ventures (consolidation under the equity method)</b>	<b>VAT or national number (NN)</b>	<b>Direct and indirect interests and voting rights (in %)</b>
<b>COFINEA I SAS</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 74 538 144 122	51.00

### Consolidation criteria

The consolidation criteria given in the 2013 Annual Financial Report have not been changed and are still applied by the Cofinimmo Group.

### Note 15. Transactions between related parties

In April 2014, Cofinimmo concluded with InBev Belgium SA/NV an agreement related to the transfer of 230 shares of the company Pubstone Group SA/NV, in order to simplify the Group structure<sup>1</sup>.

Moreover, in May 2014, the Board of Directors gave the holders of both ordinary and preference shares the option of payment of the 2013 dividend in new ordinary shares or in cash or a combination of the two<sup>2</sup>.

Both transactions are transactions between related parties within the meaning of Articles 18 § 1 and 31 § 2 of the Royal Decree of 07.12.2010. These operations were made with respect to the procedures applicable in case of conflicts of interests and at normal market conditions.

<sup>1</sup> See also our press release dated 02.04.2014, available on our website.

<sup>2</sup> See also our press releases dated 14.05.2014 and 05.06.2014, available on our website.



### **3. Statement of Conformity (pursuant to Article 13 of the Royal Decree of 14.11.2007)**

The Board of Directors of Cofinimmo SA/NV assumes the responsibility for the content of this 2014 Half Year Financial Report, subject to the information supplied by third parties, including the reports of the statutory auditor and the real estate experts.

Mr. André Bergen, as Chairman of the Board of Directors, Mrs. Inès Reinmann and Mrs. Françoise Roels, Messrs. Jean Edouard Carbonnelle, Xavier Denis, Xavier de Walque, Christophe Demain, Vincent Doumier, Robert Franssen, Gaëtan Hannecart, Alain Schockert and Baudouin Velge, as Directors,

declare that to the best of their knowledge:

1. this 2014 Half Year Financial Report contains true information and a fair and true statement of all important events. As the case may be, it refers to the major transactions between related parties that have occurred during the half year and their impact on the financial statements;
2. this 2014 Half Year Financial Report has no omissions likely to significantly modify the scope of any statements made in it;
3. the financial statements, prepared in accordance with the applicable accounting standards, have been submitted to the statutory auditor for a limited review and give a true and fair view of the portfolio, the financial situation and the results of Cofinimmo and its subsidiaries included in the scope of consolidation; the interim management report provides moreover a perspective for the full year result as well as comments on the risks and uncertainties facing the company (see pages 2 to 7 of the 2013 Annual Financial Report and pages 26 to 28 of this 2014 Half-Yearly Financial Report).

For more information:

**Valerie Kibieta**

Head of External Communication and  
Investor Relations  
Tel.: +32 2 373 60 36  
[vkibieta@cofinimmo.be](mailto:vkibieta@cofinimmo.be)

**Ellen Grauls**

Investor Relations Officer  
Tel.: +32 2 373 94 21  
[egrauls@cofinimmo.be](mailto:egrauls@cofinimmo.be)

**About Cofinimmo:**

Founded in 1983, Cofinimmo is today the foremost listed Belgian real estate company specialising in rental property and an important player in the European market. The company owns a diversified property portfolio spread over Belgium, France and the Netherlands, worth over €3.1 billion, representing a total area of 1,755,000m<sup>2</sup>. Riding on demographic trends, its main investment segments are offices (42%), healthcare properties (40%), and distribution networks (17%). As an independent company that consistently applies the highest corporate governance and sustainability standards, Cofinimmo services its tenants and manages its properties through its 110-strong team operating from Brussels. It is listed on Euronext Brussels (BEL20) and benefits from the fiscal REIT regime in Belgium (Sicafi/Bevak), in France (SIIC) and in the Netherlands (FBI). Its activities are controlled by the Financial Services and Markets Authority, the Belgian regulator. At 30.06.2014, its total market capitalisation stands at €1.5 billion. The company applies prudent investment policies and presents a moderate risk profile for institutional and retail investors alike. It seeks to offer a high dividend yield and capital protection over the long term.

[www.cofinimmo.com](http://www.cofinimmo.com)

Follow us on:



#### **4. Appendices**

##### **4.1. Real estate expert's report**

##### **4.2. Report of the auditor**

Real estate Valuer's report

Brussels, 18 July 2014

To the Board of Cofinimmo s.a./n.v.

**Re: Valuation as of 30 June 2014*****Context***

We have been engaged by Cofinimmo to value its real estate assets as of **30 June 2014** with a view to finalising its financial statements at that date.

