/ annual financial report 2009.

/ protection.

Since the beginning of time, the tree has been a source of protection. Whether providing shelter and home to early man, or as a central pillar in complicated ecosystems, the simple tree is a symbol of strength and security. Adapting constantly to its surroundings, it is a natural example of reliability, longevity and endurance.

It is fascinating that just as early man sought shelter and protection from a tree, modern man today is doing his best to protect them...

...now we all know that trees play a fundamental role in the protection of our planet.

Cofinimmo

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

Its core investment segments are office property and care homes representing 58.4% and 26.4% respectively of the Group's total portfolio. It also comprises the Pubstone portfolio (12.8%), a real estate partnership concluded with AB InBev.

The properties are mainly located in Belgium (84.2%). The assets abroad concern, on one hand, the investments in the nursing and care sector in France (11.0%) and, on the other hand, the Dutch Pubstone portfolio (4.8%).

The buildings represent a total area of 1,695,629m^2 and a fair value of €3,040.74 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. 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.

/ annual financial report 2009.

/ protection.

It is therefore not a coincidence that Cofinimmo has chosen the tree and its values as the theme for this Report.

Analogous to the tree being a refuge for many, Cofinimmo too wants to offer this important asset to its clients, investors, its team and partners. Just like the tree, Cofinimmo wishes to take part in the duty to protect the planet, and continues to adapt itself to the circumstances of today's ever-changing world.

Thanks to this adaptability and its creativity, Cofinimmo has been able to firmly embed its roots in the soil throughout the seasons of 2009.

Cofinimmo

/ risk management.

Strategic management

Risk associated with the economic climate

The activities of Cofinimmo and its subsidiaries ("the Group") are partly linked to trends in the general business cycle, indirectly influencing take-up of office space by the private sector. The current economic crisis could have a prolonged negative impact on demand and occupancy rates for office space as well as on rents and could push up the risk of default by existing tenants, service suppliers, building contractors and other contractual counterparties. The economic climate could also lead to a downward revision of the value of the real estate portfolio. However, the impact of this cycle on the Cofinimmo results and valuation is mitigated by the duration of the leases (at 31.12.2009 the average lease term was 11.0 years), by the diversification of the client portfolio (317 clients) and by the fact that nearly one third of the tenants come from the public rather than the private sector. The properties other than offices, namely nursing homes and clinics (in Belgium and France), pubs (in Belgium and the Netherlands, all rented long term to AB InBev) and the Public-Private Partnerships are not or only little sensitive to fluctuations in the general economic climate.

Risk associated with the investment and development business

The diversification of the Group's portfolio allows for a better distribution of risk and is founded on:

- acquiring office properties often rented long term to high calibre occupants;
- acquiring care homes and clinics rented long term to reputable operators;
- long-term real estate partnerships with carefully selected corporate operators;
- Public-Private Partnerships for buildings with specific purposes.

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

Before acquiring a property, the Group carries out an internal valuation to determine the price of the building within a long-term management perspective, and carries out a technical, administrative, legal, accounting and fiscal due diligence following constant analysis procedures, mostly with the support of external specialised consultants. Moreover, an independent real estate expert values each acquisition or disposal of a property.

Risk associated with the deterioration of properties and risk of large-scale works

Despite an optimal maintenance programme, buildings may deteriorate as component parts suffer, wear and tear over time or become architecturally or technically obsolescent. The Group ensures that its properties are renovated to keep them attractive to its client-tenants or else sells them if the price offered is higher than the estimated net value of the anticipated renovation costs.

A loss of value may also stem from the deterioration of nearby properties or of the whole district in which the property owned by the Group is situated.

In order to prevent excessively rapid deterioration, a systematic policy of maintenance and replacement of equipment planned over the long term is applied.

Risk associated with changes in fair value of properties

The property portfolio is valued quarterly by independent real estate experts having the requisite qualifications and in-depth experience of the market. The fair value of properties estimated by them (their investment value less the estimated transaction costs) is entered under the heading "Investment properties" on the asset side of the Cofinimmo company and consolidated balance sheets. Changes in value are entered under the heading "Result on portfolio" in the company and consolidated income statements and can have a negative or positive impact on the net result.

The values determined by the experts represent the estimated market values of the properties. Consequently, fluctuations in the market value of the portfolio are reflected in the net asset value, which is published quarterly. At 31.12.2009, a change in value of 1% for the property portfolio would have had an impact of approximately €30.41 million on the net result and of approximately €2.17 on the intrinsic value per share. It would also have had an impact on the debt ratio of around 0.5%.

Risk associated with regulations and administrative procedures

Modifications to regulations concerning town planning and environmental protection can have an adverse effect on the Group's capacity to manage a property. Accordingly, the withdrawal of a permit to have a certain number of private parking places in a building can make it less attractive than a neighbouring property. Likewise, the obligation to reduce the size of a building when carrying out major renovation works can be detrimental to its fair value. Lastly, the introduction of new or more stringent rules on pollution of the ground or energy consumption can significantly impact on the costs incurred to keep the property operational.

Property management

Risk of vacancy

The Group actively manages its client base in order to minimise vacancies and tenant turnover in the office segment. The property management team is responsible for swiftly resolving tenant complaints while the commercial team maintains regular contact with them so as to offer alternative solutions from within the portfolio should tenants require more or less space. Although this activity is fundamental to protecting rental income, it has little impact on the price at which a vacant property can be let, as that depends on prevailing market conditions. Nearly 100% of the lease contracts include a provision whereby rents are annually indexed.

In Belgium, care homes are leased for an initial term of 27 years to operators who are each managing several sites. Cofinimmo does not assume any risk associated with managing these institutions.

The same applies in France, where the initial term is, however, 12 years. At 31.12.2009, the average lease term in the care sector was 24.7 years in Belgium and 9.9 years in France.

At 31.12.2009 the entire pub portfolio is let to the Belgian and Dutch subsidiaries of AB InBev SA for a residual average minimum term of 20.8 years.

Risk of tenant insolvency

Cofinimmo is exposed to the risk of insolvency among its client-tenants. The financial consequences of such a failure are all the more important where the client represents a significant share of the portfolio. At 31.12.2009, the top 5 tenants accounted for 52.8% of rental income (see also page 18), with the first 2 office tenants coming from the public sector.

Before accepting any new client, a credit risk analysis is requested from an outside rating agency. An advance deposit or bank guarantee is usually required from non-public sector tenants corresponding to 6 months rent.

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

The level of rental defaults recorded net of recoveries represents 0.088% of total turnover over the period 1996-2009. A serious deterioration in the general economic situation is likely to magnify losses on lease receivables, particularly in the office sector. The possible insolvency of a major tenant can represent a significant loss for Cofinimmo as well as an unexpected vacancy or even having to rent out the vacant space at a price below the level of the broken contract.

The care home sector is resilient to the economic climate. Under the terms of the operating licences issued to care home tenants in Belgium and France, a large proportion of their income is received directly from the social security agencies. A fundamental change to the social security system could have an impact on their solvency.

For each nursing home lease, Cofinimmo has a joint guarantee from the parent company of the operating group. The solvency risks for individual nursing homes are therefore mutualised at the level of the operating group.

Operating cost risk
By operating risk, Cofinimmo means the risk of losses due to inadequacies in the company's procedures or failures in its management. Direct operating costs are driven essentially by 2 factors:
- the age and quality of buildings which determine the level of maintenance and repair expenses, both closely monitored by the property management team, while the execution of works is outsourced;
- the vacancy level of office properties and tenant turnover which determine the level of expenses for unlet space, the letting fees, refurbishment costs, incentives granted to new clients, ... which the active commercial management of the portfolio is designed to minimise.

Construction and refurbishment projects are prepared and supervised by the Group's project management team with a mandate to complete them on time and on budget. For managing large-scale projects, specialised outside companies are brought in by the Group.

Risk of destruction of buildings
The risk of buildings being destroyed by fire or other disastrous events is insured for a total reconstruction value of €2,212.15 million[1] in relation to a fair value for the marketable properties of €3,040.74 million at 31.12.2009, including the value of the land. Cover has been obtained for the resulting vacant lets. Cofinimmo also assumes its public liability as the building owner or project supervisor.

Financial management[2]

Liquidity and financing risk
The current crisis renders access to business loans more difficult and more expensive. It confirms the need to maintain the Group's rigorous financing policy, through:
- the diversification of financing sources;
- 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, whilst protecting the Group against liquidity risks on refinancing.

The Group also has a policy of covering in full the risk of replacing treasury bills maturing during the year with confirmed credit facilities of more than one year. In addition, it maintains a sufficient reserve of undrawn portions of confirmed credit lines to cover its operational expenditure and to carry out planned acquisitions or construction projects.

The bank credit agreements of Cofinimmo and its subsidiaries require compliance with financial ratios, principally concerning the consolidated financial debt or the interest charges. These ratios were met at the time of writing this Report. If these ratios were no longer to be met by Cofinimmo, the bank credit agreements could be declared void, renegotiated, terminated or be subject to early repayment.

Cofinimmo is also limited in its capacity to borrow by the maximum debt ratio authorised by the regulations governing Sicafis. Its theoretical additional investment capacity from debt, within the limits of the 65% ratio laid down by law, is about €1.46 billion.

Financial or banking counterparty risk
Cofinimmo is exposed to a counterparty risk when it uses derivative instruments or undertakes the short-term investment of its surplus cash. A derivative instrument, for example to cover a rate risk, may entail the payment to Cofinimmo 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 its results. This risk is limited by dealing with a number of different banking counterparties with good financial ratings. Furthermore, cash surpluses are generally used for the immediate repayment of the financial debt and therefore placements remain limited and are placed on 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 so as to take advantage of low short-term rates. However, financial charges being exposed to hikes in rates, the policy of the Group consists in locking in interest rates over a rolling period of a minimum 3 years for between 50 and 90% of the consolidated financial debt (see page 36).

For the purposes of this policy, Cofinimmo uses derivative instruments, notably Interest Rate Swaps, and CAP and FLOOR options, to ensure that the interest rate is locked into a corridor between a minimum and maximum rate (see page 37).

1 This amount does not include insurance cover obtained during construction projects or that obtained by occupants of the buildings. 2 See also chapter Management of financial resources on page 35.

The reasoning behind this policy is that as rents are contractually linked to the price index, an increase in inflation affecting immediately 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 a minimum 3 years was chosen, on the one hand, to offset the depressive effect this time lag would have on the net income and, on the other hand, to forestall the adverse impact of any rise in European short-term interest rates not accompanied by a simultaneous increase in national inflation. Finally, a rise in real interest rates would probably be accompanied or quickly followed by a revival of overall economic activity which would give rise to more robust rental conditions and subsequently benefit the net result.

Simulations conducted show that the net income is historically sensitive to fluctuations in interest rates. However, in 2010, assuming that the structure and level of debt remain constant compared to 31.12.2009 and taking into account the hedging instruments put in place for 2010, an increase or decrease in interest rates of 0.5% would lead to no significant rise in financial charges.

The Group may also hedge on a case-by-case basis against fluctuations in 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 inflation risk is, however, not hedged.

The interest-rate derivative instruments are marked to market at the end of each quarter in accordance with the international IAS/IFRS accounting rules. Fluctuations in future interest rates therefore have an effect on the net asset value and on the result of the period.

It should be noted that the Group is partly protected against the risk of deflation, either by a floor in the case of a fall in rent at the level of the last rent paid, or by a floor at the level of the basic rent, i.e. of the first year of the rent.

Exchange risk

The Group is currently exposed to no exchange risk.

Risk of volatility in the share price

The share price may be subject to fluctuations due to economic and financial factors, developments inside or outside the company, market conditions as well as the offer and demand and behaviour of market operators.

Risk associated with the Sicafi status and the SIIC status

Risk associated with the Sicafi status

In its capacity as a Sicafi, Cofinimmo benefits from a favourable tax regime. The results (rental income and capital gains on sales less operating expenses and financial charges) are exempt from corporate tax at the Sicafi level (but not the subsidiaries).
The distribution of dividends by a Sicafi benefits from withholding tax of 15%.

In the event of the loss of the approved Sicafi status, which would imply serious and persistent failures to apply the Law of 20.07.2004 and/or the Royal Decree of 10.04.1995, Cofinimmo would lose the benefit of this tax regime. This risk is considered to be hypothetical as Cofinimmo makes sure to meet its obligations. Moreover, the loss of approval is generally considered to be a case of early repayment of the loans contracted by Cofinimmo. Finally, Cofinimmo is subject to the risk of future changes to the Sicafi regime.

The regulations governing Sicafis require, in return, that they distribute at least 80% of their company results (within the meaning of the Royal Decree of 21.06.2006) to their shareholders. However, it may be that a Sicafi is not in a position to fulfil this obligation if the conditions laid down in the Belgian Company Code relating to the distribution of dividends are not met.

Risk associated with the SIIC status

In France, Cofinimmo benefits from the tax regime governing the Société d'Investissements Immobiliers Cotée (hereafter "SIIC") covered by Article 208-C of the French General Tax Code since 04.08.2008. This regime allows the company to benefit from exemption from corporate tax, in respect of its companies in France, on its rental income and the capital gains from property disposals or certain shareholdings in real estate companies, and on the dividends received by companies which have opted for the SIIC regime. In exchange, it has the obligation to distribute (i) 85% of its exempted profits from rental property, (ii) 50% of the exempted profits from the sale of properties, of shares in companies defined in Article 8 of the General Tax Code and in the subsidiaries which have opted for the SIIC regime, and (iii) 100% of the dividends received by the subsidiaries having themselves opted for the SIIC regime.

As is the case for the Sicafi regime in Belgium, Cofinimmo's activities in France are subject to any unfavourable changes in this regime exempted from general tax law.

/ letter to the shareholders.

The crisis that we have experienced and from which we are perhaps slowly emerging raises a host of questions not only about financial regulation but also about the economic evolution. Was this a particularly violent convulsion or rather a serious rupture in the long-term growth of the advanced economies? It will be many months before we know the answer with any certainty.

Ladies and Gentlemen,

While 2008 made us fear the worst principally for the banking sector, during 2009 most economic operators had to cope with the consequences of this crisis and tailor their strategy accordingly.

Investors have overwhelmingly turned their back on risk-taking, preferring instead fixed-income assets, while the shrewd operators cashed in on profits from the excessive falls in certain stocks. For industrial companies, their priority was to protect their profit margins by drastically cutting costs and strengthening their balance sheet structures.

In the real estate segment of the office market, the key feature of 2009 was a reduced volume of investment and rental transactions across all the European markets. While some investor categories continued to show a certain interest in rare assets associated with quality leases, the need for many owners to lighten their balance sheets led to a decline in values. This trend was most apparent in markets where prices have gone up in recent years and buyers often taking on excessive debt.

While the appetite of property investors for the Belgian office market has, at times, shown signs of excess, this market has still remained well protected by the regulatory framework, the stability factors associated with the capital of Europe and the long-term vision of the real estate experts. It is for these reasons that value reductions were not too significant in 2009 and the erratic movements prevalent in other countries have been avoided in Belgium.

Furthermore, since 2005 Cofinimmo has made sweeping changes to the composition of its portfolio by reducing the share of offices and investing in property sectors that are less sensitive to economic trends, namely nursing homes and clinics as well as the Pubstone portfolio. These alternative segments already make up 39.2% of the portfolio and 37.4% of current rents, and their proportion is likely to grow more rapidly: the Cofinimmo 2010-2011 investment programme comprises €89 million for nursing homes to be built in Belgium, all of which are pre-let. It is due to this deployment in less vulnerable property segments that negative changes in the fair value of Cofinimmo properties in 2009 came to just 2.07%, on top of the 1.96% in 2008. Expectations by the financial market of far greater reductions held back the share price trend during the early months of the year. After closing the year 2008 at €94.52, the share price bottomed out at €71.17 on 9 March, only to bounce back at the year-end to €98.61. Since then, a gross dividend of €7.80 has been paid, giving a total return of 13.9% over the 12 months, although marked by extreme volatility and coming in the wake of a total performance of -21.5% in 2008.

These negative variations in fair value, in conjunction with the need to finance, as every year, existing commitments, necessitated several financial transactions to bolster shareholders' equity and to refinance the debts maturing until June 2011. These operations went off smoothly owing to the favourable view by the financial markets and banks of the strategy pursued by Cofinimmo, which thereby benefits from its active commercial policy focused on long-term leases and its diversified activities and client-tenant base.

Serge Fautré
Managing Director

André Dirckx
Chairman of the Board of Directors

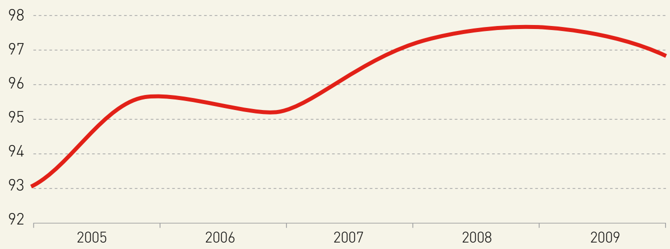
Cofinimmo will continue to give priority to creating a stable portfolio, producing recurrent and indexed income, essential for pursuing its dividend policy. It will also continue to build on the active operational management of its portfolio and to take forward its strategy with ambition and determination, while carefully weighing up the uncertainties related to the general economic climate.

As a company at the service of its shareholders, employees and all its partners, who we sincerely would like to thank for their support, commitment and confidence, Cofinimmo will remain alert to the risks confronting it but also to any opportunities offered by the markets.

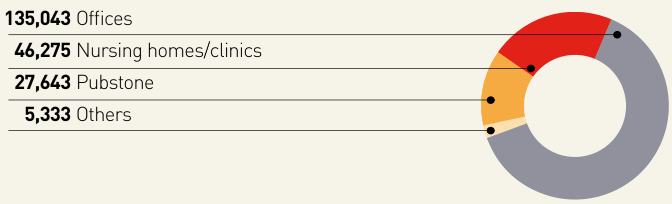
Brussels, 15.03.2010

key figures[1].

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



Property result (x €1,000)



Global information

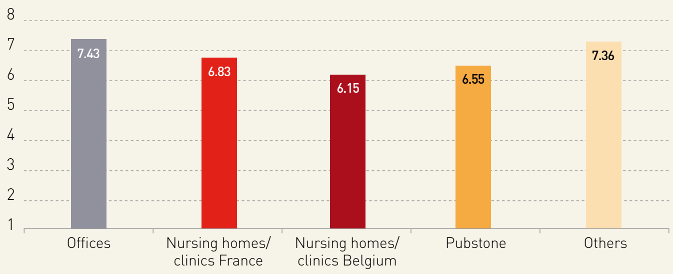
	31.12.2009	31.12.2008
(x €1,000,000)		
Portfolio of investment properties (in fair value)	**3,040.7**	3,134.4
(x €1,000)	**31.12.2009**	31.12.2008
Property result	**214,294**	198,434
Operating result before result on portfolio	**185,186**	170,566
Financial result	**-85,046**	-108,115
Net current result (Group share)	**92,390**	56,025
Result on portfolio (Group share)	**-59,940**	-61,318
Net result (Group share)	**32,450**	-5,293
(in %)	**31.12.2009**	31.12.2008
Operating costs/average value of the portfolio[2]	**0.80**	0.82
Operating margin[3]	**86.42**	85.96
Residual lease term[4] (in years)	**11.0**	11.7
Occupancy rate[5]	**96.86**	97.85
Gross rental yield of portfolio as if it were rented 100%	**7.06**	6.88
Net rental yield of portfolio as if it were rented 100%[6]	**6.79**	6.68
Average interest rate on borrowings[7]	**4.91**	4.79
Debt ratio[8]	**49.97**	52.79

Information per share

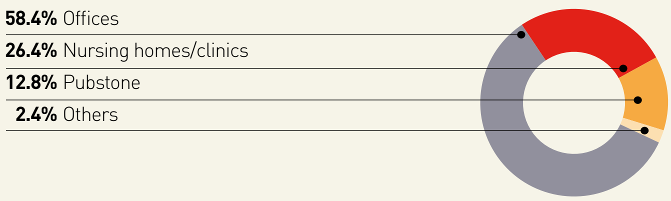
(in €)	31.12.2009	31.12.2008[9]
Net current result – Group share – excluding IAS 39 impact	**7.47**	7.30
IAS 39 impact – profit/(loss)	**(0.88)**	(3.10)
Net current result – Group share	**6.59**	4.20
Realised result on portfolio	**0.21**	0.43
Unrealised result on portfolio[10]	**(4.49)**	(5.03)
Net result – Group share	**2.31**	(0.40)

1 The first window for conversion of the preference shares into ordinary shares ran from 01.05.2009 to 10.05.2009. The preference shareholders who converted their shares into ordinary shares in 2009 (and in 2010 until 31.03.2010) have entitlement, with effect from 01.01.2009, to the results attributable to the ordinary shareholders. Cofinimmo has presented its results per share on a fully diluted basis (i.e. on the assumption that all the preference shares have already been converted) for the first time from the date of the press release giving the results for the 1st quarter 2009 (published on 11.05.2009). Previously, and in particular in the 2008 Annual Financial Report, the results per share were presented on a non-diluted basis. Hence, in order to allow comparison on an equal basis, the 2008 results in this Report are also presented on a fully diluted basis. However, Note 31 on page 123 sets out the reconciliation of the 2008 results per share on a non-diluted and diluted basis. 2 Average value of the portfolio + the value of the receivables sold on investment properties. 3 Operating result (before result on portfolio)/Property result. 4 Until the first break option for the lessee. 5 Calculated according to the actual rents for the occupied buildings and the estimated rental value for unlet buildings. For the office properties alone, it stands at 94.88% as against 88.69% for the Brussels office market (source: CB Richard Ellis). 6 After deduction of the direct costs related to the buildings. 7 Including bank margins and the amortisation cost of hedging instruments active during the period. 8 Financial and other debts/Total assets, calculated according to the Sicafi regulation. 9 After the sale of 962,485 own shares on 26.03.2009 participating in the 2008 results. 10 Mainly changes in fair value of investment properties.

Gross rental yield (in %)



Fair value of the portfolio (in %)



Results by segment

	Offices	Nursing homes/ clinics	Pubstone[1]	Others[2]	TOTAL
Fair value of the portfolio[3] (x €1,000,000)	1,776.80	802.50	390.22	71.22	3,040.74
Occupation rate	94.88%	100.00%	100.00%	100.00%	96.86%
Surface	864,504m²	465,948m²	306,498m²	58,679m²	1,695,629m²
Gross rental yield at 100% portfolio occupation	7.43%	6.45%[4]	6.55%	7.36%	7.06%
Net rental yield at 100% portfolio occupation	7.00%	6.43%[4]	6.41%	7.67%	6.79%

Portfolio

	2009	2008	2007	2006	2005
In fair value (x €1,000,000)	**3,040.74**	3,134.38	2,799.87	2,306.83	2,127.06
Occupancy rate	**96.86%**	97.85%	97.37%	95.13%	95.76%
Surface	**1,695,629m²**	1,615,857m²	1,394,400m²	1,061,167m²	1,018,166m²

Number of shares

	2009	2008	2007	2006	2005
Ordinary shares[5]	**12,682,696**	11,950,154[6]	9,909,435	9,872,029	9,720,027
Ordinary shares entitled to share in the result for the period	**12,682,696**	11,846,772[6]	9,872,029	9,720,027	9,720,027
Preference shares entitled to share in the result for the period	**1,326,693**	1,499,766	1,499,766	1,499,766	1,499,766

Revalued net asset per share[7]

(in €)	**2009**	2008[8]	2007	2006	2005
In fair value	**100.00**	99.15	114.20	107.46	101.33
In investment value[9]	**104.55**	104.08	119.52	112.51	106.09

Dividends

(in €)	**2009**	2008	2007	2006	2005
Gross ordinary dividend	**6.50**	7.80	7.75	7.40	7.35
Net ordinary dividend	**5.53**	6.63	6.59	6.29	6.25
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

1 The sub-group Pubstone owns 1,068 pubs in Belgium and the Netherlands (see page 32). 2 It concerns semi-industrial and retail buildings as well as a leisure club. 3 Fair value: after deduction of transaction costs (mainly transfer taxes) from the value of the investment properties. 4 The gross rental yield stands at 6.15% for the Belgian nursing homes and at 6.83% for the French nursing homes. The net rental yield stands at 6.12% and 6.84% respectively. 5 Shares held as cross-holdings by Cofinimmo excluded. 6 Comprising the 962,485 own ordinary shares sold on 26.03.2009. 7 Before appropriation. The calculation of the revalued net asset value tallies with the "triple net NAV" calculation according to the Best Practice Policy of EPRA – May 2008 (**www.epra.com**). 8 After the sale of 962,485 own shares on 26.03.2009. Before the sale, the revalued net asset per share stood at €101.77 in fair value and at €107.08 in investment value. 9 Investment value: before deduction of transaction costs.

/ strategy.

The strategy of Cofinimmo focuses on creating value for its shareholders by regularly distributing the net rental income from its properties, while optimising the composition and quality of the portfolio over the long term.

This portfolio must satisfy the space requirements of economic operators and comply with constantly evolving town planning, energy and environmental requirements.

