Cofinimmo

Annual Report 2008

A journey with...

Cofinimmo is the foremost listed Belgian real estate company specialising in rental property.

Its core activity is office property representing 62.2% of the Group's total investments. The portfolio also comprises care homes (22.2%) and the Pubstone portfolio (13.3%). The buildings are mainly located in Belgium (85.4%). The assets abroad concern, on one hand, the investments in the nursing and care sector in France (9.7%) and, on the other hand, the Dutch Pubstone portfolio (4.9%). The buildings represent a total area of 1,615,857m², an investment value of € 3,247.04 million and a fair value of € 3,134.70 million.

Cofinimmo is an independent company, which manages its properties and clients-tenants in-house. It is listed on Euronext Brussels, where it is included in the BEL20 index, and Euronext Paris. The company benefits from the Belgian fiscal Sicafi regime and the French SIIC regime. Its shareholders are mainly private individuals and institutional investors from Belgium and abroad, looking for a moderate risk profile combined with a high dividend yield.

In this period of economic gloom, we wished to bring our entire staff into the limelight. We pay tribute to their **remarkable spirit of enterprise** and thank them for the daily efforts they make.

Risk management

Strategic management

Risks associated with the economic climate

Cofinimmo's core business is linked to trends in the business cycle influencing indirectly take-up of office space by the private sector. However, the impact of this cycle on the Cofinimmo results and valuation is attenuated by the duration of the leases, by the diversification of the client portfolio and by the fact that almost one third of the clients are public institutions. The economic cycle has no impact on Cofinimmo's other investment sectors: nursing homes, the real estate partnership concluded with AB InBev (Pubstone) and the Public-Private Partnerships.

Risks associated with the investment and development business

The deployment of Cofinimmo's property portfolio allows for a better distribution of risk and is founded on:

- acquiring office properties rented long-term to first rate occupants;
- long-term real estate partnerships with carefully selected operators (nursing homes, pubs);
- Public-Private Partnerships for buildings with particular purposes.

As part of its strategy, Cofinimmo carries out a limited development activity for own account, allowing it to maximise the anticipated return on its investments. This development activity remains restricted to 10% of the portfolio investment value so as not to affect the company's risk profile.

Before acquiring a building, the Group carries out a technical, administrative, legal, accounting and fiscal due diligence following constant analysis procedures, mostly with the support of external, specialised consultants.

Risks associated with the real estate valuation

The Group's property portfolio is quarterly valued by independent real estate experts. These experts dispose of significant market experience. Moreover, before each acquisition, the Group carries out an internal valuation in order to establish the price corresponding to the value of the building within a long-term management perspective.

Property management

Rental risks

The Group actively manages its client base in order to minimise vacancies and tenant turnover in the office segment: the internal property management team is responsible for quickly solving tenant complaints and the internal commercial team maintains regular contacts with them so as to offer alternative solutions in the portfolio when they require more or less space. Although this activity is fundamental to the protection of rental income, it bears little impact on the price at which an empty property can be rented out, since it depends on prevailing market conditions.

Nearly 100% of the lease contracts incorporate a provision whereby rents are annually indexed. Before accepting any new customer, a credit risk analysis is requested from an outside rating agency. An advance deposit or bank guarantee is required from non-public sector tenants corresponding to 6 months rent.

Rents are payable in advance, on a monthly, quarterly or yearly basis. A quarterly provision for property charges and taxes incurred by the Group but contractually rechargeable to tenants is also requested.

The level of credit defaults recorded net of recoveries represents 0.050% of total turnover over the period 1996-2008.

In Belgium, the nursing homes are initially let for 27 years to operators managing several sites. In France, the initial lease length is 12 years. The entire pub portfolio is let to AB InBev for an initial average minimum of 23 years.

Operating cost risks

By operating risk, Cofinimmo understands the risk of losses due to inadequacies or defaults in the company's management or procedures. Direct operating costs are driven essentially by 2 factors:

- the age and quality of buildings determine the level of maintenance and repair expenses, both closely controlled by the property management team, while the execution of works is outsourced;
- the vacancy level of the office properties and the turnover of tenants determine the level of expenses for unlet space, the letting fees, redecoration costs, incentives granted to new clients, ... which the active commercial management of the portfolio aims to minimise.

Construction and refurbishment projects are prepared and controlled by the Group's internal project management team with a mandate to complete them on time and on budget. For the large-scale projects a call is made on specialised external project management firms.

Risk of building destruction

The risk of buildings being destroyed by fire or other disastrous events is insured for a total value of € 1,850,778,552[1] for reconstruction as new. Cover is also taken against the resulting vacant lets.

Financing

Liquidity risk

The current crisis, which is rocking the entire economy and the banking sector in particular, renders access to business loans more complicated and more expensive. It confirms the need to maintain the Group's financial policy, which broadly consists of:

- diversification of the sources of financing;
- a stable, well-spread banking pool with good financial ratings (for the debt and derivative instruments);
- a well-balanced maturities spread over time.

This diversification ensures the best possible financial conditions, given the market trends, whilst protecting the Group against the liquidity risks on refinancing.

Counterpart risk

Cofinimmo is exposed to a counterparty risk when it uses derivative instruments or undertakes the short-term investment of surplus cash. A derivative instrument, for example to cover a rate risk, may entail the payment to the company of certain sums over the duration of the contract by its counterparty, which, in the event of the latter's insolvency, may lead to payment arrears or default, causing a negative impact on Cofinimmo's results. The company limits this risk by associating with a number of different counterparties with good financial ratings. Furthermore, cash surpluses are generally used for the immediate repayment of the financial debt and therefore replacements remain limited. Where appropriate, they are placed at very short term with counterparties of excellent quality.

Interest rate risk

The Group contracts nearly all its financial debt at floating rate or if at fixed rate, conversion immediately follows to floating rate. This allows the Group to take advantage of low short-term rates. However, financial charges being exposed to hikes in rates, the policy of the Group consists in securing interest rates over a rolling period of minimum 3 years for between 50 and 90% of the consolidated financial debt. In this way, the Group partially cushions itself over the chosen rolling period against the effect of a sharp upturn in these rates. The reasoning behind this policy is that as rents are contractually indexed, an increase in inflation affecting nominal rates would have a favourable net impact on the Group's net result, but only with a time lag of several years. The cover period of minimum 3 years was chosen, on the one hand, to offset part of the depressive effect this time lag would have on the net income and, on the other hand, to forestall the adverse impact of any rise in European short-term interest rates which is not accompanied by a simultaneous increase in inflation. Finally a rise in real interest rates would probably be accompanied or quickly followed by a revival of overall economic activity which would give rise to more robust rental conditions and subsequently benefiting the Group's net result.

Simulations conducted show that the Group's net income is historically sensitive to fluctuations in interest rates. However, in 2009, assuming that the structure and level of debt remain constant compared to 31.12.2008 and taking into account the hedging instruments put in place, an average increase or decrease in interest rates of 0.5% compared to the average rate adopted for the forecasts 2009 would lead to no significant rise in financial charges. The Group may also hedge on a case by case basis against fluctuations of the underlying interest rates the value of financial assets consisting in receivables derived from long-term lease contracts (generally indexed) by entering into Interest Rate Swap contracts. The underlying inflation risk is however not hedged.

Exchange risk

The Group is currently not exposed to any exchange risk.

1 This amount does not include insurances taken during construction works or insurances taken by building occupants.

Letter to the shareholders

Its policy of prudence has permitted Cofinimmo to put up very creditable resistance to the events occurring on the financial markets and to maintain excellent operational performances in line with its forecasts.

Ladies and Gentlemen,

Economists will spend many years trying to explain the causes of the crisis in which we are steeped and many will claim that it was predictable.

Of all the aspects which can be touched on, there is one which we consider should be emphasised, as it made its presence keenly felt in the markets in which Cofinimmo operates. This is the propensity of certain operators to transform real estate from a prudent to a speculative investment. Expectations of return on an investment must reflect the level of risk-free rates, to which a premium must be added corresponding to the specific risk of the investment in question.

This risk premium applied to real estate will depend on the characteristics of the transaction, the building or the portfolio examined.

Belgian office property, especially in Brussels, has for many years benefited from a low-risk profile deriving from stable tenants, which are international or Belgian public entities, European headquarters of multinationals, industrial groups or traditional financial companies, etc.

These characteristics allow a reasonable return in the order of 6% to 8% to be anticipated, providing fair, regular remuneration for the investor for the risk incurred. Certain market players have unfortunately drawn up business plans relying on distinctly higher yields and have tried to achieve them in some cases through excessive indebtedness and risk-taking or quite simply by building up over-optimistic assumptions for the future.

The financial markets ended up by reacting to these excesses and the European property value index (EPRA Europe), in particular, plunged 50.9% in 2008. In this turmoil, Cofinimmo nevertheless remained resilient, yielding only 26.6% over the same period.

During the past two years and in this turbulent context, Cofinimmo has given priority to its policy of prudence by focusing on two main development priorities. Firstly, it has concentrated on investments in offices leased on the long term to high-quality debtors. Thanks to this policy, the rotation of its assets has gathered pace, with sales and acquisitions totalling € 341 million and € 1,398 million respectively since 01.01.2007. The average term of its leases is currently 12.3 years, with public sector tenants representing 43% of the office portfolio.

Cofinimmo has also developed the concept of real estate partnership in the nursing home sector, both in Belgium and France. Since the first acquisition made in October 2007 in Braine-l'Alleud, the portfolio has grown by 87 properties, of which 41 are located in Belgium and 46 in France, with a total asset value of € 721 million at 31.12.2008. In both these countries, the healthcare sector for the elderly is characterised by close supervision by the public authorities, which organise and support both access to the profession and the reimbursement of the costs of care.

These partnerships offer Cofinimmo the prospect of very long-term indexed leases (27 years in Belgium and 12 years in France).

This partnership concept was extended through the acquisition in 2007 of a portfolio of Belgian and Dutch pubs from the Anheuser-Busch InBev Group. This partner, which has now become the world's leading brewer, signed a renewable indexed rental contract for a period of over twenty years.

In both contexts, Cofinimmo has acquired properties offering not only indexed, secure, regular rental income, but also prospects of enhanced property value in the long term.

In parallel to these two priorities, Cofinimmo plays an active role in the field of Public-Private Partnerships, which allow access to property investments corresponding to its search for stable, regular profitability. However, the credit market situation has slowed this activity considerably in recent months.

Its policy of prudence has permitted your company to put up very creditable resistance to the events occurring on the financial markets and to maintain excellent operational performances in line with its forecasts.
Its occupancy rate remains at 97.85%. The current result stands at € 46.47 million, i.e., disregarding the impact of IAS 39 and non-recurring elements, € 7.56 per ordinary share.

The value of the portfolio, as defined at 31.12.2008 by the independent experts, is down 1.96%, i.e. € 63.78 million (€ 6.16 per share). It reflects the climate of uncertainty prevailing in the financial and property markets throughout Europe.

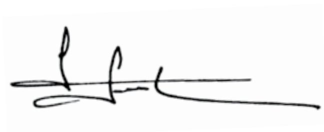
The explanation for the robust resilience of the Cofinimmo portfolio, compared to the situations observed in several foreign countries, lies in the nature of the Belgian market, its composition, the terms of the leases, the quality of the debtors, its indexation and the significant fall in the level of interest rates.

The strategy, which has been constant for several years, will be continued resolutely, taking account of the general economic situation, as well as the financial, banking and property markets and the creditworthiness of the counterparties in an unstable environment with potential for unusual risks of indefinable and unquantifiable probability.

Cofinimmo is and will remain particularly attentive to identifying and anticipating these risks in order to control them by taking all necessary measures very promptly to limit their effects and to retain its full capacity to take advantage of the future opportunities in the interests of the company, its shareholders, its staff and all its partners.

19.03.2009

André Dirckx
Chairman of the
Board of Directors



Serge Fautré
Managing Director

Key figures

Results by segment

	Offices	Nursing homes and clinics	Pubstone[1]	Others[2]	TOTAL
Fair value of the portfolio (x € 1,000,000)	1,956.87	695.36	394.46	88.02	3,134.70
Occupation rate	96.70%	100.00%	100.00%	100.00%	97.85%
Surface	855,231m²	395,506m²	306,441m²	58,679m²	1,615,857m²
Property result (x € 1,000)	134,808	30,207	26,694	6,725	198,434
Direct property costs (x € 1,000)	-5,494	-84	-39	-446	-6,063
Property result after direct property costs (x € 1,000)	129,315	30,123	26,654	6,279	192,371
Gross rental yield at 100% portfolio occupation	7.18%	6.24%	6.51%	7.19%	6.88%

Portfolio (x € 1,000,000)

	2008	2007	2006	2005	2004
In fair value[3]	**3,134.70**	2,799.87	2,306.83	2,127.06	2,037.55
In investment value[4]	**3,247.04**	2,895.74	2,363.25	2,180.47	2,088.77
Occupancy rate[5]	**97.85%**	97.37%	95.13%	95.76%	92.92%
Surface	**1,615,857m²**	1,394,400m²	1,061,167m²	1,018,166m²	861,507m²

Consolidated results (x € 1,000,000)

	2008	2007	2006	2005	2004
Property result	**198.43**	155.28	142.92	143.45	129.28
Operating result (EBIT)[6]	**170.57**	130.63	120.13	119.20	105.88
Net current result	**56.37**	90.72	93.96	93.17	81.54
Minority interests	**0.35**	0.23	-	-	-
Preference dividend - Proposal	**9.55**	9.55	9.55	9.55	9.55
Net current result - Group share (ordinary shares)	**46.47**	80.94	84.41	83.62	71.98
Result on the portfolio - Group share (ordinary shares)	**-61.32**	61.57	49.01	5.88	-5.35
Net result - Group share (ordinary shares)	**-14.85**	142.51	133.42	89.50	66.64

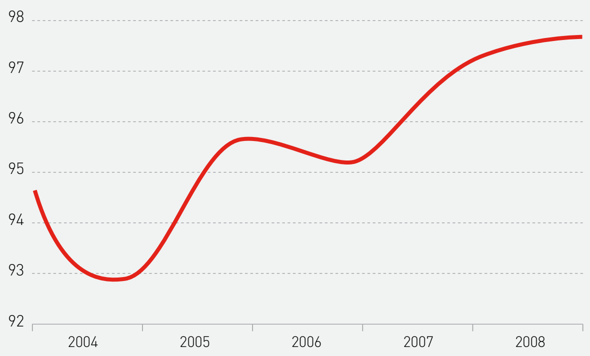
Consolidated balance sheet[7] (x € 1,000,000)

	2008	2007	2006	2005	2004
Shareholders' equity - Ordinary shares	**1,199.97**	1,221.48	1,137.42	1,049.25	974.72
Shareholders' equity - Preference shares	**168.61**	168.61	168.61	168.61	168.61
Debts and liabilities included in the debt ratio	**1,874.20**	1,585.20	1,239.39	1,114.04	1,038.08
Balance sheet total	**3,550.05**	3,183.31	2,608.18	2,406.06	2,251.19
Debt ratio	**52.79%**	49.80%	47.52%	46.30%	46.11%

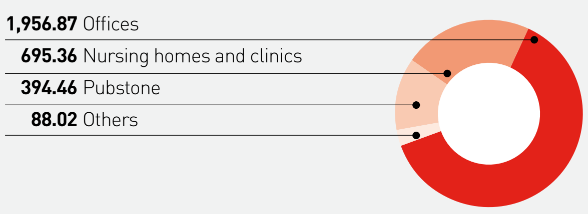
Revalued net asset per ordinary share[7] (in €)

	2008	2007	2006	2005	2004
In fair value	**108.98**	115.44	115.10	108.20	106.78
In investment value	**115.02**	121.56	120.91	113.70	112.38
In fair value on fully diluted basis[8]	**109.40**	114.20	114.74	108.55	107.58

Evolution of the occupancy rate of the consolidated property portfolio (in %)



Fair value of the portfolio (x € 1,000,000)



Consolidated results per ordinary share (in €)

	2008	2007	2006	2005	2004
Net current result - Group share	**4.27**	8.20	8.69	8.60	8.12
Result on the portfolio - Group share	**-5.64**	6.24	5.04	0.61	-0.60
Net result - Group share	**-1.36**	14.44	13.73	9.21	7.52
Net current result - Group share - IAS 39 impact and non-recurring elements excluded	**7.56**	7.54	8.40	8.95	-
Net result - Group share - IAS 39 impact excluded	**2.45**	15.35	13.44	9.56	-

Dividends (in €)

	2008	2007	2006	2005	2004
Gross ordinary dividend	**7.80**	7.75	7.40	7.35	7.30
Net ordinary dividend	**6.63**	6.59	6.29	6.25	6.21
Gross preference dividend	**6.37**	6.37	6.37	6.37	6.37
Net preference dividend	**5.41**	5.41	5.41	5.41	5.41

Number of shares (as at 31.12)

	2008	2007	2006	2005	2004
Ordinary shares[9]	**10,987,669**	9,909,435	9,872,029	9,720,027	9,128,341
Ordinary shares entitled to share in the result for the period	**10,884,287**	9,872,029	9,720,027	9,720,027	8,864,822
Preference shares entitled to share in the result for the period	**1,499,766**	1,499,766	1,499,766	1,499,766	1,499,766

Key ratios (in %)

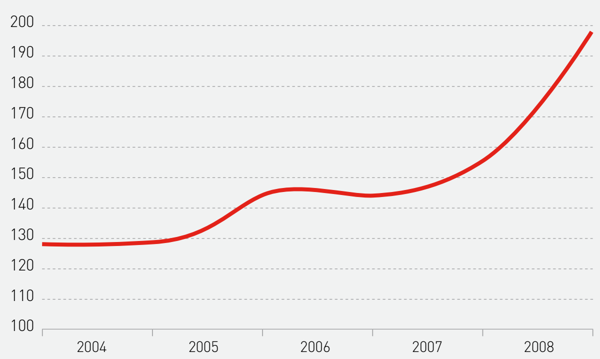
	2008	2007	2006	2005	2004
Operating result[6] to property result	**85.96**	84.12	84.05	83.10	81.90
Property result to revalued assets[10]	**6.37**	6.27	6.23	6.78	6.88
Net current result to revalued shareholders' equity[10]	**3.93**	6.71	7.86	8.13	7.77
Result on the portfolio to revalued shareholders' equity[10]	**-5.18**	5.11	4.56	0.49	-0.52
Cost of debt	**4.79**	4.55	3.43	3.21	3.69

Retrospective 1996-2008 (x € 1,000,000)

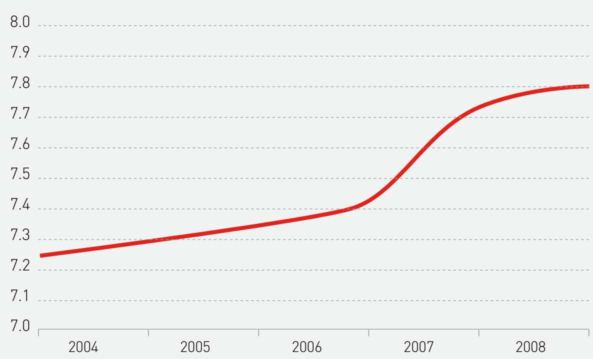
PORTFOLIO AS AT 01.01.1996 (IN INVESTMENT VALUE)	**608.57**
Investments	**3,407.14**
Acquisitions	**3,024.12**
Constructions and renovations	**383.02**
Disposals	
Realisation value	**-1,124.69**
Gains and losses realised in relation to the last estimated quarterly evaluation	**108.21**
Latent gains and losses previously entered in the accounts and realised	**48.85**
Unrealised latent gains and losses	**198.96**
PORTFOLIO AS AT 31.12.2008 (IN INVESTMENT VALUE)	**3,247.04**

1 The sub-group Pubstone owns 1,068 pubs in Belgium and The Netherlands (see page 30). 2 It concerns semi-industrial and retail buildings as well as a leisure club. 3 IAS/IFRS book value of the investment properties, development projects and assets held for own use. 4 The investment value of the property portfolio is the value as established by the independent real estate expert, of which transaction costs are not deducted. 5 Calculated according to the actual rents for the occupied buildings and the ERV for unlet buildings. 6 Before result on portfolio. 7 Before appropriation. 8 Preference shares are convertible at the rate of one ordinary share for one preference share, from the 5th anniversary of their issue date (01.05.2009), see also page 133. The revalued net asset figure per share is calculated here pro forma on a fully diluted basis, proceeding on the assumption that the preference shares had already been converted on issue, so as to show, as of now, the effect of their future conversion on the revalued net asset figure per share. 9 Shares held as cross-holdings by Cofinimmo excluded. 10 Calculated by taking the average of the buildings in portfolio in 2008.

Evolution of the property result (x € 1,000,000)



Evolution of the gross dividend (in €)



2008 in a nutshell

2008

JANUARY

Creation of 235,576 new ordinary shares

Disposal of 50% of the lease receivables on the building Belliard I-II (€ 77.8 million)

FEBRUARY

Acquisition of the nursing homes Diamant, Rinsdelle and Linthout (€ 18.6 million)

Disposal of 21 offices buildings (€ 77.0 million)

MARCH

Establishment in France through the acquisition of 32 healthcare homes from the Korian Group (€ 229.0 million)

Creation of 493,571 new ordinary shares (€ 63.0 million)

APRIL

Acquisition (PPP) of the Police station of the HEKLA zone (€ 7.2 million)

Acquisition of the nursing homes Vigneron, L'Adret and Top Senior (€ 12.3 million)

MAY

JUNE

Acquisition of the nursing home L'Orée du Bois (€ 8.7 million) with extension project (€ 5.4 million)

Acquisition of a site in Antwerp, Wipstraat 24 (€ 2.5 million) to rebuild a new nursing home (€ 8.8 million)

Listing on Euronext Paris

JULY

Acquisition of the nursing homes Damiaan, La Cambre, Schweitzer and Van Zande (€ 77.6 million)

Acquisition of the office building Omega Court (€ 41.5 million)


Nursing home Vigneron

Police Station HEKLA Zone


Office building Omega Court

Adoption of the SIIC regime

ISO 14001:2004 environmental certification

Acquisition of the nursing home Zevenbronnen (€ 5.2 million)

Acquisition (PPP) of the Fire Station of Antwerp (€ 30.2 million)

Finalisation and restructuring of the Pubstone transaction

Acquisition of the nursing homes Résidence du Parc and Les Jours Heureux (€ 10.9 million)

AUGUST SEPTEMBER OCTOBER NOVEMBER DECEMBER

Acquisition of the nursing home Hof ter Dennen (€ 3.6 million)

Acquisition of 14 health-care institutions in France from the Korian Group (€ 104.5 million) and agreement for the future acquisition of 5 additional institutions under construction (€ 39.9 million)

Disposal of the usufruct receivables on the office buildings Everegreen, Luxembourg 40 and Loi 56 (€ 59.5 million)

Disposal of the office buildings Audent 12, Cleydaellaan and Bourdon 100 (€ 13.9 million)

Over the entire year: disposal of 582,643 own ordinary shares (€ 71.7 million)

Nursing home La Cambre

Nursing home Zevenbronnen

Fire Station Antwerp

Management report

For its 3 investment hubs, Cofinimmo's strategy is supported by the know-how of its Project Management and Property Management teams.

STRATEGY

Investment areas

Office buildings

In the office property segment, which remains Cofinimmo's foremost area of investment, the investment strategy focuses on long-term leases, calibre of tenants, location of properties and development for own account projects. It also comprises a policy of asset arbitrage with the goal of retaining the highest quality portfolio. Cofinimmo has charge of the operational management of its portfolio of properties and that of its client-tenants. The commercial and Property Management teams, who forge regular and lasting relations with these clients, aim first and foremost to provide an all-in-one property solution, combining quality buildings, flexibility and associated services.

Long-term real estate partnerships:
Nursing homes/clinics and pubs

Over the last years, Cofinimmo has been developing long-term real estate partnerships with some major players in specialised sectors, more particularly into the sectors of nursing homes and pubs (Pubstone). In order to allow these operating companies to focus on their core business or to release financial resources to finance their expansion, Cofinimmo acquires their property assets and assumes responsibility for structural upkeep of walls, roofs and facades. It does not assume any risk connected with the operational activities of the partner and in each case has only a single corporate tenant/debtor and a single lease. The long-term leases signed with these tenants generate a positive impact on the results and improve the risk distribution pattern in the portfolio. Initial rental yields, indexed subsequently, are equivalent to those for office properties with comparable lease periods.

The calibre of the locations of these properties guarantees an attractive residual value, paving the way for expecting a positive trend in the net asset value of the share. Moreover, the care homes sector offers an attractive demographic profile as well as a major expansion potential.

Public-Private Partnerships for buildings with special purposes

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

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

The strategy of these 3 investment areas is underpinned by the know-how of the in-house Project and Property Management teams. By coordinating construction, renovation, extension and development projects, the strategy helps to maintain a high quality property portfolio over the long term and contributes to portfolio growth in each business arm.

Acquisition criteria

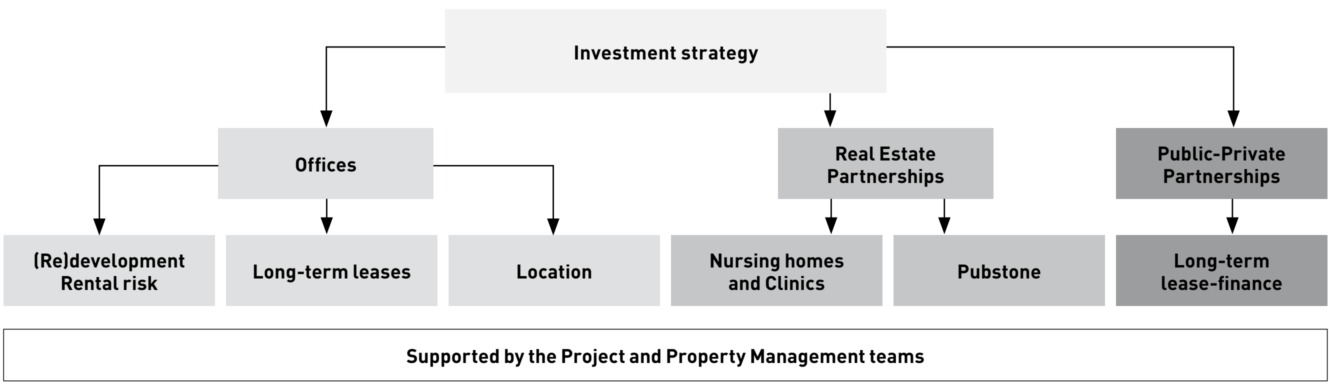
Cofinimmo has 25 years of experience in acquiring and managing property. Acquisition opportunities must pass the test of potentially having a positive impact on the performance and risk profile of the company. The financial targets are based on the application of rigorous valuation models founded on precise financial criteria. For the acquisition of buildings situated within the portfolio average and for which there is no specific financing, the criterion is the present value, at the weighted average cost of capital and debt, of the long-term cash flow generated by operating the investment and the residual value, compared to the acquisition price, costs included. For large-scale operations (> 7% of the portfolio value) and/or those associated with a special financing arrangement, in addition to the above criteria, the company examines the combination of the average accretions over 5 years in the net current result per share and in the revalued net asset value per share. Where a contract provides that Cofinimmo will not own the property in perpetuity (as, for example, in the majority of Public-Private Partnerships) the merits of the investment are measured in terms of the Internal Rate of Return (IRR), expressing the return on invested capital, which must be higher than the weighted average cost of capital.

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

Geographic presence

Established exclusively in Belgium until 2006, Cofinimmo has obtained successive footholds in The Netherlands in 2007 (part of the Pubstone portfolio) and France in 2008 (nursing homes and clinics), in both cases through long-term partnerships with lessee operators. From the geographical point of view, the company's strategy gives priority to presence in Belgium's neighbouring countries and to a rate of establishment which enables it to acquire sound knowledge of the chosen foreign property markets, such as of their specific practices.

The existence in a neighbouring country of the real estate investment trust tax regime, which is similar to that of the Sicafi, is an incentive to select this country for Cofinimmo's foreign investments.



Development for own account

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

It also enhances client loyalty by offering them properties catering to their expectations and keeping down maintenance costs by providing properties of durable construction. The Cofinimmo Project Management team is responsible for managing developments, major renovation works and projects to decorate or fit out office space. The team draws up the renovation plans and takes charge of implementing them. By this means, Cofinimmo can guarantee to provide its clients with comfortable and cost-effective quality buildings on a long-term basis.

Moreover, Cofinimmo endeavours to develop its property portfolio aiming to preserve the environment and to reduce its ecological footprint (see also page 58).

Financing

Profitable growth and the stable and proactive relationship forged by Cofinimmo with its clients are vital as they contribute to the company's financial results and to the concern of its shareholders. Maintaining a good occupancy rate, reducing costs incurred by vacant space, investing in quality projects and deploying a strategy of property partnerships allow the Group to realise operational financial performances matching the forecasts and support the distribution of a dividend. Cofinimmo's investment capacity is founded on its ability to raise fresh equity and its borrowing capacity. While the Sicafi legal regime allows the debt ratio to go up to 65% (debt to total assets), Cofinimmo has arranged with its partner banks to keep the debt ratio at a lower level, below 60%, allowing to obtain more attractive banking margins. The agreements concluded with the banks stipulate that the rate of debt is calculated by dividing the net financial debt by the market value of the property portfolio (financial receivables included).

Commercial strategy

Concurrently, Cofinimmo pursues a commercial strategy geared to forging a close relationship of trust with its clients and maximising the occupancy rate of its portfolio.

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

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

On the other hand, a wide range of property-related services is offered to the client, designed to facilitate the task of managing office space, thereby reducing the time that clients need to spend on this aspect. Cofinimmo provides maintenance services (cleaning, technical maintenance, minor repairs, ...), security (patrols, property guards, ...), and workspace management (office design and fitting out, ...). These services are offered by specialised external firms at competitive market conditions. Each client is free to choose the services required. This one-stop shopping represents an efficiency gain for clients and helps cement their loyalty. A single contact person, the Property Manager of the building concerned, is responsible for all coordination of property management, including tendering for works, supervising execution of works and quality control.

TRANSACTIONS AND PERFORMANCES IN 2008

Global portfolio

At 31.12.2008, the consolidated property portfolio reaches € 3,134.70 million in fair value[1] and € 3,247.04 million in investment value[2]. It comprises 1,265 properties, with a total rental area of 1,615,857m² in superstructure. The offices account for 62.2%[3] of the portfolio, the nursing homes 22.2% and Pubstone 13.3%. The other business sectors (2.3%) are insignificant. The vast majority of the portfolio is located within the Belgian territory (85.4%). The properties located abroad relate on the one hand to the healthcare sector in France (9.7%) and on the other hand to the Dutch Pubstone portfolio (4.9%).

Investments[4]

During the course of 2008, Cofinimmo invested a total amount of € 554.33 million in new acquisitions, of which € 43.48 million in the offices segment, € 472.83 million in the nursing homes segment, € 37.35 million in Public-Private Partnerships and finally € 0.67 million in the Pubstone portfolio. Furthermore, investment commitments amounting to a total of € 54.50 million were entered into, principally in the nursing homes sector.

Divestments

Under its strategy of portfolio arbitrage, Cofinimmo sold 26 assets, mainly office blocks, for a total amount of € 91.29 million, realising a capital gain of € 4.71 million. The company also sold lease and usufruct receivables on several office buildings for a total amount of € 137.30 million, with a gain of € 6.81 million.

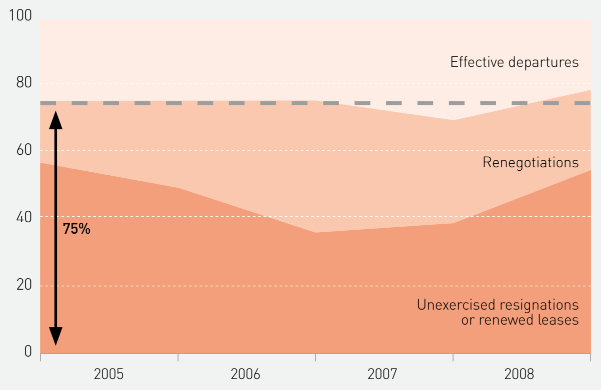
Constructions and renovations

With a view to guaranteeing optimum quality of its portfolio, the company carried out constructions and renovations, for which the total amount invested in 2008 amounts to € 48.19 million, of which € 21.96 million in the office sector, € 23.23 million in the nursing homes sector and € 3.0 million in the Pubstone portfolio.

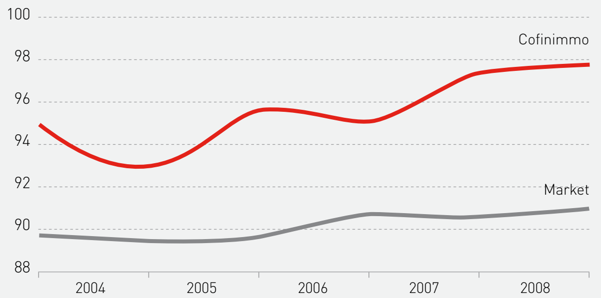
Commercial and property results

The rental vacancy risk faced by Cofinimmo each year represents on average 8% of its overall portfolio and 12 to 15% of its office portfolio. The efforts of the commercial teams during the last 5 years contributed towards safeguarding on average 75% of the rental vacancy risk. In 2008, 79% of this risk was secured as a result of renewals of expiring leases; 9% of the remaining 21% was secured as a result of being let to new clients during the year.

Vacancy risk handling (in %)



Evolution of the occupancy rate[5]
Cofinimmo vs. the market (in %)



5 The occupancy rate is calculated by dividing the contractual rents of the current leases (indexed) by the sum of these contractual rents and the estimated rental values of the vacant premises, the latter being calculated on the basis of the current market rates.

1 The fair value is obtained by deducting an appropriate proportion of the registration duties and/or VAT from the investment value. 2 The investment value, which is established by independent real estate experts, is the most likely value that could reasonably be obtained in normal sales conditions between willing and well-informed parties, before deduction of transaction costs. 3 The portfolio breakdown is carried out based on the investment value. 4 Except where expressly indicated otherwise, the acquisition value of each of the investments made in 2008 does not exceed the investment value as determined by the independent real estate expert.

Furthermore, diversification in the nursing homes sector and the Pubstone portfolio, in which the occupancy rate is 100%, has a positive impact on the overall occupancy rate and improves the spread of the risk.

The Cofinimmo portfolio -with unchanged composition- records a negative variation of the fair value of 1.92% over the 12 months of 2008. With actual composition, this variation stands at -1.96%, corresponding to an amount of € 63.8 million. Also with actual composition, the current gross yield on the total portfolio has risen from 6.75% at 31.12.2007 to 6.88% at 31.12.2008, that of the office property portfolio alone from 6.94% to 7.18%.

This depreciation however is limited by:

- the indexation of the leases which are pegged to inflation and hence particularly high for 2008;
- the excellent occupation rate of the buildings reaching 97.85% as at 31.12.2008;
- the current average residual lease length of Cofinimmo's portfolio which has risen from 8.3 years (at the end of 2004) to 9.7 years (at the end of 2006) and then to 12.3 years at the end of 2008 for the portfolio as a whole[1], an exceptional level among the European real estate companies and particularly welcome in the present economic context.

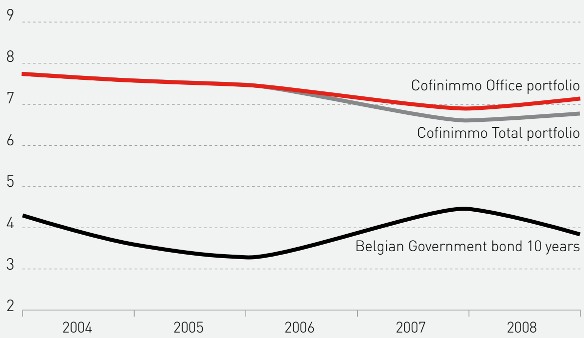
During the period 2005-2008, generally referred to as the "property bubble" by the observers, where the major European cities, such as Paris, Frankfurt and London experienced soaring values, the Brussels market remained more or less stable.

The prime yield[2] posted by the Brussels office property market at the end of 2008 (6.00%) is identical to that of 3 years earlier, with the greatest fluctuation recorded during this period amounting to only 50 basis points (5.50% at the end of 2007, source: DTZ Research).

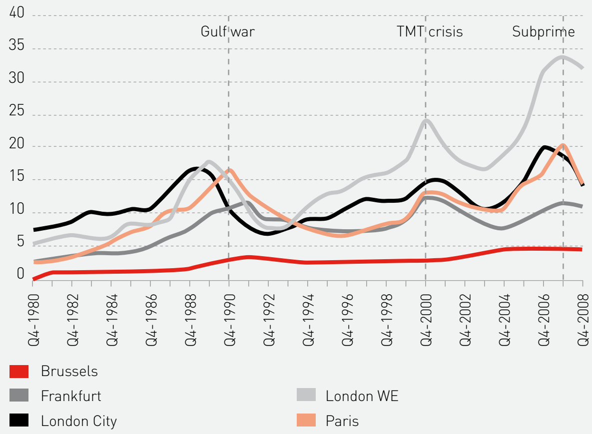
During the past 6 years, the value per m² of the Cofinimmo office portfolio has shown very little variation: € 2,279 at the start of 2005, € 2,585 at the start of 2007 and € 2,623 at the end of 2008; the values per m² of the nursing homes portfolio and the pubs are well below this last figure: € 1,768 and € 1,404 respectively, at the end of 2008.

Finally, since the true test of the valuations occurs only on the actual sales, it is worth mentioning that Cofinimmo, since it obtained its Sicafi status in 1996, has disposed of buildings for a total of € 1,078 million in 53 separate transactions, realising (intermediates' remuneration and other various costs excluded) an average capital gain of 11.3% compared to the last valuations (in investment value) before these disposals. During the years 2005 to 2008 alone, this average was +17.25% and for the year 2008 alone still +7.2%.

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



Evolution of the office value/m² (x € 1,000/m²)



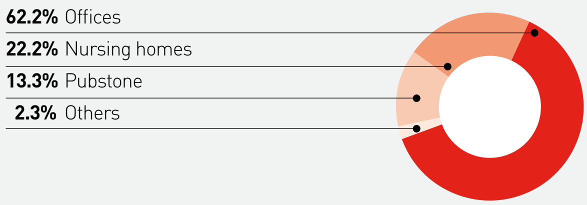
1 For the office property alone, it stands at 7.7 years. 2 This is the maximum yield, i.e. of a building leased at its full market value, of prime quality, benefiting from a prime location and leased to top-quality tenants.

Sector information

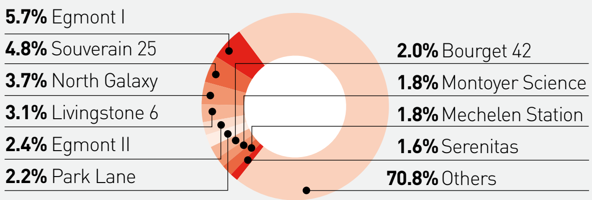
Rental situation by destination

Properties	Superstructure (in m²)	Contractual rents (x € 1,000)	Occupancy rate (in %)	Rents + ERV on unlet (x € 1,000)	Estimated Rental Value (ERV) (x € 1,000)
Offices	846,763	138,811	96.70	143,555	133,635
Nursing homes	395,506	43,608	100.00	43,608	43,071
Pubstone	306,441	27,997	100.00	27,997	26,353
Others	55,479	5,175	100.00	5,175	4,777
Projects & renovations	8,468	78	n.a.	78	77
Land reserve	3,200	130	n.a.	130	162
TOTAL PORTFOLIO	**1,615,857**	**215,800**	**97.85**	**220,544**	**208,076**

Breakdown by destination - in investment value

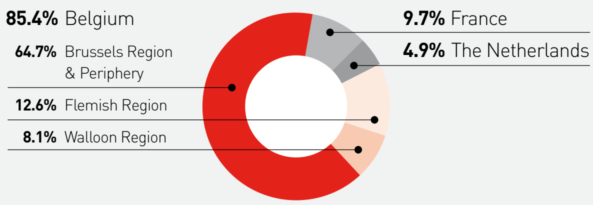


Relative importance of main buildings - in investment value

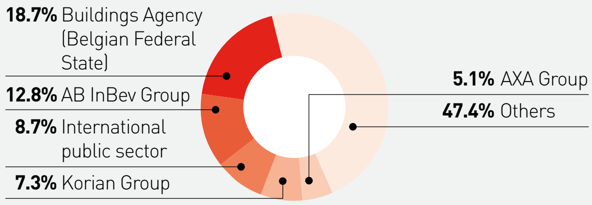


One of the key features of Sicafis is risk diversification[2]. The Cofinimmo portfolio is well-diversified, with the largest property representing only 5.7% of the consolidated portfolio.

Geographic breakdown - in investment value

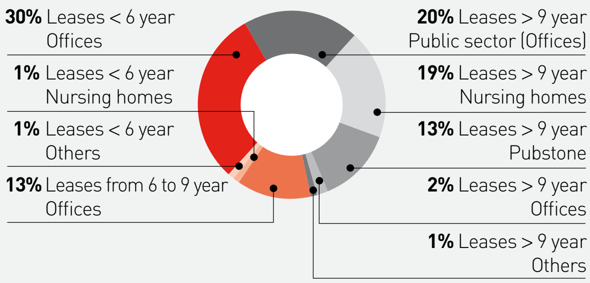


Main clients[3] - in contractual rents



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

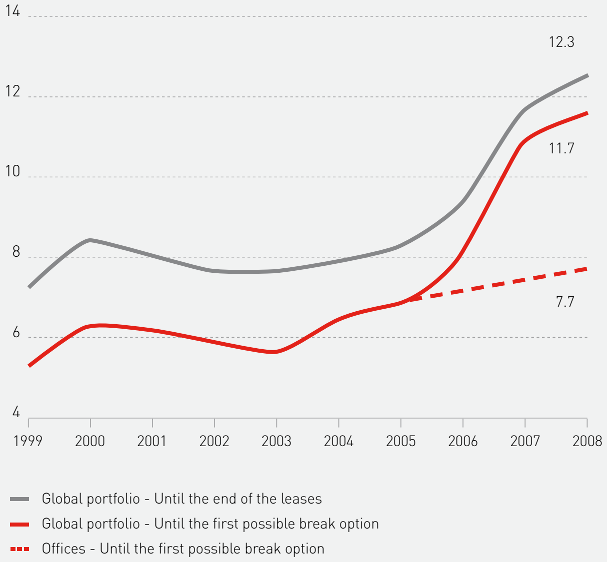
Maturity of the portfolio[4]



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

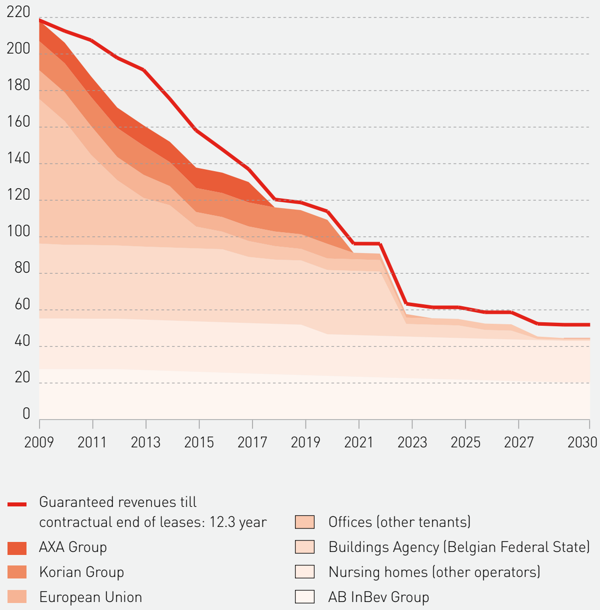
2 Cf. Art. 43 RD 10.04.1995. 3 At the end of 2008, the 5 most important clients of Cofinimmo represented 52.6% of the rental income. 4 Until the next possible break option.

Average residual lease length - in contractual rents
(in number of years)



The average residual length of all leases in force at 31.12.2008 is 11.7 years if each tenant would exercise his first possible termination option (break).
This number increases to 12.3 years in case no break option is exercised and all tenants remain in their rented space until the contractual end of the leases.
As a consequence of the leases signed in 2008, the average residual length of the portfolio progressed by 4.5% in 12 months.