DTZ Winssinger et Associates (DTZ), PricewaterhouseCoopers Entrepise Advisory cvba/srl (PwC) and Jones Lang Lasalle sprl/bvba have each separately valued a part of the portfolio of offices and other<sup>1</sup> 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 portfolio of clinics in The Netherlands has been valued by DTZ Zadelhof.

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, PwC and JLL have in-depth knowledge of the real estate markets in which Cofinimmo is active and have the necessary, recognised professional qualifications to perform this assessment. In conducting this assessment, they have acted with complete independence.

As is customary, our assignment has been carried out on the basis of information provided by Cofinimmo regarding tenancy schedules, charges and taxes borne by the landlord, works to be carried out and all other factors that could affect property values. We assume that the information provided is complete and accurate.

---

<sup>1</sup> Other properties: semi-industrial, retail, leisure and residential.

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.

### *Opinion*

We confirm that our valuation has been done in accordance with national and international market practices and standards (International Valuation Standards issued by the International Valuation Standards Council and included in RICS Valuation – Professional Standards January 2014 , the Red Book of the Royal Institute of Chartered Surveyors.

The Investment value (in the context of this valuation) is defined as the amount most likely to be obtained at normal conditions of sale between willing and well-informed parties, inclusive of transactions costs (mainly transfer taxes) to be paid by the acquirer. It does not reflect the costs of future investments that could improve the property or the benefits associated with such costs.

### *Valuation methodology*

The valuation methodology adopted is mainly based on three 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 the two estimates is the residual value.

### *Transaction Costs*

In theory, the disposal of properties is subject to a transfer tax charged by the Government and paid by the acquirer, which represent substantially all transaction costs. For properties situated in Belgium, the amount of this tax mainly depends on the mode of transfer, the capacity in which the acquirer acts and the property's location. The first two variables, and therefore the amount of tax payable, are only known

once the sale is contracted. Based on a study from independent real estate experts dated 8 February 2006 and periodically reviewed, the “average” transaction cost for properties over EUR 2,500,000 is assessed at 2.5%.

The fair value (as defined under IFRS 13 and by the BEAMA’s (Belgian Asset Managers Association) press release of 8 February 2006) for properties over EUR 2,500,000 can therefore be obtained by deducting 2.5% of “average” transaction cost from their investment value. This 2.5% figure will be reviewed periodically and adjusted if on the institutional investment transaction market a change of at least +/- 0.5% in the effectively “average” transaction cost is observed.

For properties with an investment value under € 2,500,000 transfer taxes of 10% or 12.5% have been subtracted, depending on the region of Belgium where they are situated.

The transfer taxes on properties in France and the Netherlands have been deducted in full from their investment values to obtain their fair values.

#### *Assets subject to a sale of receivables*

Cofinimmo is owner of several buildings of which the rents have been sold in the past to a third party. The valuers have valued those properties as freehold (before sale of receivables). At the request of Cofinimmo, the values mentioned below represent for these buildings the freehold value net of the rents still due (residual value), as calculated by Cofinimmo. This calculation by Cofinimmo has not been analysed in depth by the valuers. In the forthcoming quarters, the residual value will evolve in such a way as to be, at the maturity of the sale of the receivables, equivalent to the freehold value.

#### *Investment value and sale value (fair value)*

**Taking into account the three opinions, the investment value (transaction costs not deducted) of Cofinimmo's total real estate portfolio as of 30 June 2014 is estimated at EUR 3.277.849.000.**

**Taking into account the three opinions, the fair value, after the deduction of the “transaction” transfer costs, of Cofinimmo's total real estate portfolio as of 30 June 2014, corresponding to the fair investment value under IAS/IFRS, is estimated at EUR 3.148.300.000.**

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 6,62% of the investment value.

If the properties were to be let in full, the yield would increase to 7,00%.

Investment properties have an occupancy rate of 94,59%.

The contractually passing rent and the estimated rental value on the empty spaces (excluding projects, buildings undergoing refurbishment and assets that form the object of an assignment of receivables) for

let space plus the estimated rental value for vacant space is 3,98% above the estimated fair rental value for the whole portfolio at this date. This difference results mainly from the inflation indexation of contractual rents since the inception of the in-place leases.