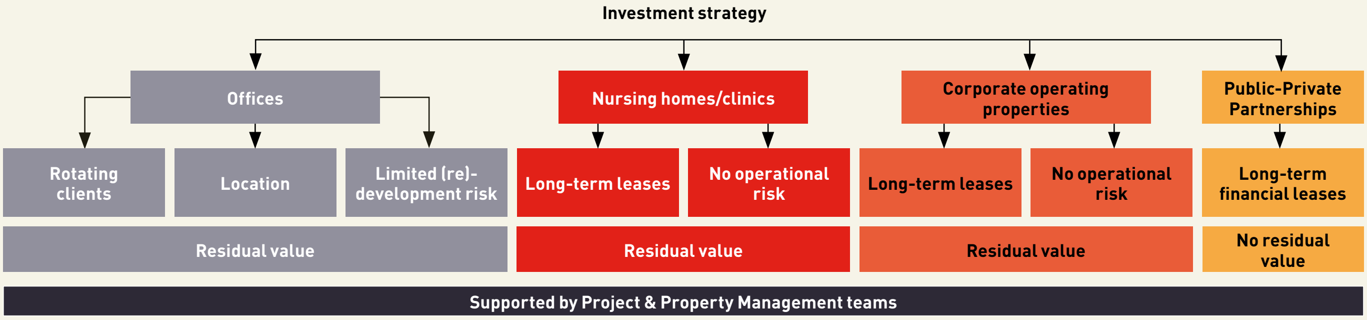
Cofinimmo deploys a gearing level in line with the residual term of leases in the portfolio and, over the medium term, protects its current result from the impact of fluctuating interest rates. Its investment policy is also designed to spread the external risks adequately by property segment, user of the space, geographical area, rental duration, age and quality of buildings, rent debtor and financing source. Lastly, Cofinimmo takes particular care to manage risks within its control by placing its staff at the exclusive disposal of its client-tenants and shareholders, staff whose expertise spans the acquisition and sale of assets, property development, technical and administrative management of the properties (Property Management), marketing of space, management of construction and renovation projects (Project Management), as well as legal, accounting and financial support. This organisation is based on an integrated computer system SAP and a quality control and internal audit facility.

Investment criteria

Cofinimmo has over 25 years' experience of acquiring property. Acquisition opportunities must pass the test of offering favourable financial prospects for its performance and risk profile. Decisions are based on the application of rigorous valuation models founded on precise financial criteria. The criterion determining the acquisition of buildings for which the investment value is within the portfolio average and for which there is no specific financing, is the present value, at the weighted average cost of capital and debt, of the long-term cash flow generated by operating the property and its residual value, compared to the acquisition price, costs included. Except in rare cases where Cofinimmo is not the owner in perpetuity of the property and where it is planned to transfer the property without valuable consideration or at fixed value to a third party at the end of the lease (as, for example, in the majority of Public-Private Partnerships), the residual value is estimated conservatively. For large-scale operations (> 7% of the portfolio value) and/or those associated with a special financing arrangement, the company also examines the combination of the average accretions over 5 years in the net current result per share and in the revalued net asset value per share.

In addition, apart from the usual due diligence assessments, each property studied is given a rating. This procedure covers both its intrinsic qualities (for office property: size and divisibility of the floors, ratio of parking spaces, headroom, daylight, 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, ...). Cofinimmo's goal is to realise investments improving the average score of the portfolio as a whole.

/ strategy.



The property segments

Offices

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.

Cofinimmo has charge of the operational management of its portfolio of properties and that of its client-tenants. The in-house 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 of occupation and associated services. The Project Management team is responsible for managing developments, major renovation works and projects to decorate or fit out office space.

Cofinimmo also pursues a very active policy concerning the sale of buildings aimed at taking advantage of attractive prices offered by third parties for used properties in a market for which it has in-depth knowledge of its characteristics and commercial trends, operating costs and prices for construction or renovation. In tandem with this activity, Cofinimmo acquires new buildings or renovates old buildings itself in order to renew its portfolio and enhance its quality.

Lastly, Cofinimmo seeks to develop its office property portfolio with an eye to reducing its environmental footprint and safeguarding the environment (see also page 63).

The business of development for own account involves Cofinimmo carrying out large-scale renovation of 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 fair value so as not to affect the company's risk profile. By this means, Cofinimmo can guarantee to provide its clients with comfortable and cost-effective quality buildings on a long-term basis.

Nursing homes and clinics

In keeping with a deliberate policy to diversify its investments, and thereby its risk, at the end of 2005, nursing homes and clinics were identified as a buoyant segment of the property market. These investments benefit from initial returns akin to those for offices, with longer lease terms and lower purchase prices per m². There is also a real growth requirement in this sector owing to demographic trends, so creating a significant potential for expansion. Furthermore, both in Belgium and in France, where the company has been established since 2008, the sector of nursing homes and clinics is regulated nationally and regionally, securing access to the sector and the income of operators.

In practice, Cofinimmo acquires the property assets from reputable operators of care institutions, both in terms of their operation and financial position, thereby allowing them to focus on their core business and/or freeing up the financial resources for funding their expansion. The property is immediately leased back to them for a long or even very long term (12 years in France and 27 years in Belgium). In addition to the acquisition, Cofinimmo assists with their expansion by taking over the renovation of existing establishments or developing new projects.

The strategy of these 4 segments 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 to manage this portfolio optimally at all times in line with prevailing rental opportunities.

Thanks to their long duration, the leases signed, which are all indexed annually, generate a stable long-term cash flow. In each case, Cofinimmo has only one tenant/rent debtor and a single lease. With exceptions, the nursing homes and clinics are leased to operators' groups who each manage many sites. The Cofinimmo lease is either concluded with the parent company of the operators' group or guaranteed by that group, and it does not assume any risk relating to the management of the care homes.

In addition, almost all the leases are triple net, which means that the lessee is fully responsible for building maintenance and repairs.

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

Corporate operating properties

Cofinimmo also seeks to develop long-term real estate partnerships with companies for their specialised operating properties. Through these joint ventures, it acquires the company's property portfolio and then simultaneously leases it back to the company for the medium or long term. This is the case for the Pubstone portfolio acquired from and then leased back to AB InBev for an initial average term of 23 years and made up of small buildings scattered over a wide geographical area and purchased and leased under a framework contract.

As is the case for the care homes, these property partnerships are designed to relieve the companies from responsibility for directly financing their property assets while retaining responsibility for operating the properties, which is carried out exclusively by the tenant. Responsibility for maintenance is either assumed to a limited degree by Cofinimmo (Pubstone) or entirely assumed by the tenant.

These contracts are likely to have a positive impact on the operational performances of Cofinimmo and will underpin the policy of distribution to shareholders. Their favourable locations and relatively low acquisition price per square metre also mean that properties of this type offer a good potential for redevelopment and attractive land values.

Public-Private Partnerships

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 want to be relieved of the responsibility for building and maintaining these properties. One of the options tailored to these needs is the Public-Private Partnership. As Cofinimmo is constantly on the lookout for stable and low-risk investments and is conscious of the role it can play in renovating and improving the urban fabric on a lasting basis, it invests in this type of projects, even including non-traditional buildings such as law courts, fire stations 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 Cofinimmo is not the beneficiary of the residual value as the counterparty has a purchase option at the end of the contract.

/ strategy.

The geographical presence

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

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

The existence in the neighbouring countries of the Real Estate Investment Trust (REIT) tax regime, which is similar to that of the Sicafi, is an incentive to selecting them by preference.

Commercial policy and services offered to the tenants

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

The company offers its office clients flexibility in the conditions and duration of current leases, an essential feature today given their need to adapt rapidly to change (mergers and acquisitions, restructuring, ...) as well as to changes 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 its size.

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

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

Financing strategy

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

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

Cofinimmo's investment capacity is founded on its ability to raise fresh equity and 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 financial debt ratio (net financial debt to fair value of the property portfolio and the finance lease receivables) at a lower level. The company pursues a policy of keeping the financial debt ratio below 55% (see chapter on Management of financial resources). This choice was made chiefly due to the long residual lease periods of properties in the portfolio and goes hand-in-hand with prudent interest-rate cover measures so as definitively to present a consistent overall corporate financial profile, a highly predictable net current result and low-risk exposure, save for extreme external events.

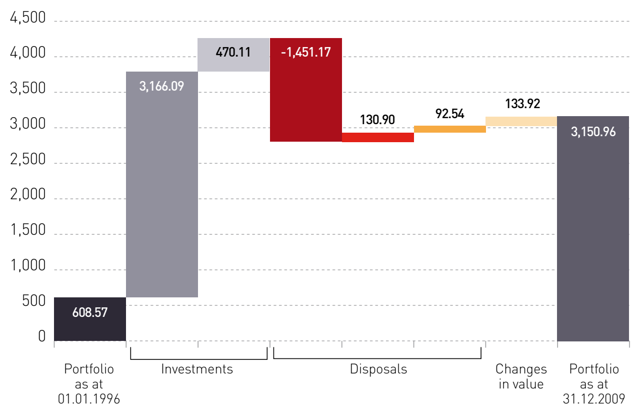
/transactions and performances in 2009.

Deployment of the investment and commercial strategy during 2009

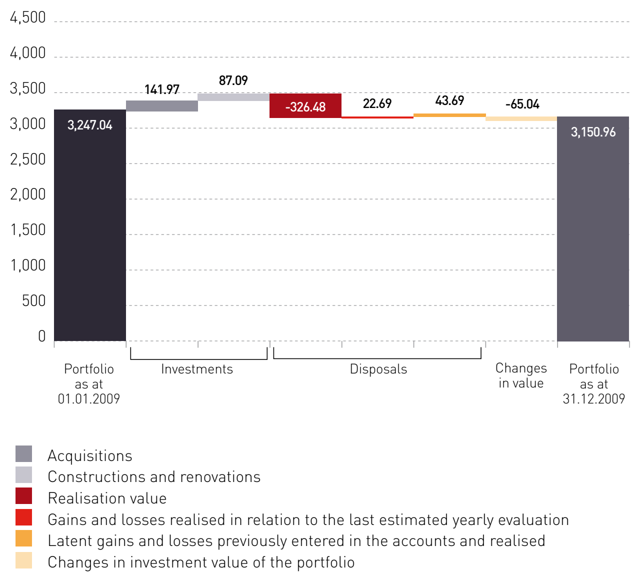
At 31.12.2009, the consolidated property portfolio reaches €3,040.74 million in fair value[1] and €3,150.96 million in investment value[2]. It comprises 1,274 properties, with a total rental area of 1,695,629m² in superstructure. The offices account for 58.4%[3] of the portfolio, the nursing homes 26.4% and Pubstone 12.8%. The other business sectors (2.4%) are insignificant.
The vast majority of the portfolio is located within the Belgian territory (84.2%). The properties located abroad relate on the one hand to the healthcare sector in France (11.0%) and on the other hand to the Dutch Pubstone portfolio (4.8%).

Global portfolio

Evolution of the portfolio between 1996-2009[4] (x €1,000,000)



Evolution of the portfolio in 2009[4] (x €1,000,000)



Investments[5]

During the course of 2009, Cofinimmo invested a total amount of €141.97 million in new acquisitions, of which €76.09 million in the offices segment, €65.08 million in the nursing homes segment and finally €0.80 million in the Pubstone portfolio.

Divestments

Under its strategy of portfolio arbitrage, Cofinimmo sold assets (mainly offices) for a total amount of €63.36 million, each yielding a profit on the previous expert valuation figure.

Constructions and renovations[6]

The company carried out constructions and renovations, for which the total amount invested in 2009 amounts to €87 million, of which €27 million in the office sector, €57 million in the nursing homes sector and €3 million in the Pubstone portfolio.

Commercial 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 78% of the rental vacancy risk. In 2009, 88% of this risk was secured as a result of renewals of expiring leases; of the remaining 12%, 5% was secured as a result of being let to new clients during the year.

The occupancy rate of the office portfolio (94.88%) is well above the market average, which works out at 88.69% (source: CB Richard Ellis). This confirms the success of Cofinimmo's commercial strategy, geared to forging a close relationship of trust with its clients and serving to boost the operating margin. Furthermore, diversification in the nursing homes sector and the Pubstone portfolio, in which the occupancy rate is 100%, has a positive impact on the overall occupancy rate, which stands at 96.86%, and improves the spread of the risk.

1 The fair value is obtained by deducting an appropriate proportion of transaction costs (mainly transfer taxes). 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 fair value. 4 In investment value, sale of lease receivables included. 5 The difference between these amounts and the arithmetic sum of the transactions detailed per segment on the following pages, lays in the advances booked during previous years on the acquisition of the City Link and West-End buildings as well as the inclusion of some transactions of non-significant size. 6 See also Note 20 on page 114.

/ transactions and performances in 2009.

Property results

The Cofinimmo portfolio -with actual composition- records a negative change in fair value of 2.07% over the 12 months of 2009, corresponding to an amount of €64.85 million.
The current gross yield on the total portfolio has risen from 6.88% at 31.12.2008 to 7.06% at 31.12.2009, that of the office property portfolio alone from 7.18% to 7.43%.

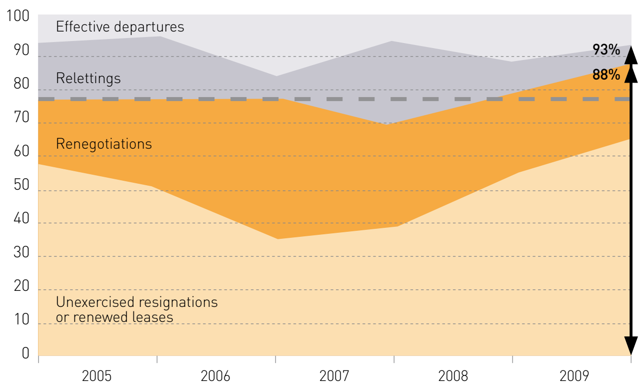
This depreciation however is limited by:

- the indexation of the leases which are pegged to inflation;
- the excellent occupancy rate of the buildings reaching 96.86% as at 31.12.2009;
- the current average residual lease length which has risen from 6.7 years (at the end of 2004) to 7.7 years (at the end of 2006) and then to 11.0 years at the end of 2009 for the portfolio as a whole[1], an exceptional level[2] among the European real estate companies and particularly welcome in the present economic context.

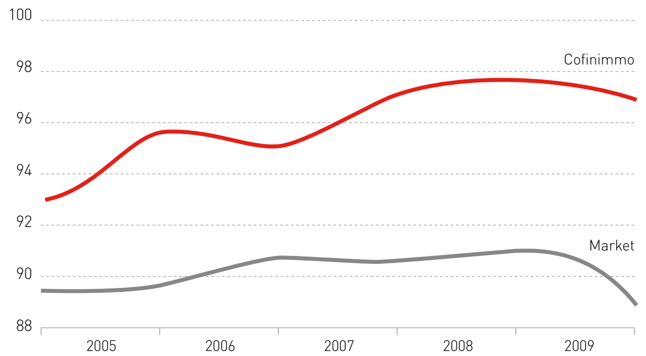
During the period 2005-2007, generally referred to as the "property bubble" by the observers, where the major European cities, such as Paris, Frankfurt and London experienced soaring values, the Brussels market remained more or less stable. Hence, proportionally, the property value depreciation of the latter since 2008 is modest. The prime yield[3] posted by the Brussels office property market at the end of 2009 stands at 6.50%, with the greatest annual fluctuation recorded during the last 10 years amounting to only 50 basis points (source: DTZ Research).

Segment	Changes in fair value over 1 year	Breakdown by area and sector
Offices	**-1.38%**	**58.4%**
Brussels Leopold/Louise district	-0.26%	16.2%
Brussels Centre/North	0.06%	8.4%
Brussels Decentralised	-1.01%	21.5%
Brussels Periphery & Satellites	-0.08%	5.0%
Antwerp	-0.13%	3.6%
Other Regions	0.03%	3.8%
Nursing homes/clinics	**-0.40%**	**26.4%**
Belgium	-0.07%	15.4%
France	-0.33%	11.0%
Pubstone	**-0.23%**	**12.8%**
Belgium	-0.05%	8.1%
The Netherlands	-0.18%	4.8%
Others	**-0.06%**	**2.4%**
TOTAL PORTFOLIO	-2.07%	100.0%

Vacancy risk handling (in %)



Evolution of the occupancy rate[4]
Cofinimmo vs. the Brussels office market[5] (in %)

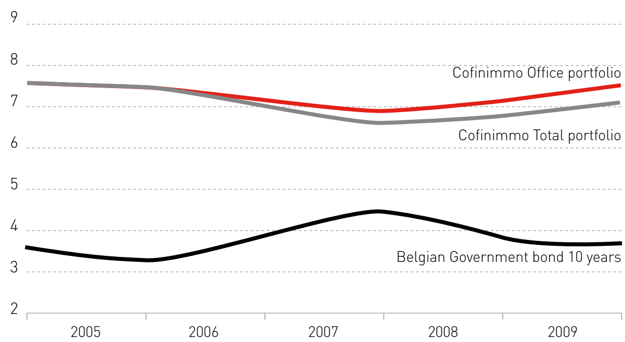


1 For the office property alone, it stands at 6.5 years. 2 Source: Standard & Poor's. 3 This is the minimal yield, i.e. of a building leased at its full market value, of prime quality, benefiting from a prime location and leased to top-quality tenants. 4 The occupancy rate is calculated by dividing the 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. 5 Source: CB Richard Ellis.

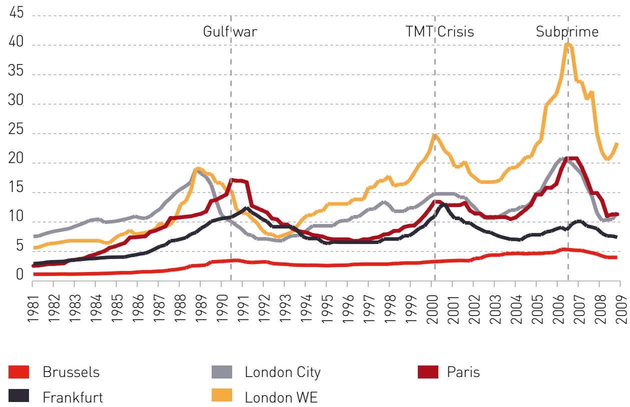
During the past 5 years, the value[1] per m² of the Cofinimmo office portfolio has shown very little variation: €2,224 at the start of 2005, €2,522 at the start of 2007 and €2,602 at the end of 2009; the values per m² of the nursing homes portfolio and the pubs are well below this last figure: €1,647 and €1,273 respectively, at the end of 2009.

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 €1,141.80 million in 85 separate transactions, realising (intermediates' remuneration and other various costs excluded) an average net capital gain of 11.26% compared to the last valuations (in investment value) before these disposals. During the years 2005 to 2009 alone, this average was +16.28% and for the year 2009 alone still +7.64%.

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



Evolution of the office value/m²[2] (x €1,000/m²)



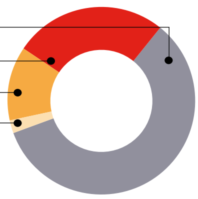
1 In fair value. 2 Source: DTZ.

/ transactions and performances in 2009.

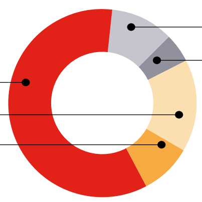
Sector information
Rental situation by destination

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	645,351	105,951	94%	112,717	104,938
Reconstitution of lease payments sold and discounted - offices	214,960	21,305	100%	21,378	21,292
Total offices & reconstitution of lease payments sold and discounted	860,311	127,257	95%	134,095	126,230
Nursing homes/clinics	465,948	51,240	100%	51,240	50,107
Pubstone	306,498	27,884	100%	27,884	26,325
Others	51,204	4,801	100%	4,801	4,515
Total investment properties & reconstitution of lease payments sold and discounted	1,683,960	211,182	97%	218,020	207,178
Projects & renovations	8,468	77	n.a.	1,861	1,861
Land reserve	3,200	132	n.a.	132	163
GENERAL TOTAL PORTFOLIO	**1,695,628**	**211,390**		**220,013**	**209,202**

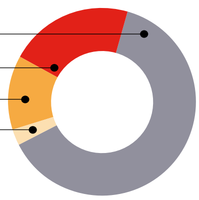
Breakdown by destination - in fair value (in %)



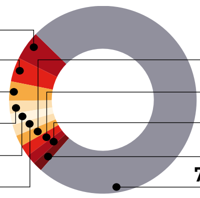
Geographic breakdown - in fair value (in %)



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

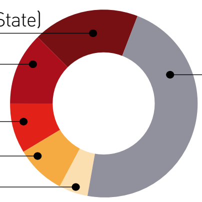


Relative importance of main buildings - in fair value (in %)

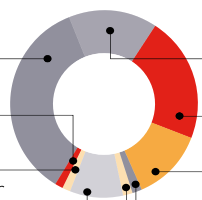


One of the key features of Sicafis is risk diversification[2]. The Cofinimmo portfolio is well-diversified, with the largest property representing only 4.8% of the consolidated portfolio.

Main clients[3] - in contractual rents (in %)

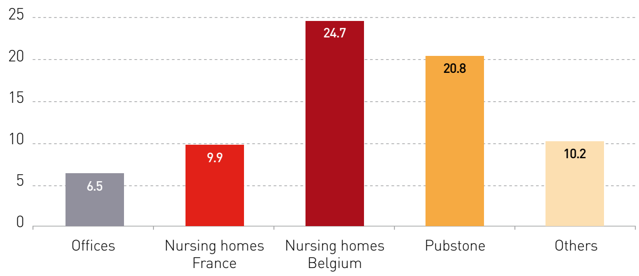


Maturity of the portfolio[4] (in %)

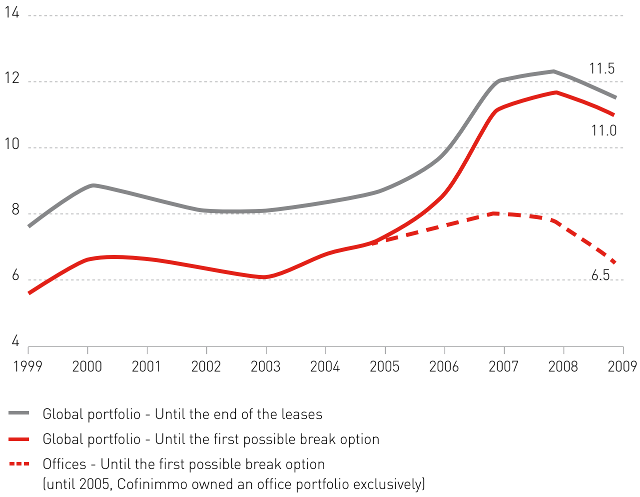


1 The difference between the rents actually collected and contractual rents is explained by the rental gratuities granted at the beginning of certain leases and the prorata temporis non-occupation of properties during the past 12 months. 2 Cf. Art. 43 Royal Decree 10.04.1995. 3 At the end of 2009, the top 5 tenants of Cofinimmo represented 52.8% of the rental income. 4 Until the next possible break option.

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

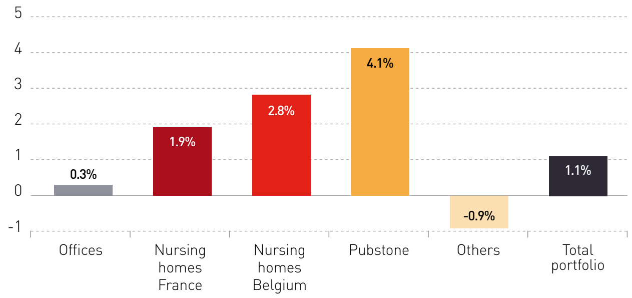


Average residual lease length
(in number of years)

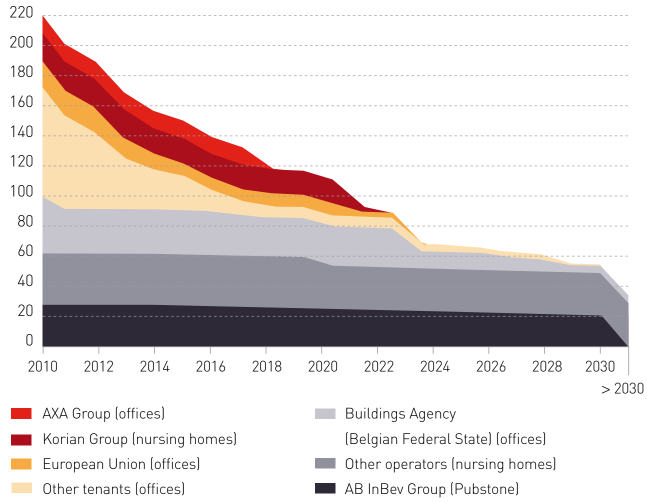


The average residual length of all leases in force at 31.12.2009 is 11.0 years if each tenant would exercise his first possible termination option (break). This number increases to 11.5 years in case no break option is exercised and all tenants remain in their rented space until the contractual end of the leases.

Evolution of the collected rents with an unchanged portfolio (2009 vs. 2008) (in %)



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



A minimum of 66% of the rental income is contractually guaranteed until 2015. This percentage increases to 73% in case no termination option (break) is exercised and all tenants remain in their rented space until the contractual end of the leases.

/ transactions and performances in 2009.

Offices
As the signs indicated last year, the way the economic situation panned out in 2009 was not conducive to companies investing or, more in particular, to expanding their office space. The negative impact on the office market was not slow in being felt. The take-up figure of around 400,000m² announced by the real estate brokers is somewhat inflated following the decision taken by GDF Suez at end-December to move all its departments (over 75,000m²) to a building to be constructed in the North District. One actually needs to go back to the early 1980s to find a similarly lack-lustre rental market in **Brussels**. This low take-up, coupled with a large number of new projects delivered during the year, drove up the average rate of vacant space to 11%, or 1,500,000m².

1

1 City Link
2 West-End
3 Square de Meeûs 23

In such circumstances, downward pressure on rent levels is therefore inevitable. Tenants are looking for ways to cut costs and so use their lease renewal options to renegotiate their rents rather than move to new premises. Against this backdrop, owners of properties with a high occupancy rate are obviously better placed than those who haven't.

In contrast to previous years, it is the **Central Business District** which has borne the brunt of this situation. In particular, the Leopold District, the home base of the European Institutions, today has an availability rate of 10%. In the **Decentralised** districts, the rate finally settled at around 15% due to the scarcity of office development opportunities visible on the horizon. In particular, the green belt in southeast Brussels even saw its availability rate move down slightly to 12%. Lastly, vacancy rates in the **Periphery** are still running at almost 25%, which is unlikely to be reabsorbed given the new construction projects around the airport.

Although the **Antwerp** market suffered the same apathy among tenants, the low number of speculative developments enabled it to keep unlet space at around the 11% mark. Accordingly, the City Link project that Cofinimmo acquired off plan in 2007 was virtually fully let during the course of 2009.