Contractually guaranteed rental income
(x € 1,000,000)



A minimum of 70% of the rental income is contractually guaranteed until 2014. This percentage increases to 80% in case no termination option (break) is exercised and all tenants remain in their rented space until the contractual end of the leases.

Offices

Even though it is more resilient than many other economic sectors, the real estate sector has not escaped the widespread crisis of confidence which exploded in 2008. On the Brussels office property market, in fact, total lets come to approximately 450,000m², i.e. about 10% below the average of the past 5 years. It should be pointed out that the European Commission alone accounts for 10% of this take-up, especially through a large-scale let of 30,000m² in the North District, thereby providing much needed relief for the vacancy rate in this district. Absent from the market for the past 2 years, the Commission in this way mitigates the decline in private sector renting, which had cooled off somewhat on account of the financial crisis in recent months.

The average vacancy rate in Brussels remains very close to 10% and is not set to improve in 2009, as a certain number of large-scale projects are entering the market, especially in the city centre and the European District. This situation obviously leads to pressure on rents, although this is relatively modest for the time being. It must be pointed out that, contrary to the neighbouring markets of London or Paris, for instance, the level of rents in Brussels is reasonably low which, coupled with the significance of the European Institutions in our market, explains why the economic cycles are reflected in modest variations in rents. Although there is still a vacancy rate in the order of 12% in the **Decentralised** area, which is attributable to the virtual non-existence of new projects, the same is not true for the **Central Business District** (CBD), where the vacancy rate stands at 7% and where there will be nearly 250,000m² of new property in 2009. The **Periphery** is expected to remain at its usual level of 18% to 20%, in the absence of significant deliveries.

The **Antwerp** office property market, for its part, with a take-up in the order of 100,000m², performed well in 2008, thereby maintaining the tempo of recent years.

On the investment market, the final months of 2008 are characterised by an almost total absence of major transactions. The volume for the year barely reached € 3 billion, compared to € 5 billion of the 2 previous years. The financial crisis has taken its toll here: the high-leverage investors have disappeared and the German funds, which were so partial to our market, are resigned to waiting for better days.

The year 2009 therefore promises to be a challenge! It is foreseeable that businesses will maintain more stringent control over their risk-taking, which will not promote extensions to office space. The portfolios containing a large proportion of long-term leases will get well out of it.

At 31.12.2008, Cofinimmo's office property portfolio consists of 101 properties, representing a total area of 855,231m² aboveground and an investment value of € 2,021.67 million[1].

These properties are all located in Belgium. The internal team responsible for them has 55 members, of whom 41 are directly involved in Property and Project Management and 14 provide legal, commercial, tax and accounting support.

Investments

- On 04.07.2008, Cofinimmo acquired 100% of the shares of Omega 8-10 SA, which was owner of the office building **Omega Court** located in Brussels. The acquisition value of the building amounts to € 41.5 million. This newly constructed building counts 18,000m² and 187 parking places. The expected gross yield on this investment, fully let, is estimated at 6.5 to 7.0%, depending on the rental conditions. At 31.12.2008, the building was already 37% rented.

- On 17.07.2008, Cofinimmo acquired a semi-industrial land, located **Kouterveldstraat** 6 in Diegem adjacent to the Park Lane business park, for an amount of € 1.98 million.

Divestments

Offices

- On 27.02.2008 Cofinimmo has disposed of the long lease rights of 99 years on 19 buildings of the **Keiberg Business Park** in Zaventem, that is its entire portfolio in this park, as well as the 2 buildings **Woluwe Garden 26 and 30** in St-Stevens-Woluwe. The total amount of the disposals stands at € 77.0 million. Cofinimmo realised a gain of € 4.2 million, that is 5.66% higher than the investment value set by the expert and 5.81% more than the fair value (book value).

- In December 2008, Cofinimmo disposed of a long lease right of 99 years on the building **Bourdon 100** in Brussels and sold the buildings **Audent 12** in Charleroi and **Cleydaellaan** in Aartselaar for a total amount of € 13.85 million, with a gain of € 0.49 million.

Lease receivables

- In regard to an agreement signed at the end of 2007 concerning the disposal of 100% of the long lease receivables on the **Belliard I-II** building, Cofinimmo disposed on 02.01.2008 of 50% of these long lease receivables (the other 50% being disposed of in 2007) for an amount of € 77.78 million, with a gain of € 4.68 million.

- On 22.12.2008, Cofinimmo assigned to a subsidiary of the Société Générale Group usufruct receivables for an initial period of 15 years payable by the European Commission in respect of the buildings **Loi 56, Luxembourg 40** and **Everegreen** in Brussels for a total amount of € 59.52 million, with a gain of € 2.13 million. The usufruct relating to these buildings ends between December 2020 and April 2022. Cofinimmo retains bare ownership and the indexation part of the receivables relating to the building Luxembourg 40 has not been assigned.

1 The fair value stands at € 1,956.87 million.

Constructions and renovations

In 2008, the Project Management department managed the following main projects:

Brussels

1 - Arts 47

Renovation of the front façade and improvement of the thermal insulation (façade + roof); the building remained occupied during the works

End of the works: December 2008 for the front façade; January 2009 for the roof work

2 - Colonel Bourg 124

Renovation and refitting for the local Police, Brussels North area

End of the works: June 2008

3 - Loi 227

Large-scale renovation of the façades and the technical installations and partial interior refitting on behalf of the E.I.B.

End of the works: 3rd quarter 2009

4 - Nerviens 105

Medium-scale renovation under a usufruct right (15 years) with the European Commission

End of the works: May 2008

5 - Régence 55-65

Full interior refitting

End of the works: February 2008

6 - Square de Meeûs 23

Structural renovation of a partially classified office block with restoration of the façades

End of the works: 1st quarter 2010

7 - West End, Noordkustlaan

Supervision of the quality and execution of the construction works (business park comprising 3 office blocks acquired in their future state of completion)

End of the works: 2nd quarter 2009

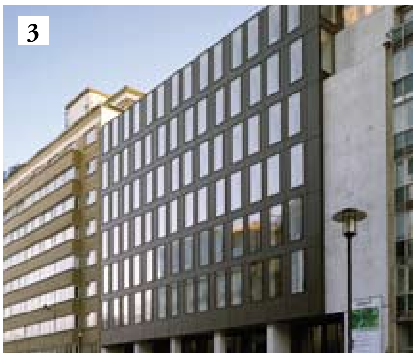
8 - Woluwe 102

Full renovation of the interior and the technical installations; restoration of the façade and refurbishment in the underground car park

End of the works: December 2008 for the office area and March 2009 for the car park


1


2


3


4


6


7


8

Antwerp

9 - Avenue Building, London Tower

Supervision of the quality and execution of the construction works (acquired in its future state of completion)

End of the works: 2nd quarter 2010

10 - City Link

Supervision of the quality and execution of the construction works (business park comprising 4 office blocks acquired in their future state of completion)

End of the works: 3rd quarter 2009

The total amount of construction and renovation works managed and accounted in 2008 stands at € 21.96 million[1].

For 2009, besides the works already started in 2008 mentioned above, the major construction and renovation works planned are:

Brussels

Arts 47

Renovation of the back façade

End of the works: 1st quarter 2010

Moulin à Papier

Medium-scale renovation

End of the works: 4th quarter 2009

The total estimated amount of construction and renovation works managed and accounted in 2009 stands at € 130 million[2].

1 See also Notes 19 and 20 (pages 104 and 105).
2 See also Note 40 (page 114).

Commercial results

Against the background of an office rental market where the economic recession left its first deep marks as of the 3rd quarter of 2008, rents remain under pressure as supply is still outstripping demand. However, the performance of the Cofinimmo commercial teams has been highly satisfactory. While pursuing a policy directed at enhancing client loyalty, forging closer links with real estate agents and gearing property rents to market levels, they have managed to top the commercial target, thereby keeping the occupancy rate at 96.70%, giving an appreciable edge over the market average (90.86%, source: CB Richard Ellis).

By inviting clients who are close to the end of their lease to renegotiate their contract several months beforehand and by offering them flexibility and solutions tailored to their needs, Cofinimmo renegotiated 44,000m² with existing clients during 2008. The marketing and commercial policies enabled Cofinimmo to conclude contracts extending the area let to existing clients (18,400m²) and to attract 28 new clients who took up 12,300m². Altogether, 30,700m² of new space was rented. The combination of lease renewals and new lets adds up to 74,700m².

Property services

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

Cofinimmo has some 370 clients, of whom 271 had recourse to one or more property services in 2008. Altogether, 210 proposals were drawn up for services concerning the fitting out of office space, maintenance and security, with an acceptance rate of over 90%. The fitting out works are managed directly by Cofinimmo's multidisciplinary Project Management department, which is staffed by architects, engineers and space-planners. The other services, such as maintenance, security or energy supply, are provided by subcontractors rigorously selected by the purchasing department. Framework contracts are negotiated with them for this purpose, enabling Cofinimmo both to impose its high quality standards and also to achieve economies of scale by taking advantage of the size of its portfolio to obtain the best quality-price conditions from the selected subcontractors.

Cofinimmo also has a helpdesk service, available round-the-clock, seven days a week, which, at the request of its clients, organises the execution, which is subcontracted, of minor works and repairs of all kinds. This helpdesk is in charge of following up the requests from clients, informing them at each key stage of the progress of their application: confirmation of acceptance, communication of the day on which the work will take place and the name of the subcontractor, notification of the end of the works and report on the works carried out. At any time, the client may react to or obtain information from this centralised service. In 2008, around 394 clients called on the services of the helpdesk and nearly 9,800 works were carried out. The costs of these works are invoiced to the clients. Besides promoting client loyalty and facilitating their use of the office space, which remain the core objectives of this service activity, Cofinimmo has netted an operating result of almost € 190,000 from property services. This approach to client service will be pursued in 2009 and the range of services will be extended as and when new requirements are identified.

Sector information

Collected rent[1] (x € 1,000)

Brussels CBD	Brussels Decentralised	Brussels Periphery and Satellites	Antwerp	Other Regions	TOTAL
64,182	45,986	11,224	4,158	9,580	135,130

Main clients (in contractual rents)

	Rating[2]	Outlook[2]	%
Buildings Agency (Belgian Federal State)	AA+	Stable	18.7
European Union	AAA	Stable	7.2
AXA Group	A+	Stable	5.1
Dexia	A	Stable	3.7
IBM Belgium (IBM Group)	A+	Stable	2.0
TOTAL			36.8
Others			63.2

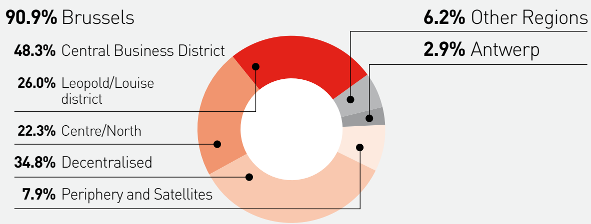
The average residual length of the leases (until the next termination option) of the 5 most important clients amounts to 10.4 years.

Cofinimmo divides its office buildings into 3 classes (Superior, Middle, Standard), based on technical and architectural criteria, of which the most important are: comfort, security, number of parking spaces, size and divisibility of the floors, energy performance and presence of facilities. The location and the age of the properties are not taken into account.

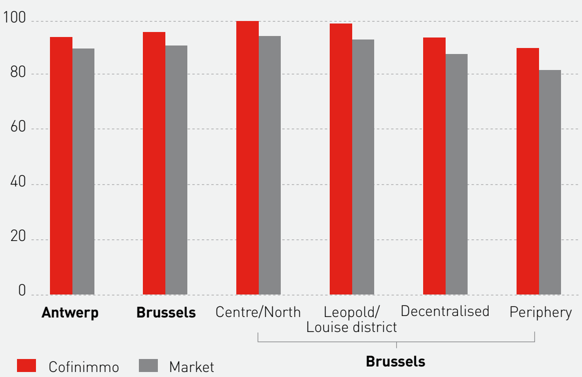
By way of example, the buildings Egmont I, North Galaxy, Omega Court, Souverain 25 and Georgin (RTL House) are in the Superior class; the buildings Park Lane, Tour Albert, Woluwe 58 and Colonel Bourg 124 in the Middle class; and Woluwelaan 151 in the Standard class.

Breakdown by class

Geographic breakdown - in investment value

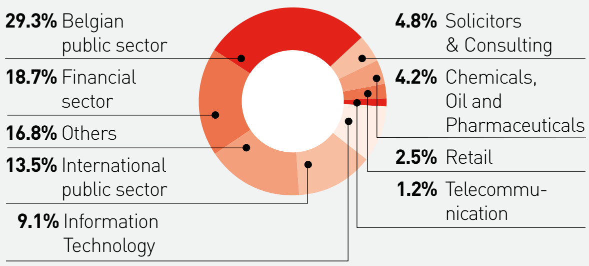


Occupancy rate Cofinimmo vs. market[3] (in %)



3 Source: CB Richard Ellis (Brussels) & DTZ (Antwerp).

Breakdown per activity sector - in contractual rents



1 The difference between the rents actually collected and contractual rents is explained by the rental gratuities granted at the beginning of certain leases and the prorata temporis non-occupation of properties during the past 12 months. 2 This is the appreciation by the financial rating agency, Standard & Poor's, of the financial insolvency risk of the entity; situation on 06.02.2009.

Nursing homes and clinics

In view of the current and forecasted demographic growth in the number of dependent elderly people and consequently in the infrastructure requirements, Cofinimmo has identified nursing homes and clinics as a promising property investment segment 3 years ago. The company also invests in psychiatric, aftercare and rehabilitation clinics.

Cofinimmo does not assume any risk relating to the management of these institutions. This responsibility lies with the operators with whom long leases are concluded (27 years in Belgium and 12 years in France), all of which are indexed annually. They provide a rental income equivalent to that from office property with leases of comparable length. The occupancy rate is constant and high (100% at present). The majority of these leases are triple net, which means that the lessee is fully in charge of the building maintenance and repairs. In addition, both in Belgium and France, the nursing homes sector is regulated nationally and regionally. The operators benefit directly from operating subsidies, which guarantee the level of their income provided that they have obtained specific permits. Furthermore, the quality of the location of the nursing homes in residential areas usually ensures prospects of attractive property valuations.

Building on the expertise it has acquired in this segment in Belgium, in 2008 Cofinimmo also established in France, where there is a significant demand for this type of institution. This establishment was undertaken through partnerships with leading operators on the French market and was accompanied by stock exchange listing and tax initiatives. In particular, the company has been listed on Euronext Paris since 23.06.2008[1] and adopted the status of "Société d'Investissements Immobiliers Cotée" (SIIC) on 04.08.2008[2]. It will develop its activities in France via its branch, which has the status of permanent establishment, and via French subsidiaries. This branch is responsible for managing the Group's French assets and for seeking new investments corresponding to the strategic criteria defined by Cofinimmo. It acts autonomously, under the supervision of Cofinimmo.

At 31.12.2008, Cofinimmo's total nursing homes and clinics portfolio consists of 88 properties, with 8,678 beds for residents, representing a total area of 395,506m² above ground and an investment value of € 720.54 million[3].

The internal team responsible for the nursing homes consists of 5 members, with the operators having almost exclusive responsibility for technical and property management.

Investments[4] [5]

Belgium

- On 12.02.2008, Cofinimmo acquired the nursing homes **Diamant**, **Rinsdelle** and **Linthout** in Brussels for € 18.6 million corresponding to an initial yield of 6.30%.

- On 18.04.2008 the company acquired the nursing homes **Vigneron** in Ransart, **L'Adret** in Gosselies and **Top Senior** in Tubize for an acquisition value of € 12.3 million with an initial yield of 6.36%.

For these 6 nursing homes, long leases for a period of 27 years have been signed with the **Medibelge** Group.

- On 03.06.2008, Cofinimmo acquired the nursing home **L'Orée du Bois** in Comines-Warneton with an initial yield of 6.40% for € 8.7 million. An extension and renovation program of the existing nursing home is planned, for an estimated budget of € 5.4 million.

- On 11.06.2008, Cofinimmo acquired the land and building located in Antwerp, **Wipstraat** 24 in its state for an amount of € 2.5 million. Cofinimmo plans to demolish the existing building and to rebuild a new nursing home. The costs of the works are estimated at € 8.8 million.

These 2 nursing homes will be managed by **Armonea** with whom a 27-year long lease has been signed.

- On 10.07.2008, Cofinimmo acquired the nursing homes **Damiaan** in Tremelo and **La Cambre**, **Schweitzer** and **Van Zande** in Brussels. The acquisition value of the buildings stands at € 77.6 million, corresponding to an initial yield of 6.14%. They are operated by **Senior Living Group (SLG)** with whom long leases with a fixed duration of 27 years have been signed.

1 Also see page 63. 2 Also see page 128. 3 The fair value stands at € 695.36 million. 4 More details on these care institutions, such as address, operator, surface and number of beds, can be consulted on the company's website **www.cofinimmo.com** under the caption "Property portfolio/building portfolio/nursing homes". The greater majority of the leases concluded in the nursing home sector are "triple net" contracts implying that the maintenance and repairs are entirely borne by the tenant. 5 To allow comparison between properties rented under contracts where the owner is liable for payment of the more or less extensively defined maintenance expenses, the gross rental yields on these investments are expressed in estimated double net equivalents, i.e. on the basis of owner's responsibility equivalent to that in office building leases. Under the latter, the owner is responsible principally for the upkeep of the roofs, walls and façades, technical and electrical installations, the surroundings, the water supply and drainage. All leases are yearly indexed.

- On 27.08.2008, Cofinimmo acquired the nursing home **Zevenbronnen** as well as a land reserve allowing future developments located in Walshoutem for a total amount of € 5.18 million. The gross initial rental yield stands at 6.10%. Long leases for a period of 27 years have been concluded with the operator, Zevenbronnen ASBL, member of the **Calidus** network, which can be renewed twice by the lessee for a period of 9 years each.

- On 02.09.2008, Cofinimmo acquired the nursing home **Hof ter Dennen** in Vosselaar for an amount of € 3.55 million, the gross initial rental yield stands at 7.30%. The acquisition agreement stipulates that, in case the operator obtains an extension permit, Cofinimmo will pay an additional acquisition price of € 398,000[1], which will bring the rental yield to 6.56%.

- On 28.11.2008, the company acquired the nursing homes **Résidence du Parc** and **Les Jours Heureux**, located in Nivelles and Lodelinsart respectively, for a total amount of € 10.9 million. The gross rental yield stands at 6.34%.

For these 3 nursing homes, long leases for a period of 27 years have been concluded with the **Senior Assist** Group, renewable by the lessee for 2 consecutive periods of 9 years each.

France

- On 20.03.2008 Cofinimmo acquired all shares of Medimur, a limited company incorporated in France, the name of which has been modified into Cofinimmo France SA, which held directly and indirectly **32 care institutions** spread throughout France. They are operated by **Korian** (22 institutions) and **Méditer** (10 institutions), with whom contracts with average residual terms of respectively 6.5 years and 11.5 years have been concluded. The acquisition value of the total Medimur portfolio amounts to € 229.0 million with an initial yield of 6.25%. This value is 2.9% higher than the investment value of the portfolio determined by the expert[2].

- On 01.10.2008 the company acquired from the Korian Group **14 healthcare properties** spread throughout France. This portfolio of 14 assets is acquired by Cofinimmo SA, through its French branch office, for an amount of € 104.5 million, with a gross initial yield of 6.58%. The acquisition agreement also stipulates that 5 additional homes currently under construction will be acquired at the physical completion expected during the first half year of 2009 for a price of € 39.9 million. The gross initial rental yield for the 19 properties, that is inclusive the 5 additional homes under construction, will stand at 6.55%. They are operated by the **Korian** Group with whom leases with a fixed duration of 12 years have been concluded for all the buildings. The tenant has the option of renewing the leases for two consecutive periods of 9 years each.

1 Taking into account this price supplement, the total acquisition price (€ 3.95 million) remains below the investment value determined by the independent expert. 2 See also the press release of 20.03.2008.

Constructions and renovations

In 2008, the Project Management department managed the following main projects (mainly quality control):

Belgium

Operator: Armonea

1 - Binnenhof • Merksplas
New construction
61 beds
3,053m²
End of the works: April 2008

2 - Hemelrijck • Mol
Extension
+ 59 beds and 42 service flats
+ 5,971m²
End of the works: 3rd quarter 2009

3 - Laarsveld • Geel
Extension
+ 55 beds
+ 2,280m²
End of the works: 1st quarter 2009

4 - L'Orchidée • Ittre
Renovation and extension
+ 29 beds
+ split up of existing rooms
+ 2,265m²
End of the works: 2nd quarter 2010

5 - Millegem • Ranst
New construction
66 beds
4,833m²
End of the works: May 2008

6 - Parc • Biez
Renovation
+ 23 beds
+ split up of existing rooms
Additional superstructure: -
End of the works: 3rd quarter 2009

7 - Vogelzang • Herentals
New construction
132 beds
7,880m²
End of the works: 1st quarter 2009 (1st phase)


1


5

3


6

Operator: Senior Living Group

8 - Schweitzer • Brussels
Renovation and extension
+ 31 beds
+ 2,456m²
End of the works: 3rd quarter 2009

9 - Zonneweelde • Keerbergen
Extension
+ 60 beds
+ 3,680m²
End of the works: 2nd quarter 2009

Operator: Senior Assist

10 - Avenue du Roi • Brussels
Large-scale transformation
153 beds
7,500m²
End of the works: 3rd quarter 2009

France

Operator: Korian

Grand Maison • L'Union
Renovation
Number of additional beds: -
Additional superstructure: -
End of the works: December 2008

Horizon 33 • Cambes
Extension
+ 16 beds
+ 3,288m²
End of the works: December 2008

The total amount of construction and renovation works managed and accounted in 2008 stands at € 23.23 million[1].

1 See also Notes 19 and 20 (pages 104 and 105).

For 2009, besides the works already started in 2008 mentioned above, the major construction and renovation works planned are:

Belgium

Operator: Armonea

Heiberg • Beerse
Extension
+ 65 beds and 60 service flats
+ 7,009m^2
End of the works: 2nd quarter 2010

Wipstraat • Antwerp
New construction
102 beds
5,790m^2
End of the works: 3rd quarter 2010

Operator: Calidus

Weverbos • Gentbrugge
New construction
100 rooms
5,387m^2
End of the works: 4th quarter 2010

Operator: Senior Living Group

Damiaan • Tremelo
Renovation and extension
+ 52 beds
+ 5,452m^2
End of the works: 1st quarter 2012

France

Operator: Korian

Equeurdreuville • Manche
New construction
80 beds
4,709m^2
End of the works: 2nd quarter 2009

Fondettes • Indre-et-Loire
New construction
85 beds
4,510m^2
End of the works: 1st quarter 2009

Les Hauts D'Andilly • Val d'Oise
New construction
59 beds
3,069m^2
End of the works: 1st quarter 2009

Pays de Seine • Bois le Roi
Extension
+ 26 beds
+ 1,300m^2
End of the works: 2nd quarter 2010

Perriers sur Andelle • Eure
New construction
69 beds
3,348m^2
End of the works: 1st quarter 2009

Saint Gabriel • Gironde
New construction
130 beds
6,274m^2
End of the works: 1st quarter 2009

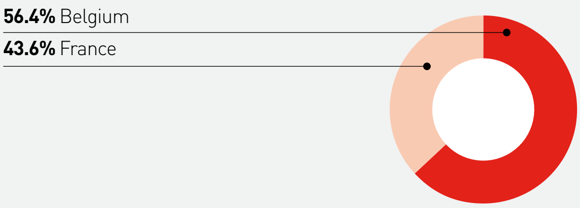
The total estimated amount of construction and renovation works managed and accounted in 2009 stands at € 165 million[1].

For the projects started in 2008 but not yet completed at the end of that year and for the projects to be started in 2009, it is important to note that the information provided above is in the form of estimates which may be changed during the execution of the works.

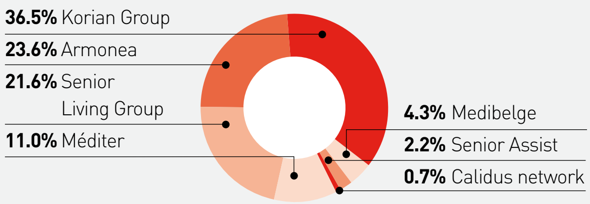
1 See also Note 40 (page 114).

Sector information

Geographic breakdown - in investment value



Breakdown by operator - in contractual rents



The average residual length of the leases (until the next termination option) stands at 25.5 years in Belgium and 10.7 years in France.

Pubstone

At the end of 2007, under a real estate partnership, Cofinimmo acquired the entire portfolio of pubs (823 in Belgium and 245 in The Netherlands) owned by AB InBev via its subsidiary Immobrew SA, renamed Pubstone SA, to lease it to the brewer under a commercial lease for an initial average term of 23 years[1]. AB InBev retains a 10% indirect interest in the Pubstone organisation (see below under "Structure" and in the organisation chart on page 117). At the end of the lease, AB InBev has the choice as to whether to renew the lease at the same conditions or to return the premises entirely vacated.

As regarding the nursing homes, Cofinimmo bears no risk linked to the management of the pubs. This is exclusively the responsibility of AB InBev, which passes it on in part to the individual operators to whom the premises are sub-let. On the other hand, Cofinimmo takes charge of the structural maintenance of the roofs, walls, façades and external woodwork and undertakes to continue to invest in the properties in order to guarantee the continued success of the portfolio.

In Belgium, the Pubstone internal team consists of 9 members, of whom 6 are directly involved in the Property and Project Management and 3 full-time equivalents take care of the legal, accounting and IT support respectively. In The Netherlands, the Pubstone internal team consists of 2 members, one of whom is in charge of technical coordination of the portfolio and the other of general administration, assisted by an external company (Ballast Nedam Services) with which a cooperation agreement was concluded for the supervision and execution of all the renovation work.

At 31.12.2008, the Pubstone portfolio consists of 1,068 properties, representing a total area of 306,441m² above ground and an investment value of € 430.37 million[2].

Investments

Belgium

Cofinimmo acquired the pub **L'Escalier** in Huy for an amount of € 0.456 million.

The Netherlands

The pub **Broeder Franciscus** in Maarssen was acquired for an amount of € 0.213 million.

Divestments

The building **De Talisman** located in Best (The Netherlands) was sold for an amount of € 0.400 million with a gain of € 0.021 million. Cofinimmo also disposed of a land of the Pubstone portfolio situated in **Nandrin** (Belgium) for an amount of € 41,500 with a gain of € 1,500.

Constructions and renovations

Belgium

In 2008, the operational Property Management team proceeded with 454 technical interventions and 73 minor renovation works. They mainly concern external woodwork and painting works as well as roof repairs.

Moreover, the operational Pubstone Project Management team realised the following projects:

- Inventory of the entire portfolio
- 49 middle-size renovation projects, the most important being:
  - **1 - Falstaff/Montecristo** - Brussels: restoration of the balconies & marquise (classified building);
  - **2 - Ultimatum** - Antwerp: renovation of the façade (building with historical value);
  - **3 - Lafayette** - Ostend: renovation of the roof and the façade (building with historical value);
  - **4 - Oud Vlaanderen** - Diksmuide: renovation of the roof and the façade (building with historical value);
  - **5 - De Gekroonde Hoofden** - Ghent: restoration of the façade (classified building).

The Netherlands

During 2008, 273 interventions, similar to those executed in Belgium, have been carried out.

In addition, the Pubstone operational team completed the following projects:

- Inventory of the entire portfolio
- 20 renovation projects, the most important being:
  - **6 - The Three Sisters** - Amsterdam: painting (façade) and woodwork, restoration of the balconies. These works are still in progress.

The total investment amount in 2008 of these interventions and projects stands at € 3.0 million. For the year 2009, new renovation and minor or major works are expected to be initiated for a similar budget.

1 Also see the press release of 31.10.2007 and page 20 of the 2007 Annual Report. 2 The fair value stands at € 394.46 million.

Structure

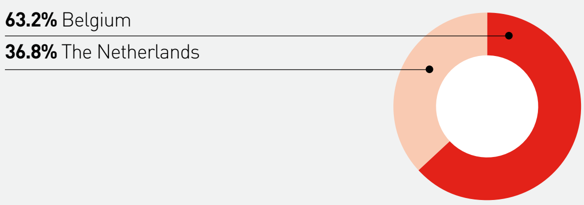
In accordance with the agreement concluded on 06.07.2007 with AB InBev, Cofinimmo made a third payment on 27.11.2008 relating to the acquisition of the Pubstone portfolio, in exchange for AB InBev taking over a 10% share in the net debt from the acquisition of the entire portfolio. This transaction proceeded as follows:

- Cofinimmo SA subscribed to a first capital increase by cash contribution of € 35.63 million in favour of its 100% subsidiary Express Properties SA, an internal vehicle of the Group which had acquired 1,428,796 Pubstone SA shares in 2007, i.e. 90% of the capital shares in circulation, funded entirely by loan from Cofinimmo SA; this loan was reduced accordingly;
- Cofinimmo SA then purchased 119,827 Pubstone SA shares, i.e. 7.55% of the latter's capital, from the AB InBev Group at a price of € 24.63 million, with AB InBev Belgium retaining 37,204 shares, i.e. 2.34%;
- Cofinimmo SA and AB InBev Belgium SA finally contributed 119,827 and 33,138 Pubstone SA shares respectively to the capital of Express Properties SA, with AB InBev retaining 4,066 shares (0.26%);
- at the end of the transaction, the holdings of Cofinimmo and AB InBev amount to 89.9% and 10.1% respectively of the capital of Express Properties (renamed Pubstone Group SA on 27.11.2008) and the latter holds almost all the Pubstone SA shares.

At 31.12.2008, Pubstone SA had cash amounting to € 48 million and no financial debts, whereas on the same date Pubstone Group SA had a net financial debt of € 248.47 million. The transaction of 27.11.2008 ultimately boils down to the exchange by AB InBev of its minority interest of 10% (rounded) in Pubstone SA for a minority interest of 10% (rounded) in Pubstone Group SA (formerly Express Properties). It implies the share of this minority third party in the net financial debt of the sub-group to increase from € -4.8 million (net cash) to € +24.85 million (net debt), with this variation amounting to € 29.6 million constituting the counterpart to the additional payment for the Pubstone portfolio. For reason of the share consequently assumed by AB InBev Belgium in the financial charges of the Pubstone sub-group, its minority interest in the net current result of this sub-group is reduced from € 1.30 million to € 0.10 million, on an annual basis.

Sector information

Geographic breakdown - in investment value



Public-Private Partnerships

Cofinimmo is continuing its policy of participation in Public-Private Partnerships (PPPs), which enable certain public services to be offered the necessary funding for the construction of buildings which must meet specific requirements. The company bears no construction risk in this type of property investment, which remains with a designated general contractor, with whom Cofinimmo agrees a lump sum for acquisition, payable when the building is handed over. Nevertheless, Cofinimmo supervises the quality and execution of the work and also takes charge of the upkeep and maintenance throughout the duration of the lease. The leases are generally very long, at the end of which the public authority has a purchase option. In this way, these operations are generally undertaken in the form of long-term lease finance. Cofinimmo does not therefore benefit from the perpetual ownership of these properties. It concerns the Antwerp Court of Justice, the Police Station of the HEKLA Zone and the Fire Station of the City of Antwerp.

Investments

- On 30.04.2008, Cofinimmo acquired the **Police Station of the HEKLA Zone** situated in Antwerp for an amount of € 7.15 million. A long lease for a period of 27 years has been signed with the Police for a yearly rent of € 543,231.

- On 06.11.2008, Cofinimmo acquired the **Fire Station** in Antwerp for an amount of € 30.2 million. A commercial lease of 37 years was signed with the City of Antwerp, who will pay an annual rent of € 1.70 million, yearly indexed at 1.175%.

Constructions and renovations

In 2008, the Project Management department managed the following main projects:

1 - Police Station HEKLA Zone, Antwerp

Control of quality and execution of the construction works

End of the works: April 2008

2 - Fire Station, Antwerp

Control of quality and execution of the construction works

End of the works: November 2008


1


2

SUMMARY OF THE CONSOLIDATED ACCOUNTS

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

	31.12.2008	31.12.2007
A. NET CURRENT RESULT		
Rental income, net of rental-related expenses	**187,820**	146,551
Writeback of lease payments sold and discounted (non-cash)	**11,056**	10,100
Taxes and charges on rented properties not recovered	**-382**	-228
Refurbishment costs, net of tenant compensation for damages	**-60**	-1,141
Property result	**198,434**	155,282
Technical costs	**-2,606**	-3,492
Commercial costs	**-1,097**	-2,076
Taxes and charges on unlet properties	**-2,360**	-2,379
Property result after direct property costs	**192,371**	147,335
Property management costs	**-14,496**	-11,245
Property operating result	**177,875**	136,090
Corporate management costs	**-7,309**	-5,459
Operating result	**170,566**	130,631
Financial income (IAS 39 excluded)	**24,718**[1]	28,644[1]
Financial charges (IAS 39 excluded)	**-91,380**[2]	-57,257[2]
Revaluation of derivative financial instruments (IAS 39)	**-41,453**	-8,958
Taxes	**-6,080**	-2,341
Net current result[3]	**56,371**	90,719
Preference dividends - Proposal[4]	**9,554**	9,554
Minority interests	**346**	226
Net current result - Group share (ordinary shares)	**46,471**	80,939
B. RESULT ON PORTFOLIO		
Result on disposals of property assets	**5,755**	35,296
Revaluation of property assets	**-63,784**	26,295
Exit tax	**-3,630**	-101
Result on portfolio	**-61,659**	61,490
Minority interests	**-341**	-82
Result on portfolio - Group share (ordinary shares)	**-61,318**	61,573
C. NET RESULT		
Net result - Group share (ordinary shares)	**-14,847**	142,512

Number of shares

	31.12.2008	31.12.2007
Number of outstanding ordinary shares	**10,987,669**	9,909,435
Average number of outstanding ordinary shares entitled to share in result of the period[5]	**10,884,287**	9,872,029
Number of ordinary shares issued (own shares included)	**11,344,545**	10,615,398
Number of preference shares entitled to share in result of the period	**1,499,766**	1,499,766
NET CURRENT RESULT PER ORDINARY SHARE (in €)	**4.27**	8.20
NET RESULT PER ORDINARY SHARE (in €)	**-1.36**	14.44

1 IAS 39 included, financial income stands at K€ 29,547 at 31.12.2008 and K€ 32,571 at 31.12.2007 respectively. 2 IAS 39 included, financial charges stand at K€ -137,662 at 31.12.2008 and K€ -70,142 at 31.12.2007 respectively. 3 Net result excluding gains or losses on disposals of investment properties and changes in fair value of investment properties. 4 The proposal corresponds to 100% of the annual capped preference amount of € 6.37 per share. 5 As part of the Medimur acquisition (see press release of 20.03.2008) SCI Foncière du Troncq contractually has undertaken to pay back to Cofinimmo the share of the 2008 dividend relating to the period 01.01.2008 - 20.03.2008. Hence, the average number of new ordinary shares entitled to share in the results of 2008 is not 493,571 but 385,687. In addition, since 01.01.2009, the Cofinimmo Group sold 4,502 ordinary Cofinimmo shares (treasury shares) in the stock market entitled to share in the 2008 result.

Comments on the consolidated income statement – analytical form

The **property result** at 31.12.2008 runs to € 198.43 million, an increase of 27.79% compared to 31.12.2007 (€ 155.28 million), mainly due to the acquisitions realised during the last 12 months. The level of **rental income** is supported by the occupancy rate standing at 97.85% for the total portfolio and at 96.70% for the office portfolio. Based on an unchanged portfolio, the rental level progressed by 2.57%, the indexation of the rents being the main source of this progression.

The **operating margin** (86.0%) is higher than in 2007 (84.1%).

Taken overall, on an annual basis, all **operating costs** represent 0.89% of the average value of the portfolio as at 31.12.2008 as against 0.99% in 2007.

Financial income (€ 24.72 million) at 31.12.2008 decreased by 13.71% compared to 31.12.2007. It comprises a profit of € 4.68 million realised on the partial (50%) disposal of the lease receivable relating to the building Belliard I-II (the other 50% being disposed of in 2007). It also includes a € 12.23 million income from interest rate hedging reducing the cost of the financial debt, a € 3.24 million interest income relating to finance lease receivables and a € 1.17 million gain on the disposal of an Interest Rate Swap. At 31.12.2007, a non-recurrent gain of € 5.49 million on the disposal of an Interest Rate Swap was recorded. The purpose of these 2 Swaps was to cover the value of future transactions; however, since these transactions did not occur, they were disposed of.

Financial charges (€ 91.38 million) at 31.12.2008 are chiefly made up of interest charges related to the financial debt. However, taking into account the hedging income (see above), the total cost of the financial debt at 31.12.2008 amounts to € 75.28 million. The average debt of 2008 amounts to € 1,623.76 million as against € 1,223.18 million one year earlier, following the acquisitions realised in 2008. The average interest rate on borrowings, including bank margins and the amortisation cost of hedging instruments for the period, stands at 4.79% for 2008 as against 4.55% on average during 2007. The debt ratio of the Group as per 31.12.2008 amounts to 52.79%.

The changes in the ineffective part, according to IAS 39, of the **cash flow hedging instruments**, produced a net unrealised charge of € 41.45 million at 31.12.2008, compared to a net unrealised charge of € 8.96 million at 31.12.2007.

The shareholders' equity balance sheet item **"Changes in fair value of financial instruments"**, registering the changes in effective value of optional as well as non-optional financial instruments, decreases from € 22.94 million at 31.12.2007 to € -30.69 million at 31.12.2008. This variation is not entered in the income statement but deferred in equity.

Cofinimmo's policy consists in hedging the risk of increases in future interest rates through the purchase of Interest Rate Swaps and CAP options, partly financed by the sale of FLOOR options. The value of the hedging portfolio at the end of the financial year reflects the difference between the future interest charges corresponding to that portfolio and the hypothetical interest charges which would be reached if the same portfolio (types of instruments, maturities, amounts) would have been contracted at the end of the year.

Taxes (€ 6.08 million) comprise the corporate income taxes payable by subsidiaries (of which Pubstone SA) not covered by the Sicafi tax regime and the tax on non-deductible costs of the Sicafi (chiefly the office tax in the Brussels-Capital Region).

The **net current result - Group share (ordinary shares)** at 31.12.2008 comes to € 46.47 million, a decrease of 42.59% on the figure at 31.12.2007 (€ 80.94 million), or € 4.27 per ordinary share compared to € 8.20 at 31.12.2007 (-47.93%). If the negative impact of IAS 39 and the other non-recurring elements are excluded, the net current result - Group share comes to € 82.29 million as against € 74.38 million at 31.12.2007, which, **per ordinary share, works out at € 7.56 or 0.27% higher than the result at 31.12.2007 (€ 7.54).**

The **result on portfolio** incorporates a **realised** gain of € 5.76 million, stemming from the sale of properties, as against € 35.30 million at 31.12.2007. It also incorporates an **unrealised** loss of € 63.78 million, as against an unrealised gain of € 26.30 million at 31.12.2007. With an unchanged portfolio, the value of the property portfolio decreased since 01.01.2008 (-1.92%). The decreased value of the portfolio (Group share) comes to € 6.16 per share (unrealised loss) for 2008 as against a depreciation of € 2.66 per share for the same period in 2007.

Changes in actual portfolio value by geographical area and sector between 31.12.2007 and 31.12.2008 (in %)

	Change in value	Breakdown by area and sector
Offices	-2.7	62.2
Brussels Leopold/Louise District	-3.4	16.2
Brussels Centre/North	0.1	13.9
Brussels Decentralised	-3.4	21.7
Brussels Periphery	-3.1	3.6
Brussels Satellites	-4.6	1.3
Antwerp	-7.3	1.8
Other Regions	-2.1	3.8
Nursing homes	-0.4	22.2
Pubstone	-0.8	13.3
Others[1]	-3.4	2.3
TOTAL	-1.96	100.0

The **net result - Group share (ordinary shares)** (after including the result on portfolio) at 31.12.2008 amounts to € -14.85 million as against € 142.51 million at 31.12.2007 and the **net result per ordinary share** (after including the result on portfolio) at 31.12.2008 works out at € -1.36 as against € 14.44 at 31.12.2007.

1 It concerns semi-industrial and retail buildings as well as a leisure club.

Consolidated balance sheet (x € 1,000)

	31.12.2008	31.12.2007
Non-current assets	**3,436,090**	3,043,173
Goodwill	**171,689**	135,658
Intangible assets	**1,840**	1,535
Investment properties[1]	**3,075,316**	2,696,656
Development projects	**49,001**	93,010
Assets held for own use[2]	**10,064**	10,207
Other tangible assets	**942**	980
Non-current financial assets	**18,997**	31,875
Finance lease receivables	**108,181**	73,224
Trade receivables and other non-current assets	**60**	28
Current assets	**113,965**	140,139
Assets held for sale	**507**	
Current financial assets	**52**	11,693
Finance lease receivables	**4,170**	75,965
Trade receivables	**17,833**	9,752
Tax receivables and other current assets	**47,589**	23,155
Cash and cash equivalents	**25,448**	2,494
Deferred charges and accrued income	**18,366**	17,080
TOTAL ASSETS	**3,550,055**	3,183,312

Shareholders' equity	**1,377,242**	1,411,486
Shareholders' equity attributable to shareholders of parent company	**1,368,584**	1,390,093
Capital	**669,213**	608,389
Share premium account	**441,966**	360,221
Reserves	**353,871**	458,990
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	**-65,779**	-60,450
Change in fair value of financial instruments	**-30,687**	22,943
Minority interests	**8,658**	21,393
Liabilities	**2,172,813**	1,771,826
Non-current liabilities	**1,776,666**	1,301,309
Provisions	**11,875**	9,637
Non-current financial debts	**1,579,760**	1,149,889
Other non-current financial liabilities	**32,853**	11,585
Deferred taxes	**152,178**	130,198
Current liabilities	**396,147**	470,517
Current financial debts[3]	**220,844**	381,587
Other current financial liabilities	**45,013**	855
Trade debts and other current debts	**70,119**	53,727
Accrued charges and deferred income	**60,171**	34,348
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,550,055**	3,183,312
Debt ratio to total assets	**52.79%**	49.80%

1 The valuation of investment properties is shown at their fair value. 2 Building at Woluwe 58, two thirds of which is used as headquarters, its fittings and furniture. 3 Essentially commercial paper of which the amount issued is fully covered by the undrawn portions of committed middle and long-term credit facilities.

Comments on the consolidated balance sheet

The **fair value** of the property portfolio[1], recorded in the consolidated balance sheet, in application of standard IAS 40, is obtained by deducting the transaction costs (as defined on page 104 of the 2008 Annual Report) from the investment value. At 31.12.2008, the fair value is € 3,134.70 million, as compared to € 2,799.87 million at 31.12.2007.

The **investment value** of the property portfolio[1], as determined by the independent real estate experts, comes to € 3,247.04 million at 31.12.2008 as compared to € 2,895.74 million at 31.12.2007 (see also the table on page 79).

The **debt ratio** (debts to total assets) at 31.12.2008 comes to 52.79%. As a reminder, the legal debt ratio limit for Sicafis equals 65%.

Revalued net asset value

The **net asset value per ordinary share based on the fair value** of the property portfolio comes to € 108.98 at 31.12.2008 as against € 115.44 at 31.12.2007 (after appropriation of the dividend for 2007) (-5.60%).

The **net asset value per ordinary share based on the investment value** of the property portfolio comes to € 115.02 at 31.12.2008 as against € 121.56 at 31.12.2007 (after appropriation of the dividend for 2007) (-5.38%).

Revalued net asset value (in €)

Per ordinary share based on the valuation of the property portfolio at **fair value**	**31.12.2008**	31.12.2007
Revalued net asset value per ordinary share after distribution of dividend for the year 2007	**108.98**	115.44
Revalued net asset value per ordinary share after distribution of dividend for the year 2007 on a fully diluted basis[2]	**109.40**	114.20

Per ordinary share based on the valuation of the property portfolio at **investment value**	**31.12.2008**	31.12.2007
Revalued net asset value per ordinary share after distribution of dividend for the year 2007	**115.02**	121.56
Revalued net asset value per ordinary share after distribution of dividend for the year 2007 on a fully diluted basis[2]	**114.71**	119.52

1 Including assets held for own use and for sale, and the development projects. 2 The preference shares are convertible on the basis of one ordinary share for one preference share, from the 5th anniversary of their issue date (01.05.2009). Until their conversion, the preference shares carry a preferential right to distribution in the event of liquidation, capped at the amount of their issue price. The revalued net asset value per ordinary share is calculated on the basis of the shareholders' equity after deducting the value of this right (€ 159.1 million). The revalued net asset value per share is then calculated here pro forma on a fully diluted basis which assumes that the preference shares have already been converted upon issue such as to obtain the present effect of their future conversion on the revalued net asset value per ordinary share.