The assets are broken down as follows:

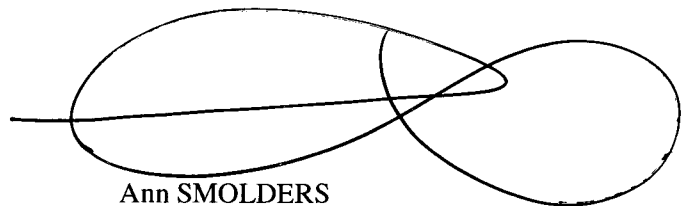
	Investment value	Fair Value	% Fair Value
Offices	1.338.252.000 €	1.305.612.000 €	41,47%
Healthcare	1.291.453.000 €	1.242.727.000 €	39,47%
Distribution prop. net.	581.878.000 €	535.311.000 €	17,00%
Others	66.266.000 €	64.650.000 €	2,05%
Total	3.277.849.000 €	3.148.300.000 €	100%

#### PwC opinion

The investment value of the part of Cofinimmo's real estate portfolio valued by PwC is estimated as of 30 June 2014 at EUR 719.301.000 and the fair value (after the deduction of the transaction costs) is estimated at EUR 701.757.000.



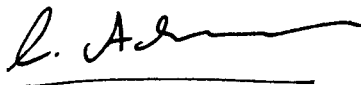
Jean-Paul DUCARME FRICS  
Director PwC



Ann SMOLDERS  
Partner PwC

**DTZ Opinion**

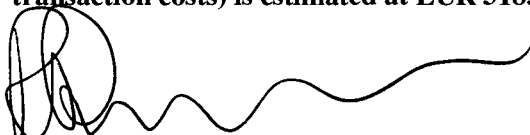
**The investment value of the part of Cofinimmo's real estate portfolio valued by DTZ and by Jones Lang Lasalle in France is estimated as of 30 June 2014 at EUR 2.231.776.000 and the fair value (after deduction of transaction costs ) at EUR 2.127.741.000.**



Christophe Ackermans\*, MRICS  
DTZ Winssinger & Associés Director

**JLL opinion**

**The investment value of the part of Cofinimmo's real estate portfolio valued by JLL in Belgium is estimated as of 30 June 2014 at EUR 326.772.000 and the fair value (after the deduction of transaction costs) is estimated at EUR 318.802.000.**



Roderick Scrivener, MRICS  
JLL Director

**PRICEWATERHOUSECOOPERS** *Entreprise Advisory*  
Société coopérative à responsabilité limitée  
Woluwe Garden, Woluwedal 18  
1932 Sint-Stevens-Woluwe - Belgium  
Tel: +32 (0)710 42 11  
Fax: +32 (0) 710 42 99  
www.pwc.com

**DTZ- WINSSINGER & ASSOCIES**  
Société Anonyme Géomètres - Experts  
Chaussée de La Hulpe 166  
1170 Brussels - Belgium  
Tel: +32 (0)2 629 02 90/91  
Fax: +32 (0)2 648 79 89  
www.dtz.com  
(\*sprl/bvba

**JONES LANG LASALLE** *Expertises*  
Société privée à responsabilité limitée  
Avenue Marnix, 23, b1  
1000 Bruxelles  
Tel: +32 (0)2 550 25 25  
Fax: +32 (0)2 550 26 26  
www.jll.be



## Cofinimmo SA/NV

**Report on review  
of the consolidated interim financial  
information for the six-month period  
ended 30 June 2014**

The original text of this report is in French and Dutch

## Cofinimmo SA/NV

### Report on review of the consolidated interim financial information for the six-month period ended 30 June 2014

To the board of directors

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the consolidated condensed balance sheet, the consolidated condensed statement of comprehensive income, the consolidated condensed cash flow statement and consolidated condensed statement of changes in equity for the six-month period ended 30 June 2014, as well as selective notes 1 to 15.

#### Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information 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 and in accordance with International Financial Reporting Standard IAS 34 – *Interim Financial Reporting* as adopted by the European Union.

The consolidated condensed balance sheet shows total assets of 3.469 million EUR and the consolidated condensed statement of comprehensive income shows a consolidated loss (group share) for the period then ended of 61 million EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information 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 and in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

#### *Scope of review*

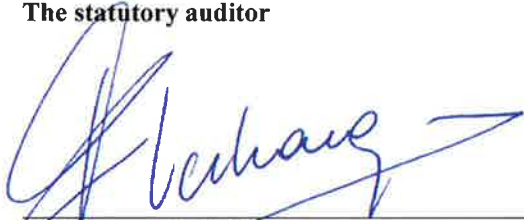
We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410 – *Review of interim financial information performed by the independent auditor of the entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

## *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Cofinimmo SA/NV has not been prepared, in all material respects, 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 and in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union.

Diegem, 31 July 2014

**The statutory auditor**



---

**DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises**  
BV o.v.v.e. CVBA / SC s.f.d. SCRL  
Represented by Frank Verhaegen