On the **investment** front, no one was surprised of the absence of the usual big players on the Brussels market scene. At around €500 million, the volume of office investment during 2009 will not even stretch to 40% of the average volume of the last decade. Only a small number of long-term let properties awakened the interest of some major international investors.

At 31.12.2009, **Cofinimmo's total office portfolio** consists of 99 properties, representing a total area of 864,504m² above ground and a fair value of €1,776.80 million. The properties are exclusively located in Belgium.

The in-house team responsible for this portfolio is made up of 41 people directly involved in managing the portfolio (Property and Project Management).

Investments

In accordance with the agreement signed on 04.04.2007, Cofinimmo acquired on 02.07.2009 all the shares of Immo Noordkustlaan SA for an amount of €22.20 million (see press release of 03.07.2009). This company owns the **West-End** office complex recently constructed at Groot-Bijgaarden, in the western periphery of Brussels. The value of the business park comes to €25.24 million. It benefits from an excellent energy performance (E69, see also page 64). The complex is 70% rented, principally to Adecco and Grant Thornton, for an average initial term of 6 years. The anticipated gross rental yield for this property is estimated at 7.10% if fully let.

On 15.12.2009 Cofinimmo acquired for cash 100% of the shares in the company City-Link SA for an amount of €11.12 million (see press release of 16.12.2009). City-Link SA owns a site on which a business park comprising 4 office blocks has been built, situated in Berchem (Antwerp), close to the Singel and Berchem railway station. The **City Link** complex also outperforms the legally required energy performance (E74 vs. E100 respectively, see also page 64).

The value of the business park comes to €63.08 million. The difference between this value and the price paid for the shares represents the amount of City-Link's debt taken over by Cofinimmo. The gross initial rental yield for the building, fully let, is estimated at 6.32%.

In spite of the particularly tough rental conditions, the property has already been let as to 87% to tenants of good standing, such as Randstad Tempo Team, Mercator and Arcadis Gedas, for average lease terms of over 9 years.

/ transactions and performances in 2009.

Offices

Divestments

At the end of December 2009 (see press release of 16.12.2009), Cofinimmo disposed of the entire property rights in the long lease and residual interest relating to the 6 buildings of which it was owner in the business park **Les Collines de Wavre**, situated to the north of the town of Wavre. These long-lease rights have been transferred to Les Collines de Wavre SA and the residual rights to Foncière des Collines SA, for a total amount of €30.92 million.

Also at end-December, Cofinimmo disposed of the office block known as **Astronomie 30** situated in central Brussels to the German investor AIK - APO Immobilien-Kapitalanlage-gesellschaft mbH for a price of €23.95 million (see press release of 16.12.2009).

Finally, the company sold the office building **Arts 39** located in the Leopold district to the investor AMMA for an amount of €8.26 million (see press release of 12.02.2010).

Constructions and renovations

In 2009, the Project Management department managed the following main projects:

Brussels

Property	Type of works
Arts 47	Improvements to external structure following on from the frontage works in 2008
Loi 227	Extensive renovation of external walls and technical installations, and partial interior refitting for the account of the E.I.B.
Moulin à Papier	Medium-scale renovation
Serenitas A	Upgrading of technical installations and new finishings
Square de Meeûs 23	Structural renovation of the partly-listed office block with restoration of external walls
West-End	Supervision of quality and execution of construction works
Woluwe 106-108	Cleaning of frontage and replacement of window frames

Antwerp

Property	Type of works
Avenue Building	Supervision of quality and execution of construction works
City Link	Supervision of quality and execution of construction works

The total amount of the construction and renovation works managed and entered in the accounts in 2009 comes to €27 million.

1 Loi 227
2 Arts 47

For 2010, apart from the works started but not completed in 2009, the main construction and renovation projects planned are:

Brussels

Property	Type of works
Bourget 44 Leopold Square	Remodelling of freed-up space and refurbishment of the kitchen and conference rooms on the ground floor
Tervuren 270	Renovation in several phases as areas become free: replacement of technical installations, improvements to subdivision of space and upgrading of heat insulation properties of external walls to improve energy performance, new finishings

Antwerp

Property	Type of works
City Link	Construction of an entrance hall to create a link between buildings 14 and 16

The total estimated amount of construction and renovation works managed and accounted in 2010 stands at €18 million[1].

Commercial results

Against the background of an office rental market where the economic recession left its deep marks, 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 94.88%, giving an appreciable edge over the market average (88.69%, source: CB Richard Ellis) and only slightly dropping compared to last year (96.70%). The explanation of this slight decrease lies in the acquisition of 2 new development projects (City Link and West-End) during the year for which, despite of the difficult market conditions, at the end of the year relative high occupancy rates were already attained (see pages 80 and 81).

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 81,536m² with existing clients during 2009. The marketing and commercial policies enabled Cofinimmo to conclude contracts extending the area let to existing clients (7,782m²) and to attract 23 new clients who took up 34,746m². Altogether, 42,528m² of new space was rented. The combination of lease renewals and new lets adds up to 124,064m².

1 See also Note 40 (page 127).

/ transactions and performances in 2009.

Offices

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 307 office clients, of whom 230 in 2009 had recourse to one or more property services concerning the fitting out of office space, maintenance and security.

The fitting out works are managed directly by Cofinimmo's multidisciplinary Project Management department, which is staffed by architects, engineers and space-planners. The other services, such as maintenance, security or energy supply, are provided by subcontractors rigorously selected by the purchasing department. Framework contracts are negotiated with them for this purpose, enabling Cofinimmo both to impose its high quality standards and also to achieve economies of scale by taking advantage of the size of its portfolio to obtain the best quality-price conditions from the selected subcontractors.

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

In 2009, the Help Desk service treated nearly 9,300 work requests. The costs of these works are invoiced to the clients. Besides promoting client loyalty and facilitating their use of the office space, which remain the core objectives of this service activity, Cofinimmo has netted an operating result of almost €150,000 from property services. This approach to client service will be pursued in 2010 and the range of services will be extended as and when new requirements are identified.

Sector information

The average residual length of the leases (until the next termination option) of the 10 most important clients (see table on the following page) amounts to 8.1 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 City Link, North Galaxy, Omega Court, West-End and Woluwe 102 are in the Superior class; the buildings Albert I, Park Lane and Woluwe 58 in the Middle class; and Woluwelaan 151 in the Standard class.

1 Moulin à Papier
2 Avenue Building

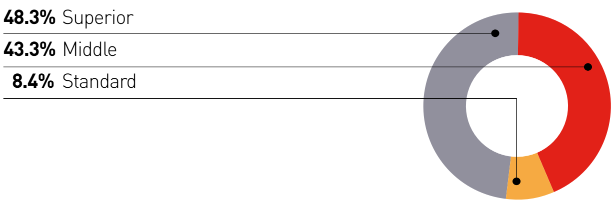
Collected rents[1] (x €1,000)

Brussels CBD	Brussels Decentralised	Brussels Periphery and Satellites	Antwerp	Other Regions	TOTAL
65,021	45,802	11,175	4,650	9,238	135,886

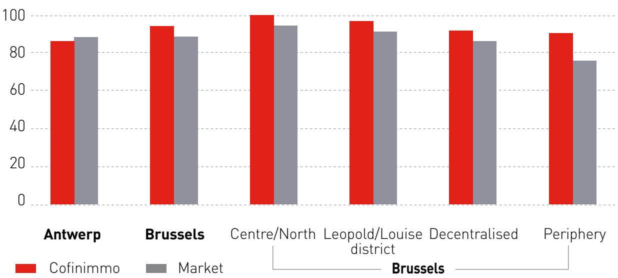
Main clients (in contractual rents)

	Rating[2]	Outlook[2]	%
Buildings Agency (Belgian Federal State)	AA+	Stable	29.4%
European Union	AAA	Stable	11.9%
AXA Group	A+	Negative	8.2%
Dexia	A	Stable	4.8%
IBM Belgium (IBM Group)	A+	Stable	3.5%
TVI SA (RTL Group)	BBB+	Stable	2.1%
CEFIC	-	-	2.0%
KPMG	-	-	1.6%
Cleary, Gottlieb, Steen & Hamilton	-	-	1.3%
Ericsson	BBB+	Stable	1.1%
TOTAL			65.8%
Others			34.2%

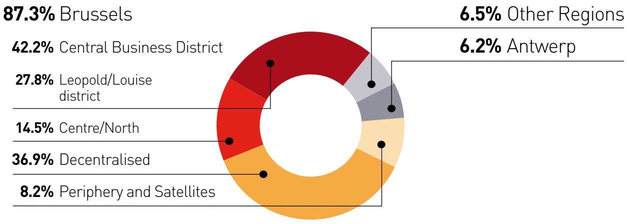
Breakdown by class (in %)



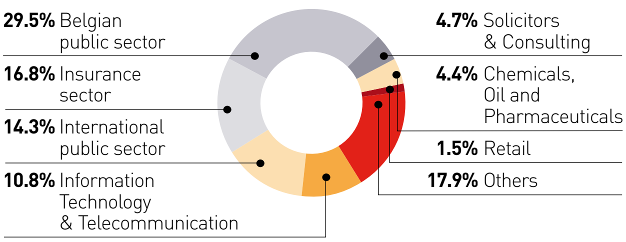
Occupancy rate Cofinimmo vs. office market[3] (in %)



Geographic breakdown - in fair value (in %)



Breakdown by activity sector - in contractual rents (in %)



1 The difference between the rents actually collected and contractual rents is explained by the rental gratuities granted at the beginning of certain leases and the prorata temporis non-occupation of properties during the past 12 months. 2 This is the appreciation by the financial rating agency, Standard & Poor's, of the financial insolvency risk of the entity; situation on 27.01.2010. 3 Source: CB Richard Ellis (Brussels) & DTZ (Antwerp).

Nursing homes/clinics

In view of the current and forecast demographic growth in the number of elderly people and consequently in the infrastructure requirements, 4 years ago Cofinimmo identified nursing homes and clinics as a promising property investment segment. The company also invests in psychiatric, aftercare and rehabilitation clinics, more particularly in France.

1 La Goélette
2 Borsbeekhof
3 Le Colvert

These investments have a positive impact on the company results, in particular due to:

Income streams secured by leases with the following features:

- leases that are firm, long-term or renewable several times (in most cases) with an average remaining period of 24.7 years for Belgium and 9.9 years for France at 31.12.2009;
- the majority are triple net leases, thereby transferring all property risks and charges to the operator (such as taxes, insurance costs, maintenance and major repairs);
- the strategic nature of these establishments for the operators, enhancing the longevity of the tenants' tenure:
  - as a result of the fitting out and other works undertaken to meet their quality requirements
  - as a result of the administrative authorisations associated with these establishments;
- an affordability ratio (rent/EBITDAR[1]) working out at 60-70% in Belgium and 50-60% in France (excluding establishments undergoing renovation/construction), compatible with the long-term profitability of the operators.

First-rate tenants underpinned by:

- a business in a market with very bright growth prospects owing to the explosion in the elderly population, substantial accommodation requirements, considerable State support as well as strict regulations preventing surplus supply;
- Korian and Armonea, who have a strong position in the French and Belgian markets for the care of the elderly and persons who are dependent, whether temporarily or permanently, making up 34% and 26%, respectively, of Cofinimmo's nursing homes and clinics portfolio.

Joint growth potential:

- putting in place the partnerships with Méditer and Korian in France and with Armonea in Belgium allows Cofinimmo, by means of development financing or portfolio enhancement agreements, to harness the growth of its partners.

A high-quality portfolio, based on:

- the potential for redesignation as high-quality residential property in the event of the departure of the operator of a number of establishments benefiting from a top end property location, i.e. in a city centre (Brussels, Paris, Vaucresson, Rueil, ...) or in a highly sought after setting (by a river or the seaside, ...);
- an attractive geographical location: Brussels region (16%) and Antwerp region (8%) in Belgium; Île-de-France (10%), Provence-Alpes-Côte d'Azur (8%) and other littoral regions (7%) in France;
- the predominance of recently built establishments in the portfolio: 23 assets have been built or completely renovated within the past 5 years;
- a portfolio of establishments of a critical size (102 beds on average), compatible with the long-term profitability of the operator on these sites;
- more generally, the choice of operator-tenants operating each multiple sites, thereby pooling the results of the individual sites at their level and helping to safeguard their solvency, while at the same time offering the best quality guarantees for their management.

At 31.12.2009, Cofinimmo's total nursing homes and clinics portfolio consists of 99 properties, with approximately 10,000 beds for residents, representing a total area of 465,948m² above ground and a fair value of €802.50 million.

1 EBITDAR (Earnings before Interest, Taxes, Depreciation, Amortisation and Rent): operating cash flow before rent payments.

Nursing homes/clinics

The in-house team responsible for nursing homes is made up of 8 people directly involved in managing the portfolio (Property and Project Management). The operators are almost exclusively responsible for technical and property management.

Investments[1,2]

Belgium

On 16.12.2009 (see press release of 16.12.2009) Cofinimmo received the contribution in kind of the 4 nursing homes **Borsbeekhof**, **Le Colvert**, **Les Sittelles** and **Les Charmilles** (311 beds, 14,507m²), situated in Borgerhout, Céroux-Mousty, Chastre and Sambreville respectively.

The contributing companies, all owned directly or indirectly by SA Senior Assist, have received in consideration 224,967 new Cofinimmo ordinary shares issued following a capital increase (decided by the Board of Directors as part of the authorised capital) for a total amount of €21.86 million. The issue price of these new shares stands at €97.17. This figure was determined on the basis of the average closing stock market prices on Euronext Brussels during the 30 days preceding the contribution. The new shares are identical in all respects to the shares then listed and hence have the right to a share in the results with effect from 01.01.2009.

The nursing homes are operated by the Group Senior Assist SA with which Cofinimmo has concluded long leases for a term of 27 years. These triple net long leases stipulate that all the costs, including those relating to the property structure, are borne by the operator. Cofinimmo will receive an initial gross rental yield of 7.31% in double net equivalent.

Major constructions and renovations in Belgium - 2009

Property	Operator	Type of works	Number of (additional) beds	(Additional) area
Hemelrijck - Mol	Armonea	Extension	+57 beds and 42 service flats	+5,971m²
Heydehof - Hoboken	Armonea	Renovation and Extension	+39 beds	+1,797m²
L'Orchidée - Ittre	Armonea	Renovation and Extension	+29 beds	+2,265m²
Nethehof - Balen	Armonea	Extension (3rd phase)	+39 beds and fitting-out of a nursery	+1,346m²
Parc - Biez	Armonea	Renovation	+49 beds	-
Vogelzang - Herentals	Armonea	New construction	132 beds	7,880m²
Vondelhof - Boutersem	Armonea	Extension	+18 beds and fitting-out of a nursery	+1,097m²
Bellevue - Brussels	Senior Assist	Transformation	153 beds	7,500m²
Arcus - Brussels	Senior Living Group	Renovation and Extension	+31 beds	+2,456m²
Damiaan - Tremelo	Senior Living Group	Renovation and Extension	+52 beds	+5,452m²
Zonneweelde - Keerbergen	Senior Living Group	Extension	+60 beds	+3,900m²

1 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/Healthcare Properties". 2 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.

1 Saint Gabriel
2 Le Clos du Mûrier

France
On 26.06.2009 (see press release of 03.07.2009) Cofinimmo acquired **5 newly built nursing homes and healthcare institutions** (423 beds, 21,910m²) located in France, mainly in the Regions of Île de France and Normandy, from the Korian Group for a total amount of €42.80 million. This acquisition was part of a larger agreement concerning the acquisition of 19 healthcare institutions signed on 23.05.2008 (also see press releases of 26.05.2008 and 01.10.2008).

The gross rental double net equivalent yield of these 5 homes stands at 6.47%. They are operated by the Korian Group with whom triple net leases with a fixed duration of 12 years have been concluded for all buildings.

Constructions and renovations
In 2009, the Project Management department managed or controlled the main projects detailed on the previous page.

There was no construction or renovation project of significant size in France in 2009.

The total amount of construction and renovation works managed and accounted in 2009 stands at €57 million.

For 2010, besides the works started but not yet finished in 2009, the major construction and renovation works planned are detailed below.

The total estimated amount of construction and renovation works managed and accounted in 2010 stands at €33 million[1]. For the projects started in 2009 but not yet completed at the end of that year and for the projects to be started in 2010, it is important to note that the information provided below is in the form of estimates which may be changed during the execution of the works.

Major constructions and renovations in Belgium - 2010

Property	Operator	Type of works	Number of (additional) beds	(Additional) area
Heiberg - Beerse	Armonea	Extension	+65 beds and 60 service flats	+7,009m²
Millegem - Ranst	Armonea	Extension	+27 beds	+1,651m²
Wipstraat - Antwerp	Armonea	New construction	102 beds	5,790m²
Weverbos - Gentbrugge	Calidus	New construction	100 rooms	5,387m²
Zevenbronnen - Walshoutem	Calidus	Extension	+68 beds and 26 service flats	+4,804m²
Top Senior - Tubize	Medibelge	Extension	+23 rooms	+1,496m²
Hof ter Dennen - Vosselaar	Senior Assist	Extension	-	+955m²
Les Jours Heureux - Lodelinsart	Senior Assist	Extension	+30 beds	+1,432m²

Major constructions and renovations in France - 2010

Property	Operator	Type of works	Number of (additional) beds	(Additional) area
Pays de Seine - Bois le Roi	Korian	Extension	+26 beds	+1,860m²
La Ravine - Louviers	Méditer	Extension	+5 beds	+670m²

1 See also Note 40 (page 127).

/ transactions and performances in 2009.

Nursing homes/clinics

The operators

Belgium

Armonea

Armonea came into being in 2008. The company was created from an alliance between the Van den Brande and Restel Résidences Groups, 2 companies owned by family groups (Palmir and Verlinvest, respectively) each with a 30-year track record in providing care for the elderly. Within the Group, which manages 40 sites spread country-wide, comprising 4,800 beds for residents, 2,000-plus staff assist the 4,000 residents in their day-to-day lives. With a turnover exceeding €100 million, Armonea is one of the foremost Belgian operators in the sector of services and care for the elderly. To date, Cofinimmo has acquired 23 nursing homes from their total portfolio.

Calidus

Calidus is a network of independent nursing home operators established in 2007 with the main objective of centralising certain aspects of operational management (accounts, procurement, advisory activities, ...) and promoting the pooling of information among the different members and organisations in the care and health sector. The care services as well as legal and operational responsibilities do still remain the sole responsibility of each member of Calidus. Two years after its creation, this network now numbers 8 nursing homes encompassing around 600 accommodation units. Of this portfolio, Cofinimmo owns the nursing home Zevenbronnen and, in addition, is assisting the non-profit association ASBL Le Foyer de la Femme with developing the Weverbos project in Gentbrugge.

Medibelge

The company Medibelge is a relative newcomer to the Belgian nursing home market. It was set up in 2007 by Mr Philippe Austry and other partners active in the sector. The same family group is also the principal shareholder of the company Méditer which manages 14 institutions in France. The company Medibelge currently manages 16 nursing homes and healthcare establishments (1,800 beds) in Brussels and in Wallonia. Cofinimmo has ownership of 6 of these institutions.

Senior Assist

This Group was established in 2005 with the aim of developing quality care provision through a network of nursing homes underpinned by a centralised management structure.
Senior Assist has an organisation managing a home care network serving 5,000 clients and a network of 32 nursing homes. Of these, 7 are already owned by Cofinimmo. A new institution, for which Cofinimmo was jointly responsible for construction, has opened its doors in January 2010 in Brussels. Despite its relatively tender age, Senior Assist, who manages today 2,700 authorised beds, is growing rapidly.

Senior Living Group

Senior Living Group (SLG) was started up in 2004 and is owned by Waterland Private Equity. SLG operates 26 nursing homes spread throughout Belgium, and offering accommodation and care facilities for 3,200 residents. For 10 of these nursing homes, Cofinimmo owns the real estate. With 3,750 authorised beds, this Group is among the leading nursing home operators in Belgium.

1 Les Sittelles
2 Les Charmilles

France

Korian

The Suren Group, established in 2001, was renamed Korian in 2006 following the acquisition of Medidep. Korian offers an extensive range of services for persons who are dependent, permanently or temporarily, channelled through EHPAD[1], SSR[2] clinics and psychiatric clinics. With an aggregate portfolio of 215 institutions and 20,000 beds, Korian tops the French and European league tables for dependency care companies. Cofinimmo owns 41 institutions in the Korian property portfolio.

Originally based exclusively in France, Korian went on to gain a foothold abroad in 2007 with the acquisition of such companies as Segesta, Cofisan and Villa Delle Terme in Italy, and the Phönix Group in Germany. Korian has been listed in compartment B of the Euronext Paris Eurolist since November 2006.

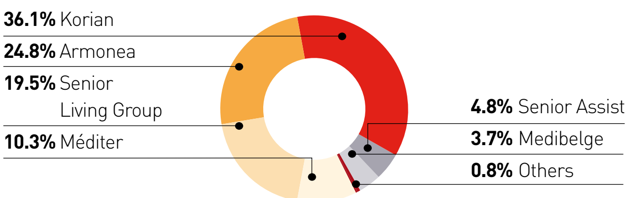
Méditer

The Méditer Group, created in 2004, also offers an extensive range of dependency care services through EHPAD, SSR clinics and one psychiatric clinic. With a total portfolio of 14 institutions and 1,000 beds, Méditer is a significant player in the private French dependency care market. Of these 14 institutions, ownership has been transferred to Cofinimmo in the case of 10.

Sector information

Geographic breakdown - in fair value (in %)

Breakdown by operator - in contractual rents (in %)



1 Établissements d'Hébergement pour Personnes Âgées Dépendantes (nursing homes). 2 Cliniques de Soins de Suite et de Rééducation (aftercare and rehabilitation clinics).

/ transactions and performances in 2009.

Pubstone

Under the terms of a real estate partnership, at the end of 2007 Cofinimmo acquired the entire portfolio of pubs (823 in Belgium and 245 in the Netherlands), owned until then by Immobrew SA, a subsidiary of AB InBev and rebaptised Pubstone SA. The pubs were then leased back to the brewer under a commercial lease for an initial average term of 23 years. AB InBev retains an indirect stake of 10% in the Pubstone structure (see organisation chart illustrated on page 129). On expiry of the lease, AB InBev has the option of renewal at the same conditions or restitution of the rented premises, free of occupation.

1

1 Speelmanshuys
2 Le Normandie
3 The Three Sisters

Cofinimmo does not assume any risk relating to the commercial operation of the pubs. These risks are borne exclusively by AB InBev, who partly passes them on to the individual operators, the subtenants. However, Cofinimmo does have responsibility for structural maintenance of roofs, walls, façades and external woodwork. Under the partnership, it also continues to assist AB InBev with the dynamic management of this portfolio.

The pubs are chiefly located in central locations in large towns (77%, of which 51% in town centres), such as Brussels, Leuven, Antwerp, Ghent, Bruges and Liège for Belgium and Tilburg, Breda, Eindhoven and Maastricht for the Netherlands. In most cases they are in strategic locations such as shopping streets or town squares. Mechelen city square, for example, numbers no less than 9 pubs in the Pubstone portfolio. The upmarket locations guarantee a promising residual value.

In Belgium, the in-house Pubstone team comprises 6 people that are involved in managing the portfolio (Property and Project Management). In the Netherlands, the in-house Pubstone team consists of 2 people, one responsible for technical coordination of the portfolio and the other for general administration, assisted by an outside firm (Ballast Nedam Beheer) with which a cooperation agreement has been concluded for supervising and executing all renovation works.

This internal management by Cofinimmo guarantees ongoing technical and financial supervision of the different properties as well as standardised management of the different property-related aspects.

At 31.12.2009, the Pubstone portfolio consists of 823 properties located in Belgium and 245 located in the Netherlands, representing a total area of 306,498m² above ground and a fair value of €390.22 million.

Investments

The Netherlands

Cofinimmo acquired the pub **Willem II** located in Valkenswaard for an amount of €0.21 million costs excluded.

Divestments

Belgium

The pub **Le Grand Central** located in Frameries was expropriated for an amount of €0.23 million.

Constructions and renovations

Belgium

In 2009, the operational Property Management team proceeded with 482 technical interventions and 206 minor renovation works. They mainly concern external woodwork and painting works as well as roof repairs.

Moreover, the operational Pubstone Project Management team realised several middle-size renovation projects, the most important being:

- **Speelmanshuys – Bruges:** renovation of the roofs and the façades (building with historical value);
- **Sofa – Mechelen:** restoration of the façade (classified building of the 18th century);
- **Le Normandie – Tournai:** renovation of the front and back façades and the roofs;
- **Zuidcafé – Antwerp:** renovation of the roof and the façades.

Pubstone

The Netherlands

In 2009, 138 technical interventions and 93 minor renovations, similar to those executed in Belgium, have been carried out.

Moreover, the operational Pubstone team realised several renovation projects, the most important being:

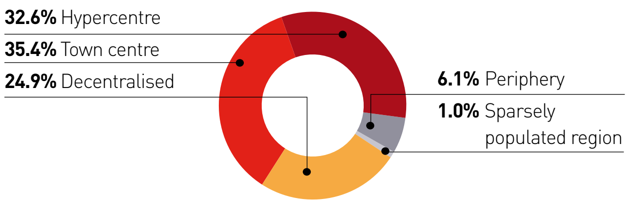
- **The New Mills, The Hague:** architectural renovation of the concrete structure, painting works of the front and back façades;
- **Alt Arce, Arcen:** exterior painting works;
- **De Zevende Hemel, Terheyden:** roof repairs;
- **The Three Sisters, Amsterdam:** complete renovation of the pub (restoration of the historical balconies and the roof and painting works).

The total investment amount in 2009 of these interventions and projects stands at €3 million for both countries. For the year 2010, new renovation and minor or major works are expected to be initiated for a similar total budget.