MANAGEMENT OF FINANCIAL RESOURCES

Market risks and financial instruments

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

Liquidity risk

In a difficult environment associated with the financial crisis, Cofinimmo has remained resilient thanks to a financial policy characterised by:

- its well-diversified banking pool, as well as sources of financing and derivative instruments;
- maintaining a lasting and sound relationship with banking partners with a good financial rating for the sector;
- a broad spread of maturities of loans;
- the arrangement of adequate long-term cover instruments against the risk of interest rate increase;
- full cover for short-term treasury bills by lines available on the long term.

This policy provides an attractive financing cost while limiting the liquidity and counterpart risk. Cofinimmo does not have a general policy of mortgaging its properties or of giving any other form of security to its creditors, with the exception of those mentioned on page 113. Neither its debt nor the confirmed credit lines are subject to early repayment or margin fluctuations clauses linked to a financial rating for the company. They are generally associated with conditions concerning compliance with the rules governing Sicafis and debt ratios, cover by cash flow of financial charges and level of net asset value. These ratios were met at 31.12.2008.

Debt structure

The authorised statutory limit on debt for Sicafis is 65% (debt to total assets). For Cofinimmo, it comes to 53% at 31.12.2008. The terms and conditions for all bank credit lines however allow the Group to possibly increase its financial debt ratio to maximum 60%. This financial debt ratio is obtained by dividing the net financial debt by the market value of the real estate portfolio (financial receivables included). At 31.12.2008, it stands at 55%.

At 31.12.2008, the consolidated financial debt of the Cofinimmo Group amounted to € 1,800.60 million, comprising:

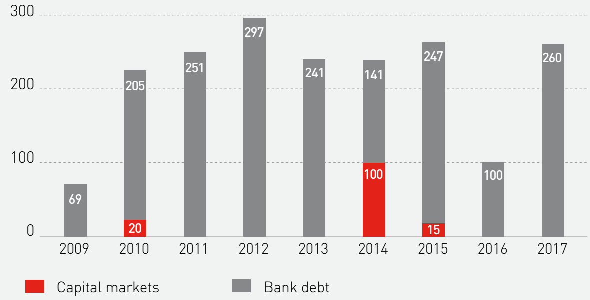
- € 941.05 million of bilateral medium and long-term loans[1], with original maturity periods of between 3 and 10 years, contracted from 9 banks;
- € 250.86 million of treasury bills, of which € 215.86 million for original periods of under one year and € 35.00 million for an initial period of over 3 years;
- € 400.00 million in the form of a syndicated bank loan obtained in 2005 from 16 banks for an average original term of 5.3 years, and € 90.00 million in the form of a second syndicated loan from 5 banks, repayable in 2012;
- € 105.62 million[2] in the form of a bond issued in 2004 by Cofinimmo Luxembourg SA and repayable in 2014 for a nominal amount of € 100.00 million;
- € 13.08 million of other loans and advances (account debits).

At 31.12.2008, Cofinimmo's short-term financial debt amounted to € 220.84 million, of which:

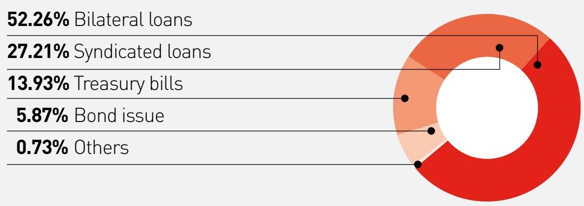
- € 215.86 million of treasury bills;
- € 4.98 million of other loans and advances (account debits).

The short-term issues of treasury bills (€ 215.86 million), under a programme limited to € 500 million, are fully covered by undrawn portions of committed long-term credit facilities totalling € 372.22 million as well as free cash reserves for an amount of € 24.45 million. Cofinimmo thus benefits from the attractive cost of this programme while securing its refinancing in the event that placing new treasury bills were to become more expensive or impractical.

Repayments of long-term commitments[3] - € 1,948 million (in € million)



Financial short and long-term debt - € 1,800.60 million



3 These repayments include the financial commitments capital and exclude the interest payment (generally per month or per quarter) as well as expected cash flows on derivative instruments.

1 Of which a "schuldschein" or debt obligation concluded with 2 German banks. 2 See also Note 2 on page 92.

Situation for long-term financial commitments

In 2008, Cofinimmo contracted new long-term bilateral credit lines (average term 6.2 years) for a total amount of € 471.20 million[1] from 7 banking partners. The average maturity of the Cofinimmo debt (excluding the short-term maturities of the treasury bills, which are fully covered by the undrawn portions of long-term credit facilities) drops from 5.3 years in 2007 to 4.7 years in 2008. Long-term financial commitments (credit lines, bonds, treasury bills and capital leases), with outstandings totalling € 1,948 million at 31.12.2008, display a uniform and evenly spread maturity profile up to 2017, with a maximum of 15.2% of these outstandings maturing during the same year (2012)[2]. In 2009, 3.5% of the outstandings will mature and 11.5% in 2010.

Interest rate risk

During the course of 2008, the Group's operating environment was one of high volatility and uncertainty concerning the trend in rates. The average interest rate on the debt of Cofinimmo, including banking margins and amortisation costs of cover instruments for the period, went up from 4.55% during 2007 to 4.79% for 2008. The reason for this increase is mostly the higher short-term market rate without a margin ("Euribor"), partly offset by the cover policy of the company and by the volume reduction and higher price of treasury bill issues. Since mid-September, the standard interest rates have fallen sharply, following the successive cuts in the European Central Bank's key interest rate.

At 31.12.2008, almost all of Cofinimmo's debt was contracted at short-term floating rate. Any debt contracted at fixed rate was immediately converted by the company into floating rate. As such, the company is exposed to a greater risk of rise in short-term rates, which could have a negative impact on its financial result. Hence, Cofinimmo has simultaneously obtained partial cover for its overall debt by using cover instruments such as the purchase of CAPs, where appropriate combined with the sale of FLOORs, and the contracting of FRAs and IRS (see chapter "Risk management").

The situation at 31.12.2008 for interest rate cover for future years is set out in Note 24 (see page 106). At the publication date of this Annual Report, the company has also finalised the purchase of a CAP option at 3.75% and the sale of a FLOOR option at 2.50% for a notional amount of € 250 million, in order to consolidate the cover for the years 2011 until 2013.

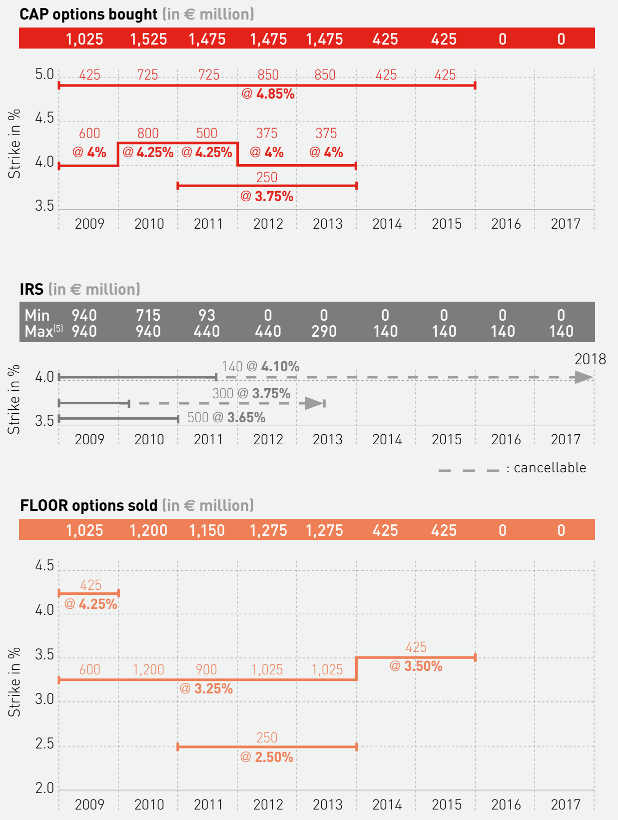
The banking margins are to be added to the above rates.

Assuming a constant gearing, the cover ratio for interest rate risk is close to 100% until 2010, 80% until 2013 and 25% until 2015. The Cofinimmo results nonetheless remain sensitive to fluctuations in interest rates (see chapter "Risk management").

Financial rating

Since the autumn of 2001, Cofinimmo has a long and short-term finance rating awarded by the rating agency Standard & Poor's[3]. At the time of writing this Report, this rating was a BBB for long-term debt and A-3 for short-term debt.

Situation of the interest rate cover[4]



4 At the publication date of this Annual Report. The purchase of a CAP option combined with the disposal of a FLOOR option at an identical strike corresponds economically to an IRS and is presented as such in the graph. 5 Notional: Min: with the cancellable IRS called at first option by the bank, Max: with the cancellable IRS active until final maturity.

1 Including € 25 million obtained in 2009. 2 Banking debts have been contracted with 19 financial institutions of the highest standing, with financial ratings of at least A. Over 65% of the outstandings comes from institutions with a AA- or higher rating (source: Bloomberg, 23.12.2008). 3 www.standardandpoors.com.

TRANSACTIONS AND PERFORMANCES IN 2009

The Extraordinary General Meeting of 21.01.2009 approved the mergers by absorption of 9 limited liability companies, with a view to simplifying the organisation of the Group and to transferring the assets held by these subsidiaries, which are mainly nursing homes, to the Sicafi tax regime.

Under these mergers, 962,485 new shares were created and all allocated to Leopold Square SA, a company which is fully controlled directly and indirectly by Cofinimmo SA.

For 2 of the 9 companies absorbed, Omega 8-10 and Miroma Senior Service, capital increases by cash contribution of € 21 million and € 16 million respectively, subscribed to by Leopold Square SA, sub-subsidiary of Cofinimmo, took place on 24.10.2008, in order to allow the repayment of the debts which these companies had in relation to Cofinimmo SA. At the time of the merger of these 2 companies with Cofinimmo, the subscription by Leopold Square to their capital increase was remunerated by 270,720 of the 1,319,361 Cofinimmo treasury shares.

During the first quarter of 2009, the Cofinimmo Group has sold 4,502 own ordinary shares on the market for a total amount of € 0.48 million at an average selling price of € 106.03 per share. Since these shares benefit from the 2008 results, they have been integrated into the calculations of the various 2008 results per share.

The total own ordinary shares held by the Cofinimmo Group thereby evolved to 1,314,859, i.e. 9.52% of the total number of shares issued[1].

1 See also the press release of 27.01.2009 as well as the company's website (**www.cofinimmo.com**) under the headings "Investor Relations/Shareholder info/Share data & Shareholding structure".

FORECASTS 2009

Assumptions

Valuation of the portfolio

The fair value, this is the investment value of the properties of which transaction costs are deducted, is taken over in the consolidated balance sheet. For the 2009 provisional balance sheet, this valuation is entered as an overall figure for the portfolio, increased by major renovation costs.

Repairs and maintenance - Major renovation works[1]

The forecasts by building include both the repairs and maintenance costs, which are entered under operating costs, and major renovation costs, which are capitalised and met from self-financing and borrowing.

Investments[1]

The forecast takes into account the following investment projects:

- the acquisition at the end of the 2nd quarter of 2009 of the business park West End in Groot-Bijgaarden for an amount estimated at € 26 million;
- the acquisition during the 3rd quarter of 2009 of the business park City Link located in Antwerp for an amount approaching € 68 million;
- the acquisition of nursing homes in France during the 2nd quarter of 2009 for an mount of € 39.9 million as part of an acquisition announced on 01.10.2008;
- the acquisition of nursing homes in France and Belgium for an amount of € 81.1 million stemming from the delivery of new units or the extension of existing units.

Financing

As did Cofinimmo in 2008, financing of its investment activities in 2009 will be mobilised through cash contribution of properties and the disposal of treasury shares, assets or lease receivables. The 2009 forecast includes a combination of these distinct financing resources, the relative weight of which will depend on the opportunities offered by the financial and property markets.

Rents

Rent forecasts include assumptions for each lease as to tenant departures, analysed on a case-by-case basis, and, in the event of departure of tenants, refurbishment costs, a period of rental vacancy, rental charges and taxes on unlet space plus agency commission when the space is relet. Letting forecasts are based on the present market situation, without assuming either a possible upturn or deterioration in the market (see page 20). Property result also incorporates the writeback of lease payments sold and discounted relating to the gradual reconstitution of the full value of a building for which the leases have been sold to a third party. This concerns notably the buildings North Galaxy, Loi 56, Everegreen and Luxembourg 40. A variation of 1% either way in the occupancy rate leads to a cumulative increase or reduction in the net current result per share per annum of € 0.16. Current contracts are index-linked.

Interest rates

The calculation of financial charges is based on the assumption that interest rates will start to rise again, as anticipated by the future rate curve, and takes into account the current loan contracts. In view of the hedging instruments put in place, the interest rate has been partially fixed for 2009 at 3.94% for floating-rate loans. Added to this rate are the banking margins and hedging premiums. The situation for interest rate cover for the year 2009 and the sensitivity of the result to interest rate fluctuations are described on page 39 of this Annual Report.

Inflation

The inflation rate used for the evolution of rents is 2% for 2009. The sensitivity of the forecast to variations in the inflation rate is small over the period considered. A variation of 0.5% either way from the predicted inflation rate leads to a cumulative increase or reduction in the net current result per share per annum of € 0.08.

Dividends

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

The current economic environment and the risks described in the chapter "Risk management" prompts to prudence. However, based on its existing estimates and, in the absence of major and unforeseen events, the company has set the objective of distributing a dividend for the year 2009 (payable in 2010) similar to the 2008 dividend.

Conversion of preference shares

This forecast is based on the assumption that all the preference shares (1,499,766) will be converted in ordinary shares during the year 2009.

1 This assumption is under the control of the company, in the meaning of rule 809/2004 of the European Commission.

Consolidated current results - analytical form (x € 1,000)

	2008 Actual	**2009 Forecast**
Rental income, net of rental-related expenses	187,820	**195,378**
Writeback of lease payments sold and discounted (non-cash)	11,056	**17,630**
Taxes and charges on rented properties not recovered	-382	**-454**
Refurbishment costs, net of tenant compensation for damages	-60	**-1,060**
Property result	198,434	**211,494**
Technical costs	-2,606	**-5,616**
Commercial costs	-1,097	**-1,302**
Taxes and charges on unlet properties	-2,360	**-1,288**
Property result after direct property costs	192,371	**203,288**
Property management costs	-14,496	**-14,395**
Property operating result	177,875	**188,893**
Corporate management costs	-7,309	**-6,538**
Operating result	170,566	**182,355**
Financial income (IAS 39 excluded)	24,718	**6,961**
Financial charges (IAS 39 excluded)	-91,380	**-82,296**
Revaluation of derivative financial instruments (IAS 39)	-41,453	
Taxes	-6,080	**-4,500**
Net current result	56,371	**102,520**
Preference dividends - Proposal[1]	9,554	
Minority interests	346	**305**
Net current result - Group share (ordinary shares)	46,471	**102,215**
Average number of outstanding ordinary shares entitled to share in result of the period	10,884,287	**13,806,796**
Number of preference shares	1,499,766	
Net current result per ordinary share (in €)	4.27	**7.40**

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

1 The proposal corresponds to the annual capped preference amount of € 6.37 per share.

Consolidated balance sheet (x € 1,000)

	31.12.2008 Actual	**31.12.2009 Forecast**
Non-current assets	3,436,090	**3,378,599**
Goodwill	171,689	**144,626**
Properties[1]	3,134,381	**3,105,424**
Finance lease receivables	108,181	**106,710**
Other non-current assets	21,839	**21,839**
Current assets	113,965	**83,871**
Assets held for sale	507	
Finance lease receivables	4,170	**4,170**
Cash and cash equivalents	25,448	**1,048**
Other current assets	83,840	**78,653**
TOTAL ASSETS	3,550,055	**3,462,470**
Shareholders' equity	1,377,242	**1,446,086**
Shareholders' equity attributable to shareholders of parent company	1,368,584	**1,437,696**
Minority interests	8,658	**8,390**
Liabilities	2,172,813	**2,016,385**
Non-current liabilities	1,776,666	**1,685,302**
Non-current financial debts	1,579,760	**1,565,460**
Other non-current liabilities	196,906	**119,842**
Current liabilities	396,147	**331,083**
Current financial debts	220,844	**167,650**
Other current liabilities	175,303	**163,432**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,550,055	**3,462,470**

1 Investment properties, Development projects and Assets held for own use. The valuation of investment properties is shown at their fair value. This value is supposed to remain unchanged between the beginning and the end of the year, with the exception of the budgeted renovations costs, which are added.

Consolidated balance sheet (continued)

	31.12.2008 Actual	**31.12.2009 Forecast**
Average number of outstanding ordinary shares entitled to share in result of the period	10,884,287	**13,806,796**
Number of outstanding ordinary shares	10,987,669	**13,806,796**
Number of preference shares	1,499,766	
Revalued net asset value per ordinary share in fair value before distribution of dividend for the year (in €)	108.98	**104.13**
Revalued net asset value per ordinary share in fair value before distribution of dividend for the year on a fully diluted basis[1] (in €)	109.40	**104.13**
Revalued net asset value per ordinary share in investment value before distribution of dividend for the year (in €)	115.02	**108.83**
Debt ratio to total assets	52.79%	**51.74%**

The capital and reserves are represented before distribution of the dividends of the financial year.

The forecast consolidated balance sheet and income statement are projections, the achievement of which depends, more particularly, on trends in the property and financial markets. They do not constitute a commitment on the part of the company, and have not been certified by the company's statutory Auditor. However, the Auditor, Deloitte Company Auditors SC s.f.d. SCRL represented by Ludo De Keulenaer, have confirmed that the forecasts have been drawn up properly on the indicated basis and that the accounting basis used for the purposes of this forecast are in conformity with the accounting methods employed by Cofinimmo SA in preparing its consolidated accounts according to the IFRS standards adopted in the European Union.

1 The preference shares are convertible on the basis of one ordinary share for one preference share, from the 5th anniversary of their issue date (01.05.2009). Until their conversion, the preference shares carry a preferential right to distribution in the event of liquidation, capped at the amount of their issue price. The revalued net asset value per ordinary share is calculated on the basis of the shareholders' equity after deducting the value of this right (€ 159.1 million). The revalued net asset value per share is then calculated here pro forma on a fully diluted basis which assumes that the preference shares have already been converted upon issue such as to obtain the present effect of their future conversion on the revalued net asset value per ordinary share.

APPROPRIATION OF RESULTS[1]

The Board of Directors proposes at the Ordinary General Shareholders' Meeting of 24.04.2009 to approve the annual statements as at 31.12.2008 and to distribute the following dividends:

- € 7.80 gross, i.e. € 6.63 net for the ordinary share;
- € 6.37 gross, i.e. € 5.41 net for the preference share.

Deduction for withholding taxes is 15%.

As at 31.12.2008, the Cofinimmo Group held 356,876 treasury ordinary shares, entirely held by Cofinimmo SA. Moreover, between 01.01.2009 and 13.02.2009, the Cofinimmo Group sold 4,502 own ordinary shares participating in the 2008 result on the market.

The Board of Directors proposes to cancel the right to dividend for the year 2008 of 330,544 own ordinary shares held by Cofinimmo SA and to suspend the right to dividend for the other 21,830 own ordinary shares still held by Cofinimmo in view of its stock option plan.

Hence, the 356,876 own ordinary shares held at 31.12.2008 as cross-holdings excluded, and the own shares with right to dividend for 2008 sold on the market since the beginning of 2009 included, the result of 2008 would be appropriated as follows:

The withdrawal from non-distributable reserves and the transfer to the same reserves correspond to the realisation of non-realised gains and losses, which were previously transferred to non-distributable reserves, as well as from buying and cancelling transactions of own shares.

The proposed dividend is in accordance with the provisions of Article 62 of the Royal Decree of 10.04.1995 on Sicaf immobilières, last modified by the Royal Decree of 21.06.2006, in that it exceeds the requirement to distribute a requested minimum of 80% of the net income, decreased by the impact of the reduction in indebtness during the year shown in the (non-consolidated) company accounts.

The pay-out ratio on the net current result (IAS 39 excluded) is 96.5%.

The remuneration of the capital amounts to € 94.45 million. As a reminder, the consolidated net current result (Group share) stands at € 46.47 million and the consolidated net result (Group share) at € -14.85 million.

The pay-out data and modalities of the ordinary and preference dividends are mentioned on page 66 of chapter "Cofinimmo in the stock market".

Result for the year (in €)

	2008	2007	2006
Result for the year available for appropriation	**52,181,662.89**	127,156,677.98	107,103,377.46
Retained result brought forward	**+181,950,035.33**	+120,398,136.92	+100,819,598.13
Result to be appropriated	**234,131,698.22**	247,554,814.90	207,922,975.59
Transfer to non-distributable reserves	**-170,274.00**	-118,575.00	-31,578,009.00
Transfer to other reserves	**-17,780,242.16**	-954,628.68	-2,233,557.95
Withdrawal from other reserves	**3,279,995.53**	22,065,949.78	5,381,642.38
Remuneration of the capital	**-94,450,948.02**	-86,322,676.67	-81,877,202.22
Profit-sharing scheme	**-301,444.00**	-274,849.00	-264,385.00
Retained result to be brought forward	**124,708,785.57**	181,950,035.33	97,351,463.80

1 Company accounts.

Corporate Governance

Cofinimmo ensures that it maintains high standards of corporate governance and continually evaluates its methods in terms of the principles, practices and requirements in this field.

The Board of Directors declares that, to its knowledge, the practice of corporate governance complies perfectly with the Belgian Corporate Governance Code. The Corporate Governance Charter can be consulted on the site **www.cofinimmo.com**.

The Extraordinary General Meeting of 21.01.2008 has renewed the authorisation of the Board of Directors to increase the share capital issued in accordance with Articles 603 and 607 of the Company Code. It also brought the articles of association into compliance with the Law of 20.07.2004 concerning certain forms of collective management of investment portfolios, with the Royal Decree of 21.06.2006 concerning the accounting systems, annual accounts and consolidated accounts of public Sicaf immobilières and amending the Royal Decree of 10.04.1995 concerning Sicaf immobilières, and with the Law of 02.05.2007 concerning the disclosure of major holdings in issuers whose shares have been admitted to trading on a regulated market and comprising various provisions.

Finally, it noted the reduction in the representation of the capital in accordance with Article 625 of the Company Code (58,314 ordinary bearer shares held by Cofinimmo became null and void as they were not disposed of within the period of 3 years provided for in Article 622, § 2, paragraph 2(5) of the Company Code).

Decision-making bodies

Board of Directors

Composition

According to the general principles governing the composition of the Board, as adopted by the Board on a proposal by the Appointments and Remuneration Committee, the Board comprises 12 Directors, including 8 non-executive Directors, 4 of whom are independent, and 4 executive Directors (members of the Executive Committee).

The independent Directors strictly comply with the following independence criteria:

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

Although the articles of association allow appointments for 6-year terms, the current practice of Cofinimmo has been for Directors to be appointed for a term of 3 years, which is renewable. During the 2008 Ordinary General Meeting, the terms of office of Messrs. Jean-Edouard Carbonnelle and Jean Franken were renewed exceptionally for periods of 4 years and 5 years respectively to spread the respective expiry dates of the terms of office of the Directors over time.

The Board meets a minimum of 8 times a year. Exceptional circumstances may necessitate the Board holding one or more additional meetings. The Board met on 10 occasions during 2008. Before the meeting, each Board member receives the documents which allow examination of the proposals of the Executive Committee on which he or she has to take a decision. In the event of a vote, decisions are adopted by a simple majority and, where there is equality of the votes, the Chairman casts the deciding vote.

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

Name Function	Year of birth	Nationality	Term of office starts	Last renewed	Term of office ends
André Dirckx Chairman of the Board Independent Director Member of the Appointments and Remuneration Committee	1936	Belgian	04.07.2001	25.04.2008	29.04.2011
Allianz Belgium (represented by Robert Franssen until 25.04.2008) **Robert Franssen** since 25.04.2008 Director (representing the shareholder Allianz Belgium)	1955	Belgian	19.02.2004	25.04.2008	29.04.2011
Jean-Edouard Carbonnelle Executive Director	1953	Belgian	30.04.1999	25.04.2008	27.04.2012
Chevalier Vincent Doumier Director (representing the shareholder Compagnie du Bois Sauvage) Member of the Audit Committee	1955	Belgian	28.04.2006	28.04.2006	24.04.2009
Serge Fautré Managing Director	1960	Belgian	26.04.2002	25.04.2008	29.04.2011
Jean Franken Executive Director	1948	Belgian	25.04.1997	25.04.2008	26.04.2013
Gaëtan Hannecart Independent Director Member of the Appointments and Remuneration Committee	1964	Belgian	28.04.2006	28.04.2006	24.04.2009
Guy Roelandt Director (representing the shareholder Dexia) Chairman of the Appointments and Remuneration Committee	1952	Belgian	24.04.1998	28.04.2006	24.04.2009
Françoise Roels Executive Director	1961	Belgian	27.04.2007	27.04.2007	30.04.2010
Alain Schockert Director (representing the shareholder Bank Degroof)	1950	Belgian	27.04.2007	27.04.2007	30.04.2010
Gilbert van Marcke de Lummen Independent Director Chairman of the Audit Committee	1937	Belgian	30.04.2004	27.04.2007	30.04.2010
Baudouin Velge Independent Director Member of the Audit Committee	1955	Belgian	28.04.2006	28.04.2006	24.04.2009

Other functions and offices held by the Directors of the Cofinimmo Board currently or in the past 5 years

André Dirckx

Current function:
-

Current or previous offices:
Euronext NV, NYSE Euronext, Les Petits Riens ASBL

Allianz Belgium represented by Robert Franssen until 25.04.2008/Robert Franssen since 25.04.2008

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

Current or previous offices:
Several companies of the Allianz Group, Union des Entreprises de Bruxelles ASBL, Anpi ASBL, Assuralia Association Professionnelle, Portima Société Coopérative, Union Wallonne des Entreprises ASBL[1], Assurcard SA[1]

Jean-Edouard Carbonnelle

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

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

Chevalier Vincent Doumier

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

Current or previous offices:
Ceran ILC, Codic International SA, Ter Beke SA, Anchorage SA, Bank Degroof SA, John Berenberg Gossler & Co KG (D), and several companies of the Compagnie du Bois Sauvage Group, Finaspil SA, Assainissement & Amélioration du Logement Populaire SCRL, Les Petits Riens ASBL, Centre Interdiocésain ASBL, Cercle Royal Gaulois Artistique et Littéraire ASBL, Compagnie Financière du Château SA[1], Groupe Fauchon[1], Trade Credit Re Insurance Company (TCRé) SA[1], Nanocyl SA[1]

Serge Fautré

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

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

Jean Franken

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

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

Gaëtan Hannecart

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

Current or previous offices:
Home Invest Belgium SA, Union Professionnelle du Secteur Immobilier (UPSI), National Foundation for Teaching Entrepreneurship ASBL (NFTE Belgium), Itinera Institute ASBL, Matexi Group SA, as well as several companies of this Group

Guy Roelandt

Current function:
Chairman of the Executive Committee of Dexia Insurance Belgium SA (avenue de Livingstone 6, 1000 Brussels)

Current or previous offices:
Auxipar SA, and several companies of the Dexia Group

Françoise Roels

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

Current or previous offices:
Euroclear Pension Fund OFP, Institut des Juristes d'Entreprise

Alain Schockert

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

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

Gilbert van Marcke de Lummen

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

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

Baudouin Velge

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

Current or previous offices:
Bekaert SA, BT Belux SA, Fondation Bernheim, Ecole pour le Management (EPM) SA, EuroCommerce AISBL[1], FEDIS ASBL[1], FEB ASBL[1]

1 Previous offices.

Role of the Board

The role of the Board of Directors is to:

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

Report on activities of the Board of Directors

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

- the merger by absorption of the following companies of the Cofinimmo Group:
  - Omega 8-10 SA against the issuing of 271,065 new ordinary shares;
  - Sogipa Invest SA against the issuing of 2,217 new ordinary shares;
  - Sogipa SA against the issuing of 3,565 new ordinary shares;
  - Sogemaire SA against the issuing of 29,353 new ordinary shares;
  - S.I.T.E.C. SA against the issuing of 7,980 new ordinary shares;
  - Rinsdelle SA against the issuing of 28,869 new ordinary shares;
  - L'Orée du Bois SA against the issuing of 55,342 new ordinary shares;
  - La Clairière SA against the issuing of 15,330 new ordinary shares;
  - Miromar Senior Service SA against the issuing of 548,764 new shares.
- the contribution in kind by SCI Foncière du Troncq, the property company of the Austruy family, holding 32 healthcare institutions in France, of 83% of the shares of Medimur, a limited liability company governed by French law (the name of which has been changed to Cofinimmo France SA), to the capital of Cofinimmo against the issuing of 493,571 new ordinary shares (the 17% remaining Medimur shares and the bond redeemable in Medimur shares held by the seller have been purchased for cash);
- the opening of a permanent establishment in France;
- the purchase by the permanent establishment of Cofinimmo SA in France from the Korian Group of 19 homes for elderly dependent persons (the so-called EPHAD, "Etablissements d'Hébergement pour Personnes Agées Dépendantes") and care and rehabilitation clinics (the so-called SSR clinics, "Cliniques de soins de suite et de Rééducation") located in France;
- the submission of an application to obtain the fiscal SIIC regime ("Société d'Investissements Immobiliers Cotée") for Cofinimmo France SA and Cofinimmo SA;
- the admission of the ordinary Cofinimmo share to listing on Euronext Paris;
- the examination and selection of guidelines for the development and strategy of Cofinimmo;
- in-depth consideration of the structure of the Cofinimmo Group, in particular with a view to international expansion;
- the revision of delegation of powers to the Executive Committee;
- the financing of Cofinimmo's investments and the disposal of a tranche of treasury shares.

Remuneration of the non-executive Directors

The remuneration of the non-executive Directors is decided by the General Meeting on the basis of a proposal by the Board of Directors and the recommendation of the Appointments and Remuneration Committee. In accordance with the decision of the General Meeting of 28.04.2006, the remuneration for 2008 is:

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

Consultative Committees

Audit Committee

The Audit Committee comprises 3 Directors, of whom 2 are independent, and complies with the requirements of the Corporate Governance Code. The members of the Executive Committee do not form part of the Audit Committee but the Chief Executive Officer attends the meetings. The Chairman of the Board of Directors has a permanent invitation to attend all meetings of the Audit Committee. Through their professional experience, the members of the Audit Committee have the necessary competence -both individually and collectively- to guarantee the effective working of the Committee. Messrs. Gilbert van Marcke de Lummen and Baudouin Velge strictly comply with the independence principles in accordance with Article 526ter of the Company Code. They dispose, through their professional experience, of the sufficient aptitudes as regards to accounting and auditing matters.

The role of the Audit Committee is to:

- assist the Board of Directors in carrying out its supervisory responsibilities and, in particular, concerning the information provided to the shareholders and third parties, and the operation and effectiveness of internal control mechanisms put in place by the Board and Management;
- recommend the appointment of the company's external auditor and define the nature and scope of his extralegal missions, as well as estimating their cost and approving their remuneration;
- examine and monitor the independence of the external auditor, in particular concerning the supply of additional services to the company;
- monitor the process of the compilation of financial information and follow-up of the statutory control of the annual, half-yearly and quarterly company and consolidated accounts and the statutory reports;
- analyse the observations made by the external auditor and, where applicable, formulate recommendations to the Board of Directors;
- monitor the functioning of the internal audit and its effectiveness;
- ensure that the provisions of the law, regulations and internal rules governing conflicts of interest are applied rigorously.

During the course of 2008, the Audit Committee met on 4 occasions. Apart from the recurrent subjects dealt with, the following matters were considered:

- internal valuation of Cofinimmo's property portfolio;
- reports on the internal auditor's assignment concerning the evaluation of the cover of interest rate risks, the additional services and the risk management;
- follow-up of the recommendations made by the internal auditor.

Remuneration of the non-executive Directors (in €)

Name	Attendance to the Board of Directors	Attendance to the Appointments and Remuneration Committee	Attendance to the Audit Committee	Total remuneration	Number of shares held as at 31.12.2008
André Dirckx	10/10	5/5	-	100,000	0
Allianz Belgium represented by Robert Franssen until 25.04.2008/ Robert Franssen since 25.04.2008	9/10	-	-	42,500	606,044[1]
Jean-Edouard Carbonnelle	10/10	-	-	-	550
Chevalier Vincent Doumier	7/10	-	3/4	45,850	178
Serge Fautré	10/10	-	-	-	0
Jean Franken	10/10	-	-	-	0
Gaëtan Hannecart	8/10	3/5	-	48,350	0
Guy Roelandt	6/10	5/5	-	51,000	0
Françoise Roels	10/10	-	-	-	0
Alain Schockert	8/10	-	-	40,000	0
Gilbert van Marcke de Lummen	9/10	-	4/4	57,800	0
Baudouin Velge	9/10	-	2/4	50,150	0

1 This refers to the number of shares held by Allianz Belgium.

Appointments and Remuneration Committee

The Appointments and Remuneration Committee is comprised of 3 members of the Board of Directors, of whom 2 are independent, and fully complies with the requirements of the Corporate Governance Code.

The role of the Appointments and Remuneration Committee is to assist the Board by:

- issuing recommendations for the composition of the Board of Directors and its Committees and for validating the independence of its members;
- helping select, evaluate and appoint members of the Board and of the Executive Committee;
- helping determine the remuneration of the members of the Board of Directors and of the Executive Committee;
- analysing and preparing recommendations on all matters connected with Corporate Governance.

During 2008, the Committee met on 5 occasions. The main matters considered were the following:

- determining the emoluments of the executive Directors so that they remain in line both with market levels and with the responsibilities assumed by them;
- evaluating its own operation;
- evaluating the Board of Directors;
- the recruitment of a new Director (Mr Xavier de Walque, to replace Mr Guy Roelandt as representative of the shareholder Dexia SA), the renewal of the office of 2 independent Directors (Messrs. Gaëtan Hannecart and Baudouin Velge) and the renewal of the office of Chevalier Vincent Doumier (representing the shareholder Compagnie du Bois Sauvage).

Executive Committee

Besides its Chairman, Mr Serge Fautré (CEO), the Committee is composed of 3 executive Directors, Messrs. Jean-Edouard Carbonnelle (CFO) and Jean Franken (COO) and Mrs Françoise Roels (Secretary General & Group Counsel). Each Committee member has a specific area of responsibility. The Committee meets every week and is responsible for the operational management of the company.

Its role in this connection is to:

- propose the company strategy to the Board of Directors;
- execute this strategy, including the decisions to acquire or dispose of buildings or shares of real estate companies;
- carry out the day-to-day management of the company and report on these matters to the Board of Directors.

Composition

Serge Fautré/Chief Executive Officer

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

Jean-Edouard Carbonnelle/Chief Financial Officer

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

Jean Franken/Chief Operating Officer

is responsible for all operations relating to the Cofinimmo property portfolio since 1996. Active in the sector since the beginning of his career, he was successively responsible for the construction of buildings, the development of projects including the Keiberg Business Park in Zaventem and the management of office property portfolios. He is a Civil Engineer (UCL 1971).

Françoise Roels/Secretary General & Group Counsel

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

Contractual terms

With a view to entrusting responsibility for day-to-day management to Director members of the Executive Committee, the company has concluded a service contract with them. This agreement is concluded for an unspecified period. The Directors accomplish their duties in the absence of any form of subordination and with full autonomy and independence. However, they are guided in the performance of their duties by the guidelines and strategic decisions adopted by the Board of Directors and by compliance with the rules governing the responsibilities and operation of the Executive Committee. The contract binding them to Cofinimmo may be terminated subject to advance notice of 24 months where the company initiates the termination or advance notice of 3 months in the event that a Director member of the Executive Committee initiates the termination, or else by payment of an equivalent indemnity compensating for the corresponding period of notice calculated on the basis of the emoluments prevailing at the time of termination. In the event that the company is the subject of a takeover and where, within a period of 5 years dating from this takeover, their contract is terminated or the scope of their responsibilities reduced, Cofinimmo will pay to the Director members of the Executive Committee an indemnity equivalent to 36 months' remuneration.

Emoluments

The Director members of the Executive Committee have self-employed status. They receive fixed and variable emoluments which cover their occupation as member of the Executive Committee as well as Director of the company. The amount of the variable emoluments is determined by the attainment of financial objectives and individual quality objectives, and more precisely the attainment of the company's annual budget, growth of the income per share according to criteria set each year by the Board of Directors on a proposal by the Appointments and Remuneration Committee and the overall assessment formulated by the Board of Directors on the recommendation of the Appointments and Remuneration Committee.

Members of the Executive Committee benefit from a savings and provident scheme (fixed element) as well as individual pension promises (variable element). Cofinimmo places a company vehicle at their disposal, for which the annual cost to the company may not exceed € 15,000. Cofinimmo reimburses all expenses incurred on behalf of the company. The annual costs of medical coverage come to € 2,822 for the CEO and € 6,705 for the other members of the Executive Committee.

Should the Director members of the Executive Committee be unable to carry out their duties for reasons of incapacity (sickness or accident), Cofinimmo will continue to pay them the fixed portion of their emoluments for a period of 2 months dating from the 1st day of incapacity. After this, they will benefit from an allowance for incapacity (paid by an insurance company) equal to 70% of their total remuneration.

Stock option plan

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

The exercise price for these stock options stands at € 122.92 for the 2008 plan, € 143.66 for the 2007 plan and € 129.27 for the 2006 plan (also see page 118).

Remunerations (in €)

	Fixed	Variable	TOTAL
Serge Fautré	330,000	183,900	513,900
Savings scheme	70,358	-	70,358
Pension promise	-	24,300	24,300
Other members of the Executive Committee	720,000	238,140	958,140
Savings scheme	204,996	-	204,996
Pension promise	-	215,460	215,460

Stock options (in number)

	2008	2007	2006
Serge Fautré	**1,800**	1,800	1,800
Other members of the Executive Committee	**2,350**	3,700	3,700

Management

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

Sébastien Berden, Business Development Manager
Benjamin Bostoen, Head of Information Technology
Chantal Cabuy, Human Resources Manager
Ingrid Daerden, Investor Relations Manager
France Delobbe, Corporate Legal Officer
Xavier Denis, Head of Project Development & Area Manager
Jean Pierre D'haenens, Head of Accounting
Andrée Doucet, Corporate Legal Officer
Laurence Gacoin, Area Manager
Marc Hellemans, Head of Corporate Finance and Control
Dirk Huysmans, Area Manager
Benoît Messiaen, Group Treasurer
Ingrid Schabon, Corporate Communications Manager
Domien Szekér, Head of Project Management
Jean Van Buggenhout, Internal Audit & Quality Manager

Other parties involved

Certification of the accounts

An Auditor appointed by the General Meeting of Shareholders must:

- certify the annual accounts and review the half-yearly accounts, as for any limited liability company;
- this being a Sicafi -a listed mutual fund- prepare special reports at the request of the Banking, Finance and Insurance Commission.

The Auditor is Deloitte, Company Auditors, represented by Mr Ludo De Keulenaer, Auditor, certified by the Banking, Finance and Insurance Commission, with registered office at 1831 Diegem, Berkenlaan 8B. The fixed remuneration of the Auditor for reviewing and certifying Cofinimmo's company and consolidated accounts amounted to € 101,537 (excluding VAT). The remuneration of Deloitte, Company Auditors for certifying the company accounts of Cofinimmo's subsidiaries, as well as for the tasks assigned to the Auditor by law (reports on the occasion of mergers, for example), amounted to € 25,700. The fees of the Deloitte & Touche Group relating to studies and assistance, notably on taxation matters, came to € 248,723[1] during the year, and mainly concern verifying the economic and financial data relative to acquisitions within the meaning of Article 133 § 7 of the Company Code.

Depository bank

The Bank Degroof has been designated as the depository bank of Cofinimmo, within the meaning of Articles 12 ff. of the Royal Decree of 10.04.1995 on Sicaf immobilières. The annual remuneration takes the form of a commission calculated as follows: 0.05‰ of the value of the assets, comprising the quarterly valuation of the property assets carried out by the expert (investment value) plus the carrying value of the other assets, i.e. € 168,190.

Real estate expertise

The real estate experts designated by Cofinimmo to certify the overall value of the Cofinimmo property portfolio are the firms Winssinger & Associates and Cushman & Wakefield.

Winssinger & Associates is represented by Messrs. Philippe Winssinger and Benoît Forgeur. Winssinger & Associates (company number BE 0422 118 165), with registered office at avenue Louise 380 in 1050 Brussels, was founded on 20.11.1981 for an unspecified term and is subject to Belgian legislation. It is specialised in the valuation of real estate in Belgium and is part of the DTZ Group, subsidiaries of which are property surveyors in France and The Netherlands. The company is a member of the Royal Institute of Chartered Surveyors (RICS) BeLux.

Cushman & Wakefield is represented by Messrs. Eric Van Dyck and Kris Petermans. Cushman & Wakefield (company number BE 0418 915 383) is a subsidiary of the offices in The Netherlands (General Partnership existing under the laws of The Netherlands), with registered offices at Strawinskylaan 3125, 1077 ZX Amsterdam. Its administrative and registered offices are established at avenue des Arts 58 B7, 1000 Brussels (the company is registered in Brussels under number 416 303). Since its foundation on 04.12.1978 the company values offices, retail and industrial properties in Belgium and Luxembourg. It is not supervised by an official authority.

In accordance with Article 56 of the Royal Decree of 10.04.1995, the experts carry out a valuation of all the properties in the portfolio of the Sicaf immobilière and its subsidiaries at the end of each financial year. The valuation forms the basis for the carrying value of the property assets in the balance sheet. Furthermore, at the end of each of the first 3 quarters of the year, the experts update the overall valuation made at the end of the previous financial year, by reference to market developments and the nature of the properties concerned. Finally, in accordance with the provisions of Article 59 of the same Royal Decree, any property which is to be acquired or disposed of by the Sicaf immobilière (or a company which it controls) is valued by the experts before the transaction. This transaction must be carried out at the value determined by the experts where the other party is a developer of the Sicaf immobilière (Cofinimmo does not have such a developer), the depository bank or any company with which the Sicaf immobilière, the depository bank or a developer is linked by participating interests or where any of the above-mentioned parties gains any advantage from the transaction.

1 The threshold has been exceeded within the meaning of Article 133 § 5 of the Company Code and was the subject of prior approval by the Audit Committee on 25.07.2008 in accordance with Article 133 § 6.

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

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

The experts' valuation depends in particular of the:

- location;
- age and type of building;
- state of repair and level of comfort;
- architectural aspect;
- gross/net surface areas;
- number of parking spaces;
- rental conditions.

The remuneration of the real estate experts, calculated quarterly on the basis of a fixed lump sum plus a fixed fee, amounted to € 943,000 (VAT excluded) in 2008.

Rules and procedures

Arrangements concerning conflicts of interest

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

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

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

Seen the absence of any conflict of interest, the Board of Directors did not draw up any report for the year 2008, in application of Articles 523 and 524 of the Company Code.

Reference is also made to Article 24 of the Royal Decree of 10.04.1995 where one of the persons referred to in this Article (Director, administrator, depository or promoter of the Sicafi, ...) acts as counterparty in an operation undertaken with the Sicafi or a company controlled by it.

Code of conduct

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

Acquisition & sale of Cofinimmo shares - insider trading

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

Judicial and arbitration proceedings

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

Compliance Officer

Françoise Roels, Secretary General & Group Counsel, is the Compliance Officer of Cofinimmo. Her duties consist of ensuring that the Code of Conduct as well as, more generally, all prevailing laws and regulations are observed.