Sector information

Geographic breakdown - in fair value (in %)

Breakdown following urban location - in fair value (in %)



/ management of financial resources.

Market risks and financial instruments

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

Liquidity and counterparty risk

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

- the diversification of its sources of financing and derivative instruments as well as its banking pool;
- the sound and enduring relationship forged with banking partners which have good financial ratings in the sector;
- a broad spread of loan maturities;
- the arrangement of long-term cover instruments against the interest rate risk;
- the full cover for short-term commercial paper by lines available over the long term.

This policy optimizes the financing cost and limits the company's liquidity and counterparty risk. Cofinimmo also has a general policy of not mortgaging its properties or giving any other form of security to its creditors, with the exception of those mentioned on pages 126 and 127. Neither its debt nor the confirmed credit lines are subject to early repayment or margin fluctuation clauses linked to the financial rating for the company. They are generally associated with conditions concerning compliance with the rules governing Sicafis, debt ratios and cover of financial charges by cash flow and the level of net asset value. These ratios were met at 31.12.2009 and during the entire financial year.

Debt structure

The authorised statutory limit on debt for Sicafis is 65% (debt to total assets). As at 31.12.2009, Cofinimmo is in full compliance with this limit, the debt ratio standing at 49.97%.

Furthermore, the terms and conditions for all the bank credit lines allow the Group to take its financial debt ratio up to 60% maximum. This ratio is calculated by dividing the net financial debt by the fair value of the property portfolio and the finance lease receivables. However, if the Group exceeds a first threshold of 57.5%, it has been agreed that it will return to below the threshold during the following 6 months. These terms and conditions were relaxed during the 4th quarter 2009 as previously this threshold was set at 55% and the period required for being back under this level at 9 months. It is important to underline that this relaxation does not entail any change to the Group's financial policy, namely to keep the financial debt ratio below 55%. It simply gives Cofinimmo extra financial flexibility in making any necessary adjustments to its balance sheet structure. The effective financial debt ratio at the end of the 2009 financial year worked out at 52.81%.

At 31.12.2009, the consolidated financial debt of the Cofinimmo Group amounted to €1,626.13 million, comprising:

- €907.54 million of bilateral medium and long-term loans[1], with original maturity periods of between 3 and 10 years, contracted from 10 banks;
- €146.25 million of commercial paper, of which €111.25 million for original periods of under one year and €35.00 million for an initial period of over 3 years;
- €300.00 million in the form of a syndicated bank loan obtained in 2005 from 15 banks for an average original term of 5.3 years, and €45.00 million in the form of a second syndicated loan from 4 banks, repayable in 2012;
- €208.62 million[2] in the form of 2 bonds, the first one issued in 2004 by Cofinimmo Luxembourg SA and the second one by Cofinimmo SA in 2009. Both bonds are repayable in 2014 for a nominal amount of €100.00 million each;
- €18.72 million of other loans and advances (account debits).

1 Of which a "schuldschein" or debt obligation concluded with 2 German banks. 2 See also page 38 and Note 35 on page 125.

/ management of financial resources.

At 31.12.2009, Cofinimmo's short-term financial debt amounted to €244.66 million, of which:

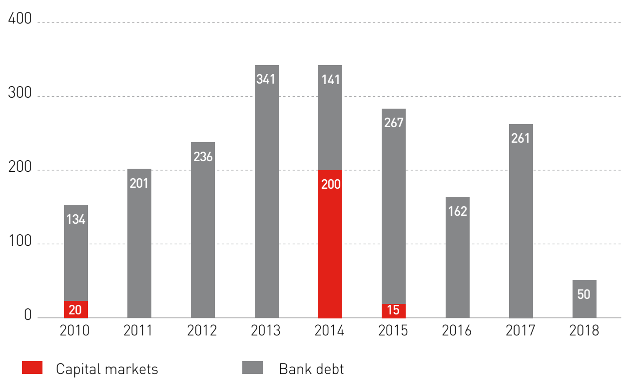
- €111.25 million of commercial paper with a term of under one year and €20 million of long-term loans maturing within the year;
- €100.00 million of a portion of the long-term syndicated loan maturing in August 2010;
- €13.41 million of other loans and advances (account debits).

The issues of commercial paper (€111.25 million) are fully covered by undrawn portions of the confirmed long-term credit facilities totalling €400.35 million. Cofinimmo thus benefits from the attractive cost of this short-term financing programme while securing its refinancing in the event that placing new commercial paper were to become more expensive or impractical.

Financial debt (x €1,000,000)

	Financial debt	Long-term commitments
Capital market		
Bonds	208.62	200.00
Long-term commercial paper	35.00	35.00
Short-term commercial paper	111.25	
Bank facilities		
Revolving loans	1,127.54	1,661.61
Term loans	125.00	125.00
Others	18.72	5.31
TOTAL	1,626.13	2,026.92

Repayment schedule for long-term financial commitments[1] - €2,026.92 million (in €million)



Situation for long-term financial commitments

The average maturity of the Cofinimmo debt (excluding the short-term maturities of the commercial paper, which are fully covered by the undrawn portions of long-term credit facilities) drops from 4.7 years in 2008 to 4.4 years in 2009. Long-term financial commitments (credit lines, bonds, commercial paper and capital leases), with outstandings totalling €2,026.92 million at 31.12.2009, display a uniform and evenly spread maturity profile up to 2018, with a maximum of 16.8% of these outstandings maturing during the same year (2013)[2]. In 2010, 7.6% of the outstandings will mature and 9.9% in 2011.

Interest rate risk

During the course of 2009, the Group's operating environment was one of high volatility and uncertainty concerning the trend in rates. The average interest rate on the Cofinimmo debt, including banking margins and amortisation costs of cover instruments for the period, stood at 4.91% in 2009 (see also pages 40 and 112).

At 31.12.2009, almost all of the debt was at short-term floating rate. The debt contracted at fixed rate was immediately converted by the company into floating rate. As such, the company is exposed to a greater risk of a rise in short-term rates, which could have a negative impact on its financial result. Therefore, Cofinimmo purchases cover instruments such as CAPs or IRS contracts, sometimes combined with the sale of FLOORs to cover overall debt (see chapter Risk management).

The situation at 31.12.2009 of interest rate cover for future years is set out in Note 23 (see page 118).

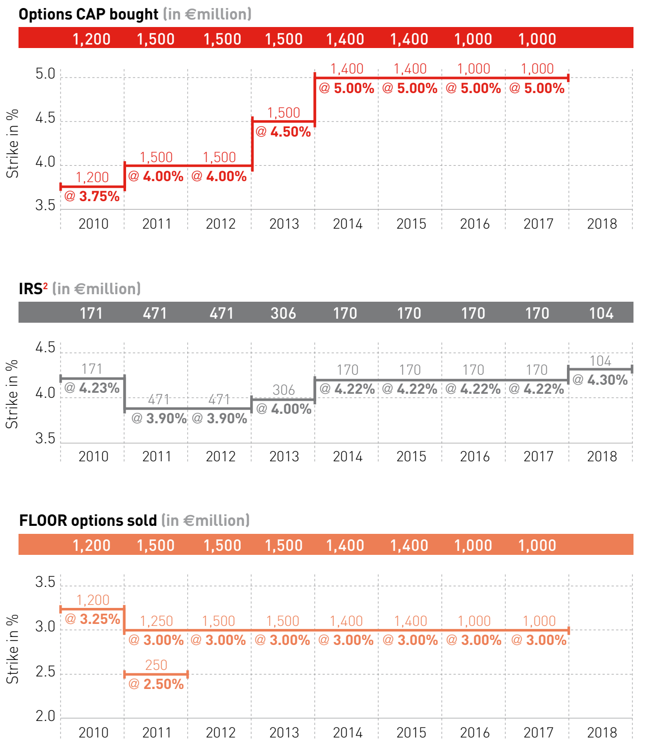
Assuming a constant gearing, the cover ratio for interest rate risk is close to 100% until 2015, and more than 70% until 2017. The Cofinimmo results nonetheless remain sensitive to fluctuations in interest rates (see chapter Risk management).

1 These repayments include the principal of the financial commitments and exclude the interest payments (generally per month or per quarter) as well as expected cash flows on derivative instruments. 2 Bank debt has been contracted with 21 financial institutions of the highest standing, with financial ratings of at least A- (source: Bloomberg, 01.02.2010).

Financial rating

Since the autumn of 2001, Cofinimmo has a long and short-term finance rating awarded by the rating agency Standard & Poor's[1]. At the time of writing this Report, this rating was a BBB for long-term debt and A-3 for short-term debt. Standard & Poor's documents the criteria leading it to award a BBB rating and mentions the events liable to adversely affect the company's solvency.

Situation of the interest rate cover (bank margins excluded)



Deployment of the financing strategy in 2009

In 2009, Cofinimmo took a number of measures to gather financial resources in order to meet its investment commitments or bolster its balance sheet structure. Accordingly, since the beginning of 2009, the company has successively:

- sold own shares for a total amount of €98.60 million;
- sold rental receivables and receivables relating to usufructuary rights for €271.24 million;
- issued a 5-year bond loan for €100 million and arranged a new bilateral 3-year bank loan for €50 million with a new banking partner;
- partially extended the term of the bilateral bank loans beyond 2011 for an amount of €227.40 million;
- issued 224,967 new shares against the contribution in kind of 4 nursing homes for €21.86 million.

The resources raised in this way cover the company's total investment commitments until June 2011, as well as the refinancing of credit lines maturing before this date.

Sale of own shares

- The sale of own shares took the form of 2 separate transactions. On 26.03.2009, 962,485 existing own ordinary shares were placed by the accelerated bookbuilding method. For the purposes of this transaction, the shares were suspended from the listing. The shares were placed by Leopold Square SA at a price of €75 per share. This represents a 5.0% discount on the average quoted price for the 5 days preceding the placement. Leopold Square is a company wholly owned directly and indirectly by Cofinimmo SA. This operation raised proceeds of €72.2 million.
- On 09.06.2009, Cofinimmo placed 330,000 own ordinary shares at a price of €80 per share. This represents a 6.5% discount on the average stock market price recorded during the 5 days preceding the placement. As a result of this transaction €26.4 million were raised.

1 www.standardandpoors.com. 2 Average of the different IRS with different strikes and assuming that the IRS which can be cancelled prematurely by the bank are active up to final maturity.

/ management of financial resources.

Sale of receivables

- On 20.03.2009 Cofinimmo sold to a subsidiary of the Société Générale the usufruct receivables for an initial period of 15 years payable by the European Commission on the **Nerviens 105** office building located in Brussels for a total amount of €23.38 million. Cofinimmo remains the bare owner of the building.
- On the same day, the company sold to Fortis Bank SA 90% of the finance lease receivables due by the City of Antwerp on its new **Fire Station** for a total of €28.35 million. At the end of the lease, scheduled for 2045, the building will be transferred automatically to the City of Antwerp for no charge.
- Cofinimmo also sold to the same bank on the same day the lease receivables which the Belgian State owes on the office buildings **Colonel Bourg 124** in Brussels (up to 2028) and **Maire** in Tournai (up to 2022) for a total amount of €19.51 million. Cofinimmo retains ownership of these 2 buildings.
- On 28.08.2009, Cofinimmo sold to BNP Paribas Fortis 96% of the future index-linked lease receivables regarding the lease contract on the office buildings **Egmont I** and **Egmont II** located in central Brussels and ending on 31.05.2031, as well as a receivable for the works carried out on these properties for the account of the occupant, for a total amount of €199.6 million. Cofinimmo has still retained 100% of the lease receivables relating to the years 2009 and 2010 in order to keep the recurrent cash flow for those years intact.

Issue of a €100 million bond

On 22.10.2009 Cofinimmo SA made a public offering of a 5-year bond for a total amount of €100 million with a gross coupon of 5.00% and a gross annual yield of 4.54%. Redemption will take place in November 2014. The bond was available in denominations of €1,000 and aimed at private investors. The subscription was closed in one half-day. The fixed rate on the loan was swapped for floating rate. The bank margin on the floating rate, resulting from this loan and this Interest Rate Swap, increased the average bank margin on all Cofinimmo borrowings by 0.10%. This loan gives Cofinimmo a more diversified palette of funding sources at a time when the supply of bank credit for the real estate sector was tight.

Arrangement of a new bilateral 3-year bank loan for €50 million with a new banking partner

In 2009, Cofinimmo contracted a new 3-year bilateral credit line with a new banking partner for €50 million, maturing in March 2013.

Rescheduling of all the bilateral bank debt beyond 2011

All the bilateral bank credit line maturities for 2009 to 2011 have been rescheduled with the same partner banks.

Issue of new shares

On 16.12.2009, Cofinimmo received the contribution in kind of 4 properties being used as care homes and all located in Belgium. As a consequence of this contribution, a capital increase was carried out (see also page 28) for a total amount of €21.86 million, and 224,967 new Cofinimmo shares were issued.

Net availability of credit

These different transactions, and in particular the bond issue, together with the available funding from Cofinimmo's confirmed credit lines, ran to €290 million at 31.12.2009 (after deducting the full cover of outstanding short-term treasury bills).

/ summary of the consolidated accounts.

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

	31.12.2009	31.12.2008
A. NET CURRENT RESULT		
Rental income, net of rental-related expenses	**197,860**	187,820
Writeback of lease payments sold and discounted (non-cash)	**17,655**	11,056
Taxes and charges on rented properties not recovered	**-101**	-382
Refurbishment costs, net of tenant compensation for damages	**-1,120**	-60
Property result	**214,294**	198,434
Technical costs	**-3,856**	-2,606
Commercial costs	**-1,475**	-1,097
Taxes and charges on unlet properties	**-1,806**	-2,360
Property result after direct property costs	**207,157**	192,371
Property management costs	**-15,602**	-14,496
Property operating result	**191,555**	177,875
Corporate management costs	**-6,369**	-7,309
Operating result (before result on portfolio)	**185,186**	170,566
Financial income (IAS 39 excluded)[1]	**21,376**	24,718
Financial charges (IAS 39 excluded)[2]	**-94,121**	-91,380
Revaluation of derivative financial instruments (IAS 39)	**-12,301**	-41,453
Taxes	**-7,283**	-6,080
Net current result[3]	**92,857**	56,371
Minority interests	**-467**	-346
Net current result – Group share[4]	**92,390**	56,025
B. RESULT ON PORTFOLIO		
Gains or losses on disposals of investment properties	**2,956**	5,755
Changes in fair value of investment properties	**-64,850**	-63,784
Exit tax	**1,482**	-3,630
Result on portfolio	**-60,412**	-61,659
Minority interests	**472**	341
Result on portfolio – Group share	**-59,940**	-61,318
C. NET RESULT		
Net result – Group share	**32,450**	-5,293

Number of shares

	31.12.2009	31.12.2008
Number of ordinary shares issued (own shares included)	**12,705,070**	12,307,030[5]
Number of preference shares issued and not converted	**1,326,693**	1,499,766
Number of outstanding ordinary shares	**12,682,696**	11,950,154[5]
Average number of outstanding ordinary shares entitled to share in the result of the period[6]	**12,682,696**	11,846,772[5]
Number of preference shares entitled to share in the result of the period	**1,326,693**	1,499,766
TOTAL NUMBER OF SHARES ENTITLED TO SHARE IN THE RESULT OF THE PERIOD	**14,009,389**	13,346,538[5]

1 IAS 39 included, at 31.12.2009 and 31.12.2008, financial income stands at respectively K€19,376 and K€29,546. 2 IAS 39 included, at 31.12.2009 and 31.12.2008, financial charges stand at respectively K€-104,421 and K€-137,661. 3 Net result excluding gains or losses on disposals of investment properties and changes in fair value of investment properties. 4 The 2008 results, communicated in the Annual Financial Report 2008, have been recast so that the 2008 Group share pertains to the ordinary as well as the preference shares, as is the case for the 2009 Group share. 5 Comprising the 962,485 own ordinary shares participating in the 2008 result sold on 26.03.2009. 6 Contrary to the year 2008, the 493,571 shares issued as part of the Medimur acquisition (see press release of 20.03.2008) are entitled to share in the full 2009 result.

/ summary of the consolidated accounts.

Comments on the consolidated income statement - Analytical form

The **property result** at 31.12.2009 runs to €214.29 million, an increase of 7.99% compared to 31.12.2008 (€198.43 million), mainly due to the acquisitions. The level of **rental income** is underpinned by the occupancy rate standing at 96.86% for the entire portfolio and at 94.88% for the office portfolio. Based on an unchanged portfolio, the rental level progresses by 1.07%, mainly due to indexation of the rents.

The **operating margin** (86.42%) is higher than in 2008 (85.96%).

Taken overall, on an annual basis, all operating costs, both direct and indirect, represent 0.80% of the average value of the portfolio under management as at 31.12.2009, as against 0.82% in 2008.

Financial income (€21.38 million) at 31.12.2009 decreased by 13.52% compared to 31.12.2008. It comprises gains on the disposal of lease receivables for an amount of €13.60 million, mainly related to the Egmont I and II properties during the 4th quarter of 2009 (€12.48 million), the remainder being connected to the Antwerp Fire Station (€-2.38 million) and the office buildings Colonel Bourg 124 (€2.15 million), Nerviens 105 (€1.02 million) and Maire (€0.33 million).

Financial charges (€-94.12 million) at 31.12.2009 are chiefly made up of interest charges related to the financial debt. The total cost of financial debt amounts to €82.12 million at 31.12.2009. The average debt of 2009 amounts to €1,713.05 million as against €1,623.76 million one year earlier. The average interest rate on borrowings, including bank margins and the amortisation cost of hedging instruments for the period, comes to 4.91% for 2009 as against 4.79% on average for the year 2008. This increase stems from the combined effect of falling basic interest rates, a rise in bank margins and surplus cover, from September 2009 onwards, following the significant divestments carried out. This surplus cover disappeared from the beginning of 2010. The financial charges also include the restructuring during the 4th quarter of some of the derivative products (€9.6 million).

The changes in the ineffective part, according to IAS 39, of the cash flow hedging instruments, produced a net unrealised charge of €12.30 million at 31.12.2009, compared to a net unrealised charge of €41.45 million at 31.12.2008. The accumulated changes in effective value of derivative as well as non-derivative financial instruments, decrease from €-30.69 million at 31.12.2008 to €-47.08 million at 31.12.2009. This variation is not entered in the income statement but has a negative impact on the net asset value.

Cofinimmo has a policy of covering the risk of future interest rate increases by purchasing Interest Rate Swaps and CAP options, partly financed by the sale of FLOOR options. The value of the cover portfolio at year-end reflects the difference between the future financial charges incurred by this portfolio and their hypothetical amount if the same cover (type of instruments, durations, amounts) had been contracted in the conditions prevailing on the last day of the year.

Taxes (€-7.28 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** at 31.12.2009 comes to €92.39 million, compared to €56.02 million at 31.12.2008 (+64.91%), or €6.59 per share as against €4.20 at 31.12.2008 (+56.90%). If the negative impact of IAS 39 is excluded, the net current result - Group share comes to €104.69 million as against €91.84 million at 31.12.2008, which, **per share**, works out at €7.47 compared to €7.30 at 31.12.2008, i.e. an increase of 2.33%.

The **result on portfolio** incorporates a **realised** gain of €2.96 million, stemming from the sale of assets, as against €5.76 million at 31.12.2008. It also incorporates a **negative change in fair value of the portfolio** of €64.85 million, as against €63.78 million at 31.12.2008. Indeed, the fair value of the buildings in portfolio decreased since 01.01.2009 (-2.07%). In Group share, this decrease comes to €4.49 per share (unrealised loss) at 31.12.2009 as against a decline of €5.02 per share for the same period in 2008.

The **net result - Group share** (after including the result on portfolio) at 31.12.2009 amounts to €32.45 million as against €-5.29 million at 31.12.2008 and the **net result per share** (after including the result on portfolio) works out at €2.31 as against €-0.40.

Consolidated balance sheet (x €1,000)

	31.12.2009	31.12.2008
Non-current assets	**3,308,866**	3,436,090
Goodwill	**163,924**	171,689
Intangible assets	**1,984**	1,840
Investment properties	**3,040,736**	3,134,381
Other tangible assets	**723**	942
Non-current financial assets	**34,470**	18,997
Finance lease receivables	**66,956**	108,181
Trade receivables and other non-current assets	**73**	60
Current assets	**93,818**	113,965
Assets held for sale	**755**	507
Current financial assets	**8,603**	52
Finance lease receivables	**2,762**	4,170
Trade receivables	**12,490**	17,833
Tax receivables and other current assets	**46,730**	47,589
Cash and cash equivalents	**2,343**	25,448
Deferred charges and accrued income	**20,135**	18,366
TOTAL ASSETS	**3,402,684**	3,550,055
Shareholders' equity	**1,409,057**	1,377,242
Shareholders' equity attributable to shareholders of parent company	**1,400,904**	1,368,584
Capital	**750,715**	669,213
Share premium account	**479,541**	441,966
Reserves	**138,198**	262,699
Net result of the financial year	**32,450**	-5,294
Minority interests	**8,153**	8,658
Liabilities	**1,993,627**	2,172,813
Non-current liabilities	**1,587,615**	1,776,666
Provisions	**17,766**	11,875
Non-current financial debts	**1,381,474**	1,579,760
Other non-current financial liabilities	**51,522**	32,853
Deferred taxes	**136,853**	152,178
Current liabilities	**406,012**	396,147
Current financial debts	**244,659**	220,844
Other current financial liabilities	**63,233**	45,013
Trade debts and other current debts	**69,555**	70,119
Accrued charges and deferred income	**28,565**	60,171
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,402,684**	3,550,055

Comments on the consolidated balance sheet

The **fair value** of the property portfolio[1], recorded in the consolidated balance sheet, in application of IAS 40, is obtained by deducting the transaction costs[2] from the investment value. At 31.12.2009, the fair value is €3,040.74 million, as compared to €3,134.38 million at 31.12.2008.

The **investment value** of the property portfolio, as determined by the independent real estate experts, comes to €3,150.96 million at 31.12.2009 as compared to €3,247.04 million at 31.12.2008 (see also on page 87).

Finance lease receivables stand at €66.96 million at 31.12.2009 as against €108.18 million one year earlier, that is a decrease of 38.1%. This decrease can be explained by the disposal of lease receivables principally relating to the Antwerp Fire Station (€-32.12 million).

Following changes to the fiscal values of the properties making up the pub portfolio (Pubstone) located in the Netherlands, the amount of deferred taxes has been reduced, and correspondingly the **goodwill** of the Dutch activities, by €7.33 million.

1 Including assets held for own use and the development projects. 2 As defined on page 115 of this Report.

/ forecasts 2010.

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 2010 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 during the 3rd quarter of 2010 of the business park Avenue Building located in Antwerp for an amount approaching €38 million;
- the acquisition of nursing homes in France and Belgium for an amount of €32.9 million stemming from the delivery of new units or the extension of existing units.

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 pages 20 and 21). Property result also incorporates the writeback of lease payments sold and discounted relating to the gradual reconstitution of the full value of buildings for which the leases have been sold to a third party. A variation of 1% either way in the occupancy rate leads to a cumulative increase or reduction in the net current result per share per annum of €0.15. Current contracts are index-linked.

Inflation

The inflation rate used for the evolution of rents is 1.2% for the leases being indexed in 2010. 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.

Financial charges

The calculation of financial charges is based on the assumption that interest rates will start to rise again, as anticipated by the future rate curve, and takes into account the current loan contracts. Considering the hedging instruments in place for future years, and their envisaged restructuring, the financial result (IAS 39 excluded) for 2010 will be close to the 2009 financial result.

The situation for interest rate cover for the year 2010 and the sensitivity of the result to interest rate fluctuations are described on page 37 of this Annual Financial Report.

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

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

	2009 Actual	**2010 Forecast**
Rental income, net of rental-related expenses	197,860	**197,859**
Writeback of lease payments sold and discounted (non-cash)	17,655	**21,108**
Taxes and charges on rented properties not recovered	-101	**-460**
Refurbishment costs, net of tenant compensation for damages	-1,120	**-1,663**
Property result	214,294	**216,844**
Technical costs	-3,856	**-5,363**
Commercial costs	-1,475	**-1,957**
Taxes and charges on unlet properties	-1,806	**-2,111**
Property result after direct property costs	207,157	**207,413**
Property management costs	-15,602	**-14,822**
Property operating result	191,555	**192,591**
Corporate management costs	-6,369	**-6,723**
Operating result (before result on portfolio)	185,186	**185,868**
Financial income (IAS 39 excluded)	21,376	**5,295**
Financial charges (IAS 39 excluded)	-94,121	**-78,524**
Revaluation of derivative financial instruments (IAS 39)	-12,301	
Taxes	-7,283	**-6,520**
Net current result	92,857	**106,119**
Minority interests	-467	**-384**
Net current result - Group share	92,390	**105,735**
Average number of outstanding shares entitled to share in the result of the period	14,009,389	**14,009,389**
Net current result per share (in €)	6.59	**7.55**

A forward projection of the future market values of the properties is uncertain, so that no reliable assessed forecast can be given at the present time for the result on portfolio. This result will depend on the tendencies on the rental market, the capitalisation rates as well as the anticipated renovation costs of the buildings.

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

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 2010 (payable in 2011) similar to the 2009 dividend.

/ forecasts 2010.