Research and development

The Cofinimmo Group did not carry out any research and development activity during 2008.

Power of representation

The company is validly represented in all acts by 2 Directors. Without prejudice to the acts of disposal concerning a real estate asset for which the company must be represented by 2 Directors acting jointly, as stipulated by Article 18 of the Royal Decree of 10.04.1995 relating to Sicaf immobilières, and Article 21 of the articles of association of the company, the following persons may represent and validly commit the company for all acts and all obligations with regard to all third parties or authorities, public or private, by the joint signature of 2 of them:

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

The acquisition of buildings, rights in rem on real estate or the shares of real estate companies require that at least one of the signatories is a Director. A specific delegation has also been organised for treasury operations.

Information based on Article 34 of the Royal Decree of 14.11.2007 concerning the obligations of issuers of financial instruments authorised to trade on a regulated market[1]

Capital structure[2]

The share capital stands at € 739,852,121.78 and is divided into 13,806,796 fully paid-up shares, each of which representing an equal share, of which 12,307,030 ordinary shares without par value, and 1,499,766 preference shares without par value, that is a series of 702,490 preference shares P1 and a series of 797,276 preference shares P2. Each preference share carries a dividend payable by priority over the dividends payable on the ordinary shares. The gross annual amount of the priority dividend is € 6.37 per preference share. Preference shares are convertible into ordinary shares at the option of their holders exercised in the cases referred to in Article 10bis of the articles of association.

More specifically, preference shares are convertible into ordinary shares, in one or more tranches, at the option of their holders exercised in the following cases:

- as of 2009, from 1 to 10 May, then during the 10 final calendar days of each civil quarter;
- at any time during a period of one month following the notification of the implementation of the promise of sale referred to below;
- in the event of liquidation of the company, during a period starting 15 days after the publication of the decision to liquidate and ending on the day before the General Meeting closing the liquidation.

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

The subscription or acquisition of preference shares implies a commitment to sell such shares to a third party designated by the company (call option) dating from the 15th year following their issue, subject to the conditions and in accordance with the procedure defined in Article 10bis of the articles of association. Finally, the preference share has priority in the case of liquidation.

Stock option plan

The members of the Executive Committee and the management benefit from a share option plan as explained on page 54 of the present Report. In the event of a merger, split up (partial) or division of shares in the company or other similar transactions, the number of outstanding options at the date of this transaction and their respective exercise prices may be adapted in line with the rate of exchange applied to the existing company shares. In that case, the Cofinimmo Board of Directors will determine the precise conditions for this adaptation. In the event of a change in control, the accepted options are deemed to be immediately and fully acquired and become exercisable with immediate effect.

Capital structure[2]

Shares	Number	Capital (in €)	%
Ordinary (COFB)	12,307,030	659,878,389.63	89.14
Preference (COFP1)	702,490	37,459,675.11	5.09
Preference (COFP2)	797,276	42,514,057.04	5.77
TOTAL	**13,806,796**	**739,852,121.78**	**100.00**

1 See also the Law of 01.04.2007 concerning public takeover bids. 2 At the closing date of this Annual Report.

Authorised capital

The Board of Directors is expressly empowered to increase the share capital in one or more tranches up to a maximum amount of € 640,000,000.00 on the dates and according to the procedures to be decided by the Board of Directors, in accordance with Article 603 of the Company Code. This authorisation is granted for a period of 5 years from the publication date in the annexes of the Belgian Official Gazette (Moniteur belge) of the minutes of the Extraordinary General Shareholders' Meeting of 21.01.2008. This Meeting expressly authorised the Board of Directors to carry out one or more capital increases in the event of a takeover bid, following receipt by the company of the communication referred to in Article 607 of the Company Code. This authorisation does not restrict the powers of the Board of Directors to undertake operations utilising authorised capital other than those referred to by Article 607 of the Company Code.

Decision-making bodies

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

Repurchase of shares

The Board of Directors is specially authorised, for a period of 3 years from the date of publication of the minutes of the Extraordinary General Meeting of 21.01.2009, to acquire, take as security and transfer on behalf of Cofinimmo, the own shares of the company without a prior decision by the General Meeting, where this acquisition or this transfer is necessary in order to prevent serious and imminent harm to the company. Furthermore, during a period of 5 years following the holding of the above-mentioned Meeting of 21.01.2009, the Board of Directors may obtain by acquisition, take as security and transfer (even outside the stock exchange) on behalf of Cofinimmo, the own shares of the company at a unit price that may not be less than 85% of the closing market price on the day preceding the date of the transaction (acquisition, sale and taking as security) and that may not be more than 115% of the closing market price on the day preceding the date of the transaction (acquisition, taking as security) whereby Cofinimmo may at no time hold more than 20% of the total issued shares. At the date on which this Annual Report was adopted, Cofinimmo SA held 352,374 own shares.

Contractual conditions of the members of the Executive Committee

The contractual conditions of the Director members of the Executive Committee are described on page 54 of this Report.

Cofinimmo articles of association

Extracts of the Cofinimmo articles of association are published on page 134 of this Annual Report. Their most recent revisions date from the Extraordinary General Meetings of 21.01.2008 and 21.01.2009.

Corporate social responsibility

Environmental responsibility

Aware of the potential impact of its activities on the environment in the broad sense, Cofinimmo recognises that it must conduct itself as a responsible and community-minded enterprise, in keeping with the objectives of sustainable development. It is committed to developing and managing the property portfolio with respect for the environment and natural resources by reducing its ecological footprint in an economically rational manner. In this way, Cofinimmo ensures optimal risk management and, by extension, helps minimise the risks incurred by its tenants, by its shareholders and, naturally also, by the neighbourhood. Risk control is a key component of the continuous drive to improve Cofinimmo's competitiveness and to utilise its resources more efficiently.

Initial inventory of the properties/Quality of the soil, subsoil and groundwater

Before acquiring any property, Cofinimmo carefully examines any non-conforming aspects and environmental risks. Their eradication is planned once the new buildings are actually incorporated into the portfolio. In order to forestall any pollution risks, where these may exist, Cofinimmo also conducts a survey to ascertain the quality of the soil, subsoil and groundwater for properties in which activities involving risk are or have been taking place (fuel oil tanks, electric generators, transformers, ...). Where pollution is proven to exist, Cofinimmo takes all possible steps to define the scope of these risks in order to eliminate them. In addition, Cofinimmo periodically checks the conformity of any of its installations which potentially represent a risk to the ground (leak tightness tests, retention basins, ...).

Environmental & urban permits

Cofinimmo has environmental permits, issued by the regional authorities, to operate registered installations for all its buildings. These are systematically updated in the event of changes in the law or in the technical installations. Moreover, each building of Cofinimmo's property portfolio disposes of urban permits certifying the conformity of the construction or renovation works with the legal dispositions.

Technical audit/Tenant safety

The technical installations (boilers, air conditioning, transformers, elevators, ...) and safety equipment (hydrants, extinguishers, fire alarm system, ...) in each building managed by Cofinimmo are periodically checked by independent and professional bodies in the different areas concerned to avoid all breakdowns or risk of accident. For the buildings for which the tenant assures the technical and property management, Cofinimmo makes an effort in increasing the tenant's awareness of organising this inspection.
In order to guarantee optimum safety for its clients, the Quality Management department of Cofinimmo conducted a survey of potential fire risks in its buildings, comprising a fire safety audit, evacuation exercises and an information campaign for its tenants. An accredited body has also carried out a technical audit of all elevators installed in Cofinimmo's properties, in accordance with the European Directive 95/16/EC. This gave rise to the preparation of a detailed programme of maintenance and improvement works.

Refrigerant fluids (CFCs)

Cofinimmo has pursued its active policy to replace air conditioning units using CFCs. Refrigerant fluids now used in the bulk of these units are liquids of the HFC-type, a gas which preserves the ozone layer. Based on a precise inventory per type of used refrigerant fluid, the replacement of the air conditioning units will be continued in 2009 in order to reach the objective fixed by the European Commission consisting of withdrawing the CFCs and HCFCs so as to considerably reduce the greenhouse effect between now and 2015. The company also ensures that its air conditioning installations are properly maintained.

Asbestos

All asbestos applications which present a risk to humans have been removed from the buildings. Residual and non-significant applications are the subject of a management plan that is reviewed regularly by accredited experts. In the event that any new evaluation concludes that the risk is potentially significant (material decomposing), the application in question will obviously be removed in accordance with the regulations in force. Moreover, when planning maintenance or refurbishment works, Cofinimmo makes use of these occasions to remove possible residual non-significant applications. In 2008, 55 buildings were monitored, for 7 of them an intervention on the short or middle-term appeared to be required.

Energy performance of the buildings

Cofinimmo has developed a rational investment policy in its buildings designed to reduce their energy consumption. Particular attention is paid to achieving potential energy savings for the heating, air conditioning and ventilation installations. When undertaking construction or renovation works, Cofinimmo endeavours to use sustainable materials presenting a low risk to the environment and a longer lifespan. On every occasion, alternative ecological work programs are considered in order to develop buildings with higher energy performances than those dictated by the law.

The European Directive 2002/91/EC concerning the EPB standard (Energy Performance of Buildings), which has been adopted in the 3 Belgian Regions, requires that for new buildings involving an application for a building permit a study on energy performance must be performed.
In practice, each application for a building permit must meet a minimum E-index[1]. All the development projects of Cofinimmo realised or initiated in 2008, being subject to this Directive, meet and even exceed these regulations.

For existing buildings, the European Directive provides for the introduction of an EPB certificate (i.e. a certificate confirming the energy performance of a building) with a performance rating for each building. This European Directive is/will soon be absorbed into Belgian regional law.

Correspondingly, when setting its budget, Cofinimmo emphasizes the improvement of the environmental aspect of its property portfolio. Thanks to this particular environmental concern, Cofinimmo already obtained several subsidies for the realisation of the works.

Comparative between the energy performance (E) imposed by the Law and the level preconceived by Cofinimmo for its 2 most important development projects in construction in 2008

Building[2]	Calculated E	Required E
City Link	79	100
Avenue Building	75	100

1 The EPB index expresses the quantity of energy required to meet the needs of the building in relation to a reference building (index 100). This is calculated by analysing the energy contributions of the building (sun, lighting, occupants, heating, etc.) in relation to those needed to ensure an optimum level of comfort and hygiene in the building. 2 For a description of the project, please see the Management report on page 22.

CO_2 emissions

As a corollary to the energy management of its properties, Cofinimmo has pursued a reflection process on the CO_2 emissions of its properties and its influence on climate change. An evaluation has been carried out on part of the property portfolio in accordance with ISO Scope 1 of the ISO 14064 standard. CO_2 emissions of the buildings audited fall within the average of those observed for office buildings in Brussels: 55 kg CO_2/m^2 offices[1]. As a reminder, in 2007, Cofinimmo signed a green energy contract with Electrabel. The renewable energy carries the label TÜV SÜD and guarantees the production of green energy at the hydroelectric sites of the Compagnie Nationale du Rhône. This contract will generate savings of around 15,000 tonnes of CO_2/year, equivalent to the savings generated by 8 wind turbines of average power.

In 2008 the Environmental Management System (EMS) of 3 buildings in the portfolio (Woluwe 58, Montoyer 14 and Souverain 36) was accredited according to the ISO 14001:2004 standard[2]. The intention is to roll out this accreditation to other properties in the portfolio, to start with 3 additional buildings in 2009. EMS certification puts Cofinimmo's environmental policy on a formal basis and is translated into environmental objectives that are attainable and measurable by means of specific performance indicators and for which the costs are kept under control.

Concurrently, with the objective of reducing the CO_2 emissions of its company car pool, the company launched an awareness campaign amongst the beneficiaries and will take actions in 2009 in order to actively reduce CO_2 emissions. On the other hand, alternative transport means with less impact on the environment, such as scooters and bikes, are henceforth at the disposal of the staff, allowing them to travel in a more greenish way.

Waste management & cleaning

Cofinimmo encourages its tenants to sort their waste by placing separate containers at their disposal and offering them appropriate waste collection solutions.

It was also decided that, as of 2009, the buildings under Cofinimmo management will be cleaned using mainly biodegradable, environmentally friendly products. For all building maintenance operations, Cofinimmo ensures that its subcontractors use products with a minimum environmental impact.

Urban responsibility

Through its investments, the company seeks to play a part in the development of towns where it is present, helping certain districts to redevelop and in this way promoting urban and social renewal. It also endeavours to put across a positive image of the real estate sector in general and its investments in particular. Cofinimmo is actively involved in the debate regarding community and real estate development. The company is a member of such bodies as the Union Professionnelle du Secteur Immobilier (UPSI), the Urban Land Institute (ULI), the European Public Real Estate Association (EPRA) and the European Quarter Fund. It was involved in introducing the Investment Property Database (IPD) in Belgium and sponsors the Bruocsella Club (club of business patrons created by the Promethea Foundation) which has the aim of supporting cultural, social or architectural projects affecting the urban environment in the Brussels Region.

Economic responsibility

Brussels, the capital of Europe, is the home base of Cofinimmo. The company wants to give an economic dimension to its activities by actively helping to promote and develop the Region of Brussels-Capital and the City of Brussels. When holding its road shows and other presentation events abroad, Cofinimmo constantly seeks to promote the investments and facilities in Belgium to investors.

Its role also consists of providing quality living space which caters for the specific activities and requirements of the occupants. Cofinimmo is in a position to offer the public authorities and ordinary citizens quality buildings for very specific uses. By investing in nursing homes, Cofinimmo is aiming both to meet the growing demographic need and to assist the operators by easing the burden of managing their properties and providing a secure and comfortable environment for the elderly.

The viability of Cofinimmo is underpinned by its long-term contracts with partners of the highest calibre, giving it considerable stability and allowing the company to conduct a long-term strategy. The company is constantly attentive to its financial equilibrium and future growth. Value creation for its shareholders is one of its objectives.

Its Code of Conduct, distributed to all the staff, emphasises virtues that are essential in a professional environment, such as honesty, rigour, integrity and respect for others.

Cofinimmo is also active in Business & Society Belgium, a network and source of inspiration for companies and associations willing to integrate corporate social responsibility in their management and activities.

1 Source: IBGE. 2 ISO 14001:2004 defines the requirements relating to an environmental management system allowing a body to develop and implement a policy and objectives which take account of the legal and other requirements subscribed to by the body and the information concerning the significant environmental aspects.

Social responsibility

Cofinimmo wants to make a real contribution to community life and harness its good standing to benefit social and humanitarian works. Accordingly, in 2008, it supported numerous humanitarian and social projects such as the Fondation Roi Baudouin, Les Petits Riens, Télévie, the Thermos campaign, the humanitarian projects Azawagh and Samilia, and similar works.

Human resources management

In a continuously growing company, it is essential to anticipate and accommodate change, both inside and outside the company. The latest development paths being pursued by Cofinimmo, such as nursing homes and the Pubstone portfolio, as well as the geographical expansion, called for a tailor-made structure and organisation chart to be put in place.

Staff

At 31.12.2008, 108 people (average age 36) were employed by the company, of whom 60% are university graduates and 15% have a qualification at post-graduate level. About 54% of the staff are working on customer and portfolio management with the remaining personnel employed in support activities. The staff total breaks down into 34% male and 66% female employees. The 12% net growth in personnel at 31.12.2008 is largely due to concern of assuring the geographical and segment growth of the portfolio. This growth has, to a greater extent than in the past, opened the way for many internal promotions. During the year, 19 staff members were taken on while there were just 5 voluntary departures. Absenteeism is low, exceeding only just 2% of the total number of days worked.

Diversity

Cofinimmo's social policy promotes diversity by encouraging the recruitment of people commonly discriminated against on grounds of their origin, age, disability or gender. Cofinimmo is one of the 17 companies in Brussels to have signed up to the "Diversity Plans", an initiative of the Minister responsible for the Economy and Employment in the Government of the Brussels-Capital Region. In-house, this approach is endorsed by a Charter. In terms of age groups considered to be subject to discrimination, 6% of the Cofinimmo staff are under 26 years of age and 22% over 46. At the time of writing this Report, the number of young employees under 26 has gone up to 8.4%.

Remuneration

The remuneration package offered by Cofinimmo is positioned by reference to market remuneration for similar functions and the salary is based on identical criteria for each employee. It includes a retirement scheme, a profit-sharing scheme and, for 2008, a non-recurrent bonus linked to the company performance. The profit-sharing scheme amounted to € 398,839 in 2008. The members of the Group management benefit from a share option plan designed to cement company loyalty. This plan aims to involve the participants in the Group's results. In 2008, a total of 6,730 share options were given, representing a fair value of € 353,120 (see Note 43 page 118).

Nurturing talent

Each member of staff has a personal, annual training plan. These plans are designed according to the overall corporate strategy in the short, medium and longer term, the essential skills to be acquired or built on, and the personal development aspirations of the interested parties. Over 85% of the staff attended one or more training courses in 2008, representing a total of 4,600 hours and a budget equivalent to approaching 3% of the total gross salary bill, distributed equitably among all the staff (men/women, young/older employees, ...). Some 600 training days were allocated for the staff, of which 54 focusing on environmental topics, energy performance of buildings and sustainable development.

Business IT management

At the beginning of the year, Cofinimmo launched the business information system SAP aimed to manage company processes and the property portfolio. It will offer the company the necessary support, security and control in its segment and geographical expansion. During the entire year, the system was further developed by adding consolidation and reporting modules.

The company also initiated an approach of process enhancement in order to increase its operational efficiency and the establishment of its financial statements. Moreover, in order to support the Project Management department, Cofinimmo has the objective of implementing an additional module allowing a detailed follow-up of the projects realised by and for Cofinimmo.

Age groups

Cofinimmo in the stock market

Investors interested in Cofinimmo have a choice between 3 listed instruments offering different risk, liquidity and yield profiles: the ordinary share, the preference share and the bond.

The ordinary share

Listed on the Euronext Brussels stock exchange (ticker: COFB) since 1994 and on Euronext Paris since June 2008, Cofinimmo is included in the BEL20, Euronext 150 and MSCI indices. It is also in the EPRA Europe and GPR250 real estate indices. Cofinimmo is the foremost real estate investment company of the BEL20.

Stock market context and trend in Cofinimmo share

In 2008, the financial world was shaken by a global recession, caused in part by the worldwide credit crisis. On account of exceptional losses recorded in the banking sector, the solvency and liquidity of various financial institutions were compromised and the banking landscape reconfigured in particular with the intervention of public authorities. Access of companies to external financial resources has been narrowed considerably, while the performances of the world stock exchanges and stock exchange indices have recorded a brutal collapse (BEL20: -53.75%, Eurostoxx 50: -44.27%, Dow Jones: -33.81%).

The property sector, traditionally an avid bank loan customer, has been hard hit by the crisis. In fact, in 2008, after 4 favourable years (2003-2006), European property shares recorded for the second year in succession a higher decline than that of the other listed shares. Nevertheless, since 1999, the cumulative performance of the European property shares (GPR250 ex UK) remains positive (+4.70%), whilst that of the S&P Europe 350 index over the same period stands at -4.20%[1].

A substantial number of property shares are recording a discount in relation to their net asset value. This discount reflects the uncertainty prevailing in the market concerning the mobilisation of financial resources and heralds possible depreciation of property portfolios. In fact the market forecasts a scenario in which property investors would be forced to sell assets to offset the absence of financial and refinancing resources. The absence of a representative sample of investment transactions during the 2nd half of 2008 confirms this theory and this situation has led to severe pressure on yields and, consequently, to property depreciation.

By way of correlation, the scale of the recession will have an impact on the real economy; for the property market, this could be expressed in a fall in occupancy rates, rental income levels and lease indexation.

The Cofinimmo share was relatively resilient during the early months of the year, before it was forced to relinquish part of its value. The market price for 2008 as a whole slumped by 26.57% compared to a 50.88% fall for the EPRA Europe index, which confirms the defensive character of the Cofinimmo share within its sector.

1 Source: Kempen & Co, European Property Sector Compass.

Risk-return ratio

Taking into account the reinvestment of the dividend, over a 4-year period (from December 2004 to December 2008), Cofinimmo generated a return of -8.13%, or an average annual return of -2.10%. During the same period, the BEL20 and Euronext 100 indices moved down, respectively, 24.93% and 6.10%, representing average annual returns of -6.92% and -1,56%. Also during this period, the EPRA Europe index dropped 34.07%, or an average annual performance of -9.89%.

Various factors explain this difference in performance of the Cofinimmo share compared to the European market in general and to the real estate sector in particular:

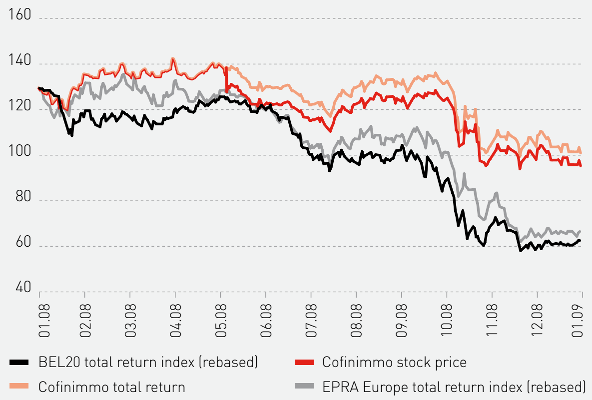
- property shares were the first to experience a correction at the start of the credit crunch in 2007. The non-sector indices recorded a fall only after the crisis had intensified. The BEL20 was extra affected by the financial crisis during the 2nd half of 2008 on account of the heavy weighting of bank values in the index;
- Cofinimmo is often seen as defensive on account of the high average duration of the leases it has in portfolio, and consequently the visibility of its expected income, as well as the quality of its lessees and its assets;
- certain real estate sub-indices recorded very good performances in the past, notably owing to speculative factors associated with the introduction of the REIT status in France, the UK, Germany and Italy;
- certain European property companies active in very different market sectors (promotion, trading) or managing projects in very different geographical regions possess a substantially higher risk profile.

The trend in the market price during the past year, however negative, is evidence that the defensive character of the Cofinimmo share offers better protection than its European sector counterparts in troubled times.

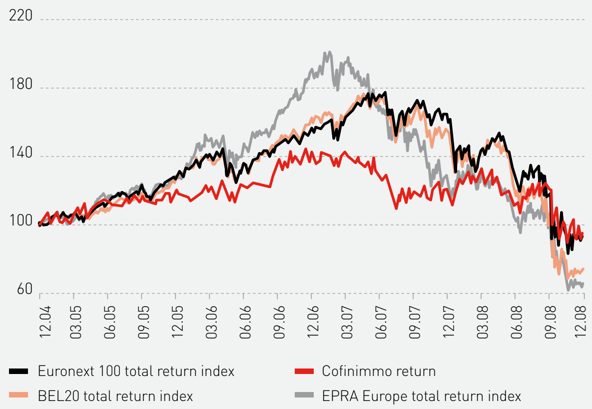
Discount in relation to the net asset value

During the 1st half of 2008, the Cofinimmo share was still trading at an average premium of 5.08% in relation to its net asset value per share. The persisting crisis on the financial markets gradually eroded this premium. At the end of 2008, the Cofinimmo share was quoted 22.58% below its net asset value. By comparison, the listed European real estate companies were trading at the end of 2008 at an average discount of 50%[1] on their net asset value.

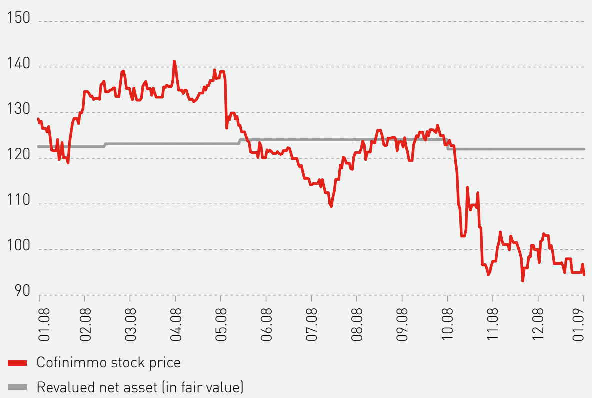
Trend in the stock market price (in €)



Total returns (in %)



Comparison of share price vs. revalued net asset (in €)



1 Source: UBS.

Sustained growth in liquidity

For a number of years now, Cofinimmo has put a great deal of effort and resources into increasing the liquidity of its share. Accordingly, it has stepped up its involvement in events to promote its share, organised regular road shows and invested in publicity campaigns. The liquidity of the share improved significantly as a result during 2008.
The daily volume of trading in shares is growing rapidly, with 37,638 shares traded on average per day, as against 26,091 in 2007 and 17,483 in 2006. At year-end, the market capitalisation stands at € 1.07 billion.

The preference share

The preference shares are listed on Euronext Brussels (tickers: COFP1 for the first series issued on 30.04.2004 and COFP2 for the series issued on 26.05.2004). They are registered, with voting rights, and convertible into ordinary shares from 01.05.2009 (1 for 1).

In 2019, Cofinimmo can purchase the unconverted preference shares at their issue price (see also the chapter Corporate Governance under the caption "Capital structure", page 57).

The ordinary share

	2008	2007	2006
Share price (in €)			
Highest	**142.00**	157.35	158.50
Lowest	**93.01**	116.95	125.10
At year-end	**94.52**	128.72	152.20
Average	**120.57**	138.61	139.01
Dividend yield[1]	**6.47%**	5.59%	5.32%
Gross return (over 12 months)[2]	**-22.31%**	-11.08%	20.06%
Dividend[3] (in €)			
Gross	**7.80**[4]	7.75	7.40
Net	**6.63**[4]	6.59	6.29
Volume			
Average daily volume	**37,638**	26,091	17,483
Annual volume	**9,672,909**	6,653,113	4,387,670
Number of ordinary shares entitled to share in the consolidated profits of the year	**10,884,287**	9,872,029	9,720,027
Market capitalisation at year-end (x € 1,000)	**1,072,286**	1,275,543	1,502,523
Free float zone[5]	**85%**	85%	85%
Velocity[5]	**90.06%**	67.39%	45.14%
Adjusted velocity[5]	**105.96%**	79.29%	53.11%

The preference share

	COFP1 2008	COFP1 2007	**COFP2 2008**	COFP2 2007
Share price (in €)				
At year-end	**95.00**	126.00	**95.00**	126.00
Average	**122.07**	140.73	**118.70**	135.33
Dividend yield[1]	**5.22%**	4.53%	**5.37%**	4.71%
Gross return	**-20.79%**	-5.72%	**-20.79%**	-0.20%
Dividend[3] (in €)				
Gross	**6.37**	6.37	**6.37**	6.37
Net	**5.41**	5.41	**5.41**	5.41
Volume				
Average daily volume[6]	**872**	268	**137**	405
Annual volume	**14,838**	67,335	**10,978**	101,704
Number of shares	**702,490**	702,490	**797,276**	797,276
Market capitalisation at year-end (x € 1,000)	**66,736**	88,514	**75,741**	100,457

1 Gross dividend to average annual share price. 2 Appreciation in price + dividend yield. 3 Withholding tax on dividends paid is 15%. 4 Forecast. 5 According to Euronext method. 6 Average calculated on the trading days on which a volume was registered.

The bond

	2008	2007	2006
Market price (in €)			
At year-end	**91.98**	100.55	103.35
Average	**97.69**	101.62	104.96
Yield to maturity (average for the year)	**5.78%**	4.97%	4.50%
Effective yield at issue	**5.064%**	5.064%	5.064%
Interest coupon (in €)			
Gross (per tranche of € 100)	**5.25**	5.25	5.25
Net (per tranche of € 100)	**4.46**	4.46	4.46
Number of securities	**1,000,000**	1,000,000	1,000,000

Shareholders (at 31.12.2008)

Company	Sector	Ordinary shares	%	Preference shares	Total number of shares (voting rights)	%
Dexia SA[1]	Insurance	816,307	7.20	291,706	1,108,013	8.63
Allianz Belgium SA[1]	Insurance	673,032	5.93	673,032		5.24
Cofinimmo Group	Own shares	356,876	3.15		356,876	2.78
Number of shares issued		11,344,545	100.00	1,499,766	12,844,311	100.00
Free float[2]			83.72			83.35

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

Shareholders' calendar

Ordinary General Meeting for 2008	24.04.2009
Intermediate declaration: results at 31.03.2009	11.05.2009
Payment of dividend (ordinary & preference shares)	
Ex date[3]	28.04.2009
Record date[4]	30.04.2009
Dividend payment date	As of 05.05.2009
Paying agent	Bank Degroof (principal paying agent) or any other financial institution
Coupons	
Ordinary share	Coupon No. 17
Preference shares	Coupons No. 6 (COFP2) and No. 7 (COFP1)
Half-yearly financial report: results at 30.06.2009	03.08.2009
Intermediate declaration: results at 30.09.2009	16.11.2009
Annual press release: results at 31.12.2009	12.02.2010
Ordinary General Meeting for 2009	30.04.2010

1 Situation based on the received shareholding notifications, in accordance to the Law of 02.05.2007. Modifications which might have occurred and notified since 31.12.2008, were published according to the dispositions of the above-mentioned Law and can be consulted on the company's website **www.cofinimmo.com** under the caption "Investor Relations/Shareholder info/Shareholding structure". Dexia SA is the parent company of Dexia Banque Belgique SA, which is the parent company of Dexia Insurance Belgium SA. Dexia Insurance Belgium SA is the parent company of the companies Corona, DIB Invest, Sepia, DIS Finance and Assurance Asset Management Company. 2 This free float calculation, commonly used by Euronext, includes all shareholders holding less than 5% of the capital. 3 The date as of which the shares are negotiated on the stock market being no longer eligible for the upcoming dividend pay-out. 4 The date on which the positions are closed in order to identify the shareholders which will be receiving the dividend.

Property report

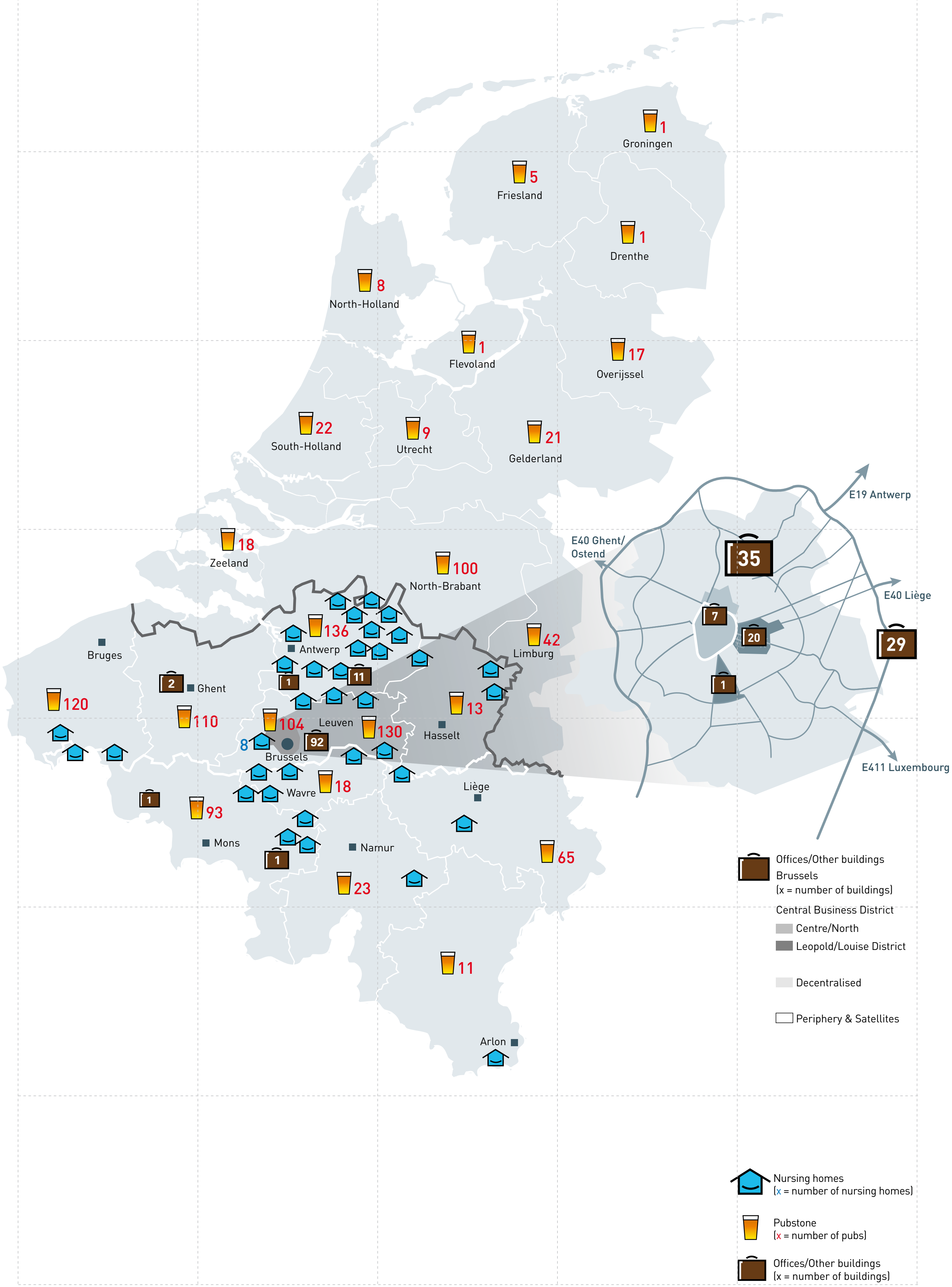
Cofinimmo's consolidated portfolio achieved significant growth during 2008 (+12.1%)[1]. Furthermore, placing its investments in the healthcare sector has improved the balance of its risk profile still further.

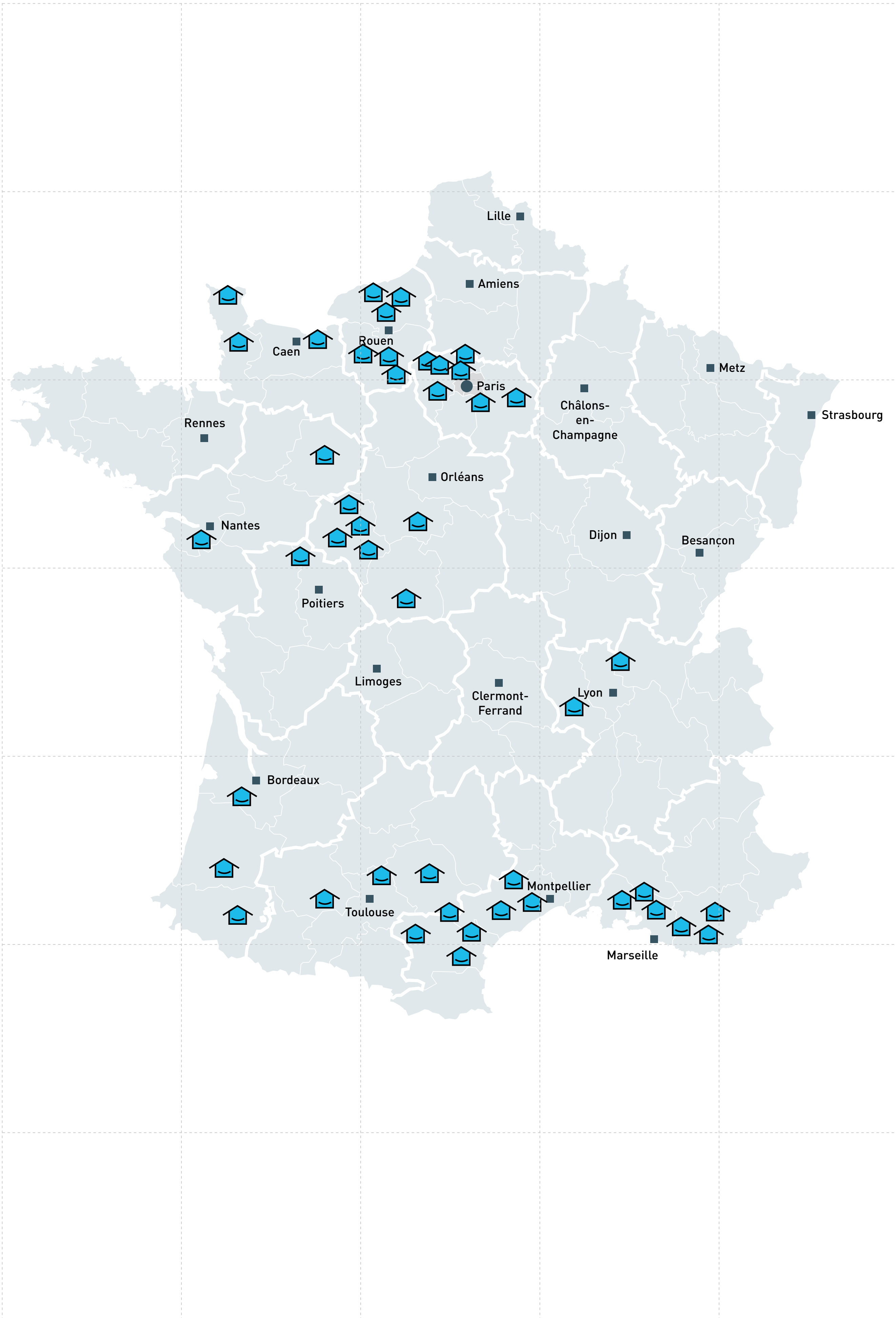
In 2008, Cofinimmo pursued an investment and divestment strategy as well as a commercial policy (see Management report) improving the quality and the risk profile of its portfolio, offering the company a favourable position in the current recession:

- in the office sector in Belgium, Cofinimmo privileged long-term leases with quality tenants, being to a large extent public institutions, prime locations and the disposal of properties requiring large-scale renovation in the near future whilst the market allowed to sell them with appreciable gains compared to the most recent expertises;
- the real estate partnership concluded with AB InBev in 2007 (Pubstone) and the diversification in the nursing home segment allowed the company to redeploy one third of its assets into properties let at long or even very long term. The risk profile of these investments is largely if not completely disconnected from the general economic circumstances and generates indexed, secure and regular rental income;
- thanks to its approach focusing on client loyalty, Cofinimmo was able to record an occupancy rate of 97.85%, well above the average of the Brussels office market (90.86%, source: CB Richard Ellis).

1 In investment value.

Consolidated property portfolio




Lille
Amiens
Rouen
Caen
Paris
Metz
Strasbourg
Châlons-en-Champagne
Rennes
Orléans
Nantes
Dijon
Besançon
Poitiers
Limoges
Clermont-Ferrand
Lyon
Bordeaux
Montpellier
Toulouse
Marseille

The table illustrated on the following pages includes:

- the properties for which Cofinimmo receives rents;
- the properties with rents assigned in whole or in part to a third party, with Cofinimmo retaining property and the residual value. For these properties, the heading "Contractual rents" corresponds to the reconstitution of lease payments sold and discounted and, where appropriate, to the portion of unsold rents;
- the various projects & renovations in progress.

This table does not include the properties which are the subject of a finance lease for which the lessees benefit from a purchase option at the end of the lease. This refers to the Antwerp Court of Justice, the Antwerp Fire Station and the HEKLA Police Station.

Consolidated portfolio (as at 31.12.2008)

Properties	Superstructure (in m²)	Contractual rents (x € 1,000)	Occupancy rate	Rents + ERV on unlet (x € 1,000)	Estimated Rental Value (ERV) (x € 1,000)
OFFICES	**846,763**	**138,811**	**97%**	**143,555**	**133,635**
Brussels Centre & North	**187,786**	**30,000**	**100%**	**30,000**	**27,450**
Allard 40-42	1,763	307	100%	307	295
Astronomie 28, 31-33	7,776	1,790	100%	1,790	1,392
Egmont I	36,674	10,210	100%	10,210	8,577
Egmont II	22,616	4,267	100%	4,267	4,022
North Galaxy	105,418	11,056	100%	11,056	11,056
Régence 55-65	11,622	1,888	100%	1,888	1,773
Royale 94	1,917	481	100%	481	334
Brussels Leopold & Louise District	**171,086**	**34,101**	**99%**	**34,343**	**32,721**
Arts 19H	11,099	1,966	100%	1,966	1,984
Arts 39	3,606	605	98%	616	621
Arts 47	6,915	1,265	100%	1,265	1,112
Auderghem 22-28	5,853	1,558	99%	1,571	1,370
Da Vinci, Cortenbergh 107	7,435	2,250	100%	2,250	1,878
Guimard 10-12	10,796	2,439	100%	2,439	2,208
Livingstone 6	34,777	7,556	100%	7,556	7,005
Loi 56	9,484	873	100%	873	873
Loi 57	10,279	1,998	100%	2,002	2,155
Loi 227	5,615	810	90%	904	1,019
Louise 140	4,133	792	99%	802	707
Luxembourg 40	7,927	729	100%	729	729
Marie de Bourgogne (parking)		33	31%	105	105
Montoyer 14	3,807	725	100%	727	671
Montoyer 40	3,901	774	100%	774	723
Montoyer Science	12,798	3,540	99%	3,564	3,086
Nerviens 105	9,182	1,942	100%	1,942	1,935
Science 15-17	17,722	3,092	100%	3,092	3,414
Trône 98	5,757	1,156	99%	1,166	1,124
Brussels Decentralised	**308,915**	**49,388**	**94%**	**52,371**	**49,570**
Bourget 40 Leopold Square	14,641	2,128	100%	2,128	2,334
Bourget 42 Leopold Square	25,753	5,383	100%	5,383	4,397
Bourget 44 Leopold Square	14,085	3,083	100%	3,083	2,386
Bourget 50 Leopold Square	5,043	860	100%	860	829
Brand Whitlock 87-93	6,066	1,149	100%	1,150	995
Colonel Bourg 105	2,634	372	97%	384	340
Colonel Bourg 122	4,129	402	61%	663	686
Colonel Bourg 124	4,137	572	100%	572	578
Corner Building	3,424	592	100%	592	495
Everegreen	16,062	1,017	100%	1,017	1,017
Georgin (RTL House)	17,439	2,805	100%	2,805	2,640
Herrmann-Debroux 44-46	9,666	1,667	100%	1,668	1,648
Moulin à Papier	3,387	684	100%	684	684
Omega Court	16,556	1,086	37%	2,974	2,970
Paepsem Business Park	26,597	2,532	89%	2,840	2,638
Place Saint-Lambert (parking)		31	60%	52	53
Serenitas	19,823	4,351	100%	4,355	3,590
Souverain 24	3,897	798	100%	801	741
Souverain 25	57,415	10,546	100%	10,546	10,755
Souverain 36	8,310	1,508	100%	1,544	1,670
Tervuren 270-272	20,773	3,257	100%	3,272	3,356
Woluwe 34	6,680	1,104	97%	1,148	996
Woluwe 58	3,868	726	100%	726	731
Woluwe 62	3,422	635	100%	635	585
Woluwe 102	8,090	970	72%	1,352	1,366
Woluwe 106-108	7,018	1,131	99%	1,137	1,093

Properties	Superstructure (in m²)	Contractual rents (x € 1,000)	Occupancy rate	Rents + ERV on unlet (x € 1,000)	Estimated Rental Value (ERV) (x € 1,000)
Brussels Periphery	**64,908**	**8,482**	**89%**	**9,582**	**8,842**
Leuvensesteenweg 325	6,059	435	88%	495	457
Luchthavenlaan 20	1,900	138	100%	138	147
Luchthavenlaan 22	2,466	240	100%	240	245
Park Hill	17,861	2,236	90%	2,473	2,170
Park Lane	31,863	4,759	86%	5,563	5,174
Woluwelaan 151 (offices)	4,759	674	100%	674	648
Brussels Satellites	**24,335**	**3,491**	**95%**	**3,658**	**3,544**
Collines de Wavre F	3,021	364	95%	383	372
Collines de Wavre G	2,900	412	100%	412	363
Collines de Wavre H	2,686	327	79%	414	394
Collines de Wavre I	3,384	544	98%	557	509
Collines de Wavre J	2,686	404	96%	421	390
Collines de Wavre (Pasteur)	1,604	239	100%	239	221
Waterloo Office Park I	2,289	366	99%	370	370
Waterloo Office Park J	2,289	367	99%	369	369
Waterloo Office Park L	3,476	468	95%	492	556
Antwerp Periphery	**32,984**	**4,595**	**95%**	**4,846**	**4,311**
Garden Square	7,464	982	99%	990	887
Prins Boudewijnlaan 41	6,007	788	83%	955	910
Prins Boudewijnlaan 43	6,007	921	93%	992	911
Veldkant 31-33	9,410	1,348	100%	1,352	1,099
Veldkant 35	4,096	556	100%	558	505
Other Regions	**56,749**	**8,754**	**100%**	**8,754**	**7,197**
Albert I, Charleroi	18,823	3,106	100%	3,106	2,008
Kortrijksesteenweg 39, Ghent	5,755	613	100%	613	637
Maire 19, Tournai	3,460	925	100%	925	587
Mechelen Station, Mechelen	28,711	4,109	100%	4,109	3,966
NURSING HOMES	**395,506**	**43,608**	**100%**	**43,608**	**43,071**
Belgium	**206,626**	**22,889**	**100%**	**22,890**	**22,296**
Operator: Armonea	**103,671**	**10,329**	**100%**	**10,329**	**9,799**
Binnenhof, Merksplas	3,053	386	100%	386	366
De Wyngaert, Rotselaar	4,556	587	100%	587	577
Den Brem, Rijkevorsel	5,153	465	100%	465	447
Domein Wommelgheem, Wommelgem	6,836	786	100%	786	770
Douce Quiètude, Aye	3,444	287	100%	287	287
Euroster, Messancy	6,392	1,048	100%	1,048	905
Heiberg, Beerse	3,937	358	100%	358	357
Hemelrijck, Mol	4,025	475	100%	475	454
La Clairière, Comines-Warneton	2,437	233	100%	233	219
Laarsveld, Geel	1,082	50	100%	50	50
Laarsveld Service Flats, Geel	4,762	485	100%	485	466
Le Castel, Brussels	4,133	428	100%	428	427
Le Ménil, Braine-L'Alleud	4,479	521	100%	521	480
Les Trois Couronnes, Esneux	4,300	479	100%	479	453
L'Orchidée, Ittre	1,530	210	100%	210	130
L'Orée du Bois, Comines-Warneton	5,387	530	100%	530	510
Millegem, Ranst	4,833	585	100%	585	554
Nethehof, Balen	2,606	236	100%	236	228
Parc, Biez	12,839	183	100%	183	195
Sebrechts, Brussels	7,803	942	100%	942	899
't Smeedeshof, Oud-Turnhout	6,886	638	100%	638	627
Vondelhof, Boutersem	3,198	417	100%	417	398
Operator: Calidus	**2,653**	**316**	**100%**	**316**	**319**
Zevenbronnen, Walshoutem	2,653	316	100%	316	319
Operator: Medibelge	**18,510**	**1,877**	**100%**	**1,877**	**1,873**
Diamant, Brussels	3,460	255	100%	255	276
L'Adret, Gosselies	4,800	400	100%	400	398

Properties	Superstructure (in m²)	Contractual rents (x € 1,000)	Occupancy rate	Rents + ERV on unlet (x € 1,000)	Estimated Rental Value (ERV) (x € 1,000)
Linthout, Brussels	2,550	396	100%	396	373
Rinsdelle, Brussels	3,200	476	100%	476	469
Top Senior, Tubize	2,300	200	100%	200	204
Vigneron, Ransart	2,200	150	100%	150	153
Operator: Senior Assist	**9,967**	**948**	**100%**	**948**	**946**
Hof ter Dennen, Vosselaar	2,292	259	100%	259	256
Les Jours Heureux, Lodelinsart	3,355	300	100%	300	301
Parc, Nivelles	4,320	389	100%	389	388
Operator: Senior Living Group	**71,825**	**9,419**	**100%**	**9,419**	**9,360**
Damiaan, Tremelo	14,898	1,300	100%	1,300	1,296
La Cambre, Brussels	13,360	1,670	100%	1,670	1,669
Romana, Brussels	4,375	762	100%	762	762
Schweitzer, Brussels	7,332	1,206	100%	1,206	1,151
Seigneurie du Val, Mouscron	1,500	998	100%	998	998
Van Zande, Brussels	4,005	360	100%	360	360
Zonnetij, Aartselaar	6,025	573	100%	573	573
Zonneweelde, Keerbergen	2,216	478	100%	478	478
Zonneweelde, Rijmenam	9,644	1,244	100%	1,244	1,244
Zonnewende, Aartselaar	8,470	829	100%	829	829
France	**188,880**	**20,718**	**100%**	**20,718**	**20,775**
Operator: Korian	**149,184**	**15,909**	**100%**	**15,909**	**16,610**
Bezons, Bezons	2,500	189	100%	189	450
Bois Clément, La Ferté-Gaucher	3,466	493	100%	493	400
Brocéliande, Caen	4,914	755	100%	755	600
Canal de l'Ourcq, Paris	4,550	789	100%	789	700
Champgault, Esvres sur Indre	2,200	152	100%	152	150
Chamtou, Chambray les Tours	4,000	521	100%	521	400
Château de Gleteins, Jassans Riottier	2,500	237	100%	237	360
Château de la Vernède, Conques sur Orbiel	3,789	446	100%	446	600
Domaine de Vontes, Esvres sur Indre	6,352	193	100%	193	500
Frontenac, Bram	3,006	186	100%	186	250
Grand Maison, L'Union	6,338	675	100%	675	550
Horizon 33, Cambes	1,912	331	100%	331	350
Hotelia Hyères, Hyères	7,636	600	100%	600	650
Hotelia Montpellier, Montpellier	6,201	769	100%	769	780
Jardin des Plantes, Rouen	3,000	237	100%	237	230
La Gaillardière, Vierzon	1,700	104	100%	104	60
La Pinède, Sigean	1,472	53	100%	53	60
Le Lac, Montcontour	1,286	190	100%	190	90
L'Ermitage, Louviers	4,013	427	100%	427	420
Les Amarantes, Tours	4,208	429	100%	429	430
Les Blés d'Or, Castelnau de Levis	3,695	436	100%	436	430
Les Hauts de l'Abbaye, Montivilliers	4,572	469	100%	469	470
Les Luberons, Le Puy Sainte Reparade	4,127	426	100%	426	400
Les Meunières, Lunel	4,275	644	100%	644	450
Les Oliviers, Le Puy Sainte Reparade	4,130	424	100%	424	425
Les Ophéliades, Saint-Etienne	3,971	387	100%	387	380
Montpribat, Montfort en Chalosse	5,364	614	100%	614	650
Pays de Seine, Bois le Roi	4,600	817	100%	817	750
Rougemont, Le Mans	5,986	372	100%	372	400
Sainte Baume, Nans les Pins	5,100	483	100%	483	700
Saint-Privat, Béziers	2,760	223	100%	223	225
Sartrouville, Sartrouville	3,546	333	100%	333	400
Siouville, Siouville-Hague	8,750	591	100%	591	900
Vaucresson, Vaucresson	4,373	682	100%	682	850
Villa Saint Dominique, Rouen	4,149	742	100%	742	550
William Harvey, Saint Martin d'Aubigny	4,744	493	100%	493	600
Operator: Méditer	**39,696**	**4,809**	**100%**	**4,809**	**4,165**
Belloy, Belloy en France	2,559	380	100%	380	320

Properties	Superstructure (in m²)	Contractual rents (x € 1,000)	Occupancy rate	Rents + ERV on unlet (x € 1,000)	Estimated Rental Value (ERV) (x € 1,000)
Cuxac II, Cuxac-Cabardès	2,803	335	100%	335	170
Haut Cluzeau, Chasseneuil	2,512	337	100%	337	325
Hélio Marin, Hyères	12,957	1,471	100%	1,471	1,200
La Jonchère, Rueil Malmaison	3,731	648	100%	648	650
La Ravine, Louviers	3,600	420	100%	420	400
La Salette, Marseille	3,582	510	100%	510	450
Las Peyrères, Simorre	1,895	131	100%	131	100
Le Clos Saint Sébastien, Saint Sébastien	3,697	469	100%	469	450
Villa Napoli, Jurançon	2,360	109	100%	109	100
PUBSTONE	**306,441**	**27,997**	**100%**	**27,997**	**26,353**
Belgium	**271,672**	**18,750**	**100%**	**18,750**	**17,629**
Brussels Region	36,185	3,351	100%	3,351	3,303
Flemish Region	165,608	11,247	100%	11,247	10,598
Walloon Region	69,879	4,152	100%	4,152	3,728
The Netherlands	**34,769**	**9,248**	**100%**	**9,248**	**8,724**
OTHERS	**55,479**	**5,175**	**100%**	**5,175**	**4,777**
Brussels Decentralised	**7,040**	**2,080**	**100%**	**2,080**	**1,758**
La Rasante	7,040	2,080	100%	2,080	1,758
Brussels Periphery	**19,905**	**1,351**	**100%**	**1,351**	**1,206**
Luchthavenlaan 18		40	100%	40	35
Mercurius 30	6,100	517	100%	517	397
Woluwelaan 145	9,530	400	100%	400	452
Woluwelaan 151 (warehouse)	4,275	395	100%	395	322
Antwerp Periphery	**24,300**	**1,636**	**100%**	**1,636**	**1,622**
Noorderlaan	24,300	1,636	100%	1,636	1,622
Other Regions	**4,234**	**108**	**100%**	**108**	**191**
Ledeberg 438, Ghent	4,234	108	100%	108	191
TOTAL INVESTMENT PROPERTIES	**1,604,189**	**215,592**	**98%**	**220,336**	**207,836**
PROJECTS & RENOVATIONS OFFICES	**8,468**	**78**	**n.a.**	**78**	**77**
Brussels Leopold & Louise District	**8,468**	**78**		**78**	**77**
Square de Meeûs 23	8,468	78		78	77
LAND RESERVE OFFICES	**3,200**	**110.88**	**n.a.**	**110.88**	**142.68**
Brussels Centre & North		**2.56**		**2.56**	**2.56**
De Ligne		2.50		2.50	2.50
Meiboom		0.03		0.03	0.03
Pacheco		0.03		0.03	0.03
Brussels Decentralised		**2.63**		**2.63**	**2.63**
Bourdon 100					
Noordkustlaan					
Souverain 165		0.03		0.03	0.03
Twin House		2.60		2.60	2.60
Brussels Periphery	**3,200**	**100.35**		**100.35**	**132.15**
Keiberg Park		0.30		0.30	0.30
Kouterveld 6	3,200	100.00		100.00	131.80
Woluwe Garden 26, 30		0.05		0.05	0.05
Antwerp Periphery		**2.60**		**2.60**	**2.60**
Avenue Building, Amca					
City Link					
Prins Boudewijnlaan 24A		2.60		2.60	2.60
Antwerp Singel		**2.65**		**2.65**	**2.65**
Lemanstraat 27		0.78		0.78	0.78
Plantin & Moretus		0.42		0.42	0.42
Quinten		0.26		0.26	0.26
Regent		0.26		0.26	0.26

Properties	Superstructure (in m²)	Contractual rents (x € 1,000)	Occupancy rate	Rents + ERV on unlet (x € 1,000)	Estimated Rental Value (ERV) (x € 1,000)
Royal House		0.26		0.26	0.26
Uitbreidingstraat 2		0.57		0.57	0.57
Uitbreidingstraat 10		0.10		0.10	0.10
Other Regions		**0.10**		**0.10**	**0.10**
Avroy, Liège		0.10		0.10	0.10
PROJECTS & RENOVATIONS NURSING HOMES	**0**	**0**		**0**	**0**
Avenue du Roi, Brussels					
Don Bosco, Hoboken					
Vogelzang, Herentals					
Weverbos, Gentbrugge					
Wipstraat, Antwerp					
LAND RESERVE NURSING HOMES	**0**	**20**		**20**	**20**
Domein Wommelgheem, Wommelgem					
Heiberg, Beerse					
Hemelrijck, Mol					
L'Orée du Bois, Comines-Warneton (residence)					
L'Orée du Bois, Comines-Warneton (land)		20		20	20
Sur Seaumont, Aye					
't Smeedeshof, Oud-Turnhout					
GENERAL TOTAL PORTFOLIO	**1,615,857**	**215,800**		**220,544**	**208,076**

Report of the real estate expert

Ladies and Gentlemen,

Context
We have been instructed by Cofinimmo to provide an opinion of value for its property portfolio at **31 December 2008**, in the context of the preparation of the financial statements at this date.

Our firm benefits from sufficient knowledge of the property markets in which Cofinimmo is active, as well as the required professional qualifications and recognition to fulfil this assignment. Our mission has been carried out in full independence. Consistently with market practice, our mission has been carried out on the basis of information provided by Cofinimmo, in particular relating to tenancy situation, costs and taxes borne by the landlord, works to be carried out, as well as any other element which could have an influence on the assets' value. We have assumed this information to be correct and complete. As specifically mentioned in our reports, our valuation does not constitute in any way a quality or technical survey of the properties, nor an analysis of the possible presence of deleterious materials. These elements are well known by Cofinimmo, which carries out a technical and legal due diligence prior to the acquisition of each property.

Opinion
We confirm that our valuation has been carried out in accordance with national and international standards (IVS), as well as their application procedure, in particular as far as SICAFI valuations are concerned.

The **Investment value** is defined as the most likely value that could reasonably be obtained in normal sales conditions between willing and well-informed parties, before deduction of transaction costs.

In addition, the Investment value does not reflect future capital expenditures that will enhance the properties, nor future advantages derived from these expenses. It is based on the present value of net future rental income for each property reduced by the maintenance costs borne by the landlord.

The yield used depends essentially on yields noted on the investment market, taking into consideration location and quality of the property and the tenant at valuation date. Future rental income is estimated based on existing contractual rental level and the property market's expectations for the particular property in the ensuing periods.

Current market situation
The financial markets have seen significant turbulence over the past months. The consequence was that many investors have to face severe liquidity problems. The real estate investment market is currently subject to a strong reduction in the volume of activity due to the will of all the actors concerned to significantly reduce their level of debt.

The volume of activity observed is currently strongly below that of previous years. The last transactions during the 4^{th} quarter of 2008 based on exceptional low volumes were still concluded at prices close to those of the three previous quarters. It is very likely that 2009 will bring negative value adjustments in order to regain a certain level of liquidity on the real estate market. However, the adjustments in value of the portfolio will, at first, be buffered by the fall in risk-free interest rate, generally measured by the yield of the 10-years government bonds. Moreover, the strong resilience of the portfolio, subject of the present valuation, results from the positive effect of the inflation (indexation) which was particularly high in 2008 (+4.5% on average). This important inflation will probably not repeat itself in 2009. Moreover, macro-economic estimates forecast a level of inflation lower than 1%.

The valuation is mainly based on the quality of the portfolio and the duration of the lease contracts. The portfolio, subject of this letter, is composed of relatively long-term inflation-indexed lease contracts offering a high level of resistance in an unstable market. The valuers are of the opinion that, in the market conditions which currently prevail, the valuations are likely to have a greater degree of uncertainty than usual. As long as the number of transactions and the consistency of the market evidence have not increased, we will remain in a situation of relative imprecision. In this difficult context, the valuers must use their general market knowledge and professional judgment and not only rely upon evidence which does not reflect market reality any more. The subject valuation must thus be regarded as the best judgment of the valuer within a period of particularly abnormal uncertainty due to the forecasts of an important economic downturn, which are already reflected by a strong reduction in volume of activity on the real estate market.

Transaction costs
The sale of a property is theoretically subject to collection by the State of transaction costs. The amount of these rights varies depending on method of sale, profile of the purchaser and geographical location of the property. The first two elements, and therefore total amount of rights to be paid, are only known once the sale has been completed.

The track record of the sale of properties on the Belgian market shows that during the period of 2003 to 2005 included average transaction costs amounted 2.5%.

The most likely sale value for buildings above 2.500.000 EUR, excluding transaction costs, corresponding to the **Fair value**, following the IAS/IFRS references, can be obtained by deduction of 2.5% of the investment value. The costs of 2.5% shall be revised on a regular basis and adapted if the difference with institutional market practice is more than 0.5%. During the year 2008, this rate remains applicable, the average of the transactions observed more recently in the institutional market not having shown a significant variation. The registration costs have been deducted for the other buildings.

In the light of all comments mentioned above, we confirm that the **investment value of the Cofinimmo property portfolio at 31 December 2008 amounts to a total of EUR 3,247,042,600** (three billion two hundred forty-seven million forty-two thousand six hundred euro).

The most likely sale value corresponding to the **fair value of the Cofinimmo property portfolio at 31 December 2008 amounts to a total of EUR 3,134,709,366** (three billion one hundred thirty-four million seven hundred and nine thousand three hundred sixty-six euro).

On this basis, the initial yield, not including projects, land and buildings under renovation and after taking a fictitious rent into account for premises occupied by Cofinimmo, is 6.73%. Should the vacant space be fully let at the estimated rental value, the initial yield of the entire portfolio would reach 6.88%.

The investment buildings have an occupation rate of 97.85%. The average level of passing rent obtained is currently approximately 6.14% above the current average estimated rental value (not including projects and buildings under renovation).

The property portfolio comprises:

Brussels, 19 municipalities	52.29%[1]
Periphery and Satellite regions of Brussels	5.32%[1]
Antwerp and Other Regions	6.20%[1]
Nursing homes (Belgium)	11.86%[1]
Nursing homes (France)	9.68%[1]
Pubstone portfolio	13.25%[1]
Projects and land supply in Brussels and Periphery	1.40%[1]

Yours sincerely,

Brussels, 30 January 2009
Winssinger & Associates SA/NV

Benoît Forgeur
SPRL/BVBA
Managing Director
DTZ Partners SA/NV

Philippe Winssinger
SPRL/BVBA
Managing Director
DTZ Partners SA/NV

Evolution of the portfolio (x € 1,000,000)

	31.12.2008	31.12.2007	31.12.2006	31.12.2005	31.12.2004
Total estimated investment value of the portfolio[2]	**3,247.04**	2,895.74	2,363.25	2,180.47	2,088.77
Projects and development sites[2]	**-45.41**	-95.34	-50.47	-41.21	-125.27
Total marketable properties[2]	**3,201.63**	2,800.04	2,312.78	2,139.26	1,963.50
Contractual rents	**215.59**	184.03	156.08	154.91	139.65
Gross yield on marketable properties	**6.73%**	6.57%	6.75%	7.24%	7.11%
Contractual rents and estimated rental value on unlet space at the valuation date	**220.34**	189.00	164.07	161.78	150.29
Gross yield on the portfolio as if it were rented 100%	**6.88%**	6.75%	7.17%	7.56%	7.65%
Occupancy rate of marketable properties[3]	**97.85%**	97.37%	95.13%	95.76%	92.92%

1 Of which 46.41% are let on the long term (> 12 years) to the Belgian State, the European Commission, AB InBev, Aspria, RTL and the nursing homes operators (B). 2 The portfolio values included in the above table are expressed in investment value. On the basis of the fair value of the marketable properties (that is € 3,090.40 million at 31.12.2008 compared with € 2,704.53 million at 31.12.2007), the yield on the marketable properties stands at 6.98% at 31.12.2008 compared with 6.80% at 31.12.2007, while the return on the portfolio as if it were rented 100% comes to 7.13% at 31.12.2008 as against 6.99% at 31.12.2007. 3 Calculated on the basis of rental income, projects and promotions excluded, contractual rents and estimated rents of the space occupied by Cofinimmo included.

Annual accounts

Cofinimmo's prudent policy has enabled it to tackle the crisis with sound operating fundamentals: leases with an average residual term of 12.3 years and an operating margin of 86.0%.

Consolidated income statement (x € 1,000)

	Notes	2008	2007
Rental income	6	**189,995**	148,263
Writeback of lease payments sold and discounted	6	**11,056**	10,100
Rental-related expenses	6	**-2,175**	-1,712
Net rental income	5	**198,876**	156,651
Recovery of property charges	7	**952**	750
Recovery income of charges and taxes normally payable by the tenant on let properties	8	**38,636**	38,809
Costs payable by the tenant and borne by the landlord on rental damage and refurbishment at end of lease	7	**-1,012**	-1,891
Charges and taxes normally payable by the tenant on let properties	8	**-39,018**	-39,037
Property result		**198,434**	155,282
Technical costs	9	**-2,606**	-3,492
Commercial costs	10	**-1,097**	-2,076
Taxes and charges on unlet properties		**-2,360**	-2,379
Property result after direct property costs	5	**192,371**	147,335
Property management costs	11	**-14,496**	-11,245
Property operating result		**177,875**	136,090
Corporate management costs	11	**-7,309**	-5,459
Operating result before result on portfolio		**170,566**	130,631
Gains or losses on disposals of investment properties	5, 12	**5,755**	35,296
Changes in fair value of investment properties	5, 13, 21	**-63,784**	26,295
Operating result	5	**112,537**	192,222
Financial income	14	**29,547**	32,571
Interest charges	15	**-89,287**	-54,760
Other financial charges	16	**-48,375**	-15,382
Financial result		**-108,115**	-37,571
Pre-tax result		**4,422**	154,651
Corporate tax	17	**-6,080**	-2,341
Exit tax		**-3,630**	-101
Taxes		**-9,710**	-2,442
Net result		**-5,288**	152,209
Preference dividends - Proposal		**9,554**	9,554
Minority interests		**5**	143
NET RESULT - GROUP SHARE (ORDINARY SHARES)	31	**-14,847**	142,512
NET CURRENT RESULT[1] - GROUP SHARE (ORDINARY SHARES)	31	**46,471**	80,939
RESULT ON PORTFOLIO - GROUP SHARE (ORDINARY SHARES)		**-61,318**	61,573

Results per ordinary share - Group share (in €)

	Notes	2008	2007
Net current result	31	**4.27**	8.20
Result on portfolio		**-5.63**	6.24
Net result	31	**-1.36**	14.44

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

Consolidated balance sheet (x € 1,000)

	Notes	31.12.2008	31.12.2007
Non-current assets		**3,436,090**	3,043,173
Goodwill	18	**171,689**	135,658
Intangible assets	22	**1,840**	1,535
Investment properties	5, 19	**3,075,316**	2,696,656
Development projects	5, 20	**49,001**	93,010
Assets held for own use	5	**10,064**	10,207
Other tangible assets	22	**942**	980
Non-current financial assets	24	**18,997**	31,875
Finance lease receivables	23	**108,181**	73,224
Trade receivables and other non-current assets		**60**	28
Current assets		**113,965**	140,139
Assets held for sale	5, 25	**507**	
Current financial assets	24	**52**	11,693
Finance lease receivables	23	**4,170**	75,965
Trade receivables	27	**17,833**	9,752
Tax receivables and other current assets	28	**47,589**	23,155
Cash and cash equivalents		**25,448**	2,494
Deferred charges and accrued income	29	**18,366**	17,080
TOTAL ASSETS		**3,550,055**	3,183,312
Shareholders' equity		**1,377,242**	1,411,486
Shareholders' equity attributable to shareholders of parent company		**1,368,584**	1,390,093
Capital	30	**669,213**	608,389
Share premium account	30	**441,966**	360,221
Reserves		**353,871**	458,990
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	19	**-65,779**	-60,450
Changes in fair value of financial instruments	24, 33	**-30,687**	22,943
Minority interests		**8,658**	21,393
Liabilities		**2,172,813**	1,771,826
Non-current liabilities		**1,776,666**	1,301,309
Provisions	34	**11,875**	9,637
Non-current financial debts	35	**1,579,760**	1,149,889
Other non-current financial liabilities	36	**32,853**	11,585
Deferred taxes	18	**152,178**	130,198
Current liabilities		**396,147**	470,517
Current financial debts	35	**220,844**	381,587
Other current financial liabilities	36	**45,013**	855
Trade debts and other current debts	37	**70,119**	53,727
Accrued charges and deferred income	38	**60,171**	34,348
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,550,055**	3,183,312

Calculation of debt ratio (x € 1,000)

		31.12.2008	31.12.2007
Non-current financial debts		**1,579,760**	1,149,889
Other non-current financial liabilities (except for hedging instruments)	+	**3,481**	
Current financial debts	+	**220,844**	381,587
Trade debts and other current debts	+	**70,119**	53,727
Total debt	=	**1,874,204**	1,585,203
Total assets	/	**3,550,055**	3,183,312
DEBT RATIO	=	**52.79%**	49.80%

Consolidated cash flow statement (x € 1,000)

	2008	2007
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (A)	**2,494**	15,264
Net result - Group share	**-5,294**	152,065
Non-cash elements to be added to/deducted from result	**102,865**	-27,700
Depreciation and writedowns	**861**	144
Depreciation/Writedown (or writeback) on intangible and tangible assets	**818**	453
Writeback of writedowns on current assets	**43**	-309
Other non-cash elements	**102,004**	-27,844
Changes in fair value of investment properties	**61,972**	-26,295
Movements in provisions	**2,160**	-2,969
Writeback of lease payments sold and discounted	**-11,056**	-10,100
Phasing of gratuities	**1,500**	2,154
IAS 39 impact	**41,453**	8,960
Elimination of interest charges	**79,151**	56,262
Interests paid	**-73,694**	-55,723
Finance lease receivables	**-1,517**	
Provision for exit tax	**3,630**	101
Withdrawal from tax-exempt reserves	**-1,947**	
Others	**352**	-234
NET CASH FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL REQUIREMENTS	**97,571**	124,365
Change in working capital requirements	**44,553**	3,136
Movements in asset items	**37,670**	33,660
Trade receivables	**-7,179**	6,348
Tax receivables	**-22,197**	20,774
Deferred charges and accrued income	**-9,169**	3,641
Finance lease receivables	**76,215**	2,897
Movements in liability items	**6,883**	-30,524
Trade debts	**-928**	-21,489
Taxes, social charges and salaries debts	**-11,990**	-9,135
Accrued charges and deferred income	**19,801**	100
NET CASH FROM OPERATING ACTIVITIES (B)	**142,124**	127,501
Investment activities	**-196,599**	-157,757
Intangible assets	**-854**	-1,128
Goodwill	**-4,164**	
Investment properties	**-26,559**	-41,751
Development projects	**-1,883**	-54,312
Acquisition of real estate companies	**-131,693**	-307,380
Disposal of assets held for sale	**2,170**	206,021
Other tangible assets	**-230**	-674
Non-current finance lease receivables	**-31,201**	44,727
Non-current financial assets	**-2,153**	-3,252
Trade receivables and other non-current assets	**-32**	-8
NET CASH USED IN INVESTING ACTIVITIES (C)	**-196,599**	-157,757
FREE CASH FLOW (B+C)	**-54,475**	-30,256
Change in financial liabilities and financial debts	**112,418**	106,977
Increase (+)/Decrease (-) in financial debts	**118,078**	137,584
Increase (+)/Decrease (-) in other financial liabilities	**-5,660**	-30,607
Change in other liabilities	**0**	567
Increase (+)/Decrease (-) in other liabilities		567
Change in shareholders' equity	**51,708**	-8,237
Disposal of own shares	**71,460**	
Minority interests	**-20,484**	-8,237
Others	**732**	
Paid dividend (+ profit-sharing scheme)	**-86,697**	-81,821
Dividend for the previous year	**-86,697**	-81,821
NET CASH FLOW USED IN FINANCING ACTIVITIES (D)	**77,429**	17,486
CASH AND CASH EQUIVALENTS AT END OF YEAR (A+B+C+D)	**25,448**	2,494

Consolidated statement of change in shareholders' equity (x € 1,000)

	Capital	Share premium	Reserves	Changes in fair value of financial instruments	Deduction of transaction costs	Equity Parent company	Minority interests	Equity
AT 01.01.2007	606,394	357,216	388,282	10,548	-56,414	1,306,026		1,306,026
Elements directly recognised in shareholders' equity								
Cash flow hedge				12,395		12,395		12,395
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties					-2,884	-2,884		-2,884
Result of the year			153,217		-1,152	152,065	144	152,209
Minority interests							21,249	21,249
Others			-688			-688		-688
SUB-TOTAL	606,394	357,216	540,811	22,943	-60,450	1,466,914	21,393	1,488,307
Issue of new shares	1,995	3,005				5,000		5,000
Dividends			-81,821			-81,821		-81,821
AT 31.12.2007	608,389	360,221	458,990	22,943	-60,450	1,390,093	21,393	1,411,486
Elements directly recognised in shareholders' equity								
Cash flow hedge				-53,630		-53,630		-53,630
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties					-6,453	-6,453		-6,453
Result of the year			-6,417		1,124	-5,293	5	-5,288
Minority interests							-12,740	-12,740
Withdrawal from tax-exempt reserves			-1,950			-1,950		-1,950
Others			-2,286			-2,286		-2,286
SUB-TOTAL	608,389	360,221	448,337	-30,687	-65,779	1,320,481	8,658	1,329,139
Issue of new shares	26,574	36,667				63,241		63,241
Acquisitions/Disposals of own shares	34,250	45,078	-7,868			71,460		71,460
Dividends			-86,598			-86,598		-86,598
AT 31.12.2008	**669,213**	**441,966**	**353,871**	**-30,687**	**-65,779**	**1,368,584**	**8,658**	**1,377,242**

Note 1. General business information

Cofinimmo SA (the "Company") is a public Sicaf immobilière (Société d'Investissement Immobilière à Capital Fixe publique - public fixed capital real estate investment trust) organised under Belgian Law with registered offices in 1200 Brussels (boulevard de la Woluwe 58).

The consolidated financial statements of the company for the financial year ended 31.12.2008 comprise the company and its subsidiaries (together referred to as the "Group"). The scope of consolidation has changed since 31.12.2007. The Extraordinary General Meeting of 21.01.2008 approved the mergers by absorption of 12 limited liability companies, with a view to simplifying the organisation of the Group and to transferring the assets held by these subsidiaries to the Sicafi tax regime. Furthermore, 9 new subsidiaries were acquired during 2008 (see page 51). The consolidation scope at 31.12.2008 is presented on page 115 of this Annual Report.

The consolidated financial statements and company accounts were authorised for issue by the Board of Directors on 19.03.2009 and will be proposed for approval by the Annual Shareholders' Meeting on 24.04.2009. The Auditor Deloitte, Company Auditors, represented by Mr Ludo De Keulenaer, has completed its audit work and confirmed that the accounting information contained in the Annual Report calls for no reservation on his part and is in agreement with the financial statements adopted by the Board.

The accounting principles and methods adopted for the preparation of the financial statements are identical to those used for the annual financial statements for the financial year 2007.

Note 2. Significant accounting methods

A. Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union.

Moreover, the Group has chosen not to anticipate the application of the new standards and interpretations, or their modifications, issued before the publication date of the annual accounts but not in force at the closing date. It concerns IAS 1, IAS 23, IAS 27, IAS 32, IAS 39, IFRS 2, IFRS 3, IFRS 8, IFRIC 12, IFRIC 13, IFRIC 15, IFRIC 16 and IFRIC 17.

The Group is of the opinion that the application of the standards and interpretations mentioned above will not have a significant impact.

The preparation of financial statements requires the company to make significant judgments that affect the application of accounting methods (such as for example the determination of the classification of lease contracts) and to proceed to certain estimates (in particular the estimate of the provisions). These assumptions are based on the management's experience, on the assistance from third parties (real estate expert) and on various other factors that are believed to be reasonable. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

B. Basis of preparation

The financial statements are presented in euro, rounded to the nearest thousand. They are prepared on the historical costs basis except that the following assets and liabilities are stated at their fair value: investment properties and derivative financial instruments.

Certain financial figures in this Annual Report have been rounded up and, consequently, the overall totals in this report may differ slightly from the exact arithmetical sum of the preceding figures.

Finally, certain reclassifying can intervene between the publication dates of the annual results and of the Annual Report.

C. Basis of consolidation

I Subsidiaries

Subsidiaries are those enterprises controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group. The subsidiaries' financial statements cover the same accounting period as that of the company.

Minority interests represent interests in subsidiaries not directly or indirectly held by the Group.

II Jointly controlled entities

Jointly controlled entities are those enterprises over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of total recognised gains and losses of jointly controlled entities on an equity accounted basis, from the date that joint control commences until the date that joint control ceases. The joint controlled entities' financial statements cover the same accounting period as that of the company.

III Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with joint controlled entities are eliminated to the extent of the Group's interest in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

A list of the Group companies is included in Note 42 to the consolidated financial statements.

D. Goodwill and business combinations

When the Group takes control of an integrated combination of activities and assets corresponding to the definition of business according to IFRS 3 - "Business combinations", assets, liabilities and any contingent liabilities of the business acquired are recorded separately at fair value at the acquisition date. The goodwill represents the positive variation between the acquisition costs and the Group share in the fair value of the acquired net assets. If this difference is negative ("negative goodwill"), it is immediately recorded in the results after confirmation of the values.

After its initial recording, the goodwill is not amortised but submitted to an impairment test realised at least every year with the cash generating units to which the goodwill was allocated. If the book value of a cash generating unit exceeds its value in use, the resulting writedown is recorded in the results and first allocated in reduction of the possible goodwill and than to the other assets of the unit, proportionally to their book value. A depreciation booked on a goodwill is not written back during a subsequent year.

In accordance with IFRS 3, the goodwill can be set temporarily at the acquisition and adjusted within the 12 following months.

In the event of the disposal of a cash generating unit, the amount of goodwill that is allocated to this unit is included in the determination of the result of the disposal.

E. Translation of foreign currencies

I Foreign entities

There is no subsidiary whose financial statements are denominated in a currency other than the euro on the balance sheet date.

II Foreign currency transactions

Foreign currency transactions are recognised initially at exchange rates prevailing at the date of the transaction. Subsequently, at closing, monetary assets and liabilities denominated in foreign currencies are translated at the then prevailing currency rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the income statement as a financial income or a financial charge.

F. Derivative financial instruments

The Group uses derivative financial instruments (Interest Rate Swaps, Forward Rate Agreements, purchase of CAP options, sale of FLOOR options) to hedge its exposure to interest rate risks arising from operational, financing and investment activities. In accordance with its financial policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost (possible ancillary costs included) and are remeasured to fair value at subsequent reporting dates.

The fair value of Interest Rate Swaps, Forward Rate Agreements, CAP options, FLOOR options and other derivative instruments is the estimated amount the Group would receive or pay to close the position at the balance sheet date, taking into account the then prevailing spot and forward interest rates, the value of the option and the creditworthiness of the counterparties.

Revaluation is carried out for all derivative products on the basis of the same hypotheses as to rate curve and volatility using an independent application of the market data provider Bloomberg. This revaluation is compared with the one given by the banks, and any significant discrepancy between the two revaluations is documented.

The accounting treatment depends upon the qualification of the derivative instrument as a hedging instrument and on the type of hedging. A hedging relationship qualifies for hedge accounting if, and only if, all the following conditions are met:

- at the inception of the hedge, there is a formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge;
- the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk;
- the effectiveness of the hedge can be reliably measured;
- the hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

I Fair value hedges
Where a derivative financial instrument hedges the exposure to changes in fair value of a recognised asset or liability or a unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment that is attributable to a particular risk, any resulting gain or loss on the hedging instrument is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

II Cash flow hedges
Where a derivative financial instrument hedges the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, a firm commitment or a highly probable forecasted transaction, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. The ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately. Any gain or loss arising from the time value of the derivative financial instrument is recognised in the income statement.

When the firm commitment or the forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in equity are reclassified into income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement.

When a hedging instrument or hedge relationship is terminated but the hedged transaction still is expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

G. Hedging of future interest charges on borrowings
The Group being owner of a portfolio of properties over the long term, it is highly probable that its borrowings which finance a large share of this portfolio will be refinanced when they become due by other borrowings. Hence the total financial indebtness of the company presents a high probability to be rolled over for an undetermined long period. For total costs efficiency reasons the debt funding policy of the Group separates the sourcing of borrowings (liquidity and margins on floating rates) from the management of interest rate charges and risks (fixing and hedging of future floating interest rates). Borrowed funds are normally raised at floating rates and if a borrowing is contracted at a fixed rate, an Interest Rate Swap will generally be entered into to swap it to floating. The Group then hedges over certain periods certain portions of its total indebtness (macro hedging) through entering contracts with banks on interest rate derivative instruments. Counterparty banks in these contracts are generally different from the funding banks. However the Group is taking careful care to match the periods and fixing dates of the interest rate derivative contracts with the roll periods and interest rate fixing dates of its borrowing contracts so that the hedges are effective.

If the derivative instrument hedges an underlying debt which was raised at floating rate, the hedge relationship is qualified as a cash flow hedge, whilst if it hedges an underlying debt raised at fixed rate it is qualified as a fair value hedge.

For hedging strategies using CAP or FLOOR options, the intrinsic and time value of an option are separated, with only the intrinsic element designated as the hedging instrument.

H. Investment properties
Investment properties are properties which are held to earn rental income for the long term. In accordance with IAS 40, investment properties are stated at fair value. External, independent valuers determine the real estate portfolio value every 3 months. Any gain or loss arising, after the acquisition of a property, from a change in its fair value is recognised in the income statement. Rental income from investment property is accounted for as described in the accounting policy (S). The valuers carry out the valuation on the basis of the method of calculating present value of the rental income in accordance with the International Valuation Standards 2006, established by the International Valuation Standards Committee, as set out in the corresponding report. This value referred to hereafter as the "investment value", corresponds to the price that a third-party investor would be disposed to pay in order to acquire each of the properties making up the portfolio of assets and in order to benefit from their rental income while assuming the related charges, without deduction of transfer taxes. The disposal of an investment property is usually subject to the payment to the public authorities of transfer taxes or value added tax. In Belgium, transfer taxes range from 0 to about 12.5%, depending on the mode of transfer of ownership, the location of the property and the characteristics of the purchaser. These amounts can only be determined once the disposal has been finalised and no reliable estimate can be made in advance. Transaction costs are recorded directly in the shareholder's equity; any adjustment made subsequently is recognised in the income statement. A portion of transfer tax of 2.5% was deducted from the investment value of the investment properties to obtain their fair value (see Note 19).

If an investment property becomes owner-occupied, it is reclassified as tangible asset and its fair value at the date of reclassification becomes its cost for accounting purposes of subsequent recording.

I. Development projects

Property that is being constructed or developed for future use as investment property is classified as development projects and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

At the date of transfer, the difference between the fair value and its carrying amount is recorded as income or loss in the income statement. At each closing, an assessment is made on whether the market value of these projects exceeds its carrying amount. If not, the difference is recorded in the income statement.

All costs directly associated with the purchase and construction, and all subsequent capital expenditures qualifying as acquisition costs are capitalised. Provided the project exceeds one year, interest expenses are capitalised at a rate reflecting the average borrowing cost of the Group.

J. Property let for long periods

I Types of long leases

Under Belgian law, properties can be let for long periods under 2 different regimes:

- long ordinary leases: the obligations of the lessor under the lease remain essentially those under any lease, for instance to ensure that space in a state of being occupied is available to the lessee during the whole term of the lease which obligation is met by the lessor bearing the owner's part of maintenance costs and the cost of insuring the building against fire and other causes of damages;
- long leases which involve the assignment of a real right ("droit réel") by the assignor to the assignee: in this case ownership passes temporarily to the assignee who will bear a.o. maintenance and insurance costs. Three contract types fall under this category: (a) the "bail emphytéotique" which must last a minimum of 27 years and a maximum of 99 years and can apply to land and/or construction; (b) the "droit de superficie" which may not exceed 50 years but has no minimum duration and concerns bare land and; (c) the "droit d'usufruit" which may not exceed 30 years and has no minimum duration and can apply to land and construction or bare land. Under all these contracts, the assignor keeps a residual right in that it will recover full ownership of the property at the end of the term of assignment, including the ownership of constructions erected by the assignee, with or without indemnity for these constructions depending on contractual conditions. A purchase option for the residual right may however have been granted which the lessee can exercise during or at the end of the lease.

II Long lease qualifying as finance lease receivable

Provided these leases meet the criteria of a finance lease under IAS 17 § 10, at their inception the Group as assignor will present them as a receivable for an amount equal to the net investment in the lease agreement. The difference between this latter amount and the book value of the leased property (excluding the value of the residual right kept by the Group) at the inception of the lease will be recorded in the income statement of the period. Any payment made periodically by the lessee will be treated by the Group partly as a repayment of the principal and partly as a financial income based on a pattern reflecting a constant periodic rate of return to the Group.

At each closing date, the residual right kept by the Group will be accounted for at its fair value. This value will increase each year and will correspond at the end of the lease to the market value of full ownership. These increases will be accounted for under "Changes in fair value of investment properties".

Conversely if Cofinimmo is assignee in a financial lease as defined by IAS 17, it will recognise an asset at an amount equal to the fair value of the leased property or, if lower, at the present value of the minimum lease payments, the corresponding amount being recorded as a financial debt. The rents accruing from tenants will be recorded under rental income. The subsequent effective payments to the assignor during the term of the lease will be recorded under financial charges for the amount of the discount element and for the remainder contribute to the amortisation of the related financial debt. At each closing date, the temporarily assigned right will be accounted for at its fair value in accordance with IAS 40; the progressive loss in value resulting from the passage of time being recorded as "Changes in fair value of investment properties" in the income statement.

III Sale of future lease payments under a long lease not qualifying as a finance lease receivable

The amount collected by the Group as a result of the sale of the future lease payments will be recognised in deduction of the property's value to the extent that this sale of lease payments is opposable to third parties and that as a consequence the market value of the property is reduced by the amount of the future lease payments sold. The progressive reconstitution of the lease payments sold will be recognised in the income statement under the caption "Writeback of lease payments sold and discounted".

Separately in the income statement the changes in fair value of the property will be recorded under the heading "Changes in fair value of investment properties".

K. Other property

I Property held for own use

In accordance with the alternative method allowed by IAS 40 § 60 and IAS 16 § 31, the part of the property used by the company itself as headquarters is stated at market value. It appears under "Assets held for own use".

II Subsequent expenditure

Expenditure incurred to refurbish a property that is accounted for separately, is capitalised. Other expenditure is capitalised only when it increases the future economic benefits embodied in the item of property. All other expenditures in the income statement are recorded as costs (see T II).

III Depreciation

Investment properties whether land obviously or constructions are not depreciated but posted at fair value (see H). A depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the following items:

- fixture and fittings 5-10 years;
- furniture 8-10 years;
- computer hardware 3-4 years;
- software 3-4 years.

IV Assets held for sale

Assets held for sale (investment properties) are presented separately in the balance sheet at a value corresponding to their fair value, possibly transaction costs excluded.

V Depreciation (Impairment)

The other assets are subject to a depreciation test only if there is an indice showing their book value will not be recoverable by their use or sale.

L. Long-term receivables

Long-term receivables are valued on the basis of their present value at the interest rate prevailing at the time of their issuing. If they are indexed to an inflation index, conservative assumptions concerning inflation are also used for the determination of the present value. If recourse is taken to a derivative financial instrument providing cover, the market interest rate for this instrument will serve as the reference rate for calculating the market value of the receivable concerned at the close of each accounting period. In this case, the entire unrealised gain generated by the valuation at market value of the receivable is limited to the unrealised loss relating to the valuation at market value (see F I) of the cover instrument. Conversely, any unrealised loss generated by the receivable will be passed through the income statement in its entirety.

M. Cash and cash equivalents

Cash and cash equivalents comprise call deposits, cash and short-term investments.

N. Share capital

I Ordinary share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as deduction, net of tax, in equity from the proceeds.

II Preference share capital

Preference share capital is classified as equity if it meets the definition of an equity instrument under IAS 32.

III Repurchase of shares

When share capital recognised as equity is repurchased by the Group, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are presented as a deduction from total equity. The proceeds on sales of own shares are directly included in net equity with no impact on the net income.

IV Dividends

Dividends are recognised as debt when they are approved by the General Shareholders' Meeting.

O. Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. Upfront fees payable to lenders or legal fees are for example integrated into the effective interest rate calculation. Fixed rate borrowings are expressed at their amortised nominal value. If however interest on a fixed rate borrowing is swapped into a floating by virtue of a matching Interest Rate Swap derivative contract, in conformity with fair value hedge accounting under IAS 39 § 86, the unamortised balance of the fixed rate borrowing is stated at market value as is the derivative itself (see F I). The fair value of the bond issue for € 105.62 million fluctuates in accordance with the risk covered, i.e. the risk-free rate, and consequently takes into account a constant credit margin of 80 basis points (0.80%), which corresponds to the margin paid at the time of issue in 2004. This fair value differs from the redemption value on maturity in July 2014, i.e. € 100 million, and the market value, i.e. € 91.98 million at 31.12.2008 (based on the daily quotation of Fortis Fixed Income on Bloomberg, for guidance).