Consolidated balance sheet (x €1,000)

	31.12.2009 Actual	**31.12.2010 Forecast**
Non-current assets	3,308,866	**3,409,046**
Goodwill	163,924	**163,924**
Investment properties	3,040,736	**3,142,396**
Finance lease receivables	66,956	**65,476**
Other non-current assets	37,250	**37,250**
Current assets	93,818	**100,820**
Assets held for sale	755	**755**
Finance lease receivables	2,762	**2,762**
Cash and cash equivalents	2,343	**2,343**
Other current assets	87,958	**94,960**
TOTAL ASSETS	3,402,684	**3,509,866**
Shareholders' equity	1,409,057	**1,422,213**
Shareholders' equity attributable to shareholders of parent company	1,400,904	**1,414,143**
Minority interests	8,153	**8,070**
Liabilities	1,993,627	**2,087,653**
Non-current liabilities	1,587,615	**1,673,606**
Non-current financial debts	1,381,474	**1,467,466**
Other non-current liabilities	206,141	**206,140**
Current liabilities	406,012	**414,047**
Current financial debts	244,659	**252,667**
Other current liabilities	161,353	**161,380**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,402,684	**3,509,866**
Debt ratio to total assets	49.97%	**51.05%**

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

Conclusions

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, has confirmed that the forecasts have been drawn up properly on the indicated basis and that the accounting basis used for the purposes of this forecast are in conformity with the accounting methods employed by Cofinimmo SA in preparing its consolidated accounts using accounting methods in accordance with IFRS as executed by the Royal Decree of 21.06.2006 with respect to the accounting, the financial statements and the consolidated financial statements of Sicaf immobilières (Sicafis), and modifying the Royal Decree of 10.04.1995 with respect to Sicafis.

The above forecasts have been made in the context of what is still a very uncertain economic and financial climate. However, barring any unexpected events, 2010 will be a year of stabilisation. Cofinimmo's net current result per share (excluding the impact of IAS 39) is likely to approach the previous year's figure (€7.55 compared to €7.47), opening up the prospect of an identical dividend (€6.50 per ordinary share).

/ appropriation of results[1].

The Board of Directors proposes at the Ordinary General Shareholders' Meeting of 30.04.2010 to approve the annual statements as at 31.12.2009 and to distribute the following dividends:

- €6.50 gross, i.e. €5.53 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 31.12.2009, the Cofinimmo Group held 22,374 treasury ordinary shares, entirely held by Cofinimmo SA.

The Board of Directors proposes to suspend the right to dividend for the financial year 2009 for these 22,374 own ordinary shares in view of its stock option plan.

Hence, the abovementioned 22,374 own ordinary shares excluded, the result of 2009 would be appropriated as indicated in the table below.

The remuneration of the capital is based on the number of ordinary and preference shares issued on 15.03.2010. Possible conversions of preference shares into ordinary shares during the following conversion period from 22.03.2010 to 31.03.2010 might modify the remuneration of the capital.

The transfers from/to the reserves correspond to the realisation of non-realised gains and losses, which were previously transferred to 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 87%.

The remuneration of the capital amounts to €90.89 million. As a reminder, the consolidated net current result (Group share) stands at €92.39 million and the consolidated net result (Group share) at €32.45 million.

The pay-out data and modalities of the ordinary and preference dividends are mentioned on page 72 of chapter Cofinimmo in the stock market.

Appropriation account (in €)

	2009	2008	2007
A. NET RESULT	**20,450,703.52**	-27,330,308.39	134,465,217.38
B. TRANSFER TO RESERVES (+/-)	**70,761,898.86**	129,590,083.41	-47,867,691.71
Transfer to the reserve of the positive balance of changes in fair value of investment properties	**0.00**	-14,500,246.63	-7,308,539.40
Fiscal year			-7,308,539.40
Previous years		-14,500,246.63	
Transfer from the reserve of the negative balance of changes in fair value of investment properties	**100,518,547.16**	80,361,749.84	21,107,321.10
Fiscal year	**56,825,243.82**	80,361,749.84	
Previous years	**43,693,303.34**		21,107,321.10
Transfer to the reserve of estimated transaction costs resulting from hypothetical disposal of investment properties	**-738,787.23**	-849,778.56	1,059,430.41
Transfer to other reserves	**-188,792.50**	-170,274.00	-118,575.00
Transfer from the result carried forward of the year	**-28,829,068.57**	64,748,632.76	-62,607,328.82
C. REMUNERATION OF THE CAPITAL	**-90,888,558.41**	-101,958,331.03	-86,322,676.67
D. DISTRIBUTION OF THE YEAR OTHER THAN REMUNERATION OF THE CAPITAL	**-324,044.00**	-301,444.00	-274,849.00
E. RESULT TO BE CARRIED FORWARD[2]	**151,609,635.87**	117,201,402.57	183,005,465.74

1 Company accounts. 2 The result to be carried forward is composed of the result to be carried forward of the year and the result carried forward of past years.

/ decision-making bodies.

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 Code on this subject, except concerning the term of office of the Director Mr Jean Franken. The Ordinary General Meeting of 2008 in fact renewed Mr Jean Franken's term of office exceptionally for a five-year period in order to spread out the respective expiry dates of the terms of office of the executive Directors.

The Corporate Governance Charter, in accordance with the Belgian Corporate Governance Code of 12.03.2009, can be consulted on the site **www.cofinimmo.com**.

Board of Directors

Composition

According to the general principles governing the composition of the Board, as adopted on a proposal by the Nomination, Remuneration and Corporate Governance Committee, the Board generally 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 independence criteria set out in Article 526ter of the Belgian Company Code, as follows:

- 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 have within the company a spouse, legal cohabitant, kin or relatives by affinity once removed holding the office of Director, member of the Executive Committee or a managerial position.

The Board meets a minimum of 8 times a year. Exceptional circumstances may necessitate the Board holding one or more additional meetings. The Board met on 11 occasions during 2009. 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.

corporate governance.

decision-making bodies.

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 started	Last renewed	Term of office ends
1	**André Dirckx** Chairman of the Board Independent Director, within the meaning of Article 526ter of the Company Code Member of the Nomination, Remuneration and Corporate Governance Committee	1936	Belgian	04.07.2001	25.04.2008	29.04.2011
2	**Jean-Edouard Carbonnelle** Executive Director	1953	Belgian	30.04.1999	25.04.2008	27.04.2012
3	**Xavier de Walque** Director (representing the shareholder Dexia) Member of the Nomination, Remuneration and Corporate Governance Committee[1]	1965	Belgian	24.04.2009	-	26.04.2013
4	**Chevalier Vincent Doumier** Director (representing the shareholder Compagnie du Bois Sauvage) Member of the Audit Committee	1955	Belgian	28.04.2006	24.04.2009	27.04.2012
5	**Serge Fautré** Managing Director	1960	Belgian	26.04.2002	25.04.2008	29.04.2011
6	**Jean Franken** Executive Director	1948	Belgian	25.04.1997	25.04.2008	26.04.2013
7	**Robert Franssen** Director (representing the shareholder Allianz Belgium)	1955	Belgian	19.02.2004	25.04.2008	29.04.2011
8	**Gaëtan Hannecart** Independent Director, within the meaning of Article 526ter of the Company Code Member/Chairman[1] of the Nomination, Remuneration and Corporate Governance Committee	1964	Belgian	28.04.2006	24.04.2009	27.04.2012
	Guy Roelandt Director (representing the shareholder Dexia) Chairman of the Nomination, Remuneration and Corporate Governance Committee[2]	1952	Belgian	24.04.1998	28.04.2006	24.04.2009
9	**Françoise Roels** Executive Director	1961	Belgian	27.04.2007	27.04.2007	30.04.2010
10	**Alain Schockert** Director (representing the shareholder Bank Degroof)	1950	Belgian	27.04.2007	27.04.2007	30.04.2010
11	**Gilbert van Marcke de Lummen** Independent Director, within the meaning of Article 526ter of the Company Code Chairman of the Audit Committee	1937	Belgian	30.04.2004	27.04.2007	30.04.2010
12	**Baudouin Velge** Independent Director, within the meaning of Article 526ter of the Company Code Member of the Audit Committee	1955	Belgian	28.04.2006	24.04.2009	27.04.2012

1 Since 24.04.2009. 2 Until 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: Les Petits Riens ASBL, Euronext NV[1], NYSE Euronext[1]

Jean-Edouard Carbonnelle

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

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

Xavier de Walque

Current function: Vice-Chairman of the Executive Committee and Chief Financial Officer of Dexia Bank Belgium SA (boulevard Pachéco 44, 1000 Brussels)

Current or previous offices: Dexia Insurance Belgium, as well as several companies of this Group, Zenitel[1], Zetes[1], Maison de la Radio Flagey SA[1], Financial Security Assurances[1], Paribas Participations Limited[1]

Chevalier Vincent Doumier

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

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

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]

Robert Franssen

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

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

Gaëtan Hannecart

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

Current or previous offices: Home Invest Belgium SA, Union Professionnelle du Secteur Immobilier (UPSI), 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, Société Espace Léopold SA[1]

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, Women on Board ASBL

Alain Schockert

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

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

Gilbert van Marcke de Lummen

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

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

Baudouin Velge

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

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

1 Previous offices.

/ decision-making bodies.

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 contribution in kind of 4 nursing homes operated by Senior Assist SA;
- the continuous monitoring of the company's financing scheme;
- the examination and selection of guidelines for the development and strategy of Cofinimmo;
- the revision of the delegation of powers to the Executive Committee;
- the disposal of a portion of own shares held by the Group via accelerated book building;
- a €100,000,000 bond issue;
- the launch of a 360 degree evaluation of the Executive Committee;
- bringing the Corporate Governance charters into line with the new Belgian Code of Corporate Governance of 12.03.2009;
- the proposed candidature of a new independent Director (Mr André Bergen), the renewal of the term of office of an independent Director (Mr Gilbert van Marcke de Lummen), of a non-executive Director (Mr Alain Schockert, representing the shareholder Bank Degroof) and of an executive Director (Mrs Françoise Roels);
- review of the Risk Assessment of the Cofinimmo Group and the various duties of the internal auditor.

Performance evaluation

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

The four-fold objectives of this evaluation are to:

- appraise the operation of the Board of Directors or the Committee concerned;
- ascertain whether important matters are prepared and discussed adequately;
- evaluate the actual contribution of each Director by their presence at meetings of the Board of Directors and the Committees, and their constructive involvement in the discussions and decision-making; and,
- ascertain whether the current composition of the Board of Directors or the Committees is appropriate.

The Board of Directors and the Committees carry out a periodic formal evaluation of their performance and the manner in which they function, both as a group and as individual members.

The performance assessment of the Board of Directors centres on a process put in place among the Chairman of the Board of Directors, the Secretary General, followed by the Nomination, Remuneration and Corporate Governance Committee, and is the subject of a decision on the agenda of the Board of Directors. The assessment focuses on the operation of the Board of Directors and the Committees via a written procedure enabling the Directors to raise matters that can then be examined by the Nomination, Remuneration and Corporate Governance Committee which decides on what action to take.

The non-executive Directors carry out a regular evaluation, at least once a year, of their interaction with the Executive Committee. For this purpose, they meet at least once a year without the members of the Executive Committee being present.

Remuneration of the non-executive Directors

The remuneration of the non-executive Directors is determined by the General Meeting on the proposal of the Board of Directors and according to the recommendation of the Nomination, Remuneration and Corporate Governance Committee.
In accordance with the decision of the General Meeting of 28.04.2006, the remuneration for 2009 is:

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

Consultative Committees of the Board of Directors

Audit Committee

The Audit Committee comprises 3 Directors, of whom 2 are independent, and complies with the requirements of the Corporate Governance Code. This concerns Messrs Gilbert van Marcke de Lummen (Chairman), Vincent Doumier and Baudouin Velge. The members of the Executive Committee do not form part of the Audit Committee but the Chief Executive Officer and the Chief Financial Officer attend the meetings. The Chairman of the Board of Directors is not a member of the Audit Committee but has a permanent invitation to attend all meetings of the Audit Committee. However, he does not participate in voting relating to any provisions and reports adopted. 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:

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

During the course of 2009, the Audit Committee met on 4 occasions. Apart from the recurrent subjects dealt with, the following matters were considered:

- the breakdown of indirect operating costs by area of activity;
- the reports on the internal auditor's assignment concerning the company Pubstone SA;
- the follow-up of the recommendations made by the internal auditor;
- the review of Risk Assessment in the Cofinimmo Group.

Remuneration of the non-executive Directors (in €)

Name	Attendance to the Board of Directors	Attendance to the Nomination, Remuneration and Corporate Governance Committee	Attendance to the Audit Committee	Total remuneration	Number of shares held as at 31.12.2009
André Dirckx	11/11	5/5	4/4	100,000	0
Jean-Edouard Carbonnelle	11/11	-	-	-	450
Xavier de Walque	6/6	2/2	-	31,712	0
Chevalier Vincent Doumier	10/11	-	4/4	51,550	178
Serge Fautré	11/11	-	-	-	0
Jean Franken	11/11	-	-	-	0
Robert Franssen	8/11	-	-	40,000	0
Gaëtan Hannecart	9/11	5/5	-	56,416	0
Guy Roelandt	4/4	2/2	-	22,233	0
Françoise Roels	11/11	-	-	-	0
Alain Schockert	11/11	-	-	47,500	0
Gilbert van Marcke de Lummen	10/11	-	4/4	60,300	0
Baudouin Velge	11/11	-	4/4	56,550	0

Nomination, Remuneration and Corporate Governance Committee

The Nomination, Remuneration and Corporate Governance 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. This concerns Messrs Gaëtan Hannecart (Chairman), André Dirckx and Xavier de Walque. The members of the Executive Committee do not sit on the Nomination, Remuneration and Corporate Governance Committee. Messrs Gaëtan Hannecart and André Dirckx meet the independence criteria defined in Article 526ter of the Company Code and, with Mr Xavier de Walque, have the appropriate expertise to guarantee the proper functioning of the Committee.

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

- issuing recommendations for the composition of the Board of Directors and its Committees and for validating the independence of its members;
- helping 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 2009, the Committee met on 5 occasions. The main matters considered were the following:

- determining the remuneration of the executive Directors so that they remain in line both with market levels and with the responsibilities assumed by them;
- preparing the evaluation of its own operation;
- preparing the evaluation of the Board of Directors;
- drawing up a remuneration report;
- preparing a 360 degree evaluation exercise for the Executive Committee;
- preparing the Corporate Governance Charters to be brought into line with the new Belgian Code of Corporate Governance of 12.03.2009;
- the proposal of the candidate for a new independent Director (Mr André Bergen), the renewal of the office of an independent Director (Mr Gilbert van Marcke de Lummen), of a non-executive Director (Mr Alain Schockert representing the shareholder Bank Degroof) and of an executive Director (Mrs Françoise Roels).

Executive Committee

Besides its Chairman, Mr Serge Fautré (CEO), the Committee, within the meaning of Article 524bis of the Company Code, 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

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

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

3 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).

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

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

Contractual terms of the members of the Executive Committee

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

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

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

The remuneration policy is intended to ensure that the remuneration of the members of the Executive Committee has been set at the right and appropriate level in order to attract, retain and motivate the management as well as being reasonable given the size of the company and the practices of other stock exchange listed companies deemed to be comparable by the Board of Directors. This policy is reviewed annually by the Board of Directors.

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

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

The **short-term variable remuneration** is intended to remunerate the collective and individual contribution of the members of the Executive Committee. Its amount is determined by the attainment of financial and quality objectives, and more precisely the degree of attainment of the company's annual budget per share, income per share according to criteria set each year, the occupancy rate of the properties, the overall assessment or any other criterion applied by the Board of Directors on a proposal by the Nomination, Remuneration and Corporate Governance Committee. For 2009 the criteria for evaluating performance are income per share, occupancy rate, Loan to Value ratio and operating margin (ratio expenditure/income).

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

For 2009, the Nomination, Remuneration and Corporate Governance Committee evaluated the achievement of the objectives of the members of the Executive Committee. This exercise resulted in the proposal of a short-term variable remuneration of 48.25% of the fixed annual remuneration. This proposal has been accepted by the Board of Directors.

The **long-term variable remuneration** takes the form of stock options and its main purpose is to maximise the long-term value of Cofinimmo by allying the interests of the management with those of the shareholders and promoting the long-term vision of the Cofinimmo management.

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

The annual costs of medical cover come to €3,106 for the CEO and €6,821 for the other members of the Executive Committee.

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 in carrying out their duties for the company.

Stock option plan

The members of the Executive Committee also benefit from a stock option plan. In 2006, Cofinimmo introduced a stock option plan under which 5,500 stock options were granted to them. This plan was rerun in 2007, 2008 and 2009.

Cofinimmo applies the standard IFRS 2 by recognising the fair value of the stock options on the date that they were granted over the period that the rights are vested (i.e. 3 years) according to the progressive acquisition method.

The annual charge for the progressive vesting is entered in the income statement under personnel costs. The options can be exercised up to 13.06.2021 at latest for the 2006 plan, up to 12.06.2022 at latest for the 2007 plan, up to 12.06.2023 at latest for the 2008 plan, and up to 11.06.2019 at latest for the 2009 plan.

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

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

The shares which may be acquired in connection with the exercise of the options are listed on Euronext Brussels 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, respectively, €86.06 for the 2009 plan, €122.92 for the 2008 plan, €143.66 for the 2007 plan and €129.27 for the 2006 plan (also see page 130).

The fair value of the stock options on the date that they were granted is €26.92 per option granted for 2006, €35.79 per option granted for 2007, €52.47 per option granted for 2008 and €51.62 per option granted for 2009.

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

Remunerations (in €)[1]

	Fixed	Variable	TOTAL
Serge Fautré	347,000[2]	137,427	484,427
Savings scheme	70,363	-	70,363
Pension promise	-	30,000	30,000
Other members of the Executive Committee	756,000[3]	172,270	928,270
Savings scheme	204,991	-	204,991
Pension promise	-	192,500	192,500

Stock options (in number)

	2009	2008	2007	2006
Serge Fautré	**1,800**	1,800	1,800	1,800
Jean-Edouard Carbonnelle	**1,350**	1,350	1,350	1,350
Jean Franken	**0**	0	1,350	1,350
Françoise Roels	**1,000**	1,000	1,000	1,000

Stock options exercised (in number)

	2009	2008	2007	2006
Serge Fautré	**0**	0	0	0
Jean-Edouard Carbonnelle	**0**	0	0	0
Jean Franken	**0**	0	0	0
Françoise Roels	**0**	0	0	0

1 With self-employed status, total cost to the company. 2 Including €50,000 of attendance fees for Cofinimmo France. 3 Including €80,000 of attendance fees for Cofinimmo France.

/ decision-making bodies.

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.

Name	Function
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
Andrée Doucet	Corporate Legal Officer
Laurence Gacoin	Area & Development Manager
Marc Hellemans	Head of Corporate Finance and Control
Dirk Huysmans	Area & Development Manager
Benoît Messiaen	Group Treasurer
Pascale Minet	Head of Accounting
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). Its remuneration 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 €89,840. The fees of the Deloitte Group relating to studies and assistance, notably on taxation matters, came to €109,172[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. €173,634.

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.
Mr Philippe Winssinger 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 financial sponsor of the Sicaf immobilière (Cofinimmo does not have such a financial sponsor), the depository bank or any company with which the Sicaf immobilière, the depository bank or a financial sponsor is linked by participating interests or where any of the above-mentioned parties gains any advantage from the transaction.

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

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

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 10.02.2009 in accordance with Article 133 § 6.

/ other parties involved.

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 €813,169 (VAT excluded) in 2009.

Internal audit - Risk Management

For risk management purposes, Cofinimmo has adopted the Enterprise Risk Management Model developed by COSO (Committee of Sponsoring Organizations of The Treadway Commission).

An in-depth analysis of risks is conducted periodically in cooperation with the managerial staff and persons occupying key positions in the company. This risk analysis involves identifying possible events, their probability of occurring and their impact on the activities of the company viewed from different angles: financial, legal, operational, counterparty, property assets and reputation. This risk analysis is set down in a formal document submitted to and discussed by the Executive Committee. It is regularly updated to reflect changes in activity and take account of lessons learned from the past.

Any investment, transaction or commitment which has a major impact on the company objectives is subjected to a risk analysis.

These risks are put in perspective in relation to the objectives and the risk propensity that the company has set for itself.

The necessary internal controls are put in place at each functional level, in the Business Units and the different departments concerned with implementing the objectives and strategic risks in operational terms. Adequate reporting and monitoring of the internal controls allows the efficacy of the controls to be evaluated and appropriate adjustments to be made at all times.

Responsibility for Risk Management is assumed by the Secretary General & Group Counsel who works in cooperation with the internal auditor and other persons in key positions in the areas of responsibility concerned.

The concept of risk and internal controls forms an integral part of the corporate culture by means of the different rules and procedures set in place: the delegation of responsibilities, code of conduct, separation of functions, etc.

/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 2009, 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 financial sponsor of the Sicafi, ...) acts as counterparty in an operation undertaken with the Sicafi or a company controlled by it.

At the end of December 2009, Cofinimmo disposed of the entire property rights in the long lease and residual interest relating to the 6 buildings of which it was owner in the business park "Les Collines de Wavre", situated to the north of the town of Wavre. These long-lease rights have been transferred to the limited liability company incorporated under Belgian law "Les Collines de Wavre" (LCDW) and the residual rights to the limited liability company incorporated under Belgian law "Foncière des Collines" (FDC), for a total amount of €30.92 million. The company LCDW financed its acquisition largely through a private issue of real estate certificates which have been placed by the Bank Degroof with institutional and private investors. Being the depository bank of the Sicafi, Bank Degroof is a related party within the meaning of Article 24 of the Royal Decree of 10.04.1995. In accordance with this Article and insofar as necessary, Cofinimmo confirms that this disposal is in its interest, that it fits in with the investment policy (more particularly the disposal policy) of the Sicafi, and that it has been carried out at arm's length conditions.

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.

A preliminary scheme of the Royal Decree modifying the rules on Sicaf immobilières has been subject to public consultation during the month of February 2010 (cf. **www.treasury.fgov.be**).

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 2009.

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 €751,914,828.78 and is divided into 14,031,763 fully paid-up shares, each of which representing an equal share, of which 12,705,070 ordinary shares without par value, and 1,326,693 preference shares without par value, that is a series of 589,605 preference shares P1 and a series of 737,088 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:

- during the 10 final calendar days of each civil quarter;
- at any time during a period of one month following the notification of the implementation of the promise of sale referred to below; and,
- in the event of liquidation of the company, during a period starting 15 days after 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 received a letter containing information on the procedure to be followed.

The subscription or acquisition of preference shares implies a commitment to sell such shares to a third party designated by the company (call option) dating from the 15th year following their issue, subject to the conditions and in accordance with the procedure defined in Article 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 55 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)	12,705,070	680,821,827.85	90.55
Preference (COFP1)	589,605	31,594,942.32	4.20
Preference (COFP2)	737,088	39,498,058.61	5.25
TOTAL	14,031,763	751,914,828.78	100.00

1 See also the Law of 01.04.2007 concerning public takeover bids. 2 At the closing date of this 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 (22.02.2008) 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. To date, the Board of Directors has made use of this facility, both in connection with the capital increase by contribution in kind decided on 20.03.2008 for the amount of €26,465,277.02, and in connection with the capital increase by contribution in kind decided on 16.12.2009, for the amount of €12,062,707.00, such that the amount by which the Board of Directors may increase the issued capital within the limits of the authorised capital is €601,472,015.98.

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 on 13.02.2009 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 Financial Report was adopted, Cofinimmo SA held 22,374 own shares.

Contractual terms of the members of the Executive Committee

The contractual terms of the Director members of the Executive Committee are described on page 53 of this Report.

Change of control

The public offering of bonds in Belgium on 22.10.2009 includes what is known as a Change of Control clause providing for a 1.25% increase in the annual interest rate with respect to the bonds in the event of a change of control, and a Rating Downgrade (whereby a Rating Agency gives the issuer a rating below Investment Grade) would take place during the period of change of control. This new interest rate would apply with effect from the interest period following the Rating Downgrade concerned.

Cofinimmo articles of association

Extracts from the Cofinimmo articles of association are published on page 146 of the Annual Financial Report. Their most recent revisions date from the Extraordinary General Meeting of 21.01.2009, and from the Board of Directors' meetings of 30.07.2009, 29.10.2009, 16.12.2009 and 10.02.2010.

/ corporate social 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 its property portfolio with respect for the environment and natural resources by reducing its ecological footprint in an economically rational manner.

Environmental responsibility

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 its 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, printing works, 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, the company 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 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 disposes of urban permits certifying the conformity of the construction or renovation works with the legal dispositions. Where the responsibility for obtaining urban and/or environmental permits lies with the tenants, Cofinimmo makes every effort to encourage them to apply for the permits in good time.

Technical audit/Tenant safety

The technical installations (boilers, air conditioning, transformers, 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.

In the case of buildings for which the tenant is responsible for technical and property-related matters, Cofinimmo endeavours to advise the occupant to organise this verification and then checks on the standard and outcome of the verification. In order to guarantee optimum safety for its clients, the company's Quality Management department 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 the 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 2010 in order to reach the objective fixed by the European Commission consisting of withdrawing the fluorinated and organic gasses so as to reduce the greenhouse effect between now and 2015. The company also ensures that its air conditioning installations are properly maintained.

Asbestos

All asbestos applications which present a risk to humans have been removed from the buildings. Residual and non-significant applications are the subject of a management plan that is reviewed yearly by accredited experts. In the event that any new evaluation concludes that the risk has become potentially significant (material decomposing, new regulations, ...), the application in question would 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 2009, 76 buildings were monitored, for 9 of them an intervention on the short or middle-term is scheduled. The survey to identify the presence of asbestos and related risks is also conducted for each new investment.

/ corporate social responsibility.

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]. For all the Cofinimmo development projects carried out, supervised or started in 2009 and subject to this Directive, these provisions have been complied with or even exceeded ahead of the applicable regulations in this area. The development projects carried out in 2009 are all associated with an energy performance no greater than E75, whereas the rating currently required by law in the Regions is E100 for Flanders and E90 in the Brussels Region. These E-ratings are due to be downgraded by the Regions in 2010-2011. An application for a BREEAM[2] certificate will be submitted shortly by Cofinimmo for the City Link building. Where projects are carried out under the responsibility of tenants, Cofinimmo advises them and alerts their attention to the importance of constructing sustainable low-energy buildings.

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.

Finally, during the budget process there is encouragement at every level of responsibility to pay special attention to improving the environmental aspect, such that Cofinimmo has already obtained a number of grants for carrying out this type of work.