P. Employee benefits

The Group funds a defined contribution pension scheme for its employees which is entrusted to an insurance company and thus independent from the Group. Contributions paid during the accounting period are charged to income.

Q. Provisions

A provision is recognised in the balance sheet when the Group has a legal or contractual obligation as a result of a past event, and if it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the adequate market rate reflecting, where appropriate, the risk specific to the liability.

R. Trade and other payables

Trade and other payables are stated at cost.

S. Revenue

Revenue includes gross rental income, service and management fees from properties. Costs of rent free periods and client incentives are recognised over the related firm lease term (i.e. until first break) as an integral part of the total rental income.

T. Expenses

I Services costs

Services costs paid, as well as those borne on behalf of the tenants, are included in direct property expenses. Their reclaiming from the tenants is presented separately.

II Works carried out on properties

Works carried out which are the responsibility of the building owner are recorded in the accounts in 3 different ways, depending on the type of work concerned:

- expenditure on maintenance and repairs which does not add any extra functionality to or increase the standard of comfort of the building is considered current expenditure for the period, and property costs;
- extensive renovation works: these are normally undertaken at intervals of 25 to 35 years and involve virtually reconstructing the building whereby, in most cases, the existing carcass work is reutilised and state-of-the-art building techniques applied. On completion of such renovation works, the property can be considered as new and the expenditures are capitalised;
- improvement works: these are works carried out on an occasional basis to add functionality to the property or significantly enhance the standard of comfort, thus making it possible to raise the rent and, hence, the estimated rental value. The costs of these works are capitalised by reason of the fact that and in so far as the expert normally recognises a pro tanto appreciation in the value of the property. Example: installation of an air conditioning system where one did not previously exist.

The works for which expenses are capitalised are identified in accordance with the above criteria during the budget preparation stage. Expenses to be capitalised concern materials, contractor works, technical studies, internal costs, architect's fees and interests during construction.

III Commission paid to real estate brokers and other transaction costs

Commissions relating to property rentals are entered in current expenditure for the year. Commissions relating to the acquisition of properties, transfer duties, notary fees and other ancillary costs are considered as transaction costs and included in the acquisition cost of the acquired property. These costs are also considered as part of the acquisition cost when the purchase is done through a business combination. Commissions on property sales are deducted from the sale price obtained to determine the gain or loss made. Property valuation costs and technical valuation costs are always entered in current expenditure, in the caption commercial costs.

IV Financial result
Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and gains and losses on hedging instruments that are recognised in the income statement (see G). Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset. Dividend income is recognised in the income statement on the date that the dividend is declared.

U. Income tax
Income tax on the profit or loss for the year comprises current tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is also recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rate enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

V. Exit tax
An exit tax is the tax on the capital gain that arises upon merger of a non-Sicafi company with a Sicafi. When the non-Sicafi company first enters the consolidation scope of the Group, a provision for exit tax liability is recorded simultaneously with a revaluation gain on the property corresponding to the market value of the property and taking into account a forecasted merger date. Any subsequent adjustment to this exit tax liability is recognised in the income statement.

Note 3. Operational and financial risk management
The Group actively manages its client base in order to minimise vacancies and tenant turnover in the office segment: the internal property management team is responsible for quickly solving tenant complaints and the internal commercial team maintains regular contacts with them so as to offer alternative solutions in the portfolio when they require more or less office space. Although this activity is fundamental to the protection of rental income, it bears little impact on the price at which an empty property can be rented out, since it depends on prevailing market conditions.

Nearly 100% of the lease contracts incorporate a provision whereby rents are annually indexed. Before accepting any new customer, a credit risk analysis is requested from an outside rating agency. An advance deposit or bank guarantee is required from non-public sector tenants corresponding to 6 months rent.

Rents are payable in advance, on a monthly, quarterly or yearly basis. A quarterly provision for property charges and taxes incurred by the Group but contractually rechargeable to tenants is also requested. The level of credit defaults recorded net of recoveries represents 0.050% of total turnover over the period 1996-2008.

By operating risk, Cofinimmo understands the risk of losses due to inadequacies or defaults in the company management or procedures. Direct operating costs are driven essentially by 2 factors:
- the age and quality of buildings determine the level of maintenance and repair expenses, both closely controlled by the property management team, while the execution of works is outsourced;
- the vacancy level of the office properties and the turnover of tenants determine the level of expenses for unlet space, the letting fees, redecoration costs, incentives granted to new clients, ... which the active commercial management of the portfolio aims to minimise.

Construction and refurbishment projects are prepared and controlled by the Group's internal Project Management team with a mandate to complete them on time and on budget. For the large-scale projects a call is made on specialised external project management firms. The risk of buildings being destroyed by fire or other disastrous events is insured for a total value of € 1,850,778,552[1] for reconstruction as new. Cover is also taken against the resulting vacant lets.

The Group contracts nearly all its financial debt at floating rate or, if at fixed rate, conversion immediately follows to floating rate. This allows the Group to take advantage of low short-term rates. However, financial charges being hence exposed to hikes in rates, the policy of the Group consists in securing interest rates over a rolling period of minimum 3 years for between 50 and 90% of the consolidated financial debt. In this way, the Group partially cushions itself over the chosen rolling period against the effect of a sharp upturn in these rates. The reasoning behind this policy is that, as rents are contractually indexed, an increase in inflation affecting nominal rates would have a favourable net impact on the Group's net result, but only with a time lag of several years.
The cover period of minimum 3 years was chosen, on the one hand, to offset part of the depressive effect this time lag would have on the net income and, on the other hand, to forestall the adverse impact of any rise in European short-term interest rates which is not accompanied by a simultaneous increase in inflation. Finally, a rise in real interest rates would probably be accompanied or quickly followed by a revival of overall economic activity which would give rise to more robust rental conditions and subsequently benefit the Group's net result.

1 This amount does not include insurances taken during construction works or taken by building occupants.

Simulations conducted show that the Group's net income is historically sensitive to fluctuations in interest rates. However, in 2009, and assuming that the structure and level of debt remain identical to those existing on 31.12.2008 and taking into account the hedging instruments put in place for 2009, an increase or reduction in interest rates of 0.5% would not lead to any significant rise in the financial charges applied for the 2009 forecast.

The average rate and the average financial debt charges on the closing date, as well as the fair value of the derivative instruments, are shown below. In accordance with IFRS 7, a 1% sensitivity analysis was carried out of the various interest rates without margin applied to the debt and derivative instruments.

Impact of a 1% interest rate variation on the average interest rate and on the fair value of financial instruments (based on the debt and derivative positions at the closing date) (x € 1,000,000)

		31.12.2008	31.12.2007
Average interest rate		**5.18% (93.24)**	4.74% (71.81)
Total fair value of derivative instruments		**-55.33**	+31.12
	+1%		
Average interest rate		**5.09% (91.58)**	5.02% (75.95)
Total fair value of derivative instruments		**-29.63**	+101.65
	-1%		
Average interest rate		**5.31% (95.54)**	4.38% (66.39)
Total fair value of derivative instruments		**-81.03**	-36.50

The Group may also hedge on a case by case basis against fluctuations of the underlying interest rates the value of financial assets consisting in receivables derived from long-term lease contracts (generally indexed) by entering into Interest Rate Swap contracts. The underlying inflation risk is however not hedged.

The Group is currently not exposed to any exchange risk.

Note 4. Business combinations

Pubstone acquisition

On 31.10.2007, Cofinimmo acquired, through its subsidiary Pubstone Group SA (formerly Express Properties SA), from the AB InBev Group 90% of the shares of Immobrew SA (renamed Pubstone SA). This company and its subsidiaries own 1,068 pubs (823 in Belgium and 245 in The Netherlands). In accordance with the agreement concluded on 06.07.2007 with AB InBev, Cofinimmo made an additional payment on 27.11.2008 relating to the acquisition of the Pubstone portfolio, in exchange for AB InBev taking over a 10% share of the net acquisition debt for the entire portfolio. This transaction is described in the "Management report", page 31 of this Annual Report. At the end of this transaction, the holdings of Cofinimmo and AB InBev amount to 89.9% and 10.1% respectively in the capital of Pubstone Group SA and the latter holds almost all the Pubstone SA shares. Cofinimmo controls Pubstone Group SA in the meaning of IAS 27.

From an accounting point of view, this acquisition is treated as a business combination in the meaning of IFRS 3. The situation at the acquisition is considered as being the situation taking into account the operation concluded on 27.11.2008. The total acquisition price of this participating interest amounts to € 388.3 million. During the valuation of Pubstone's assets and liabilities at their fair value, an amount of goodwill has appeared, corresponding to the difference between the acquisition price and the fair value of the acquired net assets. In order to illustrate the calculation of this difference, Pubstone's acquisition balance sheet, consolidated with its Dutch subsidiaries, expressed in fair value, is presented hereafter.

(x € 1,000,000)

Investment properties	397.8
Trade receivables	14.4
Cash and cash equivalents	133.5
TOTAL ASSETS	545.7

Shareholders' equity	252.5
Deferred taxes	130.9
Financial debts	160.0
Other liabilities	2.4
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	545.7

Assets - Properties: Pubstone's real estate portfolio is composed of pubs. Cofinimmo has signed a global lease agreement with AB InBev covering 100% of the portfolio for a firm duration of minimum 23 years and for an initial rent of € 26.6 million per year (indexed to the consumption price index). The portfolio also includes surfaces, mostly residential, let to different occupants other than AB InBev, for a global rent of € 0.4 million. The fair value (i.e. the value excluded the transaction costs according to IAS 40) of the pubs was estimated at € 397.8 million at the acquisition. This value takes into account the temporary valuation of the pubs at 31.12.2007 as well as the value adjustment at 31.03.2008. Indeed, the real estate expert pursued his expertise during the first quarter of 2008.

Liabilities - Deferred taxes: the deferred tax corresponds to the theoretical hypothesis imposed by the IAS/IFRS standards of an immediate disposal of all pubs at closing date. A tax rate of respectively 34% and 25% for the assets located in Belgium and in The Netherlands has been applied to the difference between their tax value and the market value of the assets at the acquisition. The deferred tax amounts to € 130.9 million at the acquisition of which € 16.6 million were recorded in the accounts before the acquisition.

Goodwill - For Cofinimmo, the positive difference between the business combination cost and its share in the fair value of the net assets of Pubstone amounts to € 147.9 million, which represents the goodwill paid by Cofinimmo at the acquisition. This goodwill was recalculated at 31.12.2008 following the transaction which took place on 27.11.2008 and the continuation of the valuation by the real estate expert during the 1st quarter of 2008. This goodwill is subject to (at least once a year) an impairment test executed according to IAS 36. It is detailed in Note 18.

Cofinimmo France acquisition

On 20.03.2008, Cofinimmo has acquired 100% of the shares of the limited company incorporated under French law Medimur, including a bond convertible in shares. This company (renamed into Cofinimmo France) and its subsidiaries own 32 nursing and care institutions in France. From an accounting point of view, this transaction is treated as a business combination in the meaning of IFRS 3. The acquisition price of the participating interest as well as the convertible bond amounts to € 90.0 million.

During the valuation of the assets and liabilities of Cofinimmo France at their fair value, an amount of goodwill has appeared (€ 26.9 million), corresponding to the difference between the acquisition price (€ 90.0 million) and the fair value of the acquired net assets (€ 63.1 million). In order to illustrate the calculation of this difference, the consolidated balance sheet of Cofinimmo France expressed in fair value at the acquisition date is presented hereafter.

(x € 1,000,000)

Investment properties	204.1	Shareholders' equity	63.1
Various current assets	5.3	Deferred taxes	18.2
		Financial debts	124.8
		Other liabilities	3.3
TOTAL ASSETS	209.4	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	209.4

Assets - Properties: the real estate portfolio of Cofinimmo France is composed of 32 nursing and care institutions spread over France and let to Korian (22 institutions) for a residual term of 6.5 years and to Méditer (10 institutions) for a residual term of 11.5 years. The faire value (i.e. the value excluded the transaction costs according to IAS 40) of the 32 institutions was estimated at € 204.1 million at the acquisition date (20.03.2008).

Liabilities - Deferred taxes: the deferred tax of € 18.2 million corresponds to the discounted value of the exit tax payment that Cofinimmo France SA should carry out when it adopts the "Société d'Investissements Immobiliers Cotée" (SIIC) regime. This status is effective since 23.01.2009.

Goodwill - For Cofinimmo, the positive difference between the business combination cost and its share in the fair value of the net assets of Cofinimmo France amounts to € 26.9 million, which represents the goodwill paid by Cofinimmo at the acquisition. This goodwill is subject to (at least once a year) an impairment test executed according to IAS 36. The evolution of the goodwill is illustrated in Note 18.

Note 5. Segment information

Offices represent 62.2% of the portfolio, nursing homes 22.2%, the Pubstone portfolio 13.3% and the other business sectors 2.3%.

(x € 1,000)

	OFFICES		OFFICES		OFFICES		OFFICES		OFFICES	
	Brussels CBD		Brussels Decentralised		Brussels Periphery		Antwerp		Other Regions	
INCOME STATEMENT	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Net rental income	**64,182**	61,433	**45,986**	45,220	**11,224**	14,229	**4,158**	7,856	**9,580**	9,047
Property result after direct property costs	**61,808**	58,586	**44,049**	41,890	**10,465**	12,616	**3,661**	6,888	**9,332**	8,685
Property management costs										
Corporate management costs										
Gains or losses on disposals of investment properties		16,047	**537**	2,420	**4,224**		**409**	16,845	**-322**	
Changes in fair value of investment properties	**-15,840**	23,805	**-23,549**	-2,400	**-5,046**	-262	**-4,271**	1,814	**-2,524**	3,985
Operating result										
Financial result										
Taxes										
NET RESULT										
NET RESULT - GROUP SHARE (ORDINARY SHARES)										

BALANCE SHEET	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Assets										
Goodwill										
Investment properties	**940,574**	903,718	**668,037**	697,674	**148,222**	221,938	**50,534**	53,897	**121,523**	130,103
Development projects	**11,914**	42,250	**5,321**	14,369	**264**	1,264	**367**	319	**49**	46
Assets held for own use			**10,064**	10,207						
Assets held for sale			**328**							
Other assets										
TOTAL ASSETS										
Shareholders' equity and Liabilities										
Shareholders' equity										
Shareholders' equity attributable to shareholders of parent company										
Minority interests										
Liabilities										
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES										

OTHERS		NURSING HOMES		NURSING HOMES		PUBSTONE		PUBSTONE		UNALLOCATED AMOUNTS		TOTAL	
		Belgium		France		Belgium		The Netherlands					
2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
6,397	4,962	**17,968**	9,360	**12,374**		**17,520**	3,015	**9,487**	1,529			**198,876**	156,651
6,279	4,991	**17,787**	9,178	**12,336**		**17,422**	2,972	**9,232**	1,529			**192,371**	147,335
										-14,496	-11,245	**-14,496**	-11,245
										-7,309	-5,459	**-7,309**	-5,459
8	-32					**2,140**		**-328**	16	**-913**		**5,755**	35,296
-1,856	1,119	**5,881**	856	**-11,958**		**-896**	-1,428	**-4,214**	-221	**489**	-973	**-63,784**	26,295
												112,537	192,222
										-108,115	-37,571	**-108,115**	-37,571
										-9,710	-2,442	**-9,710**	-2,442
												-5,288	152,209
												-14,847	142,512

2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
				26,929		**98,156**	88,904	**46,604**	46,754			**171,689**	135,658
77,315	86,754	**375,693**	207,084	**298,958**		**245,086**	238,412	**149,374**	157,076			**3,075,316**	2,696,656
10,372	13,010	**20,714**	21,752									**49,001**	93,010
												10,064	10,207
				179								**507**	
										243,478	247,781	**243,478**	247,781
												3,550,055	3,183,312
										1,377,242	1,411,486	**1,377,242**	1,411,486
										1,368,584	1,390,093	**1,368,584**	1,390,093
										8,658	21,393	**8,658**	21,393
										2,172,813	1,771,826	**2,172,813**	1,771,826
												3,550,055	3,183,312

Note 6. Rental income and rental-related expenses (x € 1,000)

	2008	2007
Rental income		
Gross potential income	**200,237**	160,791[1]
Vacancy	**-5,312**	-7,712[1]
Rents[2]	**194,925**	153,079[1]
Cost of rent free periods	**-4,532**	-4,747
Concessions granted to tenants (incentives)	**-1,257**	-913
Indemnities for early termination of rental contracts	**859**	844
TOTAL	**189,995**	148,263
Writeback of lease payments sold and discounted	**11,056**	10,100
Rental-related expenses		
Rent payable on rented premises	**-2,143**	-1,985
Writedowns on trade receivables	**-124**	
Writeback of writedowns on trade receivables	**92**	273
TOTAL	**-2,175**	-1,712

The Group leases out its investment properties under operating leases and finance leases. Only revenues of operating leases appear under rental income.

The amount under "Writeback of lease payments sold and discounted" represents the difference of the discounted value of the future inflation-linked payments on the lease contract with the Buildings Agency (Belgian Federal State) for the North Galaxy building at the beginning and at the end of the year. The writeback through the income statement allows for a gradual reconstitution of the gross initial value of the building at the end of the lease. It is a recurring and non-cash income item.

The change in the fair value of the North Galaxy property itself is determined by the independent valuer and is taken as profit or loss under the caption "Changes in fair value of investment properties". This time, it is a non-recurring item as it depends on the valuer's assumptions as to future market conditions.

Total rental income

Where a lease is classified as a finance lease, the property is considered to be disposed of and the Group to have an interest in a finance lease instead. Payments received on the finance leases are split between "capital" and "interest": the capital element being taken to the balance sheet and offset against the Group's interest in the finance lease; the interest element to the income statement. Therefore, not all rental income flows through the income statement.

Total income generated from the Group's properties, through operating and finance leases (x € 1,000)

	2008	2007
Rental income from operating leases	**189,995**	148,263
Interest income in respect of finance leases	**3,245**	10,049
Capital receipts in respect of finance leases	**76,217**	2,660
TOTAL	**269,457**	160,972

Future aggregate minimum rental receivables under non-cancellable operating leases and finance leases in effect at 31.12 (x € 1,000)

	2008	2007
Within one year	**219,075**	184,715
Between one and five years	**545,692**	456,463
Beyond five years	**1,787,524**	1,485,621
TOTAL	**2,552,291**	2,126,799

1 Reclassified after publication of the 2007 Annual Report. 2 Revenues guaranteed by developers in lieu of rents included.

Note 7. Net redecoration expenses (x € 1,000)

	2008	2007
Costs payable by tenants and borne by the landlord on rental damage and refurbishment at end of lease	**-1,012**	-1,891
Recovery of property charges	**952**	750
TOTAL	**-60**	-1,141

The recovery of property charges is only made up of indemnities on rental damage.

Note 8. Charges and taxes not recovered from the tenant on let properties (x € 1,000)

	2008	2007
Recovery income of charges and taxes normally payable by the tenant on let properties	**38,636**	38,809
Rebilling of rental charges	**17,829**	16,481
Rebilling of taxes	**20,807**	22,328
Charges and taxes normally payable by the tenant on let properties	**-39,018**	-39,037
Rental charges invoiced to the landlord	**-17,887**	-16,481
Taxes	**-21,131**	-22,556
TOTAL	**-382**	-228

Under usual lease terms these charges and taxes are borne by the tenants through rebilling. However a number of lease contracts of the Group provide otherwise, leaving the taxes or the charges to be borne by the landlord.

Note 9. Technical costs (x € 1,000)

	2008	2007
Recurrent	**2,562**	3,236
Maintenance	**2,168**	2,911
Insurance premia	**394**	325
Non-recurrent	**44**	256
Expenses related to improvement of the properties' fittings	**29**	384
Losses providing from disasters and subject to insurance cover	**115**	103
Insurance compensation for losses providing from disasters	**-100**	-231
TOTAL	**2,606**	3,492

Note 10. Commercial costs (x € 1,000)

	2008	2007
Letting fees paid to real estate brokers	**730**	1,772
Marketing expenses relating to properties	**28**	26
Technical experts costs	**339**	278
TOTAL	**1,097**	2,076

Note 11. Management costs

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

Property management costs

These costs comprise the costs of personnel responsible for this activity, the operational costs of the company headquarters and fees paid to third parties. The management fees collected from tenants covering partially the costs of the property management activity are deducted.

(x € 1,000)

	2008	2007
Office charges	**2,276**	1,468
IT	**1,020**	457
Others	**1,256**	1,011
Fees to third parties	**2,886**	2,389
Recurrent	**2,113**	1,230
Real estate valuers	**899**	799
Lawyers	**182**	106
Others	**1,032**	325
Non-recurrent	**773**	1,159
Mergers and acquisitions (other than business combinations)	**773**	1,159
Public relations, communication and advertising	**636**	615
Personnel expenses	**9,782**	8,366
Salaries	**7,766**	6,457
Social security	**1,359**	1,349
Pensions and other benefits	**657**	560
Management fees earned from tenants	**-1,397**	-1,789
Lease contract related fees	**-1,292**	-1,562
Fees for additional services	**-105**	-227
Taxes and regulatory fees	**192**	72
Depreciation charges on office furniture	**121**	124
TOTAL	**14,496**	11,245

Corporate management costs

Corporate management costs cover the overheads of the company as a legal entity with a stock exchange listing and as a Sicaf immobilière. These expenses are incurred in order to provide complete and continued information, economic comparability with other types of investment and liquidity for the shareholder's indirect participation in a property portfolio. Certain costs of studies relating to the company's expansion also come under this category.

(x € 1,000)

	2008	2007
Office charges	**312**	346
IT	**54**	120
Others	**258**	226
Fees to third parties	**1,297**	306
Recurrent	**358**	306
Lawyers	**53**	40
Auditors	**227**	190
Others	**78**	76
Non-recurrent	**939**	
Public relations, communication and advertising	**794**	733
Personnel expenses	**3,551**	2,889
Salaries	**3,143**	2,519
Social security	**285**	266
Pensions and other benefits	**123**	104
Taxes and regulatory fees	**1,355**	1,185
TOTAL	**7,309**	5,459

The fixed remuneration of the Auditor for reviewing and certifying Cofinimmo's company and consolidated accounts amounted to € 101,537 (excluding VAT). The remuneration of Deloitte, Company Auditors for certifying the company accounts of Cofinimmo's subsidiaries, as well as for the tasks assigned to the Auditor by Law (reports on the occasion of mergers, for example), amounted to € 25,700. The fees of the Deloitte & Touche Group relating to studies and assistance, notably on taxation matters, came to € 248,723[1] during the year, and mainly concern verifying the economic and financial data relative to acquisitions within the meaning of Article 133 § 7 of the Company Code.

Note 12. Gains or losses on disposals of investment properties (x € 1,000)

	2008	2007
Net sale of investment properties (selling price - transaction costs)	**100,521**	247,177
Fair value of properties sold	**-92,253**	-208,172
Writeback of the impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	**-2,513**	-3,709
TOTAL	**5,755**	35,296

The 2.5% reduction in fair value corresponding to the future hypothetical transaction fees is deducted directly from capital and reserves on the acquisition of properties. When the properties are sold, this amount must therefore be deducted from the difference between the price obtained and the book value of these properties in order to calculate the gain actually made.

Note 13. Changes in fair value of investment properties (x € 1,000)

	2008	2007
Positive changes in fair value of investment properties	**27,912**	50,142
Negative changes in fair value of investment properties	**-91,696**	-23,847
TOTAL	**-63,784**	26,295

The breakdown of the changes in fair value of the properties is exhibited in Note 21.

Note 14. Financial income (x € 1,000)

	2008	2007
Interest receipts in respect of finance lease receivables	**2,701**	10,049
Interests included in the cost of qualifying assets	**141**	
Positive change of the time value of derivative financial instruments		3,719
Income relating to derivative financial instruments	**18,227**	9,172
Interest receipts in respect of financing of tenants fittings	**544**	708
Net gains on realisation of finance lease receivables	**6,815**	8,167
Interests received on deposits	**134**	116
Others	**985**	640
TOTAL	**29,547**	32,571

Note 15. Interest charges (x € 1,000)

	2008	2007
Nominal interest on loans	**82,981**	54,760
Bilateral loans - floating rate	**50,285**	22,713
Syndicated loans - floating rate	**13,336**	8,843
Treasury bills - floating rate	**13,849**	16,824
Investment credits - floating or fixed rate	**254**	1,407
Debenture loan - fixed rate	**5,257**	4,973
Charges relating to hedging instruments	**3,211**	0
Other interest charges	**3,095**	0
TOTAL	**89,287**	54,760

The effective interest charge on borrowings, including all bank margins and amortisation costs of cover instruments active during the period, is K€ 77,831 corresponding to an average effective interest rate on borrowings of 4.79%.

1 The threshold has been exceeded within the meaning of Article 133 § 5 of the Company Code and was subject of a prior approval of the Audit Committee on 25.07.2008 in accordance with Article 133 § 6.

Note 16. Other financial charges (x € 1,000)

	2008	2007
Bank costs and other commissions	**2,092**	2,496
Negative changes in time value of derivative financial instruments	**43,833**	12,886
Net losses on disposals of financial assets	**2,450**	
TOTAL	**48,375**	15,382

Note 17. Income taxes (x € 1,000)

	2008	2007
Parent company	**1,089**	807
Pre-tax result	**-25,571**	136,357
Result exempted from income tax due to the Sicafi regime	**-25,571**	136,357
Taxable result based on non-deductible costs	**3,782**	8,091
Tax rate of 33.99%	**1,286**	2,750
Others	**-197**	-1,943
Subsidiaries	**4,991**	1,534
TOTAL	**6,080**	2,341

The non-deductible costs chiefly comprise the office tax in the Brussels-Capital Region. The heading "Others" chiefly comprises taxes related to the merged companies. Subsidiaries are not granted the Sicafi regime.

Note 18. Goodwill

Pubstone

Cofinimmo's acquisition in 2 stages (31.10.2007 and 27.11.2008) of 89.90% of the shares of Pubstone Group SA (formerly Express Properties SA) (see page 31) generated a goodwill for Cofinimmo from the positive difference between the acquisition cost and Cofinimmo's share in the fair value of the acquired net assets. More specifically, this goodwill results from:

- the positive difference between the value offered at the acquisition for the property assets (on which the price paid for the shares was based) and the fair value of those property assets (this being expressed after deduction of the transaction costs standing at 10.0% to 12.5% in Belgium and 6.0% in The Netherlands);
- and the deferred tax corresponding to the theoretical hypothesis imposed by the IAS/IFRS standards of an immediate disposal of all pubs at closing date. A tax rate of respectively 34% and 25% for the assets located in Belgium and in The Netherlands has been applied to the difference between the tax value and the market value of the assets at the acquisition.

The explanation for the variation in the goodwill of Pubstone SA (Belgium) and Pubstone Holding (The Netherlands) during the financial year is as follows:

- the Pubstone goodwill was established provisionally as at 31.12.2007 on the basis of a preliminary estimate of the fair value of the pubs portfolio by the real estate expert. This expert continued his valuation work during the 1st quarter of 2008. The valuation at 31.03.2008 was considered as the final valuation of the portfolio at the acquisition, so that the variation in the fair value of the Pubstone portfolio between 31.12.2007 and 31.03.2008, considered as an adjustment, was transferred directly to the goodwill and not in the income statement. Likewise, the inventory and valuation costs were gradually transferred to the goodwill as they were recorded during 2008.
- furthermore, the restructuring of the subgroup Pubstone Group, which occurred on 27.11.2008, as explained in the Management report (see page 31), had a positive impact on the goodwill, since Pubstone Group has a 99.64% share of the goodwill from Pubstone SA at 31.12.2008, compared to 90% at 31.12.2007.

Cofinimmo France

Cofinimmo's acquisition of 100% of the shares of Cofinimmo France (formerly Medimur) on 20.03.2008 generated a goodwill for Cofinimmo from the positive difference between the acquisition cost and the fair value of the acquired net assets. More precisely, this goodwill results from the positive difference between the value offered for the property assets at the acquisition (on which the price paid for the shares was based) and the fair value of those property assets (being expressed after deduction of the transaction cost standing at 6.2% in France).

The explanation for the adjustment in the goodwill from Cofinimmo France during the financial year is that the goodwill was established provisionally on the acquisition date (i.e. K€ 24,050) on the basis of a preliminary estimate of the fair value of the nursing homes portfolio by the real estate expert. This expert continued his valuation work during the 2nd quarter of 2008. The valuation at 30.06.2008 was considered as the final valuation of the portfolio at the acquisition, so that the variation in the fair value of the Cofinimmo France portfolio between 31.03.2008 and 30.06.2008, considered as an adjustment, was transferred directly to the goodwill and not in the income statement.

(x € 1,000)

	Pubstone Belgium	Pubstone The Netherlands	Cofinimmo France	TOTAL
COST				
AT 01.01	90,204	46,754		136,958
Additional amounts linked to business combinations realised during the year			24,050	24,050
Variation in goodwill during the period	-1,570	-150	2,879	1,159
Variation in goodwill following the restructuring of Pubstone Group	10,977			10,977
AT 31.12	99,611	46,604	26,929	173,144
WRITEDOWNS				
AT 01.01	1,300			1,300
Writedowns recorded during the year	155			155
AT 31.12	1,455			1,455
CARRYING AMOUNT				
AT 01.01	88,904	46,754		135,658
AT 31.12	98,156	46,604	26,929	171,689

Impairment test

At the end of the year 2008, the goodwill was subject to an impairment test (conducted on the groups of buildings to which it was allocated by country), comparing the net carrying amount of the groups of buildings (i.e. their fair value plus the goodwill allocated at 100% and less the deferred taxes) with their value in use.

The result of this test (illustrated in the table below) indicates an impairment of K€ 1,455 to be recorded in the goodwill from Pubstone Belgium.

Hypotheses used in the calculation of the value in use of Pubstone

A projection was drawn up of future net cash flow over 27 years for the operating result and the sales of properties. Over these 27 years, an attrition rate is taken into consideration based on the terms of the lease signed with AB InBev. The vacated pubs are all presumed to have been sold. A residual value is calculated at the 28th year. The sales price of the properties and the residual value are based on the average asset value assigned by the expert per m² at 31.12.2008, indexed. The indexation considered for these cash flows is 2% per annum. The discount rate used is 6.50%. The Goldman Sachs study "Europe: Real Estate" of 15.10.2008, page 19, establishes an average weighted capital cost of 6.27% for a group of European property companies and, among them, of 6.43% for Cofinimmo.

Hypotheses used in the calculation of the value in use of Cofinimmo France

A projection was drawn up of future net cash flow over 27 years. The hypothesis adopted is the renewal of all the leases during a 27-year period. If the model counts on the renewal of the leases over 27 years, the rent can be modified at the time of these renewals. For this reason, the cash flow comprises the present indexed rent up to the known date of the first renewal of the lease. After this date, the cash flow considered is the indexed allowable rent. The allowable rent is the rent estimated by the expert and included in his portfolio valuation at 31.12.2008. At the 28th year, a residual value is calculated per property. The indexation considered for these cash flows is 2% per annum. The discount rate used is 6.50%.

(x € 1,000)

BUILDING GROUP	Goodwill	Net carrying amount	Value in use	Impairment
Pubstone Belgium	99,611	343,688	342,233	-1,455
Pubstone The Netherlands	46,604	195,977	195,977	0
Cofinimmo France	26,929	227,417	227,417	0
TOTAL	173,144	767,082	765,627	-1,455

Sensitivity analysis of the value in use when the 2 main variables of the impairment test vary by 0.10% (in %)

BUILDING GROUP	0.10% variation in inflation	0.10% variation in the discount rate
Pubstone Belgium	1.31	0.67
Pubstone The Netherlands	1.28	0.69
Cofinimmo France	1.24	0.55

Note 19. Investment properties (x € 1,000)

	2008	2007
AT 01.01	**2,696,656**	2,103,988
Capital expenditures	**43,819**	36,966
Acquisitions	**481,846**	577,295
Transfers from/(to) Development projects	**39,784**	8,881
Transfers from/(to) Assets held for sale	**-507**	-56,267
Sales/Disposals (fair value of assets sold/disposed of)	**-140,259**	-576
Writeback of lease payments sold	**11,056**	10,100
Increase/(Decrease) in fair value[1]	**-57,079**	16,269
AT 31.12	**3,075,316**	2,696,656

Investment properties are accounted for at fair value using the fair value model in accordance with IAS 40. This fair value is the price at which a property could be exchanged between knowledgeable and willing parties in normal competitive conditions. It is determined by the independent valuers in a two step approach.

In the first step the valuers determine the investment value of each property based on the present value of the net future rental income. The yield used depends essentially on market rates applied in the property investment market, taking into consideration the location and the quality of the property and of the tenant at the valuation date. Future rental income is estimated based on current lease and reasonable and supportable assumptions about rental income from future leases in the light of current conditions. This value is the price that an investor (or hypothetical buyer) would be ready to pay to acquire the property in order to earn rentals and to achieve a certain return on his investment.

In a second step the valuers deduct from the investment value of the Sicafi's property portfolio an estimated amount for the transaction costs that the buyer or seller must pay in order to carry out a transfer of ownership. The investment value less the estimated transaction costs is the fair value in the meaning of IAS 40.

In Belgium, the transfer of ownership of a property is subject to the payment of transfer taxes. The amount of these taxes depends on the method of transfer, the type of purchaser and the location of the property. The first 2 elements, and therefore the total amount of taxes to be paid, are only known once the transfer has been completed.

The range of taxes for the major types of property transfer includes:
- sale of properties: 12.5% for properties situated in the Brussels-Capital Region and in the Walloon Region, 10% for properties situated in the Flemish Region;
- sale of real estate under the rules governing estate traders: 5.0 to 8.0%, depending on the Region;
- long lease agreements for real estate (up to 50 years for surface rights and up to 99 years for the long lease right): 0.2%;
- sales of properties where the purchaser is a public body (e.g. an agency of the European Union, the Federal Government, a regional government or a foreign government): tax exempt;
- contribution in kind of real estate property against the issue of new shares in favour of the contributing party: tax exempt;
- sale of shares of a real estate company: no taxes;
- merger, split and other forms of company restructuring: no taxes; etc.

The effective rate of the transfer tax therefore varies from 0 to 12.5%, whereby it is not possible to predict which rate would apply to the transfer of a given Belgian property before that transfer has effectively taken place.

In January 2006 all independent valuers[2] who carry out the periodic valuation of the Sicafis' real estate portfolios were asked to compute a weighted average transaction cost percentage to apply on the Sicafis' real estate portfolios based on supporting historical data. For transactions concerning properties with an overall value exceeding € 2.5 million, given the range of different methods for property transfers applying in Belgium (see above), the valuers have calculated on the basis of a representative sample of 220 transactions taking place in the market between 2003 and 2005 and totalling € 6.0 billion, that the weighted average transfer tax comes to 2.5%; this percentage is reviewed annually and if necessary adjusted at each 0.5% threshold.

For transactions concerning properties with an overall value of less than € 2.5 million, transaction costs of between 10.0 and 12.5% would apply, depending on the region in which the property is located in Belgium.

1 Note 21 reconciles the total change in fair value of the investment properties. 2 Cushman & Wakefield, de Crombrugghe & Partners, Winssinger & Associates, Stadim and Troostwijk-Roux.

As at 01.01.2004 (date of transition to IAS/IFRS) the transaction costs deducted from the investment value of the real estate portfolio amounted to € 45.5 million and have been accounted for under a separate caption of equity entitled "Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties". This 2.5% deduction has been applied to the subsequent acquisitions of buildings. At 31.12.2008 it represents € 65.78 million or € 6.04 per ordinary share, those acquisitions and the changes in investment value during the year taken into account.

It is worth noting that the average gain in relation to the investment value realised on the disposal of assets operated since the changeover to the Sicafi regime in 1996 equals 11.48%. Over that period Cofinimmo has undertaken 80 asset disposals for a total of € 1,079 million. This gain would have been 14.03% had the 2.5% deduction been applied as from 1996.

The transaction costs applied on the properties located in France and The Netherlands come to 6.2% and 6.0% respectively.

On 21.04.2005, the Cofinimmo Group sold to Fortis Bank all the future lease payments relating to the 18-year lease contract with the Buildings Agency for the North Galaxy building which it fully owns. On 22.12.2008, the Cofinimmo Group also sold to a subsidiary of the Société Générale Group the usufruct receivables for an initial period of 15 years payable by the European Commission and relating to the Loi 56, Luxembourg 40 and Everegreen buildings which Cofinimmo owns in Brussels. The usufruct from these 3 buildings ends between December 2020 and April 2022. Cofinimmo retains bare ownership and the indexation part of the receivables from the Luxembourg 40 building was not sold.

The North Galaxy lease and the usufructs from the Loi 56, Luxembourg 40 and Everegreen buildings do not qualify as financial leases. The fair value of these properties after the sale of their rental income or usufruct receivables corresponds to the difference between their market value, including the future rental income or lease receivables (the gross value below), and the discounted value of the future rental income or lease payments sold. In fact, by virtue of Article 1690 of the Belgian Civil Code, a third party wishing to buy North Galaxy would be deprived of the right to receive rental income on that property until the end of the lease. Likewise, in the case of the Loi 56, Luxembourg 40 and Everegreen buildings, the buyer would be deprived of the receivables until the expiry of the right of usufruct.

Although neither specifically foreseen nor forbidden under IAS 40, the derecognition from the gross value of the properties of the (residual) value of the future receivables sold allows, in the opinion of the Board of Directors of Cofinimmo, a true and fair presentation of the value of the properties in the consolidated balance sheet which corresponds to the independent valuer's assessment of the properties, as required by Article 56 § 1 of the Royal Decree of 10.04.1995.

Note 20. Development projects (x € 1,000)

	2008	2007
AT 01.01	**93,010**	41,765
Capital expenditures	**5,755**	11,172
Acquisitions	**3,800**	45,310
Transfer from/(to) Investment properties	**-39,784**	-8,881
Transfer from Assets held for sale to Development projects - land reserve		1,250
Sales/Disposals (fair value of assets sold/disposed of)	**-7,672**	
Increase/(Decrease) in fair value	**-6,108**	2,394
AT 31.12	**49,001**	93,010

Note 21. Breakdown of the changes in fair value of investment properties (x € 1,000)

	2008	2007
Investment properties	**-57,079**	26,369
Development projects	**-6,108**	2,394
Assets held for own use	**-147**	134
Others	**-450**	-2,602
TOTAL	**-63,784**	26,295

This heading comprises the changes in fair value of the investment properties as well as the other buildings.

The total portfolio is estimated by the experts at 31.12.2008 based on a market rate of 6.88% applied to the contractual rents increased by the estimated rental value on unlet space (see Report of the real estate expert on page 78). A 0.10% variation of this market rate would give rise to a variation of the total portfolio value of € 46 million.

Note 22. Intangible assets and Other tangible assets (x € 1,000)

	Intangible assets		Other tangible assets	
	2008	2007	**2008**	2007
AT 01.01	**1,535**	517	**980**	1,400
Acquisitions of the year	**855**	1,128	**230**	725
Plant, machinery and installations				52
Fixtures and fittings			**230**	673
IT software	**855**	1,128		
Transfer of option on land to Development projects				-820
Depreciation of the year	**550**	110	**268**	325
Plant, machinery and installations				52
Fixtures and fittings			**268**	273
IT software	**550**	110		
AT 31.12	**1,840**	1,535	**942**	980

Depreciation rates used depending of the economic life: 10 to 33% - Residual values: 0%.

Note 23. Finance lease receivables

The Group has concluded finance leases for several buildings, of which the Court of Justice of Antwerp, for respectively 36 years. The Group has also granted financing linked to refitting works to certain tenants. Long lease rights have been granted on certain assets. The average implicit yield of these finance lease contracts amounts to 5.45% per year (2007: 5.06%). During the year 2008, conditional rents were registered in income for the period for an amount of € 0.07 million (2007: € 0.05 million).

(x € 1,000)

	2008	2007
Less than 1 year	**18,212**	97,821
More than 1 year but less than 5 years	**31,568**	19,596
More than 5 years	**235,015**	151,782
Minimum lease payments	**284,795**	269,198
Non-acquired financial income	**-172,444**	-120,009
Present value of minimum lease payments	**112,351**	149,189
Non-current finance lease receivables	**108,181**	73,224
At more than 1 year but less than 5 years	**39,358**	33,869
At more than 5 years	**68,823**	39,355
Current finance lease receivables	**4,170**	75,965

The market value of these finance lease receivables at 31.12.2008 is estimated at € 123.46 million.

Note 24. Derivative financial instruments

The risk management policy of Cofinimmo is explained on page 93 of this Annual Report.

Cash flow hedges (x € 1,000)

PERIOD	Option	Strike	Yearly amount
2009	CAP bought	4.85%	425,000
2009	CAP bought	4.00%	600,000
2010-2011	CAP bought	4.85%	725,000
2010	CAP bought	4.25%	800,000
2011	CAP bought	4.25%	500,000
2012-2013	CAP bought	4.85%	850,000
2012	CAP bought	4.00%	375,000
2013	CAP bought	4.00%	375,000
2014-2015	CAP bought	4.85%	425,000
2009	FLOOR sold	4.25%	425,000
2009	FLOOR sold	3.25%	600,000
2010	FLOOR sold	3.25%	1,200,000
2011	FLOOR sold	3.25%	900,000
2012-2013	FLOOR sold	3.25%	1,025,000
2014-2015	FLOOR sold	3.25%	425,000
PERIOD	Derivative	Fixed rate	Yearly amount
2009	Interest Rate Swap	3.65%	500,000

For the years 2009 to 2015, Cofinimmo projects to maintain a property portfolio partially financed through debt, so that it will owe an interest flow to be paid, which forms the element covered by the financial instruments described above.

Cofinimmo SA also concluded an Interest Rate Swap covering the risk in changes in the net cash flow following the disposal of future receivables: a Declining Balance Interest Rate Swap for an initial notional amount of € 30.8 million, at a fixed interest rate of 4.8002% against Euribor 1 month for a period of 36 years starting in December 2008.

Fair value hedges

Cofinimmo Luxembourg has contracted an Interest Rate Swap against 3 months Euribor regarding a € 100 million bond loan (at 5.25%) maturing on 15.07.2014 that it has issued.

Trading

The Group has contracted several Cancellable Interest Rate Swaps. These instruments, booked as trading, combine a classic IRS and the sale by Cofinimmo of an option for the bank to cancel this Swap from a certain date onwards. The sale of this option allowed reducing the guaranteed fixed rate until the first cancellation date.

Period	Option	Strike	Yearly amount (x € 1,000)	First option	Frequency of option
2009-2018	Cancellable IRS	4.10%	140,000	15.10.2011	Annual
2009-2013	Cancellable IRS	4.03%	100,000	15.01.2009	Half-yearly
2009-2013	Cancellable IRS	3.55%	200,000	15.03.2009	3/4 half-yearly and 1/4 monthly

Cofinimmo has also contracted a Basis Swap which allows it to exchange Euribor 1 month plus 0.60% for Euribor 3 months for the period from December 2008 to February 2009 covering an amount of € 80 million.

Fair value of cover instruments (x € 1,000)

	31.12.2008 Assets	**31.12.2008 Liabilities**	31.12.2007 Assets	31.12.2007 Liabilities
Cash flow hedges				
CAP options bought	**13,389**		34,115	
FLOOR options sold		**39,943**		10,581
Interest Rate Swaps		**11,969**	9,245	855
Fair value hedges				
Interest Rate Swaps	**5,618**			1,004
Trading				
Interest Rate Swaps	**41**	**22,473**	208	
TOTAL	**19,049**	**74,385**	43,568	12,440

Non-current and current parts of the fair value of cover instruments (x € 1,000)

	31.12.2008 Assets	**31.12.2008 Liabilities**	31.12.2007 Assets	31.12.2007 Liabilities
Non-current	**18,997**	**29,372**	31,875	11,585
Current	**52**	**45,013**	11,693	855
TOTAL	**19,049**	**74,385**	43,568	12,440

As at reporting date, the shareholders' equity included the effective part of the variation in the fair value of financial assets and liabilities corresponding to the derivative financial instruments, qualified as cash flow hedges.