CO_2 emissions

As a corollary to the energy management of its properties, Cofinimmo has carried out an analysis of the CO_2 emissions 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/m² offices[4]. 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 allows savings of around 15,000 tonnes of CO_2/year, equivalent to the production generated by 8 wind turbines of average power.

In 2008 the Environmental Management System (EMS) of 3 buildings in the portfolio (Woluwe 58, Montoyer 40 and Souverain 36) was accredited according to the ISO 14001:2004[5] standard. 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.

In tandem with these measures, with a view to actively reducing CO_2 emissions by its fleet of vehicles, the company raises awareness among the users by encouraging them to choose cleaner vehicles. The extension of the leasing contracts owing to the economic slowdown means that the full impact of this new policy, introduced in 2009, will only be felt from 2010 onwards.

Waste management & cleaning

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

Since 2009, the buildings under management are cleaned using mainly biodegradable, environmentally friendly products.

For all building maintenance operations, Cofinimmo ensures that its subcontractors use products with a minimum environmental impact.

Comparative between the maximum energy performance (E) imposed by the Law and the level preconceived by Cofinimmo for its most important development projects in 2009

Building[3]	Calculated E	Required E
Avenue Building	75	100
City Link	74	100
West-End	69	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 BREEAM (which means the "BRE Environmental Assessment Method", i.e. the method of assessing the environmental performance of buildings developed by BRE, the British Building Research Establishment), is the reference standard in terms of sustainable construction and has become the assessment method employed de facto for describing the environmental performance of a building (**www.breeam.org**). 3 For a description of the project, please see the Management report on page 22. 4 Source: IBGE. 5 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.

Document management

Cofinimmo attaches great importance to the optimal management and archiving of its different working documents. Accordingly, a computerised procedure aimed at digitising, organising and indexing the various information and documents within the organisation was put in place in 2004. To date, it contains 57,000 documents, that is to say 625,000 pages. In practice, upon receipt 80% of the documents are scanned and distributed internally by e-mail, allowing their life cycle to be tracked in optimal fashion and considerably scaling down the volume of paper. Also with the object of saving paper, Cofinimmo is in the process of completing the replacement of the existing printers with double-sided printers. The company is also taking part in a recycling programme for documents which need to be destroyed, in cooperation with a specialised firm, enabling it to further reduce its environmental footprint.

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 urban 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), the European Quarter Fund and Antwerp Headquarters. 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 actively participate in promoting and developing 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. As a member of such think-tanks as the Itinera Institute, it seeks to contribute towards furthering long-term economic growth and social protection in Belgium and the Regions.

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

Cofinimmo's role also consists of providing quality living and working space which caters for the activities and requirements of the occupants. It is in a position to offer public authorities and citizens quality buildings for very specific uses. By investing in nursing homes, Cofinimmo is seeking 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 aim is to assist the public or private entities as best possible with developing and implementing solutions to accommodate their specific property requirements.

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 pursue a long-term strategy. Its diversification policy serves to enhance its risk profile and rental income alike. The company is constantly attentive to its financial equilibrium and future growth. Value creation for its shareholders is one of its objectives.

In its relations with professional partners and the outside world in general, its watchwords are dialogue and consultation. Cofinimmo constantly endeavours to communicate its achievements and results in a rigorous, comprehensive and transparent manner.

Its Code of conduct, distributed in-house to all the staff, puts the emphasis on values that are essential in a professional environment, such as honesty, rigour, integrity and respect for others.

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 2009, it supported numerous humanitarian and social projects such as the Fondation Roi Baudouin, Les Petits Riens, Télévie, Comi Clowns, Enfance Tiers Monde, the Thermos campaign, the humanitarian projects Azawagh and Samilia, etc.

The company is also keen to foster the personal development of its staff by offering a work environment which is adapted to its needs, motivating and comfortable, identifying and furthering their skills while promoting diversity and equal opportunities (see also the chapter on human resources management on the following page).

/ human resources management.

During 2009, the company's growth did not match the 2008 figure and the staffing level only rose by two. Cofinimmo has put the focus on developing the skills of its staff.

Staff level

At 31.12.2009, the company employed 109 staff (average age 37), of whom 60% are university graduates and 18% have a qualification at post-graduate level, this last figure growing continuously. About 54% of the staff are working on client and portfolio management with the remaining personnel employed in support activities. The staff total breaks down into 66% female and 34% male employees. During the year, 5 staff members were taken on with just 3 departures. Absenteeism, as in previous years, is low, at just 2% of the total number of days worked.

Diversity

At the end of 2007, Cofinimmo put in place a two-year Diversity Plan intended to prevent any type of discrimination relating to age, gender and origin. Whereas, at the end of 2008, the proportion of young employees under 26 years of age and those of foreign origin had increased quite significantly, the trend had levelled off by the close of 2009 due to the decline in recruitment.

Cofinimmo is one of the 4 first companies to have received the "Diversity Label" granted by the Brussels-Capital Region for its 2007-2009 plan (see also **www.diversite.irisnet.be** under the caption "Actualité").

This Plan is only the first stage in Cofinimmo's efforts and determination not to exclude any population group from its palette of staff. Over the next few years, it will consolidate all these measures and ensure that the Plan is continued.

nous cultivons la diversité
diversiteit, daar werken we mee
2010 - 2012

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, while taking into account an objective job classification. It includes a retirement benefit plan, a profit-sharing scheme and, for 2009, a non-recurrent bonus linked to the company performance. The profit-sharing scheme amounted to €434,812 in 2009. The members of the Group's Executive Committee and Management benefit from a stock option plan designed to cement company loyalty by allying their interests with the results of the Group. In 2009, a total of 7,215 stock options were granted, representing a fair value of €372,440 (see Note 42 page 130).

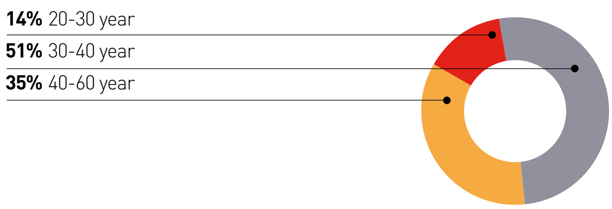
Nurturing talent

To an even greater extent than in previous years, Cofinimmo is keenly aware that its human capital constitutes one of its major strengths. For that reason, it constantly strives to develop the talents, skills and expertise of its staff. Every member of staff has an annual personal development plan, ranging over such matters as languages, technical subjects as well as soft skills (assertiveness, speaking in public, time management, ...).

In tandem with the more traditional training courses, Cofinimmo offers its staff the opportunity to pursue longer-term training at post-graduate level, both in Belgium and, more exceptionally, abroad.

Over 89% of the staff attended one or more training courses in 2009, representing a total of 4,321 hours and a budget equivalent to approaching 2.5% of the gross salary bill, distributed equitably among all the staff (men/women, younger/older employees, ...). Of the 620 training days allocated for the staff, 54 focused on environmental topics, energy performance of buildings and sustainable development.

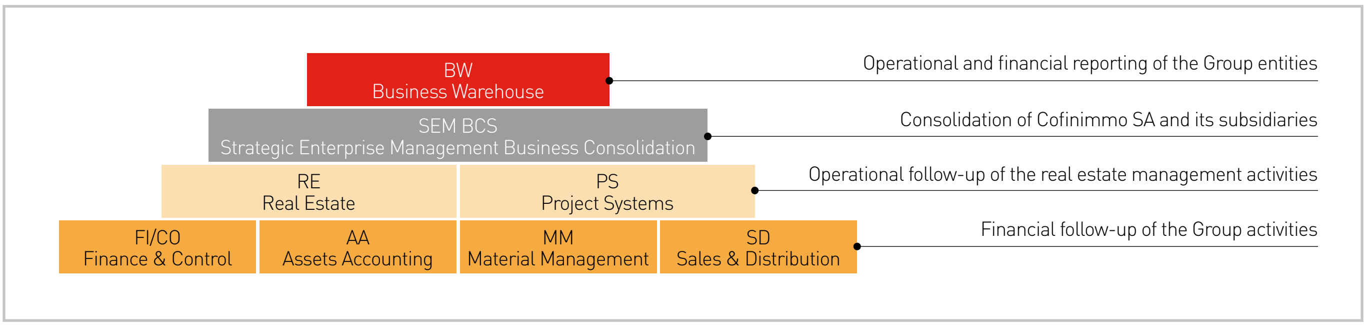
Staff by age group (in %)



/ IT management.

In accordance with its objectives, Cofinimmo has continued to integrate its work processes into the SAP information management system by implementing the Project Systems module for its property construction and renovation projects. This will allow it to programme, budget and monitor in detail the projects conducted, and to support its expansion in the different sectoral and geographical business arms with greater security and control.

Also this year, the company has pursued efforts to improve these processes with a view to more efficient management of its property portfolio, client base and accounts. The next stages will entail integrating the foreign subsidiaries and the corresponding reporting.



Cofinimmo targets private and institutional investors, from Belgium and abroad, who are seeking a moderate risk profile combined with a high dividend yield.

They have a choice between 3 listed instruments offering different risk, liquidity and return profiles:

- the ordinary share;
- the preference share;
- the bonds.

The ordinary share

The Cofinimmo ordinary shares have been listed on NYSE Euronext Brussels (ticker: COFB) since 1994 and on NYSE Euronext Paris since June 2008. The share is included in the BEL20, Euronext 150 and MSCI indices. It is also included 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

2009 will go down in the annals as a remarkable year for the stock market. Never before had there been such a negative trend followed by such a sustained stock market rally within the space of a single year. European property shares plunged 29% on average at the beginning of the year before bottoming out in March. They then bounced back sharply: by 88% on average[1]. Accordingly, the EPRA Europe index closed the year up by 28.86% on average. During the final months, the stock market rally slowed and prices of most property shares plateaued.

In the listed real estate sector, 2009 will remain etched in the memory as the year when several companies were obliged to carry out substantial capital increases at very heavy discounts against the intrinsic value. The wave of capital increases began in the UK in March before reaching continental Europe (although in weaker form).

At the beginning of the year, the Cofinimmo share moved up slightly, attaining its highest price of €111.24 on 06.01.2009, whereupon it fell rapidly owing to the disastrous stock market climate. The share reached its lowest point on 09.03.2009, at €71.17. Thanks to various measures taken during the year (including the sale of own shares, the sale of receivables and the bond issue) and the general stock market revival, by September the trend had reversed and the price had moved closer to the intrinsic value per share. The graph on the following page illustrates the performance of the Cofinimmo share in the stock market (excluding payment of the dividend) by comparison with the BEL20 and EPRA indices over the past 2 years. Despite the negative final result (Cofinimmo: -23.39%, Euronext 100 index: -31.30%, EPRA Europe index: -36.71%, BEL20 index: -39.15%), the graph highlights the relative resilience of the Cofinimmo share, which stems in particular from the defensive profile of the Sicafi.

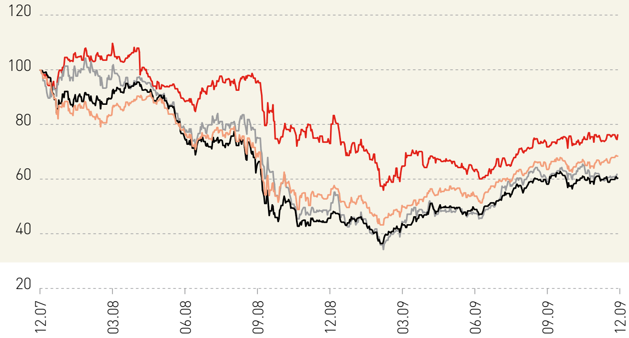
Taking into account the reinvestment of the dividend, over a 5-year period (from December 2004 to December 2009) Cofinimmo generated a return of 11.79%, or an average actuarial annual return of 2.25%. During the same period, the BEL20 and Euronext 100 total return indices moved up 1.96% and 22.58%, respectively, representing average weighted annual returns of 0.39% and 4.15%. Also during this period, the EPRA Europe total return index dropped 10.59%, or an average annual performance of -2.21%.

Also in 2009, Cofinimmo continued to put a great deal of effort into enhancing the liquidity of its share. Accordingly, it organised regular road shows and invested in publicity campaigns.
With a market capitalisation of the ordinary shares standing at €1.25 billion and an average daily volume of €3.1 million or close to 35,000 shares, Cofinimmo's liquidity level is sufficient to keep it on the radar screen of the major institutional investors.

1 Source: JP Morgan European Property, December 2009.

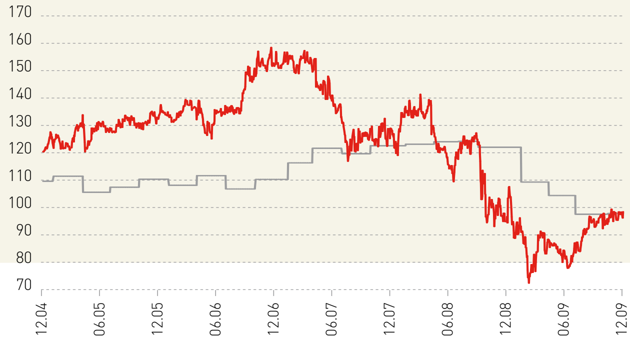
Cofinimmo in the stock market.

Trend in the share price (in %)



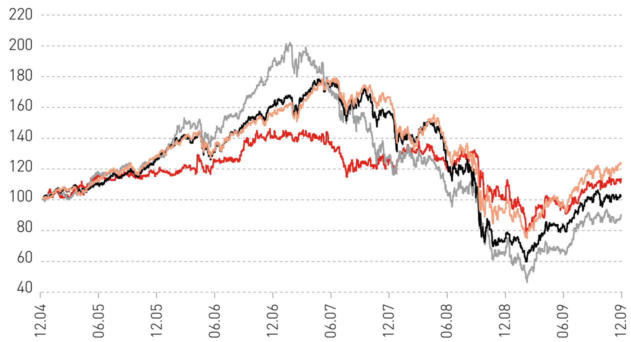
BEL20 index
Euronext 100 index
Cofinimmo share price
EPRA Europe index

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



Cofinimmo share price
Revalued net asset (in fair value)

Total returns (in %)



BEL20 total return index
Euronext 100 total return index
Cofinimmo total return
EPRA Europe total return index

ISIN BE0003593044	2009	2008	2007
Share price (in €)			
Highest	**111.24**	142.00	157.35
Lowest	**71.17**	93.01	116.95
At year-end	**98.61**	94.52	128.72
Average	**89.58**	120.57	138.61
Dividend yield[1]	**7.26%**	6.47%	5.59%
Gross return[2] (over 12 months)	**13.85%**	-22.31%	-11.08%
Dividend[3] (in €)			
Gross	**6.50**[4]	7.80	7.75
Net	**5.53**[4]	6.63	6.59
Volume			
Average daily volume	**34,917**	37,638	26,091
Annual volume	**8,938,724**	9,672,909	6,653,113
Number of shares entitled to share in the consolidated profits of the year	**12,682,696**	11,846,772	9,872,029
Market capitalisation at year-end (x €1,000)	**1,250,641**	1,072,286	1,275,543
Free float zone[5]	**90%**	85%	85%
Velocity[5]	**75.72%**	90.06%	67.39%
Adjusted velocity[5]	**84.14%**	105.96%	79.29%
Pay-out ratio[6]	**87.01%**	106.85%	88.57%

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 In the net current result Group share IAS 39 impact excluded.

The preference share

The preference shares are listed on NYSE Euronext Brussels (tickers: COFP1 for the 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 since 01.05.2009 (1 for 1). In 2019, Cofinimmo can purchase the unconverted shares at their issue price (see also the section Capital structure in the Corporate Governance chapter, page 60).

ISIN BE0003811289 (COFP1)/ISIN BE0003813301 (COFP2)	**COFP1 2009**	COFP1 2008	**COFP2 2009**	COFP2 2008
Share price (in €)				
At year-end	**95.00**	95.00	**91.75**	95.00
Average	**93.29**	122.07	**87.58**	118.70
Dividend yield[1]	**6.83%**	5.22%	**7.27%**	5.37%
Gross return	**7.24%**	-20.79%	**5.04%**	-20.79%
Dividend[2] (in €)				
Gross	**6.37**[3]	6.37	**6.37**[3]	6.37
Net	**5.41**[3]	5.41	**5.41**[3]	5.41
Volume				
Average daily volume[4]	**728**	872	**108**	137
Annual volume	**11,640**	14,838	**6,993**	10,978
Number of shares	**589,605**	702,490	**737,088**	797,276
Market capitalisation at year-end (x €1,000)	**56,013**	66,736	**67,628**	75,741

The bonds

Cofinimmo issued 2 bonds. The first was issued by Cofinimmo Luxembourg SA in 2004, listed on NYSE Euronext Brussels and on the Luxembourg stock exchange, and the second by Cofinimmo SA in 2009, listed on NYSE Euronext Brussels. Both bonds will be redeemed in 2014 at their nominal value of €100 million.

(in %)

ISIN XS0193197505 (Cofinimmo Luxembourg SA 2004-2014)	**2009**	2008	2007
Market price			
At year-end	**99.56**	91.98	100.55
Average	**96.53**	97.69	101.62
Average yield to maturity (average for the year)	**6.05**	5.78	4.97
Effective yield at issue	**5.064**	5.064	5.064
Interest coupon			
Gross (per tranche of €100)	**5.25**	5.25	5.25
Net (per tranche of €100)	**4.46**	4.46	4.46
Number of securities	**1,000,000**	1,000,000	1,000,000

1 Gross dividend to average annual share price. 2 Withholding tax on dividends paid is 15%. 3 Forecast. 4 Average calculated on the trading days on which a volume was registered.

Cofinimmo in the stock market.

(in %)			
ISIN BE0002171370 (Cofinimmo SA 2009-2014)	**2009**	2008	2007
Market price			
At year-end	**102.43**	-	-
Average	**103.18**	-	-
Average yield to maturity (average for the year)	**4.27**	-	-
Effective yield at issue	**4.54**	-	
Interest coupon			
Gross (per tranche of €1,000)	**5.00**	-	-
Net (per tranche of €1,000)	**4.25**	-	
Number of securities	**100,000**	-	-

Shareholders structure (at 31.12.2009)

Company	Sector	Ordinary shares	%	Preference shares	Total number of shares (voting rights)	%
Dexia SA[1]	Insurance	816,307	6.43%	291,706	1,108,013	7.90%
Allianz Belgium SA[1]	Insurance	668,932	5.27%		668,932	4.77%
Cofinimmo Group	Own shares	22,374	0.18%		22,374	0.16%
Number of shares issued		12,705,070	100.00%	1,326,693	14,031,763	100.00%
Free float[2]			88.12%			87.17%

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

Shareholders calendar

Ordinary General Meeting for 2009	30.04.2010
Intermediate declaration: results at 31.03.2010	04.05.2010[3]
Dividend payment date (ordinary and preference shares)	
Coupon detach date (Ex date)[4]	03.05.2010
Record date[5]	05.05.2010
Dividend payment date	From 10.05.2010
Financial service	Bank Degroof (principal paying agent) or any other financial institution
Coupons	
Ordinary share	Coupon N° 18
Preference shares	Coupons N° 6 (COFP2) and N° 7 (COFP1)
Half-yearly Financial Report: results at 30.06.2010	02.08.2010
Intermediate declaration: results at 30.09.2010	02.11.2010[3]
Annual press release: results at 31.12.2010	11.02.2011
Ordinary General Meeting for 2010	29.04.2011

1 Situation based on the shareholding notifications received in accordance with the Law of 02.05.2007. Any modifications notified since 31.12.2009 have been published according to the provisions of the above-mentioned Law and can be consulted on the company's website **www.cofinimmo.com**, under the heading "Investor Relations & Media/Share Information/Shareholder Structure". Dexia SA is the parent company of Dexia Banque Belgique SA, which in turn 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 These dates were modified compared to those announced in the press release of 12.02.2010. 4 Date from which the share is traded without a right to payment of future dividends. 5 Date on which positions are closed in order to identify the shareholders who qualify to receive a dividend.

/ introduction.

In 2009, Cofinimmo pursued an investment and divestment strategy as well as a commercial policy improving the quality and the risk profile of its portfolio, offering the company a favourable position in the current recession[1].

In the office sector in Belgium, Cofinimmo privileged acquisitions in prime locations with important rental potential 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 valuations.

The real estate partnership concluded with AB InBev in 2007 (Pubstone) and the diversification in the nursing homes and clinics segment allowed the company to redeploy 39.2% 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 96.86%, well above the average of the Brussels office market (88.69%, source: CB Richard Ellis).

1 See Management report on pages 11 and following.

/ geographic location.

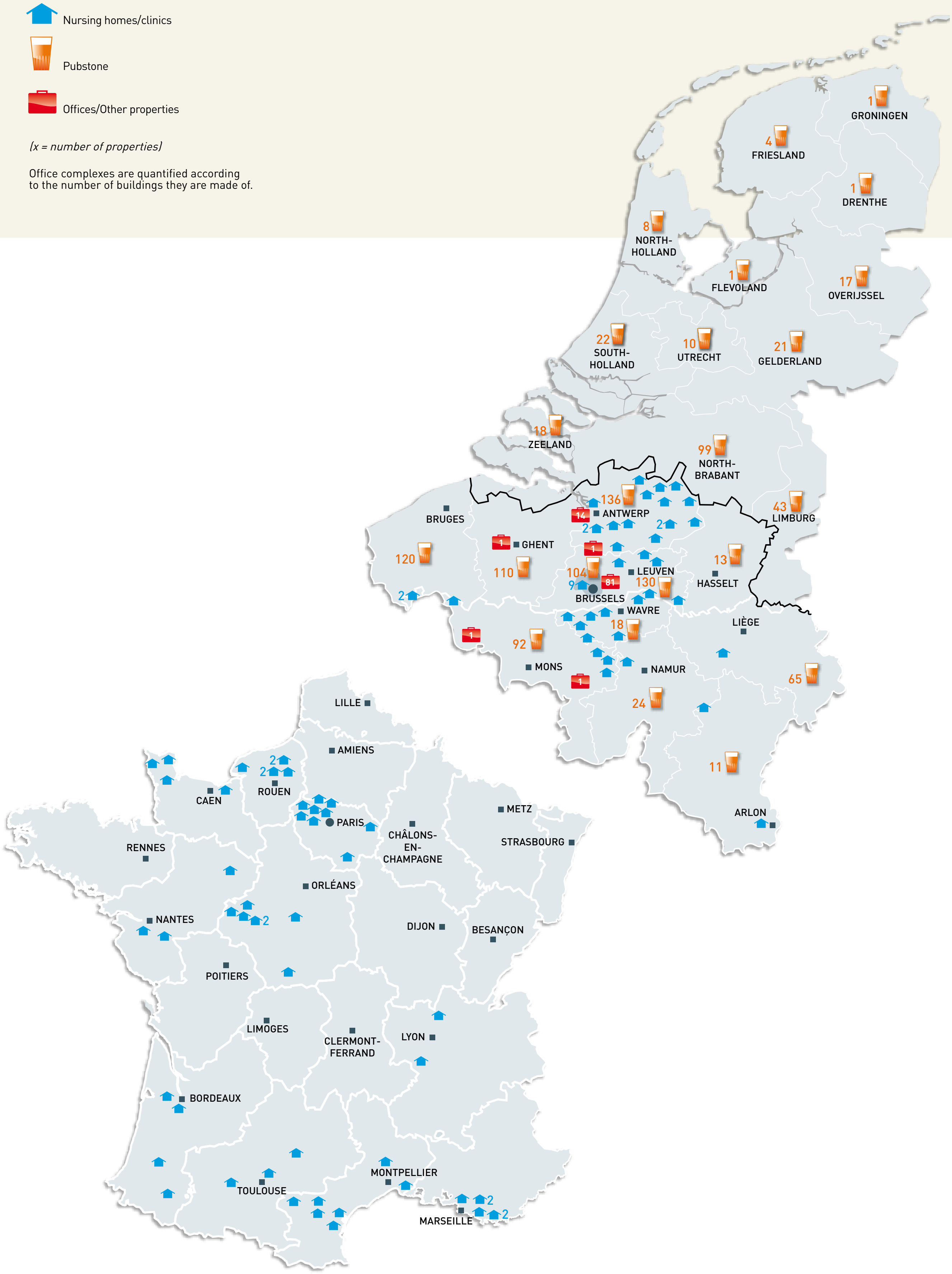
Nursing homes/clinics

Pubstone

Offices/Other properties

(x = number of properties)

Office complexes are quantified according to the number of buildings they are made of.



/ office market.

Brussels

A key feature of the Brussels office market is the large presence of government institutions, both Belgian and European. This market breaks down into 3 districts, each of which with its own distinct characteristics:

Central Business District (CBD)

This district, composed of 4 sub-districts, Brussels Centre, the Leopold District, Brussels North and the Louise District, constitutes the epicentre of the city.

The **Centre** is the area formed by the Pentagon of Brussels, the historic heart of the city, in which are located buildings as the Royal Palace and the Federal Parliament. Offices in this area are traditionally occupied by Belgian public authorities and large Belgian companies.

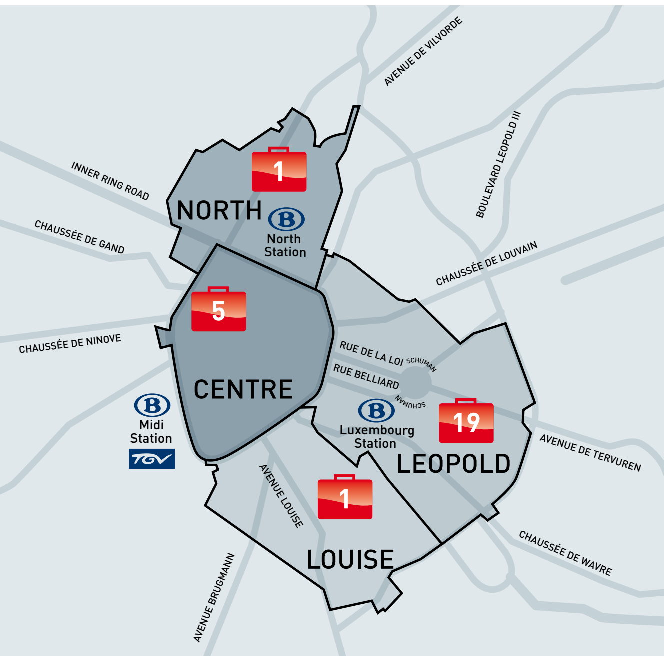
The **Leopold District** is the European heart of the city. It is centred on the Schuman roundabout, rue Belliard and rue de la Loi, and accommodates all the European institutions as well as numerous delegations, representations and associations working closely with them. A network of tunnels provides fast access to the national airport (20 minutes).