Effective part of the variation of the fair value of derivative financial instruments, qualified as cash flow hedge (x € 1,000)

	2008	2007
AT 01.01	**22,943**	10,548
Variation in the effective part of the variation of the fair value of the derivative financial instruments	**-63,166**	9,382
Transfer to the income statement of the intrinsic value of the derivative financial instruments active during the year	**9,535**	3,013
AT 31.12	**-30,687**	22,943

Ineffective part of the variation of the fair value of derivative financial instruments, qualified as cash flow hedge (x € 1,000)

	2008	2007
AT 01.01	**8,668**	10,612
Variation in the ineffective part of the variation of the fair value of the derivative financial instruments	**-16,503**	-1,944
AT 31.12	**-7,835**	8,668

Note 25. Assets held for sale (x € 1,000)

	2008	2007
AT 01.01	**0**	151,004
Transfer from Investment properties	**507**	56,843
Transfer to Development projects - land reserve		-1,250
Disposal of assets during the financial year		-206,597
AT 31.12	**507**	0

Note 26. Simple lease agreements (x € 1,000)

COMMITMENTS LINKED TO SIMPLE NON-CANCELLABLE LEASE AGREEMENTS	2008	2007
Part of rent payable or to be paid (of which 50% payable by a third party)		
During the year	**1,970**	1,938
After the year and before 5 years	**1,848**	3,818

It is related to the building Victoria Regina in Brussels. The lease contract ends at 13.11.2009 and is not renewable.

Note 27. Current trade receivables (x € 1,000)

	2008	2007
Gross trade receivables		
Gross commercial receivables which are due	**8,378**	6,314
Gross commercial receivables which are not due	**9,455**	4,520
Bad and doubtful receivables	**1,261**	235
Provision for impairment of receivables (-)	**-1,261**	-1,317
TOTAL	**17,833**	9,752

The received rental guarantees amount to K€ 3,481 (2007: K€ 2,423). The Group has recognised a net loss of K€ 33 (2007: K€ 273) for the impairment of its trade receivables during the year ended 31.12.2008. The Board of Directors considers that the carrying amount of trade receivables approximate their fair value.

Provision for impairment of receivables (x € 1,000)

	2008	2007
AT 01.01	**1,317**	672
Provisions related to acquisitions[1]		954
Use	**-89**	-36
Provisions charged to income	**125**	
Provision writebacks credited to income	**-92**	-273
AT 31.12	**1,261**	1,317

1 Provisions for impairment of receivables established by AB InBev and recovered by Cofinimmo at the acquisition of the Pubstone portfolio. Hence, these provisions were not entered in the income statement. Moreover, they are covered by a guarantee of AB InBev in favour of Cofinimmo.

Note 28. Tax receivables and other current assets (x € 1,000)

	2008	2007
Value added tax	**23,027**	11,776
Income taxes	**14,086**	1,836
Property charges to be reinvoiced to tenants	**5,068**	5,569
Others	**5,408**	3,974
TOTAL	**47,589**	23,155

Note 29. Deferred charges and accrued income (x € 1,000)

	2008	2007
Rent free periods and incentives granted to tenants to be spread over the firm tenure of the leases	**3,500**	5,145
Property charges paid in advance	**8,834**	6,714
Prepaid interest and other financial charges	**6,032**	5,221
TOTAL	**18,366**	17,080

Note 30. Share capital and share premium

	Ordinary shares		Convertible preference shares	
(in number)	**2008**	2007	**2008**	2007
Number of shares (A)				
AT 01.01	**10,615,398**	10,183,788	**1,499,766**	1,499,766
Issued against contribution in kind	**495,591**	37,406		
Issued in mergers to Group subsidiaries	**233,556**	452,518		
Cancellation of own shares held		-58,314		
AT 31.12	**11,344,545**	10,615,398	**1,499,766**	1,499,766
Own shares held by the Group (B)				
AT 01.01	**705,963**	311,759		
Issued in mergers to Group subsidiaries	**233,556**	452,518		
Own shares (sold)/purchased - net	**-582,643**			
Elimination of own shares held		-58,314		
AT 31.12	**356,876**	705,963		
Shares outstanding (A-B)				
AT 01.01	**9,909,435**	9,872,029	**1,499,766**	1,499,766
AT 31.12	**10,987,669**	9,909,435	**1,499,766**	1,499,766

	Ordinary shares		Convertible preference shares		TOTAL	
(x € 1,000)	**2008**	2007	**2008**	2007	**2008**	2007
Share capital						
AT 01.01	**528,415**	526,420	**79,974**	79,974	**608,389**	606,394
Issued against contribution in kind	**26,574**	1,995			**26,574**	1,995
Own shares sold/(purchased) - net	**34,250**				**34,250**	
AT 31.12	**589,239**	528,415	**79,974**	79,974	**669,213**	608,389
Share premium						
AT 01.01	**281,136**	278,131	**79,085**	79,085	**360,221**	357,216
Issued against contribution in kind	**36,667**	3,005			**36,667**	3,005
Own shares sold/(purchased) - net	**45,078**				**45,078**	
AT 31.12	**362,881**	281,136	**79,085**	79,085	**441,966**	360,221

Categories of shares

The Group has issued 2 categories of shares:

Ordinary shares: the holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the General Shareholders' Meetings of the company. The par value of each ordinary share was € 53.33 before the destruction of 58,314 ordinary Cofinimmo shares at 31.12.2007 and € 53.62 subsequently. The ordinary shares are listed on Euronext Brussels and Paris.

Convertible preference shares: preference shares were issued in 2 distinct series which both feature the following main characteristics:

- priority right to an annual fixed gross dividend of € 6.37 per share, capped at this level and non-cumulative;
- priority right in case of liquidation to a distribution equal to the issue price of these shares, capped at this level;
- option for the holder to convert his preference shares into ordinary shares from the 5th anniversary of their issue date (01.05.2009), at a rate of one ordinary share for one preference share;
- option for a third party designated by Cofinimmo (for example one of its subsidiaries) to purchase in cash and at their issue price, from the 15th anniversary of their issue, the preference shares that have not yet been converted;
- the preference shares are registered, listed on Euronext Brussels First Market and carry a voting right identical to that for the ordinary shares.

The first series of preference shares was issued at € 107.89 and the second at € 104.40 per share. The par value of both series is € 53.33 per share.

Shares held by the Group: at 31.12.2008, the Group held 356,876 ordinary Cofinimmo shares, all of which were held by Cofinimmo itself (31.12.2007: 705,963, of which 672,293 were held by Cofinimmo itself and 33,670 by Group subsidiaries).

Authorised capital

The Shareholders' Meeting of the Company has authorised the Board of Directors on 08.04.2005 to issue new capital for an amount of € 600,000,000 for a period ending on 24.05.2010. At 31.12.2008, the Board had made use of this authorisation for a total amount of € 28,568,451, of which € 26,573,589 in 2008. Hence the remaining authorised capital amounts to € 571,431,549 at that date. This authorised capital is based on the par value of the ordinary or preference shares of € 53.33 per share before 31.12.2007 and € 53.62 per ordinary share subsequently.

Note 31. Result per share

The calculation of the result per share at balance sheet date is based on the net current result/net result attributable to ordinary shareholders of K€ 46,471 (2007: K€ 80,939)/K€ -14,847 (2007: K€ 142,512) and a number of ordinary shares outstanding and entitled to share in the result of the period ended 31.12.2008 of 10,884,287 (2007: 9,872,029).

(x € 1,000)

	2008	2007
Net current result attributable to ordinary shareholders	**46,471**	80,939
Net current result for the year	**56,371**	90,719
Preference dividend - Proposal	**9,554**	9,554
Minority interests	**346**	226
Net result attributable to ordinary shareholders	**-14,847**	142,512
Net result for the year	**-5,288**	152,209
Preference dividend - Proposal	**9,554**	9,554
Minority interests	**5**	143

Number of ordinary shares (in number)

	2008	2007
Ordinary shares issued at 01.01	**10,615,398**	10,183,788
Ordinary shares issued on 27.04.2007		452,518
Ordinary shares issued on 26.07.2007		37,406
Ordinary shares issued on 21.01.2008	**235,576**	
Ordinary shares issued on 20.03.2008	**493,571**	
Cancellation of own ordinary shares held		-58,314
Elimination of own ordinary shares held	**-356,876**	-705,963
Number of ordinary shares issued at 31.12	**10,987,669**	9,909,435
Number of ordinary shares issued at 31.12 and not entitled to share in the results of the period	**-107,884**	-37,406
Number of ordinary shares issued at 31.12 and entitled to share in the results of the period	**10,879,785**	9,872,029
Number of own ordinary shares sold on the market in January 2009 entitled to share in the results of the period	**4,502**	
Number of own ordinary shares entitled to share in the results of the period	**10,884,287**	9,872,029

Results per ordinary share (in €)

	2008	2007
Net current result per ordinary share	**4.27**	8.20
Net result per ordinary share	**-1.36**	14.44

Diluted results per ordinary share

The calculation of the diluted results per ordinary share is not relevant as preference shares cannot be converted into ordinary shares before 2009 and as preference shares dividends are capped (see page 133).

However, for information purpose, disregarding the impact of IAS 39 and the non-recurrent elements, the undiluted net current result per ordinary share for the financial year 2008 amounts to € 7.56. On the same basis, the diluted net current result per ordinary share for 2008 stands at € 7.42.

The diluted net result per share calculated pro forma stands at € -0.43 (31.12.2007: € 13.37).

Note 32. Dividends per share[1] (in €)

	Paid in 2008	Paid in 2007
Gross dividends for ordinary shareholders	**76,769,167.25**	72,323,692.80
Gross dividend per ordinary share	**7.75**	7.40
Net dividend per ordinary share	**6.5875**	6.2900
Gross dividends for preference shareholders	**9,553,509.42**	9,553,509.42
Gross dividend per preference share	**6.37**	6.37
Net dividend per preference share	**5.4145**	5.4145

A gross dividend for ordinary shares in respect of 2008 of € 7.80 per share (net dividend per share € 6.63), amounting to a total dividend of € 84,897,438.60, is to be proposed at the Ordinary General Meeting on 24.04.2009. The number of ordinary shares entitled to the 2008 dividend amounts to 10,884,287. It should be noted that at 31.12.2008, unlike at 31.12.2007, the subsidiaries of the Cofinimmo Group no longer held any ordinary Cofinimmo shares.

The Board of Directors proposes to cancel the right to dividend of 330,544 own ordinary shares still held by Cofinimmo SA for the year 2008 and to suspend the right to dividend for the other 21,830 own ordinary shares still held by Cofinimmo under its stock option plan.

A gross dividend for preference shares in respect of 2008 of € 6.37 per share (net dividend per share € 5.4145), amounting to a total dividend of € 9,553,509.42, is to be proposed at the Ordinary General Meeting on 24.04.2009.

Note 33. Changes in fair value of financial instruments (x € 1,000)

	2008	2007
Derivative financial instruments	**-30,687**	22,943
TOTAL	**-30,687**	22,943

This reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred.

Note 34. Provisions (x € 1,000)

	2008	2007
AT 01.01	**9,637**	15,910
Provisions from recently consolidated subsidiaries		194
Amounts charged to income statement	**6,231**	
Utilisations	**-130**	-2,569
Writebacks credited to income statement	**-3,863**	-3,898
AT 31.12	**11,875**	9,637

Provisions are built up and correspond to a contingent quota of the cost of works the Group has committed to undertake on several buildings. Moreover, the Group has built up provisions to face its potential commitments vis-a-vis tenants or third parties. These provisions correspond to the best estimate of outgoing resources considered as likely by the Board of Directors.

1 Based on the results of the parent company.

Note 35. Financial debts (x € 1,000)

	2008	2007
Interest-bearing borrowings	**1,800,604**	1,529,053
Others		2,423
TOTAL	**1,800,604**	1,531,476
Non-current	**1,579,760**	1,149,889
Current	**220,844**	381,587
TOTAL	**1,800,604**	1,531,476

Interest-bearing borrowings (x € 1,000)

	2008	2007
Non-current		
Bilateral loans - floating rate	**941,010**	723,470
Syndicated loans - floating rate	**490,000**	290,000
Treasury bills - floating rate	**35,000**	35,000
Debenture loan - fixed rate	**105,618**	98,996
Other - floating or fixed rate	**8,132**	
SUB-TOTAL	**1,579,760**	1,147,466
Current		
Bilateral loans - floating rate		
Treasury bills - floating rate	**215,860**	365,745
Overdrafts - floating rate	**3,172**	14,522
Other - floating or fixed rate	**1,812**	1,320
SUB-TOTAL	**220,844**	381,587
TOTAL	**1,800,604**	1,529,053

Maturity of non-current loans (x € 1,000)

	2008	2007
Between 1 and 2 years	**432,082**	63,470
Between 2 and 5 years	**674,006**	465,000
Over 5 years	**473,672**	618,996

Allocation between floating rate loans and fixed rate loans (non-current and current) (x € 1,000)

	2008	2007
Floating rate loans	**1,694,985**	1,428,738
Fixed rate loans	**105,618**	100,315

The fixed rate debenture loan has been immediately converted to floating rate.

Non-current undrawn borrowing facilities (x € 1,000)

	2008	2007
Expiring within one year	**66,667**	
Expiring after one year	**305,556**	502,000

Note 36. Other financial liabilities (x € 1,000)

	2008	2007
Derivative financial instruments	**74,385**	12,440
Others[1]	**3,480**	
TOTAL	**77,865**	12,440
Non-current	**32,852**	11,585
Current	**45,013**	855
TOTAL	**77,865**	12,440

1 Mainly working capital and guarantees in cash received from tenants.

Note 37. Trade debts and other current debts (x € 1,000)

	2008	2007
Exit tax	**13,100**	12,216
Others	**34,411**	33,600
Suppliers	**26,578**	19,117
Urban charges	**612**	3,146
Dividends	**640**	1,694
Provision for withholding taxes and other taxes	**4,470**	
Pubstone dividend coupons	**543**	
Debts towards the minority shareholders of Pubstone SA (capital reduction and dividend coupon)		9,643
Various	**1,568**	
Taxes, social charges and salaries debts	**22,608**	7,911
Taxes	**21,318**	6,930
Social charges	**452**	282
Salaries debts	**838**	699
TOTAL	**70,119**	53,727[1]

Note 38. Accrued charges and deferred income (x € 1,000)

	2008	2007
Property income received in advance	**35,447**	23,585
Interest and other financial charges accrued and not due	**20,699**	7,578
Others	**4,025**	3,185
TOTAL	**60,171**	34,348

Note 39. Contingent rights and liabilities

Leases

- Cofinimmo has taken a lease with LURI running from 01.01.2000 to 13.11.2009 on the Victoria Regina Tower building. Certain of the renovation costs are payable by Cofinimmo. A third party is responsible for 50% of the commitments entered into under this operation. This property is sub-let to the Buildings Agency and occupied by the Federal Police services. Hence Cofinimmo has obtained cover for the balance of its commitments, which at 31.12.2008 amounted to € 1.7 million.
- In connection with the assignment of current lease receivables with the Buildings Agency on the North Galaxy building, the shares of Galaxy Properties SA have been pledged in favour of a bank, subject to certain conditions, as well as a deposit of originally € 1.0 million at 31.12.2007 covering future maintenance and insurance costs.
- In connection with its lease agreements, Cofinimmo receives a rental guarantee (in cash or as a bank guarantee) of an amount representing in general 6 months of rent.

Construction works

- In connection with the construction works on the Egmont II building, which were completed at the end of 2006, Cofinimmo has issued a bank guarantee in favour of the Buildings Agency to guarantee proper execution of the works upon the time of their acceptance.
- In connection with the construction of the North Galaxy building, the temporary association of contractors ("société momentanée des entrepreneurs") has issued a guarantee of proper execution of the works in favour of Cofinimmo.
- In connection with the renovation of the buildings Everegreen, Loi 56 and Luxembourg 40, Cofinimmo has obtained the issuing of 3 bank guarantees in favour of the European Commission to guarantee proper execution of the works until the time of their acceptance.
- In connection with the construction works of the new fire station in Antwerp, Cofinimmo has obtained the issuing of a bank guarantee in favour of the City of Antwerp to guarantee proper execution of the works until the time of their acceptance foreseen end 2009.

Acquisitions/Disposals

- Cofinimmo has undertaken to acquire the shares of Leopold Basement SA (subject to obtaining administrative permits).
- Cofinimmo has undertaken to acquire the shares of Noordkustlaan SA and City-Link SA, after delivery of the works foreseen for 2009, and Amca SA in 2010.
- Cofinimmo has undertaken to acquire the nursing home extensions and new constructions realised by Armonea SA (as a long lease holder or contracting partner) on the lands Cofinimmo has acquired by the transaction with Group Van den Brande (now Armonea).
- Cofinimmo has undertaken to Korian that it will acquire, under various suspensive conditions, 19 healthcare institutions in France. 14 of the 19 properties were acquired on 01.10.2008, with the acquisition of the balance due to take place during the first half of 2009.

1 This amount was not correctly reproduced in the press release of 13.02.2009.

- Cofinimmo has signed call and put options related to the freehold of a land located in Gentbrugge intended for the construction of a nursing home which will be operated by Foyer de la Femme ASBL.
- The shares in the company Belliard III-IV Properties SA held by Cofinimmo are subject to a purchase option. The exercise of this option is subject to the fulfilment of certain specific conditions.
- Belgian European Properties SA, a company absorbed by Cofinimmo, had granted a long lease right of 27 years to the company Nouvelle Imter SA on the following buildings: Albertine (Place Albertine 2 in Brussels), TZZ (Karveelstraat 8 in Bruges) and Soignies (chaussée de Roeulx 10 in Soignies). Nouvelle Imter SA has a transfer option on these buildings at a conventional value. In the meantime, Cofinimmo benefits of an annual fee on this conventional value of 6%, indexed. Cofinimmo is liable for a complement of price with the sellers of the shares of BEP SA, subject to certain conditions.
- AB InBev and Cofinimmo have undertaken to re-establish a future 90% interest (rather than the present 89.9%) for the Cofinimmo Group in the capital of the entity owning the Belgian pubs portfolio.
- Cofinimmo has granted a rental income guarantee under the sale of part of its portfolio located in the periphery.
- Cofinimmo has granted a purchase option to the HEKLA Police in Antwerp on the property granted under long lease to this entity, to be taken up on the expiry of this long lease.
- Cofinimmo has agreed to several preferential rights and/or purchase options to the long lease holder ("emphytéote"), at market value, on a part of its nursing homes portfolio.
- In connection with tendering, Cofinimmo generally issues commitments to obtain bank guarantees.
- As a general rule, Cofinimmo benefits from liability guarantees issued by the sellers of shares in real estate companies it has acquired.

Miscellaneous

- In connection with the transfer against a structured deposit to an external trustee (JPA Properties SPRL administered by Fortis Intertrust) of the finance lease discharge obligation with respect to Justinvest Antwerpen SA concerning the Antwerp Court of Justice, the matching deposit has been pledged in favour of Cofinimmo SA. The benefit of the pledge has been transferred in favour of a bank, subject to certain conditions.
- In connection with the assignment of current lease receivables with the Buildings Agency on the Antwerp Court of Justice, the balance of the receivables not assigned has been pledged in favour of a bank, subject to certain conditions. Negotiations concerning the granting of a mortgage and a mortgage mandate on the site are currently in progress.
- Cofinimmo has a call option on the issued preference shares (Art. 10bis of the articles of association).
- Cofinimmo has undertaken to find a buyer for the Notes falling due in 2027 issued by Cofinimmo Lease Finance (see page 42 Annual Report 2001) for the eventuality that a withholding tax would be applicable to the interest on these Notes following a change in the tax laws affecting holders resident in Belgium or The Netherlands.

Note 40. Commitments

The Group has capital commitments of K€ 298,128 (31.12.2007: K€ 169,610) in respect of capital expenditures contracted for at the balance sheet date but not yet incurred, for new property construction and for refurbishments.

Note 41. Events after the balance sheet date

The Extraordinary General Meeting of 21.01.2009 approved the mergers by absorption of 9 limited liability companies, with a view to simplifying the organisation of the Group and to transferring the assets held by these subsidiaries, which are mainly nursing homes, to the Sicafi tax regime.

Under these mergers, 962,485 new shares were created and all allocated to Leopold Square SA, a company which is fully controlled directly and indirectly by Cofinimmo SA.

During the first quarter of 2009, the Cofinimmo Group has sold 4,502 own ordinary shares on the market for a total amount of € 0.48 million at an average selling price of € 106.03 per share. Since these shares benefit from the 2008 results, they have been integrated into the calculations of the various 2008 results per share.

The total own ordinary shares held by the Cofinimmo Group was thereby increased to 1,314,859, i.e. 9.52% of the total number of shares issued.

Note 42. Consolidation criteria and scope

Consolidation criteria

The consolidated financial statements group together the accounts of the parent company and those of the subsidiaries, as drawn up at the end of the financial year.

Consolidation is achieved by applying the following consolidation methods.

Full consolidation consists of incorporating the entire assets and liabilities of the subsidiaries as well as the income and charges. Minority interests are shown in a separate caption on both the balance sheet and the income statement.

The full consolidation method is applied where the parent company has exclusive control provided that the holding is of a lasting character.

The consolidated financial statements have been prepared at the same date as that on which the consolidated subsidiaries prepared their own financial statements.

Consolidation scope

NAME AND ADDRESS OF REGISTERED OFFICE Fully consolidated enterprises	VAT or national number	Direct and indirect shareholding and voting rights (in %)
BELLIARD III-IV PROPERTIES SA Boulevard de la Woluwe 58, 1200 Brussels	BE 475 162 121	100.00
BOLIVAR PROPERTIES SA Boulevard de la Woluwe 58, 1200 Brussels	BE 878 423 981	100.00
COFINIMMO FRANCE SA Boulevard de la Tour Maubourg 31, 75007 Paris (France)	FR 88 487 542 169	100.00
COFINIMMO LUXEMBOURG SA Boulevard Royal 59, 2449 Luxembourg (Luxembourg)	not subject to tax	99.92
COFINIMMO SERVICES SA Boulevard de la Woluwe 58, 1200 Brussels	BE 437 018 652	100.00
GALAXY PROPERTIES SA Boulevard de la Woluwe 58, 1200 Brussels	BE 872 615 562	100.00
LA CLAIRIERE SA Boulevard de la Woluwe 58, 1200 Brussels	BE 461 493 534	100.00
LEOPOLD SQUARE SA Boulevard de la Woluwe 58, 1200 Brussels	BE 465 387 588	100.00
L'OREE DU BOIS SA Boulevard de la Woluwe 58, 1200 Brussels	BE 446 893 747	100.00
MIROMA SENIOR SERVICE SA Boulevard de la Woluwe 58, 1200 Brussels	BE 435 353 222	100.00
OMEGA 8-10 SA Boulevard de la Woluwe 58, 1200 Brussels	BE 892 725 345	100.00
PUBSTONE SA Boulevard de la Woluwe 58, 1200 Brussels	BE 405 819 096	89.58
PUBSTONE GROUP SA Boulevard de la Woluwe 58, 1200 Brussels	BE 878 010 643	89.90
PUBSTONE HOLDING BV Prins Bernhardplein 200, 1097 JB Amsterdam (The Netherlands)	not subject to tax	89.58
PUBSTONE PROPERTIES I BV Prins Bernhardplein 200, 1097 JB Amsterdam (The Netherlands)	NL 00.11.66.347.B.01	89.58
PUBSTONE PROPERTIES II BV Prins Bernhardplein 200, 1097 JB Amsterdam (The Netherlands)	NL 00.26.20.005.B.01	89.58
RINSDELLE SA Boulevard de la Woluwe 58, 1200 Brussels	BE 462 124 727	100.00
S.I.T.E.C. SA Boulevard de la Woluwe 58, 1200 Brussels	BE 464 567 741	100.00
SOGEMAIRE SA Boulevard de la Woluwe 58, 1200 Brussels	BE 414 392 017	100.00
SOGIPA SA Boulevard de la Woluwe 58, 1200 Brussels	BE 447 751 208	100.00
SOGIPA INVEST SA Boulevard de la Woluwe 58, 1200 Brussels	BE 451 813 033	100.00

Belliard III-IV Properties SA holds the residual rights to this property, charged with a right in a long lease.

Bolivar Properties SA owns the freehold of the land under the Omega Court building.

Cofinimmo France SA owns 14 aftercare and rehabilitation clinics ("cliniques de Soins de Suite et de Rééducation, SSR"), 6 psychiatric clinics and 12 nursing homes ("Etablissements d'Hébergement pour Personnes Agées Dépendantes, EHPAD") in France.

Cofinimmo Luxembourg SA has issued a 10-year debenture loan guaranteed by Cofinimmo SA. Its resources are used to finance other Group companies.

Cofinimmo SA also has a branch in France, through which it owns 14 medical institutions in France.

Cofinimmo Services SA is responsible for the management of the Cofinimmo properties. It does not act for the account of third parties.

Galaxy Properties SA holds a right in a long lease of 27 years on the North Galaxy building.

La Clairière SA owns the nursing home of the same name in Comines-Warneton.

Leopold Square SA owns 2 development sites and holds participating interests in the companies Bolivar Properties SA, Galaxy Properties SA, La Clairière SA, L'Orée du Bois SA, Miroma Senior Service SA, Omega 8-10 SA, Rinsdelle SA, S.I.T.E.C. SA, Sogemaire SA, Sogipa SA and Sogipa Invest SA.

L'Orée du Bois SA owns the nursing home of the same name in Comines-Warneton.

Miroma Senior Service SA owns the nursing homes Damiaan in Tremelo and Schweitzer, La Cambre and Van Zande in Brussels.

Omega 8-10 SA owns the Omega Court building.

Pubstone SA owns 824 pubs in Belgium and an interest in the company Pubstone Holding BV.

Pubstone Group SA holds a controlling interest in the company Pubstone SA.

Pubstone Holding BV owns the companies Pubstone Properties I BV and Pubstone Properties II BV.

Pubstone Properties I BV owns 199 pubs in The Netherlands.

Pubstone Properties II BV owns 45 pubs in The Netherlands.

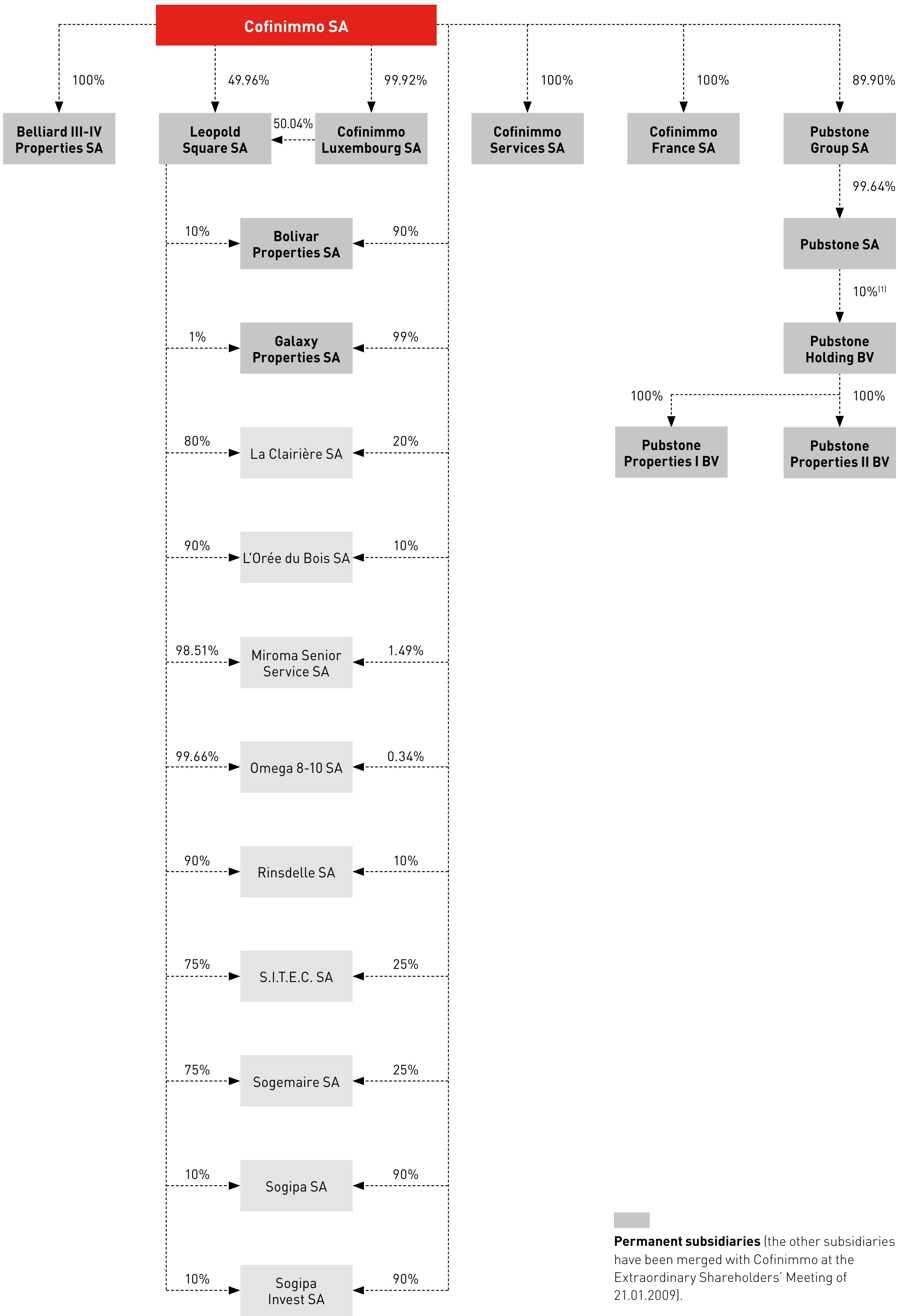
Rinsdelle SA owns the nursing home of the same name in Brussels.

S.I.T.E.C. SA owns the nursing home Top Senior in Tubize.

Sogemaire SA owns the nursing home L'Adret in Gosselies.

Sogipa SA owns the nursing home Linthout in Brussels.

Sogipa Invest SA owns the nursing home Diamant in Brussels.



Permanent subsidiaries (the other subsidiaries have been merged with Cofinimmo at the Extraordinary Shareholders' Meeting of 21.01.2009).

1 Economic interest of almost 100%.

Note 43. Payments based on shares

Option plan on shares

In 2006, Cofinimmo has launched a stock option plan by which 8,000 stock options have been granted to the management of the Group. This plan was relaunched in 2007, for a total of 7,300 stock options, and in 2008, for a total of 6,730 stock options.

Cofinimmo applies the IFRS 2 standard by recognising over the vesting period (namely 3 years) the fair value of the stock options at the date of granting. The annual cost of the progressive vesting is recognised in personnel charges in the income statement.

At the time of exercise, the beneficiaries will pay a strike price of € 122.92 per share for the 2008 plan, in exchange of the delivery of the shares.

The options are exercisable until 13.06.2016 at the latest for the 2006 plan, until 12.06.2017 at the latest for the 2007 plan, and until 12.06.2018 at the latest for the 2008 plan.

In the event of a voluntary or involuntary departure (with exception of dismissal on ground of misconduct) of a beneficiary, the accepted and vested stock options will only be exercisable during the first exercise window after the date of the contract breach. The non-vested options will be cancelled. In the event of an involuntary departure due to misconduct, the accepted stock options, vested or not, will be cancelled.

These conditions for the acquisition and exercise periods of the options in case of departure, voluntary or involuntary, will be applied without prejudice of the power of the Board of Directors to authorise derogations to these dispositions, based on objective and pertinent criteria, for the members of the Executive Committee, but always in the advantage of the beneficiary. The Executive Committee has the same power for the other beneficiaries.

Evolution of the number of stock options

	Plan 2008	Plan 2007	Plan 2006
AT 01.01	**0**	7,300	8,000
Granted	**6,730**	0	0
Cancelled	**0**	0	-200
Exercised	**0**	0	0
Expired	**0**	0	0
AT 31.12	**6,730**	7,300	7,800
EXERCISABLE (VESTED) AT 31.12.2008	**0**	0	0
STRIKE PRICE	**€ 122.92**	€ 143.66	€ 129.27

Fair value of the stock options at the date of granting and assumptions utilised - weighted average

	Plan 2008	Plan 2007	Plan 2006
Valorisation model	**Black & Scholes**	Black & Scholes	Black & Scholes
Contractual life of the options	**10 year**	10 year	10 year
Estimated duration	**8 year**	8 year	8 year
Strike price	**€ 122.92**	€ 143.66	€ 129.27
Volatility (average last 3 years)	**12.75%**	9.97%	8.84%
Risk free interest rate	**"Euro Swap Annual Rate"**	"Euro Swap Annual Rate"	"Euro Swap Annual Rate"
Fair value of the options at the date of granting[1] (x € 1,000)	**353.12**	261.27	215.36

1 Spread over 3 years.

Note 44. Average number of persons linked by an employment contract or by a permanent service contract

	2008	2007
Average number of persons linked by an employment contract or by a permanent service contract	**103**	92
Employees	**99**	88
Management personnel	**4**	4
FULL TIME EQUIVALENT	**100**	87

Note 45. Related party transactions

The emoluments and insurance premiums, borne by Cofinimmo and its subsidiaries, for the benefit of members of the Board of Directors, charged to the income statement, amounted to € 2,506,504. The difference between this amount and these mentioned on pages 52 and 54 of the Annual Report is explained by movements in provisions.

The Directors are not beneficiaries of the profit-sharing scheme which exclusively concerns the employees of the Group.

Diegem, 23.03.2009

To the Shareholders,

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of COFINIMMO SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2008, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 3,550,055 (000) EUR and the consolidated income statement shows a consolidated loss (group share) for the year then ended of 5,288 (000) EUR.

The financial statements of several significant entities included in the scope of consolidation, which represent total assets of 149,274 (000) EUR and a total profit of 92 (000) EUR, have been audited by other auditors. Our opinion on the accompanying consolidated financial statements, insofar as it relates to the amounts contributed by those entities, is based upon the reports of those other auditors.

The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained, together with the reports of other auditors on which we have relied, provides a reasonable basis for our opinion.

In our opinion, and based upon the reports of other auditors, the consolidated financial statements give a true and fair view of the group's financial position as at 31 December 2008, and of its results and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Additional comment

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

The statutory auditor
DELOITTE Bedrijfsrevisoren/Reviseurs d'Entreprises
BV o.v.v.e. CVBA/SC s.f.d. SCRL
Represented by Ludo De Keulenaer

Income statement (abbreviated format) (x € 1,000)

	2008	2007
Rental income	**148,221**	138,965
Writeback of lease payments sold and discounted	**11,056**	10,100
Rental-related expenses	**-2,348**	-1,946
Net rental income	**156,929**	147,119
Recovery of property charges	**952**	750
Recovery income of charges and taxes normally payable by the tenant on let properties	**17,320**	38,809
Costs payable by the tenant and borne by the landlord on rental damage and refurbishment at end of lease	**-17,256**	-39,037
Charges and taxes normally payable by the tenant on let properties	**-1,012**	-1,891
Property result	**156,933**	145,750
Technical costs	**-376**	-2,694
Commercial costs	**-1,148**	-2,133
Taxes and charges on unlet properties	**-2,246**	-2,336
Other property charges	**-3**	12
Property management costs	**-11,528**	-10,819
Property operating result	**141,632**	127,780
Corporate management costs	**-7,598**	-5,368
Operating result before result on portfolio	**134,034**	122,412
Gains or losses on disposals of investment properties	**1,232**	35,280
Changes in fair value of investment properties	**-62,002**	28,124
Operating result	**73,264**	185,816
Financial income	**81,511**	59,680
Interest charges	**-99,682**	-89,442
Other financial charges	**-81,056**	-20,815
Financial result	**-99,227**	-50,577
Pre-tax result	**-25,963**	135,239
Corporate tax	**-1,367**	-807
Exit tax		33
Taxes	**-1,367**	-774
NET RESULT FOR THE PERIOD	**-27,330**	134,465

Result for appropriation (x € 1,000)

	2008	2007
Result for the period	**-27,330**	134,465
Appropriation of the changes in market value of the elements in the portfolio		
Withdrawal from the other reserves	**79,512**	-7,308
RESULT FOR THE PERIOD AVAILABLE FOR APPROPRIATION	**52,182**	127,157

Appropriation account (x € 1,000)

	2008	2007
A. Result to be appropriated	**234,132**	247,555
Result for the period available for appropriation	**52,182**	127,157
Result carried forward from previous years	**181,950**	120,398
B. Withdrawals from capital and reserves	**3,280**	22,066
From other reserves (historical latent gains realised in 2008)	**3,280**	22,066
C. Transfers to capital and reserves	**-17,951**	-1,073
To non-distributable reserves	**-171**	-118
To the other reserves (historical latent losses realised in 2008)	**-17,780**	-955
D. Result to be carried forward	**124,709**	181,950
Result to be carried forward	**124,709**	181,950
E. Distribution of result	**-94,752**	-86,598
Dividends to distribute	**-94,451**	-86,323
Profit-sharing scheme	**-301**	-275

Balance sheet (abbreviated format) (x € 1,000)

	31.12.2008	31.12.2007
Non-current assets	**2,978,165**	2,880,867
Intangible assets	**237**	191
Investment properties	**2,322,062**	2,137,477
Development projects	**49,092**	78,850
Assets held for own use	**10,064**	10,207
Other tangible assets	**907**	905
Non-current financial assets	**487,594**	579,995
Finance lease receivables	**108,181**	73,216
Trade receivables and other non-current assets	**28**	26
Current assets	**86,176**	117,833
Assets held for sale	**337**	
Current financial assets	**51**	11,693
Finance lease receivables	**4,170**	75,965
Trade receivables	**4,110**	2,402
Tax receivables and other current assets	**39,734**	14,115
Cash and cash equivalents	**24,100**	6
Deferred charges and accrued income	**13,674**	13,652
TOTAL ASSETS	**3,064,341**	2,998,700

Shareholders' equity	**1,367,524**	1,394,525
Capital	**688,244**	649,147
Share premium account	**476,169**	423,480
Own shares bought back	**-33,732**	-86,538
Reserves	**170,519**	183,976
Results	**158,648**	255,923
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	**-61,637**	-54,406
Changes in fair value of financial instruments	**-30,687**	22,943
Liabilities	**1,696,817**	1,604,175
Non-current liabilities	**1,347,987**	1,168,636
Provisions	**11,551**	9,442
Non-current financial debts	**1,307,064**	1,148,613
Other non-current financial liabilities	**29,372**	10,581
Current liabilities	**348,830**	435,539
Current financial debts	**220,800**	381,345
Other current financial liabilities	**45,013**	856
Trade debts and other current debts	**40,194**	26,796
Accrued charges and deferred income	**42,823**	26,542
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,064,341**	2,998,700

Obligation to distribute (x € 1,000)

	2008	2007
Net result	**-27,330**	134,465
Depreciation (+)	**313**	303
Writedowns (+)	**57**	
Writeback of writedowns (-)	**-78**	-273
Writeback of lease payments sold and discounted (-)	**-11,056**	-10,101
Other non-cash elements (+/-)	**43,833**	8,255
Result on disposals of property assets (+/-)	**-1,232**	-35,280
Changes in fair value of investment properties (+/-)	**79,512**	-7,309
Corrected result (A)	**84,018**	90,060
Realised gains and losses[1] on property assets during the year (+/-)	**-13,268**	56,391
Realised gains[1] on property assets during the year, exonerated from the obligation to distribute if reinvested within 4 years (-)	**-8,115**	-57,346
Realised gains on property assets previously exonerated from the obligation to distribute and that were not reinvested within 4 years (+)		
Net gains on realisation of property assets non-exonerated from the distribution obligation (B)	**-21,383**	-955
TOTAL (A+B) X 80%	**50,108**	71,284
DEBT DECREASE (-)	**0**	0
OBLIGATION TO DISTRIBUTE	**50,108**	71,284

The obligation to distribute is calculated according to the "net gain" as referred to in the Royal Decree of 10.04.1995 relating to Sicaf immobilières, modified by the Royal Decree of 21.06.2006. The net result of the financial year 2008 being negative, no distribution is compulsory.

1 Compared to the acquisition value, to which the fixed renovation costs are added.

Standing document

Cofinimmo recognises that it must conduct itself as a responsible, community-minded enterprise. It contributes through its investments to promoting urban and social renewal and creates value for its shareholders.

General information

Company name

Cofinimmo: Sicaf immobilière ("Société d'investissement immobilière à capital fixe publique de droit belge" - fixed public capital real estate investment trust incorporated under Belgian law).

Registered and administrative offices

The registered and administrative offices are established at 1200 Brussels, boulevard de la Woluwe 58. The registered offices may be transferred to any other place in Belgium by a simple decision of the Board of Directors.

Register of Legal Persons

The company is entered in the Register of Legal Persons (R.P.M.) of Brussels under No. 0426 184 049.
Its VAT number is BE 0426 184 049.

Constitution, legal form and publication

Cofinimmo was set up as a limited liability company incorporated under Belgian law (Société Anonyme) on 29.12.1983, by deed enacted before Notary André Nerincx in Brussels, published in the annexes to the Belgian Official Gazette (Moniteur belge) of 27.01.1984, under number 891-11. The company has the legal form of a limited liability company incorporated under Belgian law. Since 01.04.1996, Cofinimmo has been recognised as a Sicaf immobilière ("Société d'investissement immobilière à capital fixe publique de droit belge" - fixed public capital real estate investment trust incorporated under Belgian Law), registered with the Banking, Finance and Insurance Commission.

It is subject to the legal provisions of closed-end investment companies, as stipulated in Article 19 of the Law of 20.07.2004 regarding certain types of collective administration of investment portfolios. The company has opted for the category investments foreseen in Article 7, § 1, 5° (real estate properties) of this Law.

The company is subject to the provisions of Book II of the above mentioned Law of 20.07.2004 regarding certain types of collective administration of investment portfolios, as well as to the Royal Decree of 10.04.1995, regarding Sicaf immobilières.

The articles of association have been amended on various occasions, the last of which was on 21.01.2009 by deed enacted before Associate Notary Gérald Snyers d'Attenhoven in Brussels, published in the annexes to the Belgian Official Gazette (Moniteur belge) of 13.02.2009 under number 0023339.

The company makes issues for general subscription within the meaning of Article 438 of the Company Code.

Duration

The company is constituted for an unlimited term.

Activities of the company

Article 3 of the articles of association

The company's principal activity is the collective investment in real estate.

Consequently, as principal activity, the company invests in real estate, which includes properties as defined by Articles 517 ff. of the Civil Code, real rights on properties, shares with voting rights issued by affiliated property companies, option rights on properties, the shares of other real estate investment trusts included in the list referred to in Article 31 or Articles 127 and following under the Law of 20.07.2004 regarding certain types of collective administration of investment portfolios, real estate certificates, rights arising from contracts which bestow one or several assets on the company under property leasing, as well as all other assets, shares or rights which qualify as real estate assets under the above-mentioned Law, or any other activity which may be authorised under the regulations applicable to the company.

As accessory activity, the company may carry out all operations or studies which relate to real estate assets as described above and carry out any actions which relate to real estate assets such as the purchase, renovation, fitting out, letting, sub-letting, management, exchange, sale, development, transfer to common ownership, investment, whether by merger or otherwise, in any enterprise with similar or complementary activities, provided that regulations applicable to fixed capital real estate investment trusts are respected, and, in general terms, any operations directly or indirectly linked to the company's activities. The company may not act as a real estate developer except on an occasional basis.
The company may also lease out real estate, with or without an option to buy.

Also as an accessory or temporary activity, the company may invest in securities, other than those described above, and hold short-term liquid funds. Such investments shall be diversified in order to ensure the adequate spreading of risk. Such investments shall also be made in accordance with the criteria set out in the Royal Decree of the 04.03.1991 on certain investment funds. If the company does hold such securities, the investment in these securities shall be compatible with the short to medium term investment policy of the company, and the securities shall be listed on the stock exchange of a member state of the European Union or negotiable on a regularly functioning and regulated market of a member state of the European Union, which is recognised and open to the public and of which the liquidity is assured. Short-term liquid funds may be held in any currency as current or deposit accounts or in the form of any money market instrument which can easily be converted. The company may lend securities under conditions permitted by the Law.