The **North District**, meanwhile, is a modern business quarter situated close to the North Station. Its typically high-rise buildings are occupied by Belgian and regional ministries, semi-public companies and large corporates.

The **Louise District** to the south of the Brussels inner ring road is characterised by a mixture of prestige properties, such as offices, hotels, shops, ... all benefiting from the cachet radiated by avenue Louise, still one of the city's most prestigious avenues. The offices are chiefly occupied by lawyers, embassies and medium-sized private firms (insurance, financial operations, ...). The Midi Station, which is the terminal for high-speed trains now running from Brussels to Amsterdam (113 minutes), Cologne (107 minutes), London (120 minutes) and Paris (80 minutes), recently saw the opening of a new business hub.

Within the CBD, take-up of office space is generally based on long-term rental contracts (9 to 27 years). The calibre and stability of the tenants means that this area enjoys the lowest vacancy rate, while rent levels here are the highest in the capital.

Central Business District



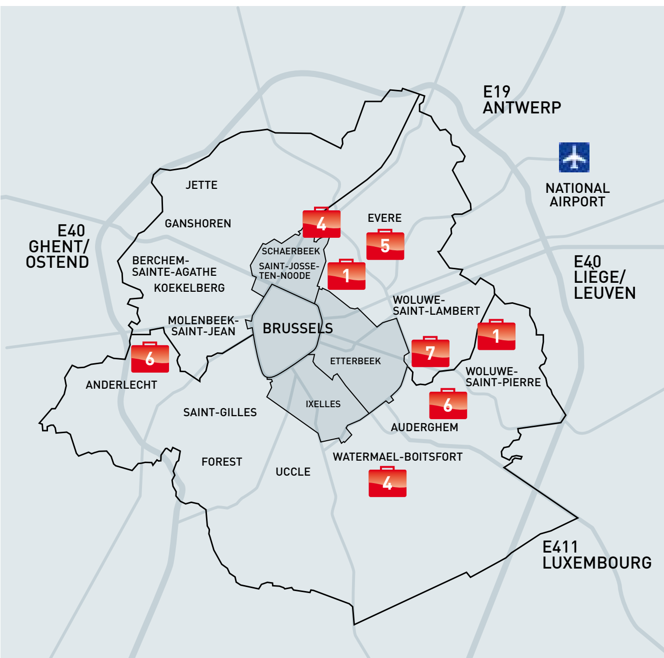
Decentralised
This district encompasses the remaining 19 municipalities of the Brussels' Region. It offers an excellent working environment due to its residential setting and green space, easy access and the presence of multiple shopping facilities. Tenants in this area are generally medium to large private companies, willing to conclude classic 3-6-9 year leases.

Periphery & Satellites
This district, situated just outside the Brussels-Capital Region along the Brussels outer ring road, mainly houses private companies operating in such sectors as technology, consultancy, pharmaceuticals and chemicals. The out-of-town location, advantageous tax regime of the Flemish and Walloon Regions compared with Brussels, as well as the presence of the national airport attract many multinationals to this area. However, the northern part of the Periphery (Zaventem-Diegem) is suffering from a high rate of vacant space due, among other factors, to the recent construction of various property complexes which remain unoccupied at present. Leases concluded with tenants in this area are generally of the classic type and flexible, allowing them to be adapted rapidly to a market in a constant state of flux.

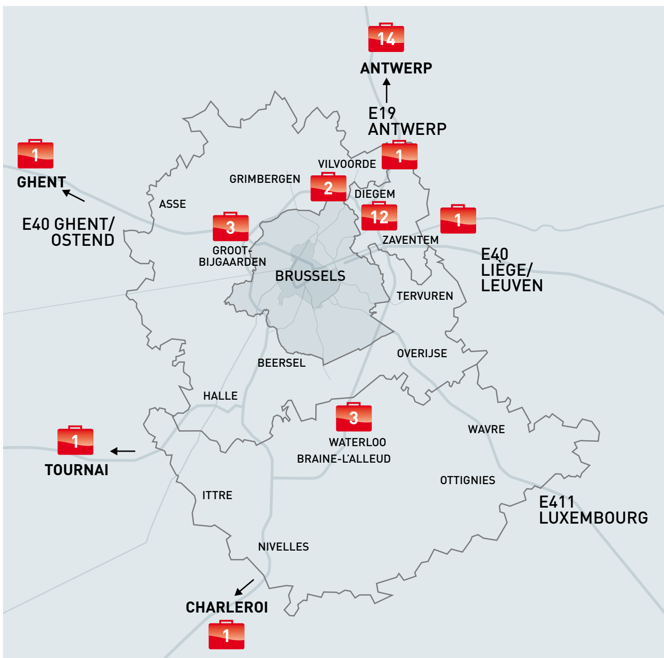
Antwerp

The city of Antwerp, with its port, is located in one of the most industrialised regions of Europe. Its office market is spread over 4 districts: the Port, the Centre, the Singel (the most sought-after area) and the Periphery. Occupants of the office buildings are a highly diverse mix.

Decentralised



Periphery & Satellites



/ consolidated property portfolio.

The table illustrated on the following pages includes:

- the properties for which Cofinimmo receives rents;
- the properties with rents assigned in whole or in part to a third party, with Cofinimmo retaining 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.

As a reminder, these buildings benefit from the following rental situation:

Properties	Superstructure (in m²)	Contractual rents[1] (x €1,000)	Occupancy rate	Tenant
Antwerp Court of Justice	72,131	1,267	100%	Buildings Agency (Belgian Federal State)
Antwerp Fire Station	23,585	188	100%	City of Antwerp
HEKLA Police Station	4,805	575	100%	Police

1 It concerns the portion of unsold rents which varies from 4.0% to 100.0% according to the buildings.

/ consolidated property portfolio.

(at 31.12.2009)

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	**645,351**	**105,951**	**94%**	**112,717**	**104,938**
Brussels Centre & North	**15,302**	**2,714**	**100%**	**2,714**	**2,351**
Allard 40-42	1,763	311	100%	311	295
Régence 55-65	11,622	1,922	100%	1,922	1,750
Royale 94	1,917	481	100%	481	306
Brussels Leopold & Louise District	**140,887**	**29,466**	**98%**	**30,150**	**28,289**
Arts 19H	11,099	2,031	100%	2,031	1,936
Arts 47	6,915	1,006	77%	1,303	1,111
Auderghem 22-28	5,853	1,451	93%	1,564	1,331
Da Vinci, Cortenbergh 107	7,435	2,329	100%	2,329	1,841
Guimard 10-12	10,796	2,494	100%	2,494	2,149
Livingstone 6	34,777	6,579	100%	6,579	6,859
Loi 57	10,279	2,022	100%	2,022	2,126
Loi 227	5,615	1,169	83%	1,411	1,230
Louise 140	4,133	816	99%	822	730
Montoyer 14	3,807	748	100%	748	659
Montoyer 40	3,901	790	100%	790	719
Montoyer Science	12,798	3,632	99%	3,656	3,059
Science 15-17	17,722	3,231	100%	3,231	3,414
Trône 98	5,757	1,168	100%	1,170	1,124
Brussels Decentralised	**288,716**	**45,694**	**92%**	**49,927**	**46,910**
Bourget 40 Leopold Square	14,641	2,144	100%	2,144	2,291
Bourget 42 Leopold Square	25,753	4,858	100%	4,858	4,320
Bourget 44 Leopold Square	14,085	3,128	100%	3,128	2,348
Bourget 50 Leopold Square	5,043	860	99%	873	815
Brand Whitlock 87-93	6,066	1,102	96%	1,144	977
Colonel Bourg 105	2,634	363	97%	373	334
Colonel Bourg 122	4,129	419	64%	656	656
Corner Building	3,424	613	100%	613	468
Georgin (RTL House)	17,439	2,845	100%	2,845	2,640
Herrmann-Debroux 44-46	9,666	1,692	100%	1,699	1,590
Moulin à Papier	3,387	267	59%	453	562
Omega Court	16,556	1,086	37%	2,904	2,887
Paepsem Business Park	26,597	2,425	87%	2,785	2,604
Place Saint-Lambert (parking)	-	28	56%	49	53
Serenitas	19,823	3,193	73%	4,353	3,564
Souverain 24	3,897	688	100%	691	694
Souverain 25	57,415	10,546	100%	10,546	10,514
Souverain 36	8,310	1,459	97%	1,500	1,570
Tervuren 270	20,773	3,305	99%	3,322	3,356
Woluwe 34	6,680	1,132	100%	1,132	996
Woluwe 58	3,868	711	100%	711	700
Woluwe 62	3,422	608	100%	608	557
Woluwe 102	8,090	1,041	77%	1,351	1,334
Woluwe 106-108	7,018	1,183	99%	1,190	1,079
Brussels Periphery	**79,203**	**10,526**	**90%**	**11,649**	**10,899**
Leuvensesteenweg 325	6,059	478	93%	517	457
Luchthavenlaan 20	1,900	142	100%	142	147
Luchthavenlaan 22	2,466	249	100%	249	245
Park Hill	17,861	2,176	91%	2,389	2,186
Park Lane	31,863	5,216	94%	5,550	5,122
West-End	10,020	1,224	69%	1,762	1,784
Woluwelaan 151	9,034	1,041	100%	1,041	957

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 Satellites	**8,054**	**1,207**	**97%**	**1,241**	**1,271**
Waterloo Office Park I	2,289	375	99%	379	363
Waterloo Office Park J	2,289	362	98%	368	362
Waterloo Office Park L	3,476	470	95%	494	545
Antwerp Periphery	**32,984**	**4,675**	**97%**	**4,818**	**4,229**
Garden Square	7,464	979	97%	1,005	887
Prins Boudewijnlaan 41	6,007	896	97%	922	880
Prins Boudewijnlaan 43	6,007	943	92%	1,023	881
Veldkant 31-33	9,410	1,300	99%	1,306	1,076
Veldkant 35	4,096	558	100%	561	505
Antwerp Singel	**26,916**	**3,601**	**87%**	**4,149**	**4,359**
City Link	26,916	3,601	87%	4,149	4,359
Other Regions	**53,289**	**8,069**	**100%**	**8,069**	**6,633**
Albert I, Charleroi	18,823	3,219	100%	3,219	2,008
Kortrijksesteenweg 39, Ghent	5,755	636	100%	636	659
Mechelen Station, Mechelen	28,711	4,215	100%	4,215	3,966
RECONSTITUTION OF LEASE PAYMENTS SOLD AND DISCOUNTED - OFFICES	**214,960**	**21,305**	**100%**	**21,378**	**21,292**
Brussels Centre & North	**164,708**	**15,762**	**100%**	**15,762**	**15,762**
Egmont I[1]	36,674	2,527	100%	2,527	2,527
Egmont II[1]	22,616	1,083	100%	1,083	1,083
North Galaxy	105,418	12,152	100%	12,152	12,152
Brussels Leopold & Louise District	**26,593**	**3,288**	**98%**	**3,361**	**3,361**
Loi 56	9,484	1,051	100%	1,051	1,051
Luxembourg 40	7,927	1,318	100%	1,318	1,318
Nerviens 105	9,182	854	100%	854	854
Square de Meeûs 23 (parking)	-	65	47%	138	138
Brussels Decentralised	**20,199**	**1,590**	**100%**	**1,590**	**1,590**
Colonel Bourg 124	4,137	220	100%	220	220
Everegreen	16,062	1,370	100%	1,370	1,370
Other Regions	**3,460**	**666**	**100%**	**666**	**580**
Maire 19, Tournai	3,460	666	100%	666	580
TOTAL OFFICES & RECONSTITUTION OF LEASE PAYMENTS SOLD AND DISCOUNTED	**860,311**	**127,257**	**95%**	**134,095**	**126,230**
NURSING HOMES/CLINICS	**465,948**	**51,240**	**100%**	**51,240**	**50,107**
Belgium	**253,817**	**27,486**	**100%**	**27,486**	**26,877**
Operator: Armonea	**126,356**	**12,656**	**100%**	**12,656**	**12,322**
Binnenhof, Merksplas	3,053	386	100%	386	366
De Wyngaert, Rotselaar	6,451	640	100%	640	652
Den Brem, Rijkevorsel	4,063	465	100%	465	447
Domein Wommelgheem, Wommelgem	6,836	786	100%	786	771
Douce Quiètude, Aye	5,147	344	100%	344	382
Euroster, Messancy	6,392	1,048	100%	1,048	905
Heiberg, Beerse	3,647	357	100%	357	357
Hemelrijck, Mol	9,996	883	100%	883	885
La Clairière, Comines-Warneton	2,437	233	100%	233	219
Laarsveld, Geel	5,591	757	100%	757	699
Laarsveld Service Flats, Geel	809	52	100%	52	52
Le Castel, Brussels	4,182	428	100%	428	427

1 The rents mentioned for the buildings Egmont I and II correspond to the reconstitution of lease payments sold. However, Cofinimmo still collects their full contractual rents until 31.12.2010. On an annual basis, they stand at €10.27 million for Egmont I and at €4.32 million for Egmont II.

/ consolidated property portfolio.

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)
Le Ménil, Braine-L'Alleud	4,404	521	100%	521	480
Les Trois Couronnes, Esneux	4,454	479	100%	479	453
L'Orchidée, Ittre	1,530	470	100%	470	434
L'Orée du Bois, Comines-Warneton	5,387	510	100%	510	513
Millegem, Ranst	4,833	584	100%	584	554
Nethehof, Balen	4,547	424	100%	424	374
Parc, Biez	12,839	184	100%	184	195
Sebrechts, Brussels	8,148	954	100%	954	935
't Smeedeshof, Oud-Turnhout	8,555	853	100%	853	844
Vogelzang, Herentals	8,759	813	100%	813	865
Vondelhof, Boutersem	4,296	485	100%	485	513
Operator: Calidus	**3,288**	**316**	**100%**	**316**	**319**
Zevenbronnen, Walshoutem	3,288	316	100%	316	319
Operator: Medibelge	**18,510**	**1,930**	**100%**	**1,930**	**1,873**
Diamant, Brussels	3,460	264	100%	264	276
L'Adret, Gosselies	4,800	408	100%	408	398
Linthout, Brussels	2,550	409	100%	409	373
Rinsdelle, Brussels	3,200	492	100%	492	469
Top Senior, Tubize	2,300	204	100%	204	204
Vigneron, Ransart	2,200	153	100%	153	153
Operator: Senior Assist	**24,478**	**2,490**	**100%**	**2,490**	**2,390**
Borsbeekhof, Borgerhout	6,725	732	100%	732	682
Hof ter Dennen, Vosselaar	2,292	259	100%	259	256
Le Colvert, Céroux-Mousty	3,090	270	100%	270	295
Les Charmilles, Sambreville	2,763	240	100%	240	239
Les Jours Heureux, Lodelinsart	3,355	300	100%	300	301
Les Sittelles, Chastre	1,929	300	100%	300	229
Parc, Nivelles	4,324	389	100%	389	388
Operator: Senior Living Group	**81,185**	**10,093**	**100%**	**10,093**	**9,973**
Arcus, Brussels	10,841	1,576	100%	1,576	1,456
Damiaan, Tremelo	13,356	1,296	100%	1,296	1,296
La Cambre, Brussels	11,697	1,670	100%	1,670	1,669
Romana, Brussels	4,375	762	100%	762	762
Seigneurie du Val, Mouscron	6,797	997	100%	997	997
Van Zande, Brussels	3,282	360	100%	360	360
Zonnetij, Aartselaar	6,809	631	100%	631	631
Zonneweelde, Keerbergen	6,106	652	100%	652	652
Zonneweelde, Rijmenam	9,644	1,244	100%	1,244	1,244
Zonnewende, Aartselaar	8,278	906	100%	906	906
France	**212,131**	**23,754**	**100%**	**23,754**	**23,230**
Operator: Korian	**171,149**	**18,660**	**100%**	**18,660**	**18,785**
Bezons, Bezons	2,500	192	100%	192	450
Brocéliande, Caen	4,914	780	100%	780	600
Canal de l'Ourcq, Paris	4,550	813	100%	813	800
Champgault, Esvres-sur-Indre	2,200	157	100%	157	150
Chamtou, Chambray-lès-Tours	4,000	538	100%	538	400
Château de Gléteins, Jassans-Riottier	2,500	239	100%	239	360
Château de la Vernède, Conques-sur-Orbiel	3,789	461	100%	461	600
Domaine de Vontes, Esvres-sur-Indre	6,352	196	100%	196	500
Frontenac, Bram	3,006	192	100%	192	250
Grand Maison, L'Union	6,338	687	100%	687	550
Horizon 33, Cambes	3,288	324	100%	324	320
Hotelia Montpellier, Montpellier	6,201	769	100%	769	780
La Gaillardière, Vierzon	1,700	107	100%	107	100

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)
La Goélette, Equeurdreville-Hainneville	4,709	613	100%	613	410
La Pinède, Sigean	1,472	58	100%	58	60
Le Bois Clément, La Ferté-Gaucher	3,466	501	100%	501	400
Le Clos du Mûrier, Fondettes	4,510	521	100%	521	425
Le Jardin des Plantes, Rouen	3,000	240	100%	240	240
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 d'Andilly, Andilly	3,069	444	100%	444	410
Les Hauts de l'Abbaye, Montivilliers	4,572	469	100%	469	470
Les Jardins de l'Andelle, Perriers-sur-Andelle	3,348	400	100%	400	320
Les Luberons, Le Puy-Sainte-Réparade	4,127	426	100%	426	400
Les Meunières, Lunel	4,275	644	100%	644	450
Les Oliviers, Le Puy-Sainte-Réparade	4,130	424	100%	424	425
Les Ophéliades, Saint-Etienne	3,936	387	100%	387	380
Les Villandières, Vaucresson	4,373	682	100%	682	850
Lo Solelh, Béziers	2,760	223	100%	223	225
Montpribat, Montfort en Chalosse	5,364	635	100%	635	500
Pays de Seine, Bois le Roi	4,600	869	100%	869	840
Rougemont, Le Mans	5,986	372	100%	372	400
Saint Gabriel, Gradignan	6,274	688	100%	688	640
Sainte Baum, Nans Les Pins	5,100	499	100%	499	700
Sartrouville, Sartrouville	3,546	333	100%	333	400
Siouville, Siouville-Hague	8,750	611	100%	611	900
Villa Eyras, Hyères	7,636	600	100%	600	600
Villa Saint Dominique, Rouen	4,149	767	100%	767	600
William Harvey, Saint-Martin-d'Aubigny	4,744	509	100%	509	600
Operator: Méditer	**39,696**	**4,990**	**100%**	**4,990**	**4,355**
Belloy, Belloy	2,559	394	100%	394	320
Cuxac II, Cuxac-Cabardès	2,803	348	100%	348	170
Haut Cluzeau, Chasseneuil	2,512	349	100%	349	325
Hélio Marin, Hyères	12,957	1,526	100%	1,526	1,200
La Jonchère, Reuil Malmaison	3,731	672	100%	672	800
La Ravine, Louviers	3,600	436	100%	436	400
La Salette, Marseille	3,582	529	100%	529	450
Las Peyrères, Simorre	1,895	136	100%	136	100
Le Clos Saint Sébastien, Saint Sébastien sur Loire	3,697	486	100%	486	450
Villa Napoli, Jurançon	2,360	113	100%	113	140
Operator: Mutualité de la Vienne	**1,286**	**105**	**100%**	**105**	**90**
Le Lac, Moncontour	1,286	105	100%	105	90
PUBSTONE	**306,498**	**27,884**	**100%**	**27,884**	**26,325**
Belgium (823 properties)	**236,601**	**18,653**	**100%**	**18,653**	**17,601**
Brussels Region	36,185	3,335	100%	3,335	3,303
Flemish Region	165,608	11,200	100%	11,200	10,585
Walloon Region	34,808	4,118	100%	4,118	3,713
The Netherlands (245 properties)	**69,897**	**9,231**	**100%**	**9,231**	**8,724**
OTHERS	**51,204**	**4,801**	**100%**	**4,801**	**4,515**
Brussels Decentralised	**7,040**	**2,093**	**100%**	**2,093**	**1,696**
La Rasante	7,040	2,093	100%	2,093	1,696
Brussels Periphery	**15,630**	**963**	**100%**	**963**	**864**
Luchthavenlaan 18	-	40	100%	40	35
Mercurius 30	6,100	519	100%	519	397

/ consolidated property portfolio.

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)
Woluwelaan 145	9,530	404	100%	404	432
Antwerp Periphery	**24,300**	**1,640**	**100%**	**1,640**	**1,764**
Noorderlaan	24,300	1,640	100%	1,640	1,764
Other Regions	**4,234**	**104**	**100%**	**104**	**191**
Ledeberg 438, Ghent	4,234	104	100%	104	191
TOTAL INVESTMENT PROPERTIES & RECONSTITUTION OF LEASE PAYMENTS SOLD AND DISCOUNTED	**1,683,960**	**211,182**	**97%**	**218,020**	**207,178**
PROJECTS & RENOVATIONS OFFICES	**8,468**	**77**	**n.a.**	**1,861**	**1,861**
Brussels Leopold & Louise District	**8,468**	**77**		**1,861**	**1,861**
Square de Meeûs 23	8,468	77		1,861	1,861
Antwerp Singel					
Avenue Building					
LAND RESERVE OFFICES	**3,200**	**111.62**	**n.a.**	**111.62**	**143.42**
Brussels Centre & North		**2.71**		**2.71**	**2.71**
De Ligne		2.66		2.66	2.66
Meiboom		0.03		0.03	0.03
Pacheco		0.03		0.03	0.03
Brussels Decentralised		**2.74**		**2.74**	**2.74**
Twin House		2.74		2.74	2.74
Brussels Periphery	**3,200**	**100.36**		**100.36**	**132.16**
Keiberg Park		0.31		0.31	0.31
Kouterveld 6	3,200	100.00		100.00	132.00
Woluwe Garden 26, 30		0.05		0.05	0.05
Antwerp Periphery		**2.50**		**2.50**	**2.50**
Prins Boudewijnlaan 24A		2.50		2.50	2.50
Antwerp Singel		**3.21**		**3.21**	**3.21**
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
Royal House		0.26		0.26	0.26
Uitbreidingstraat 2		0.65		0.65	0.65
Uitbreidingstraat 10		0.57		0.57	0.57
Other Regions		**0.10**		**0.10**	**0.10**
Avroy, Liège		0.10		0.10	0.10
PROJECTS & RENOVATIONS NURSING HOMES/CLINICS	**0**	**0**	**n.a.**	**0**	**0**
Bellevue, Brussels					
Don Bosco, Hoboken					
Weverbos, Gentbrugge					
Wipstraat, Antwerp					
LAND RESERVE NURSING HOMES/CLINICS	**0**	**20**	**n.a.**	**20**	**20**
Domein Wommelgheem, Wommelgem					
Heiberg, Beerse					
L'Orée du Bois, Comines-Warneton		20		20	20
Sur Seaumont, Aye					
't Smeedeshof, Oud-Turnhout					
GENERAL TOTAL PORTFOLIO	**1,695,628**	**211,390**		**220,013**	**209,202**

/ report by the real estate expert.

Brussels, 26 January 2010

Ladies, Gentlemen,

Context

We have been instructed by Cofinimmo to provide an opinion of value for its property portfolio at 31 December 2009, 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.

Real estate market

Introduction

After a difficult second half of 2008 on the financial and real estate markets, the year 2009 recorded a revival of activity of the office sector as well on the level of the take-up as on the level of the investments as from the 2nd quarter 2009. However take-up was mainly due to relocation, often accompanied by a reduction in occupied space, and not based on real growth of new space needs. It occurred principally in the best buildings. Corporate and public institutions are opting more and more for new buildings offering modern technical specificities, rational configurations and reasonable charges (e.g. green building). The other sectors of activity of Cofinimmo such as nursing homes, pubs (Pubstone) and Public Private Partnership activities are more stable and were significantly less influenced by the economic deterioration that we underwent since the 4th quarter 2008.

Supply and demand of offices

Suffering already from a superabundance of office space before the crisis, the vacancy level further increased with the arrival on the market of a series of new projects, developed without any potential tenant by the developers. These different projects were launched during the boom years and arrive in a saturated market. The office supply immediately available at the end of 2009 increased to 1,559,000 square meters, 21.4% up on annual basis. In this context, the vacancy rate in Brussels is expected to increase from 12.11% in late 2009 to over 14% in late 2010. Demand for rental office in Brussels has reached nearly 400,000 square meters in 2009, 21% down compared to 507,000 square meters in 2008. The year 2010 should look like 2009 in terms of activity in a market still dominated by the quest for cost-saving.

The market for nursing homes

The nursing home real estate market has remained an attractive sector despite the crisis, and notably among investors who have identified it as a class of asset to diversify their portfolio in a growing sector. The fundamentals behind the enthusiasm for this sector are:

- Ageing, and the evolution of the demographic structure in Belgium (and Europe) in general, are obviously the main drivers of this growing interest in the nursing home sector. It is estimated that there will be three times as many people staying in this kind of institutions by 2050 as there are today.
- While the allocation of new nursing home beds is strictly regulated, there are still many opportunities and several locations look promising. Indeed, an additional capacity of up to 24,000 beds may be allocated in Belgium by 2012.
- There are proportionally fewer nursing homes in Flanders; this region therefore has a greater comparative growth potential when it comes to facilities of this kind, especially since a number of indicators also point to a stronger ageing potential in Flanders.