Cofinimmo may not modify its activities through application of Article 559 of the Company Code, as this Article is not applicable to Sicaf immobilières, as set out in Article 19 of the Law of 20.07.2004 regarding certain types of collective administration of investment portfolios.

Financial year

The financial year starts on 1 January and ends on 31 December of each year.

Places at which documents accessible to the public may be consulted

The company's articles of association may be consulted at the clerk's office of the Brussels Commercial Court as well as on the website **www.cofinimmo.com**.

The company and consolidated accounts of the Cofinimmo Group are filed with the National Bank of Belgium, in accordance with the legal provisions governing the matter. Decisions with regard to the appointment and resignation of members of the Board of Directors are published in the annexes of the Belgian Official Gazette (Moniteur belge).

Notices convening General Meetings are published in the annexes of the Belgian Official Gazette and in 2 financial daily newspapers. These notices and all documents relating to the General Meetings are simultaneously available on the website **www.cofinimmo.com**.

All press releases and other financial information given out by the Cofinimmo Group since the beginning of 2003 can be consulted on the website **www.cofinimmo.com**. The Annual Reports may be obtained from the registered offices or consulted on the website **www.cofinimmo.com**. They are sent each year to the holders of registered shares and to any parties expressing a wish to receive them. They include reports by the real estate expert and the statutory Auditor.

Declarations

Responsible persons

The Board of Cofinimmo SA assumes responsibility for the content of this Annual Report, subject to the information supplied by third parties, including the reports of the statutory Auditor and the real estate expert.

The Board, composed as described on page 49, declares that to the best of its knowledge:

- this Annual Report contains a fair and true statement of the important events and, as the case may be, of major transactions between related parties, which have occurred during the year, and of their incidence on the financial statements;
- this report has no omissions likely significantly to modify the scope for any statements made in this Annual Report;
- the financial statements, established in conformity with the applicable accounting standards have been submitted to the statutory Auditor for a complete audit review and give a fair and true image of the portfolio, financial situation and results of Cofinimmo and its subsidiaries incorporated in the consolidation; moreover the management report includes a perspective for the coming year result as well as a comment on the risks and uncertainties confronting the company (see page 41).

Forecast information

This Annual Report contains forecast information. This information is based on company plans, estimates and projections, as well as on its reasonable expectations concerning external events and factors. By its nature, this forecast information is subject to risks, uncertainties and other factors that may have the consequence that the results, financial situation, performance and actual figures differ significantly from those mentioned or suggested by the forecast information. Taking into account these uncertain factors, statements based on future developments carry no guarantee whatsoever.

Declarations concerning the Directors

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

- none of the Directors has ever been convicted for a fraud-related offence, that no official and/or public accusation has been expressed or any sanctions ever imposed by a legal or supervisory authority, that no Director has been prohibited by court to act as a member of the Directing body and that in their capacity of Director they have never been associated with a bankruptcy;
- that no employment contract has been concluded with the Directors, either with the Sicafi, or with its Executive Committee, which provides for the payment of indemnities upon termination of the employment contract, subject to the comment of section "Contractual terms for members of the Executive Committee" under the Corporate Governance chapter.

Historical financial information referred to by reference

The Annual Reports of the years 2002 to 2008, which comprise the company accounts, the consolidated annual accounts and the Reports of the Auditor, as well as the Half Year Reports and the Half-Yearly Financial Reports can be consulted on the website **www.cofinimmo.com** ("Investor relations/Company reports").

Fiscal regimes

The Sicaf immobilière

The Sicaf immobilière ("Société d'investissement immobilière à capital fixe" - fixed capital real estate investment trust) regime, introduced by the Law of 04.12.1990, permits the creation in Belgium of property investment organisations, such as already exist in numerous other countries: Real Estate Investment Trusts (REITs) in the US, Fiscale Beleggingsinstellingen (FBI) in the Netherlands, G-REITs in Germany, Sociétés d'Investissements Immobiliers Cotées (SIIC) in France and UK-REITs in the UK.

This new company form was enacted by the Royal Decree of 10.04.1995, last modified by the Royal Decree of 21.06.2006. The Law of 23.12.1994 regulated the tax effects on existing companies of transformation into a Sicaf immobilière.

The main characteristics of a Sicaf immobilière are as follows:

- closed-end company;
- stock exchange listing;
- activity limited to real estate investment; if necessary, the company can invest its assets in listed securities;
- risk diversification: no more than 20% of total assets invested in a single property;
- borrowing limited to 65% of the market value of the company's assets; the granting of sureties and mortgages is limited to 40% of the total assets and to 75% of an individual building;
- very strict rules governing conflicts of interest;
- regular valuation of the asset portfolio by an independent real estate valuer;
- properties carried at their fair value - no depreciation;
- results (rental income and capital gains on sales less operating expenses and financial charges) are tax exempt at the Sicafi level but not the subsidiaries;
- at least 80% of the sum of the corrected result[1] and the net gains on realised disposals of real estate assets not exempted to the compulsory distribution are subject to compulsory distribution; the decrease in debt during the year can however be subtracted from the amount to be distributed;
- withholding tax of 15%, giving relief for physical persons residing in Belgium. No withholding tax is deducted for non-resident investors who are not engaged in a profit-making activity.

Companies applying for approved Sicaf immobilière status, or which merge with a Sicaf immobilière, are subject to an exit tax, which is treated in the same way as a liquidation tax, on net unrealised gains and on tax-exempt reserves, at a rate of 16.5% (increased by a supplementary crisis tax uplift of 3%, giving a total of 16.995%).

Cofinimmo obtained its approved Sicaf immobilière status on 01.04.1996.

"Société d'Investissements Immobiliers Cotée" (SIIC)

The "Société d'Investissements Immobiliers Cotée" (SIIC) regime, introduced by Finance Law No 2002-1575 of 30.12.2002, authorises real estate companies to be set up in France which are subject to a specific tax regime, similar to the Sicafi regime in Belgium.

Cofinimmo opted for the SIIC regime with effect from 04.08.2008, as did Cofinimmo France and its subsidiaries with effect from 23.01.2009. This regime allows Cofinimmo to benefit from exemption from corporate income tax, in respect of its branch in France, on its rental income and the capital gains it realises, in exchange for an obligation to distribute 85% of its profits.

The principal characteristics of the SIIC are as follows:

- exemption from corporate income tax of the fraction of the profit arising from i) property lets, ii) capital gains on property disposals, iii) gains on the disposal of shares in partnerships or subsidiaries subject to corporate income tax having opted for the SIIC regime, iv) the proceeds distributed by their subsidiaries having opted for the SIIC regime, and v) shares in profits of partnerships;
- profit distribution obligation: 85% of the exempted profits arising from rental income, 50% of the exempted profits arising from disposal of property, shares in partnerships and subsidiaries subject to the SIIC regime, and 100% of the dividends distributed to them by their subsidiaries subject to corporate income tax having opted for the SIIC regime;
- payment of an exit tax at the rate of 19% on latent capital gains relating to properties held by the SIIC or its subsidiaries subject to corporate income tax having opted for the SIIC regime, and to the shares in partnerships not subject to corporate income tax.

1 Calculated in function of the scheme of chapter B of the addendum of the Royal Decree of 21.06.2006.

Share capital

Issued capital

The capital is fully paid-up.

Share capital

The shares have no par value.

Schedule of changes

Date	Amount (BEF) of share capital	Type of transaction	Issue price (BEF)	Amount (BEF) of the net contribution to the shareholders' equity[1]	Number of shares
29.12.1983	235,000,000	Initial capital subscribed in cash at constitution (RD 15 and 150)	2,500		AFV 94,000
03.10.1986	+352,500,000	Capital increase by cash contribution	2,770		+141,000
17.12.1987	+1,529,780,000	Capital increase by cash and non-cash contribution	3,000		+611,912
06.10.1989	+1,750,000,000	Capital increase by cash contribution	4,264		+700,000
18.12.1990[2]	+301,665,000	Capital increase by non-cash contribution (AXA)	4,500		+120,666
22.03.1991[2]	+277,777,500	Capital increase by non-cash contribution (Eberstein Corp.)	4,500		+111,111
09.07.1991[2]	+394,445,000	Capital increase by non-cash contribution (Assubel)	4,500		+157,778
27.09.1991[2]	+565,417,500	Capital increase by non-cash contribution (AGF)	4,731		+226,167
10.12.1991[2]	+375,970,000	Capital increase by non-cash contribution (IBM)	4,761		+150,388
29.09.1993	+1,199,645,000	Merger by absorption of Codofin SA	3,713		+479,858
30.11.1994	+125,000,000	Merger by absorption of Lillois Holdings SA	2,000	120,316,482[3]	+62,500
30.11.1994	+104,742,796	Merger by absorption of E.I.I. SA	182.5	322,021,666[4]	+360,488 +AFV 213,386
30.11.1994	+88,057,204	Capital increase by incorporation of share premiums and reserves available for distribution			AFV = VVPR
19.12.1994		Conversion of AFV shares into VVPR shares			
28.04.1995	-100,000,000	Capital reduction by transfer to tax-exempt reserves			
28.04.1995	+1,297,541	Capital increase resulting from the conversion of 309 convertible bonds			+VVPR 618
20.06.1995[2]	+53,524,800	Capital increase by non-cash contribution (GAN)	3,649	93,005,712	+25,488
12.12.1995	+54,589	Capital increase resulting from the conversion of 13 convertible bonds			+VVPR 26
23.01.1996[2]	+161,836,500	Capital increase by non-cash contribution (Cisman)	3,730	287,452,450	+77,065
29.03.1996	+67,000,000	Merger by absorption of Mancis SA	3,730	228,164,100	+61,170
29.03.1996	+486,250,000	Merger by absorption of Irish European Properties SA	3,821	1,452,996,386	+380,266
29.03.1996[2]	+133,413,042	Capital increase by non-cash contribution (Tractebel)	3,759	249,999,813	+66,507
29.03.1996[2]	+61,369,558	Capital increase by non-cash contribution (Korexpa)	3,759	114,999,087	+30,593

1 According to the accounting rules for Belgian Sicaf immobilières. 2 Operations decided upon by the Board of Directors within the limits of the authorised capital. Other share capital increases have been decided by the General Shareholders' Meeting. 3 Less than the amount of the capital increase owing to the loss of Lillois Holdings incorporated into Cofinimmo's shareholders' equity. 4 Higher than the amount of the capital increase owing to the incorporation into Cofinimmo's shareholders' equity of the portion of the reserves of E.I.I. held by third party interests.

Date	Amount (BEF) of share capital	Type of transaction	Issue price (BEF)	Amount (BEF) of the net contribution to the shareholders' equity[1]	Number of shares
29.03.1996[2]	+71,947,196	Capital increase by non-cash contribution (AXA)	3,764	134,999,624	+35,866
29.03.1996[2]	+593,639,592	Capital increase by non-cash contribution (Rodamco)	3,764	1,113,888,048	+295,932
29.03.1996[2]	+198,786,576	Capital increase by non-cash contribution (Rodamco)	3,764	372,997,344	+99,096
29.03.1996[2]	+179,067,596	Capital increase by non-cash contribution (Rodamco)	3,764	335,997,224	+89,266
29.03.1996[2]	+570,374,004	Capital increase by non-cash contribution (P&V)	3,728	1,059,999,997	+284,334
26.04.1996	+23,475,600	Merger by absorption of Hannover Investments SA	2,500	23,593,514	+9,391
26.04.1996	+23,700,000	Merger by absorption of Park Leopold Investment SA	531	25,764,499	+44,584
26.04.1996	+24,876,900	Merger by absorption of Immo Keiberg - Kontich SA	763	35,435,030	+32,593
26.04.1996	+113,988,600	Merger by absorption of Certificat Charlemagne SA	4,999	113,712,499	+22,800
26.04.1996	+41,581,800	Merger by absorption of Cisman SA	2,000	33,589,889	+20,791
03.12.1996[2]	+118,882,529	Capital increase by non-cash contribution (AP Fonden Properties Belgium)	3,901	231,996,371	+59,471
25.04.1997[2]	+408,335,730	Capital increase by non-cash contribution (Caisse de Prévoyance des Médecins, Dentistes et Pharmaciens)	3,795	775,204,650	+204,270
07.10.1997	+110,144,900	Capital increase by non-cash contribution (SA Comifra and Bellim, and Mrs C. Delacroix)	3,902	215,000,200	+55,100
24.04.1998	+48,450,000	Merger by absorption of Eupic-Montoyer SA	3,818	31,648,000	+13,527
24.04.1998	+107,116,392	Merger by absorption of Luchtbal SA	3,818	227,035,000	+59,458
24.04.1998	+3,765,000	Merger by absorption of Studiopro SA	3,697	64,497,000	+17,442
24.04.1998	+945,000	Merger by absorption of Lumaprojects SA	3,706	47,461,000	+12,805
24.04.1998	+945,000	Merger by absorption of Mimapro SA	3,736	12,106,000	+3,240
24.04.1998	+5,272,500	Merger by absorption of Videovil SA	3,717	30,062,000	+8,087
24.04.1998	+405,971,042	Merger by absorption of Clairière Promotion SA	3,774	387,118,000	+102,551
24.04.1998	+3,000,000	Merger by absorption of Logistical SA	3,810	27,206,000	+7,140
23.06.1998	+54,594,000	Capital increase by non-cash contribution (Athelean)	4,021	108,507,000	+27,000
30.04.1999	+488,410,094	Merger by absorption of ATCI SA	4,098	1,576,257,677	+384,676
30.04.1999	+112,340,856	Merger by absorption of Immo Bourget I SA	4,022	997,116,634	+247,949
30.04.1999	+133,976,513	Merger by absorption of Immo Bourget II SA	4,132	421,174,837	+101,930
30.04.1999	+91,121,234	Merger by absorption of Park Hill A SA	4,082	417,876,307	+102,368
30.04.1999	+55,324,597	Merger by absorption of Park Hill B SA	3,765	164,148,950	+43,601

1 According to the accounting rules for Belgian Sicaf immobilières. 2 Operations decided upon by the Board of Directors within the limits of the authorised capital. Other share capital increases have been decided by the General Shareholders' Meeting.

Date	Amount (€) of share capital	Type of transaction	Issue price (€)	Amount (€) of the net contribution to the shareholders' equity[1]	Number of shares
30.04.1999	301,309,107.88	Conversion of capital in €			
30.04.1999	+690,892.12	Capital increase resulting from the incorporation of reserves			
19.05.1999	+40,605.04	Capital increase resulting from the conversion of 434 bonds	117.75	102,206	+868
10.06.1999	+30,206,407.36	Public share subscription	99.75	64,414,098	+645,712
23.11.1999	+21,986.60	Capital increase resulting from the conversion of 235 bonds	117.75	55,343	+470
18.09.2000	+198,315.00	Merger by absorption of Immo Pluyseghem SA	99.80	462,872	+4,638
18.09.2000	+1,487.00	Merger by absorption of Woluwe Invest SA	99.80	181,337	+1,817
18.09.2000	+66,931.00	Merger by absorption of Immo Express SA	99.80	618,161	+6,194
12.07.2001	+24,533.78	Merger by absorption of Primaedis SA	101.99	53,545	+525
24.06.2002	+991.58	Merger by absorption of Leopold III laan SA	103.17	322,509	+3,126
24.06.2002	+313,585.62	Merger by absorption of Immobilière Agriland SA	103.17	895,309	+8,678
19.12.2002	+45,944,614.65	Division-partial merger of Les AP Assurances SA	104.22	48,099,927	+461,523
19.12.2002	+55,769,005.05	Division-partial merger of Livingstone Building SA	104.22	58,385,190	+560,211
25.04.2003	+2,449,873.54	Capital increase by non-cash contribution (Archimède)	105.73	4,857,025	+45,938
30.07.2003	+35,670,677.11	Capital increase by non-cash contribution (Longview Holdings BV)	104.65	70,000,000	+668,867
30.04.2004[3]	+37,459,675.11	Merger by absorption of Belgian Office Properties SA	107.89	75,791,646	0[3]
30.04.2004	+36,712,390.82	Merger by absorption of Benelux Immo Loi SA	107.89	74,279,676	+688,476
19.05.2004[2][4]	+42,514,057.04	Capital increase by creation of preference shares	104.44	83,267,505.44	0[4]
30.09.2004[2]	+5,079,309.19	Capital increase by non-cash contribution from Immobilière de Location du Quartier Léopold SA	108.82	10,363,759	+95,243
23.12.2004[2]	+8,974,159.08	Capital increase by non-cash contribution from Beta Invest SPRL	112.91	19,000,000	+168,276
08.04.2005	+7,412.87	Merger by absorption of ILQL SA	112.91	15,694.49	+139
08.04.2005	+91,247.63	Merger by absorption of Beta Invest SPRL	112.91	193,189.01	+1,711
08.04.2005	+217,533.07	Merger by absorption of North Galaxy SA	112.91	450,559.89	+4,079
30.09.2005	+281,262.42	Merger by absorption of Espace Saint Catherine SA	129.53	683,141.22	+5,274
03.07.2006	+8,364,063.88	Merger by absorption of Mechels Kantoren Vastgoed SA	129.53	20,314,967.08	+156,836
03.07.2006	+2,261,351.99	Merger by absorption of MKV I SA	129.53	5,492,460.59	+42,403
03.07.2006	+66,929.15	Merger by absorption of MLM Immo SA	129.53	162,560.15	+1,255
03.07.2006	+174,495.76	Merger by absorption of Dirana SA	129.53	423,822.16	+3,272
03.07.2006	+8,106,266.66	Partial division without winding up of Financière Belge d'Investissement SA	122.51	18,621,765.02	+152,002
27.04.2007	+455,118.42	Merger by absorption of Belgian European Properties SA	145.47	1,241,459.63	+8,534
27.04.2007	+1,513,292.08	Merger by absorption of Romim SA	145.47	4,127,932.19	+28,376

1 According to the accounting rules for Belgian Sicaf immobilières. 2 Operations decided upon by the Board of Directors within the limits of the authorised capital. Other share capital increases have been decided by the General Shareholders' Meeting. 3 Creation of 702,490 COFP1 preference shares. 4 Creation of 797,276 COFP2 preference shares.

Date	Amount (€) of share capital	Type of transaction	Issue price (€)	Amount (€) of the net contribution to the shareholders' equity[1]	Number of shares
27.04.2007	+979,245.46	Merger by absorption of Immaxx SA	145.47	2,671,084.67	+18,362
27.04.2007	+7,031,720.49	Merger by absorption of Gerinvest SA	145.47	19,180,643.20	+131,853
27.04.2007	+6,156,255.21	Merger by absorption of The Greenery SA	145.47	16,792,554.53	+115,437
27.04.2007	+3,653,798.29	Merger by absorption of Rominvest SA	145.47	9,966,561.80	+68,513
27.04.2007	+4,343,355.19	Merger by absorption of Seigneurie du Val SA	145.47	11,847,579.74	+81,443
26.07.2007	+1,994,862.00	Capital increase by non-cash contribution (Colonel Bourg 124)	133.67	5,000,000.00	+37,406
21.01.2008		Nullity of own shares (Article 622 CC)			-58,314
21.01.2008	+109,116.70	Merger by absorption of Douce Quiétude SPRL	122.22	248,717.70	+2,035
21.01.2008	+5,226,073.30	Merger by absorption of La Rasante Tennis Club SA	122.22	11,912,172.30	+97,465
21.01.2008	+7,296,395.12	Merger by absorption of Media Corner SE	122.22	16,631,208.72	+136,076
20.03.2008	+26,465,277.02	Capital increase by non-cash contribution (Medimur SA)	127.63	62,993,819.00	+493,571
Evolution in 2008	**+39,096,862.14**				**+670,833**
Situation as at 31.12.2008	**688,243,676.08**				**11,344,545**
Preference shares 1st series COFP1					+702,490
Preference shares 2nd series COFP2					+797,276
TOTAL ORDINARY + PREFERENCE SHARES					**12,844,311**

1 According to the accounting rules for Belgian Sicaf immobilières.

Description type of shares

At 31.12.2008 Cofinimmo had issued 11,344,545 ordinary shares. In order to modify the rights attaching to these, the procedure referred to in the articles of association, as provided by Law, is applicable.

In addition to the ordinary shares, Cofinimmo issued 2 series of preference shares in 2004.
The key features of the preference shares are:

- priority right to an annual fixed gross dividend of € 6.37 per share, capped at this amount, which represents a gross yield of 5.90% compared to the subscription price or a net yield of 5.02% after deduction of the 15% withholding tax;
- priority right in case of liquidation to a distribution equal to the issue price, capped at this amount;
- option for the holder to convert his preference shares into ordinary shares from the 5th anniversary of their issue date (01.05.2009), at a rate of one new ordinary share for one preference share (see also page 57);
- option for a third party designated by Cofinimmo (for example one of its subsidiaries) to purchase in cash and at their issue price, from the 15th anniversary of their issue, the preference shares that have not yet been converted;
- the preference shares are registered, listed on Euronext Brussels First Market and carry a voting right identical to that for ordinary shares.

The 1st series of 702,490 preference shares (denomination on Euronext: COFP1) was issued on 30.04.2004, the 2nd series (797,276 shares - denomination on Euronext: COFP2) on 26.05.2004. The characteristics of these series of preference shares are identical, with the exception of the issue price (€ 107.89 for the COFP1 vs. € 104.44 for the COFP2) which represents the purchase price.

Authorised capital

At 31.12.2008 the amount of the authorised capital was € 640,000,000 (see Note 30, page 109).

Change in treasury shares (own shares)

On 01.01.2008 the Cofinimmo Group held 705,963 treasury shares (672,293 for Cofinimmo and 33,670 for Cofinimmo Services).

Following the mergers by absorption of Douce Quiétude SPRL, La Rasante Tennis Club SA and Media Corner SE in January 2008, the Cofinimmo Group owned 939,519 ordinary shares as crossholdings, corresponding at that time being to 7.61% of the issued shares. All those shares have a right to share in the results as of 01.01.2008.

During the year 2008 Cofinimmo sold 582,643 own ordinary shares on the stock market at an average net price of € 126.06 per share. Hence, the consolidated shareholder's equity of the Group was increased with € 71.7 million, mainly with the objective of reinforcing the investment capacity of the Group after its different acquisitions. The number of own shares hold by the Cofinimmo Group on 31.12.2008 stands at 356,876, corresponding to 2.78% of the issued shares.

Shareholders

The shareholding structure is described in the chapter "Cofinimmo in the stock market" on page 66 of this Report. It can also be consulted on the company's website **www.cofinimmo.com** under the caption "Investor Relations/ Shareholder info/Shareholding structure".

Extracts from the articles of association

Summary of significant changes to the articles of association in 2008 and early 2009

- Renewal of the authorisation to acquire, accept as security and transfer own shares (Article 7, Point 3, § § 2 and 3);
- Bringing the articles of association into compliance with the new dispositions regarding disclosure of major holdings (Article 12).

Capital

Article 7, Point 2 - Authorised capital

The Board of Directors is expressly empowered to increase share capital in one or several tranches up to a maximum amount of six hundred and forty million euros (€ 640,000,000.00) on the dates and according to the procedures to be decided by the Board of Directors, in accordance with Article 603 of the Company Code. In the case of a capital increase accompanied by the payment or entry in the accounts of a share premium, only the amount assigned to the capital will be subtracted from the remaining available amount of the authorised capital.

This authorisation is granted for a period of five years from the date of publication in the annexes of the Belgian Official Gazette (Moniteur belge) of the minutes of the Extraordinary General Meeting of 21.01.2008.

For any capital increase, the Board of Directors fixes the price, the share premium, where appropriate, and the issue conditions for new shares, unless a decision on these elements is taken by the General Shareholders' Meeting itself.

Share capital increases which are thus actioned by the Board of Directors may be carried out by subscription for cash or by non-cash contributions, provided that the legal provisions are respected, or by incorporation of reserves or the share premium account, with or without the creation of new shares, and increases may give rise to the issue of Ordinary Shares or Preference Shares or of shares with or without voting rights. These capital increases may also be carried out by the issue of convertible bonds or subscription rights -whether or not attached to another security- which can give rise to the creation of Ordinary Shares or Preference Shares or of shares with or without voting rights.

Notwithstanding the authorisation given to the Board of Directors in accordance with the foregoing, the Extraordinary General Meeting held on 21.01.2008 expressly authorised the Board of Directors, in accordance with the provisions of Article 607 of the Company Code, to carry out one or more capital increases, notably by non-cash contribution, in the event of a takeover bid, following receipt by the company of the communication referred to in Article 607 of the Company Code. Capital increases carried out by the Board of Directors by virtue of the said authorisation shall be scored against the remaining available capital within the meaning of this Article. This authorisation does not restrict the powers of the Board of Directors to undertake operations utilising authorised capital other than those referred to by Article 607 of the Company Code.

Where capital increases decided in accordance with these authorisations involve a share premium, the amount thereof, after charging any expenses, shall be allocated to an account not available for distribution known as a "share premium account" which shall constitute, like the capital, the guarantee of third parties and may not be reduced or annulled except by decision of the General Meeting deliberating subject to the conditions of quorum and majority required for reducing the capital, under reservation of its incorporation in the capital.

Article 7, Point 3 - Acquisition and transfer of own shares

The company may obtain by acquisition or take as security its own shares subject to the conditions laid down by Law. It is authorised to transfer title to shares acquired by the company, on or off the stock market, under the conditions laid down by the Board of Directors, without prior authorisation of the General Meeting.

The Board of Directors is specially authorised, for a period of three years from the date of publication of the Extraordinary General Meeting of 21.01.2009, to acquire, accept as security and transfer on behalf of Cofinimmo, the own shares of the company without a prior decision by the General Meeting, where this acquisition or this transfer is necessary in order to prevent serious and imminent harm to the company.

Furthermore, during a period of five years following the holding of the said Meeting of 21.01.2009, the Board of Directors may acquire, accept as security and transfer (even outside the stock exchange) on behalf of Cofinimmo, the own shares of the company at a unit price that may not be less than eighty-five percent (85%) of the closing market price on the day preceding the date of the transaction (acquisition, sale and acceptance as security) and that may not be more than one hundred and fifteen percent (115%) of the closing market price on the day preceding the date of the transaction (acquisition, acceptance as security) whereby Cofinimmo may at no time hold more than twenty percent of the total issued shares.

The authorisations referred to above include the acquisitions and transfers of company shares by one or more direct subsidiaries of this company, within the meaning of the legal provisions relating to acquisition of shares in their parent company by subsidiary companies.

The authorisations referred to above cover both Ordinary Shares and Preference Shares.

Article 7, Point 4 - Capital increases
All capital increases will be carried out in accordance with Articles 581 ff. of the Company Code, without prejudice to Article 11 below. Furthermore, the company is required to comply with the rules prescribed in the event of the public issue of company shares, contained in Article 75 § 1 of the Law of 20.07.2004 concerning certain forms of collective management and in Articles 28 ff. of the Royal Decree of 10.04.1995 relating to Sicaf Immobilières.

Capital increases by way of non-cash contributions are subject to the rules prescribed by Articles 601 and 602 of the Company Code.

In addition, and in accordance with Article 11 § 2 of the Royal Decree of 10.04.1995 on Sicaf immobilières, the following conditions must be met:

- the identity of the party making the contribution must be mentioned in the report referred to in Article 602 § 1 of the Company Code, as well as in the notice convening the General Meeting which is to take a decision on the capital increase;
- the issue price may not be lower than the average quoted price during the 30 days preceding the contribution;
- the report referred to in point 1 above must also indicate the impact of the proposed contribution on the situation of the old shareholders, in particular concerning their portion of the profits and the capital.

Shares

Article 10 - Types of shares
The shares are without par value.

The shares are divided into two categories: ordinary shares (referred to as "Ordinary Shares" in these articles of association) and preference shares (referred to as "Preference Shares" in these articles of association). The Preference Shares confer the rights and have the characteristics set out in Article 10bis of the articles of association.

The Ordinary Shares are registered, bearer or dematerialised shares, at the choice of the owner or holder (hereafter "the Shareholder") and within the limits laid down by the Law. The Shareholder may, at any time and at no cost to himself, request that these shares be converted into registered or dematerialised shares. However, the Ordinary Shares are registered for as long as they are not fully paid-up. The Preference Shares are, and shall remain, registered.

All dematerialised shares are represented by an entry in the Shareholder's account held by an accredited account holder or settlement institution. A register of registered shares is held at the registered office of the company and, where appropriate and permitted by law, this register may take electronic form. Shareholders may consult the register with respect to their shares.

Bearer shares in the company, already issued and entered in the share account at 01.01.2008, exist in dematerialised form from that date. The other bearer shares will also be converted automatically into dematerialised shares as and when their entry in the share account is requested by the Shareholder with effect from 01.01.2008. On expiry of the deadlines laid down by the legislation concerning the abolition of bearer shares, those bearer shares for which conversion has not yet been requested will be converted automatically into dematerialised shares and entered in the share account by the company.

Article 10bis - Preference Shares
In addition to the Ordinary Shares, the company may issue Preference Shares, against a cash or non-cash contribution, or in connection with a merger. The Preference Shares confer the rights and have the characteristics set out below:

1. Preference Dividends

1.1. Each Preference Share carries entitlement to a dividend payable by priority in relation to the dividend payable on Ordinary Shares (hereafter "Preference Dividend").

The annual gross amount of the Preference Dividend is six euros thirty-seven cents (€ 6.37) per Preference Share. The Preference Dividend is only due, in full or in part, where there exist distributable profits within the meaning of Article 617 of the Company Code and where the company's General Meeting decides to distribute dividends. Accordingly, in the event that during any given year, no distributable profits within the meaning of Article 617 of the Company Code exist, or that the General Meeting were to decide not to pay out dividends, no Preference Dividend will be paid to the holders of Preference Shares. Furthermore, in the event that during any given year, the level of distributable profits within the meaning of Article 617 of the Company Code does not permit payment of the full amount of the Preference Dividend, or that the General Meeting were to decide to distribute dividends the amount of which is insufficient to pay the full Preference Dividend, the holders of Preference Shares will only receive the amounts distributed.

1.2. The Preference Shares do not confer rights to the distribution of profits other than the Preference Dividend, with the proviso of their priority right in the event that the company is liquidated, as indicated in point 5 below. It follows that the dividend to be distributed among the Preference Shares may never exceed the annual gross amount of the Preference Dividend, namely six euros thirty-seven cents (€ 6.37) per Preference Share.
1.3. The Preference Dividend is released for payment on the same day as the dividend payable on the Ordinary Shares except in the event of requirements relating to the Market or to compliance with legal provisions, provided that the delay does not exceed 10 working days. The distributable profit which it has been decided to distribute will first be paid to the holders of Preference Shares, for the amount of six euros thirty-seven cents (€ 6.37) per Preference Share. Any amount remaining from the distributable profit which it has been decided to distribute will next be paid to the holders of Ordinary Shares.
In the event that, during any given year, no dividend is released for payment on the Ordinary Shares, the Preference Dividend will be released for payment on 1 June of that year.
1.4. The Preference Dividend is non-cumulative.
This means that in the event that the dividend is paid only in part or not at all during one or more years, the holders of Preference Shares will not be able to recover, during the subsequent year or years, the difference between any amount or amounts that may have been paid and the amount of six euros thirty-seven cents (€ 6.37) per Preference Share.
1.5. In the event that, during any given year, the Board of Directors were to decide to distribute a dividend on the Ordinary Shares payable other than in cash, the Preference Dividend will be payable in cash, or according to the same method as for the Ordinary Shares, at the option of each of the holders of Preference Shares.

2. Conversion
The Preference Shares are convertible into Ordinary Shares, on one or more occasions, at the option of their holders exercised in the following cases:
- from the fifth anniversary of their issue date, that is from May first to May ten of this year and subsequently during the last ten days of each quarter of the calendar year;
- at any time during a period of one month following notification of the exercise of the call option referred to below; and
- in the event of the company being liquidated, during a period commencing two weeks after publication of the liquidation decision and ending on the day before the General Meeting convened to conclude the liquidation process.

The conversion rate will be one Ordinary Share for one Preference Share.

The conversion will be carried out by issuing new Ordinary Shares, without increasing the company's capital. The company's Board of Directors may have the conversions carried out recorded in an authentic document. These official records may be grouped together at the end of each civil quarter, on the understanding that the conversion will be deemed to have taken effect on the date of dispatch of the request for conversion. The conversion request must be addressed to the company by the holder of the Preference Shares by registered post, indicating the number of Preference Shares for which conversion is requested.

3. Call option
As from the fifteenth year following their issue, the third party designated by the company may purchase for cash all or a portion of the unconverted Preference Shares. However, this purchase may only take place:
- at the earliest forty-five days after the company's Board of Directors has given notification of its decision to exercise the call option, and provided that the Preference Shares concerned have not in the meantime been converted into Ordinary Shares by their holders; and
- only after any Preference Dividends relating to the year preceding notification of the exercise of the call option have been paid to the holders of Preference Shares.

In the event that the purchase involves only a portion of the unconverted Preference Shares, it would be applied to each holder of Preference Shares, proportionately to the number of Preference Shares held.

Furthermore, should it be the case, in whatever manner, that the unconverted Preference Shares represent no more than two and a half percent (2.5%) of the total number of Preference Shares originally issued, the third party designated by the company may purchase the balance of the unconverted Preference Shares, as from the fifth year following their issue date, at the earliest forty-five days after the company's Board of Directors has given notification of its decision to exercise the call option, and provided that the Preference Shares concerned have not in the meantime been converted into Ordinary Shares by their holders.

The purchase of the unconverted Preference Shares will be made at a price equal to their issue price (capital and share premium, where applicable).

The call option will be exercised by means of notification given by the third party designated by the company, addressed to each of the holders of Preference Shares concerned, by registered letter, of its decision to purchase Preference Shares. This notification will indicate the number of Preference Shares to be sold by the holder of the Preference Shares concerned. Transfer of title will take place forty-five days following this notification, by means of payment of the price by transfer to the bank account to be indicated by the holders of Preference Shares in response to the notification.

The subscription or acquisition, on whatsoever grounds, of Preference Shares implies the obligation by the holder of Preference Shares to sell to the third party designated by the company, within forty-five days of the above mentioned notification, the Preference Shares, the purchase of which has been duly decided upon by virtue of this provision. This subscription or this acquisition also entails an irrevocable mandate given to the company to enter the required particulars in the shareholders' register as a record of transfer of the Preference Shares.

In the event of the holder of Preference Shares failing to present the Preference Shares, the purchase of which has been duly decided upon, within forty-five days of the notification of the exercise of the call option, the shares not presented will automatically be deemed to have been transferred to the third party designated by the company, subject to deposit of the price with the Caisse des Dépôts et Consignations.

4. Voting right
Each Preference Share carries one voting right at the General Shareholders' Meeting identical to that carried by an Ordinary Share.

5. Priority in the event of liquidation
In the event that the company is liquidated, each Preference Share will receive by priority, from the net assets of the company remaining after discharge of all debts, charges and liquidation expenses, an amount in cash equal to the paid-up issue price (capital and share premium, where applicable) of the Preference Share concerned.

The Preference Shares will not participate in the distribution of any liquidation surplus. From this it follows that the amount distributed to the Preference Shares in the event of liquidation may never exceed the issue price (capital and share premium, where applicable) of the Preference Shares.

In the event of the liquidation of the company, whether voluntary or compulsory, the holders of Preference Shares will automatically have the right to convert the Preference Shares into Ordinary Shares during a period commencing two weeks following publication of the liquidation decision and ending on the day before the General Meeting convened to conclude the liquidation process, on the understanding that the holders of Preference Shares will be informed by the liquidator, prior to this meeting, of the result of the liquidation operations.

No distribution will be made to the shareholders before the expiry of this conversion period except where all the Preference Shares have been converted into Ordinary Shares.

6. Maximum percentage of Preference Shares
The Preference Shares may not represent in total more than fifteen percent (15%) of the company share capital following their issue, unless otherwise decided by at least a seventy-five percent (75%) majority of the votes in each share class.

In addition, the company may not issue Preference Shares, or reduce the share capital in such a way that the Preference Shares represent in total more than fifteen percent (15%) of the company share capital, or carry out any other operation which has this effect, unless otherwise decided by at least a seventy-five percent (75%) majority of the votes in each share class.

7. Modification of the rights attaching to the different classes of shares
In accordance with Article 560 of the Company Code, any decision to modify the rights of Preference Shares or to replace these Preference Shares with another class of shares may only be taken provided that, for each class of shares, the required terms and conditions concerning presence and majority are met in order for the articles of association to be modified.

8. Form
The Preference Shares are, and shall remain, registered.

Article 11 - Preferential rights
Shareholders' preferential rights in the event of a cash subscription, as foreseen in Article 596 of the Company Code, may not be suspended.

Shareholding

Article 12 - Declaration and disclosure of significant holdings
Any natural or legal person who acquires company shares with a voting right attached, whether or not these are shares in the registered capital, is bound to notify the company and the Banking, Finance and Insurance Commission of the number of shares held when the voting rights attaching to these shares reach five percent (5%) or more of the total voting rights existing at the time of the facts giving rise to the declaration.

This declaration is also compulsory in the event of the additional acquisition of shares referred to in the first paragraph where, as a consequence of this acquisition, the voting rights attached to the shares held reaches five percent (5%) or a multiple of 5% of the total voting rights existing at the time of the facts giving rise to the declaration.

This declaration is also compulsory in the event of the disposal of shares where, as a consequence of the disposal, the number of voting rights falls below the thresholds referred to in the first or second paragraphs.

For the purpose of applying this Article, reference is made to the Law of 02.05.2007 concerning publicity for major participations in issuers whose shares have been admitted to trading on a regulated market and comprising various provisions.

Administration and Supervision

Article 13 - Composition of the Board of Directors

The company is administered by a Board composed of at least five members, appointed for a maximum term of six years by the General Shareholders' Meeting and who may be removed at any time by that body. Their mandates are renewable.

The General Meeting must appoint at least three independent Directors from among the members of the Board of Directors. For this purpose, an independent Director is understood to be a Director who meets the criteria laid down in Article 524 § 4, paragraph 2 of the Company Code.

The mandate of out-going Directors, who have not been re-elected, ends immediately following the General Meeting which conducted the re-election procedure.

In the event that one or more mandates are not filled, the remaining Directors, at a meeting of the Board, shall be empowered provisionally to designate a replacement for the period until the next General Meeting, which shall hold the final election. This right becomes an obligation whenever the number of Directors effectively in office no longer reaches the statutory minimum.

Where a legal person is appointed Director of the company, this legal person is required to appoint from among its members, managers, Directors or personnel, a permanent representative responsible for performing these duties on behalf of and for account of this legal person.

The Director appointed to replace another Director shall serve out the term of the Director he is replacing.

The Directors have the necessary professional integrity and appropriate experience to perform their duties.

Their remuneration, where applicable, may not be linked directly or indirectly to the operations carried out by the Sicaf immobilière.

Article 17 - Audits

The company audits are assigned to one or more Auditors authorised by the Banking, Finance and Insurance Commission.

Article 19 - Payments

Unless otherwise decided by the General Meeting, the Director's mandate is gratuitous.

Article 21 - Representation of the company and signature of documents

Except where the Board of Directors has delegated special powers of representation, the company is represented in all its acts, including those involving a public official or ministerial officer, either by two Directors or, within the limits of the powers conferred to the Executive Committee, by two members of the said Committee acting jointly or, within the limits of their powers of day-to-day management, by those persons delegated such powers, acting jointly.

The company is further validly represented by special authorised representatives of the company within the limits of the remit granted to them for this purpose by the Executive Committee or, in its absence, by the Board of Directors or, within the limits of their powers of day-to-day management, by those persons delegated such powers. However, in accordance with the Royal Decree of 10.04.1995, for all acts of disposal concerning real estate within the meaning of the aforementioned Royal Decree, the company shall be represented by at least two Directors acting jointly.

General Meetings

Article 22 - Meetings

The Annual General Meeting shall be held ipso jure on the last Friday of the month of April at three-thirty in the afternoon.

Should this day be a public holiday, the Meeting shall take place on the next working day at the same time, not including Saturday or Sunday.

The Ordinary or Extraordinary General Meetings shall be held at the place indicated in the notice convening the meeting.

The threshold above which one or more shareholders may, in accordance with Article 532 of the Company Code, require that a General Meeting be held in order to submit one or more proposals at that meeting, is fixed at 5% of all the shares with voting rights.

Article 23 - Deposit of shares - Admission to the General Meeting

In order to be admitted to the General Meeting, all owners of bearer shares must deposit their shares at the registered office or at the places indicated in the notices convening the meeting, three working days prior to the scheduled date for the General Meeting. The owners of bearer shares must produce a receipt of deposit for their shares at the place indicated in the notice convening the meeting, at least three working days prior to the General Meeting.

The Shareholders of registered shares simply need to notify the company of their intention of attending the Meeting, sent by ordinary letter, fax or e-mail at least three working days prior to the date on which the meeting is convened.

Three working days prior to the General Meeting, the owners of dematerialised shares must deposit, at the places designated by the Board of Directors, an attestation prepared by the holder of the authorised account or by the settlement institution declaring the non-availability of the shares until the date of the General Meeting.

Article 24 - Representation
All owners of shares entitling them to attend the General Meeting may arrange to be represented by an authorised representative, whether or not this person is a shareholder.

The Board of Directors may adopt the proxy form and require that this be deposited at the place indicated by the Board three working days prior to the General Meeting.

Co-owners, usufructuaries, bare owners, creditors and pledgors must arrange to be represented respectively by one and the same person.

Article 24bis - Voting by correspondence
By authorisation given by the Board of Directors in its notice convening the Meeting, shareholders will be authorised to vote by correspondence using a form prepared by the company. This form must include the date and venue of the Meeting, the items on the agenda and, for each of these, a space allowing a vote to be made for or against the motion, or to abstain. It must be expressly stipulated that the form must be signed, the signature certified and this form sent by registered letter at least three full days before the date of the Meeting.

Article 25 - Bureau
Every General Meeting is chaired by the Chairman of the Board of Directors or, in his absence, by the Managing Director or, should he also be absent, by the person designated by the Directors present.

The Chairman designates the secretary. The Meeting shall choose two scrutineers. The Directors present complete the bureau.

Article 26 - Number of votes
Each share, Ordinary or Preference share, confers entitlement to one vote, save in the cases in which voting rights are suspended by the Company Code.

Accounting procedures - Appropriation of profits

Article 30 - Distribution
The company has an obligation to distribute, as remuneration of the capital, at least eighty percent of net income, being equal to the amount of the corrected result for the year and the net gains on the disposal of properties not exempt from the distribution obligation -the corrected result and net gains being calculated according to the procedure set out in section three of the annex to the Royal Decree of 21.06.2006 concerning the accounting systems, annual accounts and consolidated accounts of public Sicaf immobilières, and amending the Royal Decree of 10.04.1995 concerning Sicaf immobilières- as decreased by the amounts corresponding to the net decrease in indebtedness during the year, whereby this indebtedness is defined in the aforementioned Royal Decree.

By decision of the Extraordinary General Meeting held on 27.04.2007, the Board of Directors was authorised to distribute to the employees of this company a share in the profits for a maximum amount of zero point sixty-five percent (0.65%) of the profit for the financial year, for a period of five years, the first distributable profit being that for the financial year 2007.

The provisions of this Article 30, paragraphs 1 to 4, may only be modified where the resolutions are supported by a majority of at least seventy-five percent (75%) of the votes for each class of shares, on the understanding that such a modification may not in any circumstances take place if it does not comply with the regulations applying to the company.

Liquidation - Winding up

Article 32 - Loss of capital
In the event that half or three quarters of the capital is lost, the Directors must place the question of the company's liquidation before the General Meeting, in accordance with the formal requirements set out in Article 633 of the Company Code.

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CE RAPPORT ANNUEL EST EGALEMENT DISPONIBLE EN FRANCAIS
DIT JAARVERSLAG IS EVENEENS BESCHIKBAAR IN HET NEDERLANDS

This English Annual Report is a translation of the French Annual Report. Only the French Annual Report forms legal evidence. The Annual Report was translated under the responsibility of Cofinimmo. The French Annual Report is available upon request at the company's registered office.

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

This Annual Report is a registration document in the sense of Article 28 of the Law of 16.06.2006 on public offering of investment instruments and the admission of investment instruments authorised to trading on a regulated market. It has been approved by the CBFA in accordance with Article 23 of the aforementioned Law, on 24.03.2009.

Cofinimmo

Annual Report
2008