For investors, the attractiveness of the nursing home sector is undeniable. Indeed, investment drivers are numerous from their point of view, and include a guarantee of almost no void, the security of long term leases, the possibility of construction subsidies as well as the prospect of diversifying their asset portfolio. The investment volume in nursing homes real estate has increased more than tenfold in three years. While only €20 million (two small transactions) had been invested in 2005, not less than €241 million were invested in 2008 (10 transactions listed).

In 2009, Cofinimmo was one of the main players in this market with acquisitions and investments of €76.56 million in Belgium and €43.21 million in France. The long-term leases and the perspective of secured cash flow are all factors that ensure the success of such assets.

The Pubs market (Pubstone)

Many pubs are owned or leased by the brewers. Until 2007, before the acquisition of its portfolio by Cofinimmo, AB InBev was by far the largest owner with more than 800 establishments in Belgium and approximately 3,000 others bound by a contract of brewery. For this reason, AB InBev operates some of the best locations in Belgium. Other portfolios include brewers such as Alken-Maes (Heineken) or Haecht each with about 300 pubs. The pubs market and their real estate value is obviously dependent on the quality of their location and variations are also observed across regions, provinces or municipalities on the one hand, and on the quality, the state of maintenance and configuration of the property, on the other hand.

The observed yields for pubs can also vary according to the lease term, the level of frequentation of the establishment or the type of customer, which obviously are observed on a case-by-case basis, after the site visit. Sometimes it is necessary to take into account the historical and cultural value of a building which, in some cases (in Bruges, Leuven, Brussels or Antwerp for example) can be important. The real estate segment of the pubs, which is quite similar to income producing from retail in the case of Pubstone, weakened from late 2008 until mid-2009. However the application of an exceptional level of indexation of about 5% in December 2008 largely offset the effect of crisis on the portfolio under study. As far as the brewery sector is concerned, observations made over a period of 25 years showed that beer consumption in Belgium has decreased from 130 litres per inhabitant to 95.5 litres, a decrease of about 30%. However, while beer consumption has fallen, Belgium is still among the 10 countries whose consumption per inhabitant is the most important. The beer production is also growing due to the high rate of export of our national products. Finally, it has to be noticed that the lease agreement between AB InBev and Cofinimmo acts as a buffer between potential/current turbulences in the brewery sector and Pubstone portfolio.

The investment market

A modest recovery of the market for real estate investment was observed from the second half of 2009. The investment in the real estate market in Belgium (all sectors) declined 50.1% in 2009 to €1,504 million. For the office market in Brussels, the investments dropped by 59.45% to €532 million against €1,313 million a year ago. Nevertheless, these figures are better than expected thanks to a sharp upturn observed mainly in the fourth quarter. Although tougher than in the past, credit market, main driver of the real estate investments, supported the recovery by offering more flexible conditions of access and at a lower cost for financing than in 2008. Besides the traditional Belgian investors, in 2009 the investment market was marked by renewed interest of the German investors. The year was also marked by the comeback of investment in form of real estate certificates. These certificates were promoted by banks that directly placed them with institutional and individual investors.

The relative strength of the Brussels' office market and the stability of the other real estate sectors, compared to the rest of the major European capitals, have had for consequence that few investors have found themselves in default on their credit commitment (ability to repay their loan or the respect of their credit commitments such as loan-to-value ratio). However, it seems that some Anglo-Saxon investors present in Belgium are confronted with a more and more difficult position towards their banks. These investors have heavily relied on the credit market during the booming years. Belgian investors seem to have better resisted to the crisis due to their moderate debt levels and their good knowledge of the domestic market. No significant forced sale was observed in 2009 in Belgium. In contrast, investors, with money to invest, are all looking for Triple A assets being new buildings, well located, having little vacancy and with long-term leases to companies of first order or national or international institutions. This reflects a decline in risk appetite from buyers and their creditors. In 2010, investments should continue the road to recovery but without coming back to the levels of boom years of 2006 and 2007.

In this difficult environment in the office real estate market, Cofinimmo was able to refocus its strategy on time:

1. By investing in recent and efficient buildings, meeting all the current and future occupants' needs, in order to increase its chances of attracting new tenants or relocating existing tenants seeking space more suited to their needs;
2. By investing in nursing homes (in Belgium and France) which have predictable and stable income with low risk on the long term while taking advantage of a better adequacy of the demand regarding with the ageing population;
3. By investing in the retail sector (Pubstone) which is still potential source of capital growth while representing a stable stream of income over a long term period, given the structure of the long-term lease with a particularly resilient tenant;
4. By looking for investments with solid counterparties in real estate projects such as Public Private Partnerships offering a high level of security and predictability of income, given the length and structure of the leases.

In conclusion, the current portfolio of Cofinimmo presents an increased diversification, given the reduced weight of the office sector and an increase in new asset types offering an interesting diversification in sectors without structural overcapacity and providing, via the structure of rental conditions, a more profitable risk profile than offices.

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, 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.

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 to 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 regularly basis and adapted if the difference with institutional market practice is more than 0.5%. During the year 2009, 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 2009 amounts to a total of EUR 3,150,965,200** (THREE BILLION ONE HUNDRED AND FIFTY MILLION NINE HUNDRED AND SIXTY FIVE THOUSAND TWO HUNDRED EUROS).

The most likely sale value corresponding to the fair value of the Cofinimmo property portfolio at 31 December 2009 amounts to a total of EUR 3,040,738,200 (THREE BILLION FORTY MILLION SEVEN HUNDRED THIRTY-EIGHT THOUSAND TWO HUNDRED EUROS).

On this basis, the initial yield, including assets under sale of receivables, excluding projects under construction, land and buildings under renovation and after taking a fictitious rent into account for premises occupied by Cofinimmo is 6.83%. Should the vacant space be fully let at the estimated rental value, the initial yield of the entire portfolio would reach 7.06%. The investment buildings have an occupation rate of 96.86%. The average level of contractual rent obtained is currently approximately 5.79% above the current average estimated rental value (not including projects and buildings under renovation and assets under sale of receivables).

The property portfolio comprises:

Brussels, 19 municipalities	36.94%
Periphery and Satellite regions of Brussels	5.33%
Antwerp and Other Regions	7.96%
Nursing homes (Belgium)	14.19%
Nursing homes (France)	11.04%
Pubstone portfolio	13.52%
Assets under sale of receivables	9.08%
Projects and land supply in Brussels and Periphery	1.94%
	100.00%[1]

Yours sincerely,

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)

	31.12.2009	31.12.2008	31.12.2007	31.12.2006	31.12.2005
Total estimated investment value of the portfolio	**3,150.96**	3,247.04	2,895.74	2,363.25	2,180.47
Projects and development sites	**-61.77**	-45.41	-95.34	-50.47	-41.21
Total marketable properties	**3,089.79**	3,201.63	2,800.04	2,312.78	2,139.26
Contractual rents	**211.18**	215.59	184.03	156.08	154.91
Gross yield on marketable properties	**6.83%**	6.73%	6.57%	6.75%	7.24%
Contractual rents and estimated rental value on unlet space at the valuation date	**218.02**	220.34	189.00	164.07	161.78
Gross yield on the portfolio as if it were rented 100%	**7.06%**	6.88%	6.75%	7.17%	7.56%
Occupancy rate of marketable properties[2]	**96.86%**	97.85%	97.37%	95.13%	95.76%

1 Of which 44.64% are let on the long term (> 12 years) to the Belgian State, the European Commission, AB InBev, operators of nursing homes, Aspria and RTL. 2 Calculated on the basis of rental income.

The diversification strategy Cofinimmo has adopted since 2005 is reaping its benefits in full, leading to a stable overall occupancy rate for the properties, boosting the growth in net rental income and contributing to a very high average residual lease period.

/ consolidated accounts.

Consolidated income statement (x €1,000)

	Notes	2009	2008
A. NET RESULT			
Rental income	6	**200,572**	189,995
Writeback of lease payments sold and discounted	6	**17,655**	11,056
Rental-related expenses	6	**-2,712**	-2,175
Net rental income	5	**215,515**	198,876
Recovery of property charges	7	**209**	952
Recovery income of charges and taxes normally payable by the tenant on let properties	8	**46,114**	38,636
Costs payable by the tenant and borne by the landlord on rental damage and refurbishment at end of lease	7	**-1,329**	-1,012
Charges and taxes normally payable by the tenant on let properties	8	**-46,215**	-39,018
Property result		**214,294**	198,434
Technical costs	9	**-3,856**	-2,606
Commercial costs	10	**-1,475**	-1,097
Taxes and charges on unlet properties		**-1,806**	-2,360
Property management costs	11	**-15,602**	-14,496
Property charges		**-22,739**	-20,559
Property operating result		**191,555**	177,875
Corporate management costs	11	**-6,369**	-7,309
Operating result before result on portfolio		**185,186**	170,566
Gains or losses on disposals of investment properties	5, 12	**2,956**	5,755
Changes in fair value of investment properties	5, 13, 21	**-64,849**	-63,784
Operating result		**123,293**	112,537
Financial income	14	**20,869**	12,453
Net interest charges	15	**-82,123**	-75,676
Other financial charges	16	**-11,491**	-3,439
Changes in fair value of financial assets and liabilities	17	**-12,301**	-41,453
Financial result		**-85,046**	-108,115
Pre-tax result		**38,247**	4,422
Corporate tax	18	**-7,283**	-6,080
Exit tax		**1,482**	-3,630
Taxes		**-5,801**	-9,710
Net result		**32,446**	-5,288
Minority interests		**4**	-5
NET RESULT - GROUP SHARE	31	**32,450**	-5,293
NET CURRENT RESULT - GROUP SHARE[1]	31	**92,390**	56,025
RESULT ON PORTFOLIO - GROUP SHARE	31	**-59,940**	-61,318
B. OTHER ELEMENTS OF THE GLOBAL RESULT			
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties		**1,301**	-6,453
Changes in the effective part of the fair value of authorised cash flow hedge instruments		**-16,396**	-53,630
Other elements of the global result		**-15,095**	-60,083
Minority interests		**-22**	-38
Other elements of the global result - Group share		**-15,117**	-60,121
C. GLOBAL RESULT		**17,351**	-65,371
Minority interests		**-18**	-43
Global result - Group share		**17,333**	-65,414

Result per share - Group share (in €)[2]

	Notes	2009	2008
Net current result	31	**6.59**	4.20
Result on portfolio	31	**-4.28**	-4.60
Net result	31	**2.31**	-0.40

1 Net result excluding gains or losses on disposals of investment properties and changes in fair value of investment properties. 2 With regard to the information published in the 2008 Annual Financial Report, the results of the year 2008 have been restated so that the 2008 Group share pertains to the ordinary as well as the preference shares, as is the case for the 2009 Group share. The result per share - Group share also takes into account the sale of 962,485 own shares at the beginning of 2009, as mentioned in Note 31.

Consolidated balance sheet (x €1,000)

	Notes	31.12.2009	31.12.2008
Non-current assets		**3,308,866**	3,436,090
Goodwill	5, 19	**163,924**	171,689
Intangible assets	22	**1,984**	1,840
Investment properties	5, 20	**3,040,736**	3,134,381
Other tangible assets	22	**723**	942
Non-current financial assets	23	**34,470**	18,997
Finance lease receivables	24	**66,956**	108,181
Trade receivables and other non-current assets		**73**	60
Current assets		**93,818**	113,965
Assets held for sale	5, 25	**755**	507
Current financial assets	23	**8,603**	52
Finance lease receivables	24	**2,762**	4,170
Trade receivables	26	**12,490**	17,833
Tax receivables and other current assets	27	**46,730**	47,589
Cash and cash equivalents		**2,343**	25,448
Deferred charges and accrued income	28	**20,135**	18,366
TOTAL ASSETS		**3,402,684**	3,550,055
Shareholders' equity		**1,409,057**	1,377,242
Shareholders' equity attributable to shareholders of parent company		**1,400,904**	1,368,584
Capital	29	**750,715**	669,213
Share premium account	29	**479,541**	441,966
Reserves	30	**138,198**	262,698
Net result of the year	31	**32,450**	-5,293
Minority interests		**8,153**	8,658
Liabilities		**1,993,627**	2,172,813
Non-current liabilities		**1,587,615**	1,776,666
Provisions	33	**17,766**	11,875
Non-current financial debts	35	**1,381,474**	1,579,760
Other non-current financial liabilities	23, 36	**51,522**	32,853
Deferred taxes	34	**136,853**	152,178
Current liabilities		**406,012**	396,147
Current financial debts	35	**244,659**	220,844
Other current financial liabilities	23, 36	**63,233**	45,013
Trade debts and other current debts	37	**69,555**	70,119
Accrued charges and deferred income	38	**28,565**	60,171
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,402,684**	3,550,055

Calculation of debt ratio (x €1,000)

		2009	2008
Non-current financial debts		**1,381,474**	1,579,760
Other non-current financial liabilities (except for hedging instruments)	+	**4,564**	3,481
Current financial debts	+	**244,659**	220,844
Other current financial liabilities (except for hedging instruments)	+	**41**	
Trade debts and other current debts	+	**69,555**	70,119
Total debt	=	**1,700,293**	1,874,204
Total assets	/	**3,402,684**	3,550,055
DEBT RATIO	=	**49.97%**	52.79%

Consolidated cash flow statement (x €1,000)

	2009	2008
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (A)	25,448	2,494
Net result - Group share	32,450	-5,293
Non-cash elements to be added to/deducted from result	45,143	102,865
Depreciation and writedowns	1,674	861
Depreciation/Writedown (or writeback) on intangible and tangible assets	965	818
Writeback of writedowns on current assets	709	43
Other non-cash elements	43,469	102,003
Changes in fair value of investment properties	65,603	61,972
Movements in provisions	-3,875	2,160
Writeback of lease payments sold and discounted	-17,655	-11,056
Phasing of gratuities	-756	1,500
Changes in fair value of financial assets and liabilities	12,301	41,453
Elimination of interest charges	88,402	79,151
Interests paid	-95,680	-73,694
Finance lease receivables	-750	-1,517
Provision for exit tax	-1,374	3,630
Withdrawal from tax-exempt reserves	-1,664	-1,947
Minority interests	-4	5
Others	-1,079	346
NET CASH FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL REQUIREMENTS	77,593	97,571
Change in working capital requirements	-10,134	44,553
Movements in asset items	13,261	37,670
Trade receivables	4,675	-7,179
Tax receivables and other current assets	628	-22,197
Deferred charges and accrued income	4,861	-9,169
Finance lease receivables	3,097	76,215
Movements in liability items	-23,395	6,883
Trade debts	1,513	-928
Taxes, social charges and salaries debts	300	-11,990
Accrued charges and deferred income	-25,208	19,801
NET CASH FROM OPERATING ACTIVITIES (B)	67,459	142,124
Investing activities	145,876	-196,599
Intangible assets	-834	-854
Goodwill	211	-4,164
Properties available for lease	171,092	-26,559
Development projects	-14,413	-1,883
Acquisition of real estate companies	-32,209	-131,693
Disposal of assets held for sale	337	2,170
Other tangible assets	-57	-230
Non-current finance lease receivables	40,986	-31,201
Non-current financial assets	-19,225	-2,153
Trade receivables and other non-current assets	-12	-32
NET CASH USED IN INVESTING ACTIVITIES (C)	145,876	-196,599
FREE CASH FLOW (B+C)	213,335	-54,475
Change in financial liabilities and financial debts	-219,853	112,418
Increase (+)/Decrease (-) in financial debts	-226,433	118,078
Increase (+)/Decrease (-) in other financial liabilities	6,580	-5,660
Change in other liabilities	-14,373	0
Increase (+)/Decrease (-) in other liabilities	-14,373	
Change in shareholders' equity	96,731	51,708
Disposal of own shares	97,374	71,460
Minority interests	-212	-20,484
Others	-431	732
Paid dividend (+ profit-sharing scheme)	-98,945	-86,697
Dividend for the previous year	-98,945	-86,697
NET CASH FLOW USED IN FINANCING ACTIVITIES (D)	-236,440	77,429
CASH AND CASH EQUIVALENTS AT END OF YEAR (A+B+C+D)	2,343	25,448

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

	Capital	Share premium account	Reserves	Net result of the year	Equity Parent company	Minority interests	Share-holders' equity
AT 01.01.2008	608,389	360,221	421,483		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				-5,293	-5,293	5	-5,288
Minority interests						-12,740	-12,740
Transfer to tax-exempt reserves			-1,950		-1,950		-1,950
Others			-2,286		-2,286		-2,286
SUB-TOTAL	608,389	360,221	357,164	-5,293	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	262,698	-5,293	1,368,584	8,658	1,377,242
Appropriation of the 2008 net result			-5,293	5,293			
Elements directly recognised in shareholders' equity							
Cash flow hedge			-16,396		-16,396		-16,396
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties			1,301		1,301		1,301
Result of the year				32,450	32,450	-4	32,446
Minority interests						-501	-501
Transfer to tax-exempt reserves			-1,294		-1,294		-1,294
Others			-1,017		-1,017		-1,017
SUB-TOTAL	669,213	441,966	239,999	32,450	1,383,628	8,153	1,391,781
Issue of new shares	12,063	9,797			21,860		21,860
Acquisitions/Disposals of own shares	69,439	27,778	157		97,374		97,374
Dividends			-101,958		-101,958		-101,958
AT 31.12.2009	**750,715**	**479,541**	**138,198**	**32,450**	**1,400,904**	**8,153**	**1,409,057**

/ notes to the consolidated accounts.

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 31.12.2009 comprise the company and its subsidiaries (together referred to as the "Group"). The scope of consolidation has changed since 31.12.2008. The Extraordinary General Meeting of 21.01.2009 approved the mergers by absorption of 9 limited liability companies acquired in 2007 and 2008, 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, 2 new subsidiaries were acquired during 2009 (see page 21) and one new subsidiary was set up. The consolidation scope at 31.12.2009 is presented on page 128 of this Annual Financial Report.

The consolidated financial statements and company accounts were authorised for issue by the Board of Directors on 15.03.2010 and will be proposed for approval by the Annual Shareholders' Meeting on 30.04.2010. 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 Financial 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 2008. In order to establish the present Annual Financial Report, the company has anticipated the application of the pilot study of the new Royal Decree relating to Sicaf immobilières in replacement of the Royal Decree of 10.04.1995 and of the Royal Decree of 21.06.2006. This pilot study has been put at the public's disposal by the Treasury of the Belgian State (**www.treasury.fgov.be**). Furthermore, the Royal Decree of 21.06.2006 is no longer in conformity with the IFRS standards following adjustments which were made to the latter and which came into effect on 01.01.2009.

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 27, IAS 32, IAS 39, IFRS 2, IFRS 3, IFRS 9, IFRIC 15, IFRIC 17 and IFRIC 19.

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

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

C. Basis of consolidation

I Subsidiaries

Subsidiaries are those enterprises controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of 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 or following a distribution of shares amongst a limited number of shareholders. 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 41 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, purchase of CAP options, sale of FLOOR options) to hedge its exposure to interest rate risks arising from operational, financing and investment activities.

CAP
A CAP is an interest rate option. The buyer of a CAP buys the right to pay a maximum interest rate for a specific period. He only exercises this right if the short-term rate exceeds the CAP's interest rate level. In order to buy a CAP, the buyer pays a premium to the counterparty. By buying a CAP, Cofinimmo obtains a guaranteed maximum rate at which it can borrow. The CAP therefore hedges against unfavourable rate increases.

FLOOR
A FLOOR is an interest rate option. The buyer of a FLOOR buys the right to benefit from a minimum interest rate for a specific period. He only exercises this right if the short-term rate falls below the FLOORs interest rate level. The seller of a FLOOR sells the right to benefit from a minimum interest rate for a specific period and will thus have to pay this rate to the buyer, even if it is higher than the market rate. By selling a FLOOR, Cofinimmo receives a premium paid directly by the buyer.

Through the combination of the purchase of a CAP and the sale of a FLOOR Cofinimmo ensures itself of an interest rate that is fixed in a corridor between a minimum rate (the rate of the FLOOR) and a maximum rate (the rate of the CAP), whilst limiting the cost of the premium paid for this insurance. For the year 2010 this corridor is fixed between 3.25% and 3.75% for an amount of €1,200 million.

The bought CAP options and sold FLOOR options are detailed in Note 23.

Interest Rate Swap (IRS)
An Interest Rate Swap (IRS) is an interest rate futures contract, unlike CAPs or FLOORs, which are interest rate options. With an IRS Cofinimmo exchanges a floating interest rate against a fixed interest rate or vice versa.

As part of its hedging policy of financial charges, Cofinimmo has contracted Interest Rate Swaps to exchange floating rates against fixed rates.

With regard to the 2 bond loans it has issued in 2004 and 2009 at a fixed rate, Cofinimmo has furthermore contracted Interest Rate Swaps in order to exchange fixed rates against floating rates. The increase in floating rates is hedged via CAP options bought by the Group. The combination of these IRS contracts and CAP options allows Cofinimmo to benefit from the decrease in interest rates (compared to the initial fixed rates of the bond loans) whilst protecting itself against an increase of these rates via the CAP options.

The IRS contracts are detailed in Note 23.

Cancellable Interest Rate Swap
A Cancellable Interest Rate Swap is the combination of a classic IRS with the sale by the buyer of an option for the bank to cancel the Swap as from a certain date. Cofinimmo has contracted Cancellable Interest Rate Swaps to exchange floating interest rates against fixed interest rates as part of its hedging policy of financial charges. The sale of this cancellation option allowed reducing the guaranteed fixed rates during the whole period.

The Cancellable Interest Rate Swaps are detailed in Note 23.

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, 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. Properties available for lease

Investment properties are properties which are held to earn rental income for the long term. In accordance with IAS 40, investment properties are stated at fair value. External independent valuers determine the real estate portfolio value every 3 months. Any gain or loss arising, after the acquisition of a property, from a change in its fair value is recognised in the income statement. Rental income from investment property is accounted for as described 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 20). If an investment property becomes owner-occupied, it is reclassified as asset held for own use and its fair value at the date of reclassification becomes its cost for accounting purposes of subsequent recording.

I. Development projects

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

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 (other than rental) and the cost of insuring the building against fire and other causes of damages;
- long leases which involve the assignment of a real right ("droit réel") by the assignor to the assignee: in this case ownership passes temporarily to the assignee who will bear a.o. maintenance and insurance costs (other than rental). 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 Assets 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 4 years;
- software 4 years.

IV Assets held for sale

Assets held for sale (investment properties) are presented separately in the balance sheet at a value corresponding to their fair value, 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 issues of 2004 and 2009 for a total amount of €208.62 million fluctuates in accordance with the risk covered, i.e. the risk-free rate, and consequently takes into account a constant credit margin of 1.5%, which corresponds to the margin paid at the time of issue in 2004 and 2009. This fair value differs from the redemption value on maturity in 2014, i.e. €200 million, and the market value, i.e. €202 million at 31.12.2009 (based on the daily quotation 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 lease term.

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 property management team is responsible for swiftly resolving tenant complaints while the commercial team maintains regular contact with them so as to offer alternative solutions from within the portfolio should tenants require more or less space. Although this activity is fundamental to protecting rental income, it has little impact on the price at which a vacant property can be let, as that depends on prevailing market conditions. Nearly 100% of the lease contracts include a provision whereby rents are annually indexed. Before accepting any new client, a credit risk analysis is requested from an outside rating agency. An advance deposit or bank guarantee is usually required from non-public sector tenants corresponding to 6 months rent.

Rents are payable in advance, on a monthly, quarterly or yearly basis. A quarterly provision covering property charges and taxes incurred by the Group but contractually rechargeable to tenants is also requested. The level of rental defaults recorded net of recoveries represents 0.088% of total turnover over the period 1996-2009. A serious deterioration in the general economic situation is likely to magnify losses on lease receivables, particularly in the office sector. The possible insolvency of a major tenant can represent a significant loss for Cofinimmo as well as an unexpected vacancy or even having to rent out the vacant space at a price below the level of the broken contract.

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

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

Construction and refurbishment projects are prepared and supervised by the Group's project management team with a mandate to complete them on time and on budget. For managing large-scale projects, specialised outside companies are brought in by the Group.

The risk of buildings being destroyed by fire or other disastrous events is insured for a total reconstruction value of €2,212.15 million[1] in relation to a fair value for the marketable properties of €3,040.74 million at 31.12.2009, including the value of the land. Cover has been obtained for the resulting vacant lets. Cofinimmo also assumes its public liability as the building owner or project supervisor.

The Group contracts nearly all its financial debt at floating rate or if at fixed rate, conversion immediately follows to floating rate so as to take advantage of low short-term rates. However, financial charges being exposed to hikes in rates, the policy of the Group consists in locking in interest rates over a rolling period of a minimum 3 years for between 50 and 90% of the consolidated financial debt (also see page 36). In accordance with this policy, Cofinimmo uses derivative financial instruments, mainly Interest Rate Swaps and CAP and FLOOR options, to ensure the fixing of its interest rate in a corridor between a minimum and a maximum rate (see page 37).

The cover period of a minimum 3 years was chosen, on the one hand, to offset the depressive effect this time lag would have on the net income and, on the other hand, to forestall the adverse impact of any rise in European short-term interest rates not accompanied by a simultaneous increase in national inflation. Finally, a rise in real interest rates would probably be accompanied or quickly followed by a revival of overall economic activity which would give rise to more robust rental conditions and subsequently benefit the net result.

Simulations conducted show that the net income is historically sensitive to fluctuations in interest rates. However, in 2010, assuming that the structure and level of debt remain constant compared to 31.12.2009 and taking into account the hedging instruments put in place for 2010, an increase or decrease in interest rates of 0.5% would lead to an increase or reduction of the financial charges of €1.3 million.

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

The average rate without margin 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)

		31.12.2009	31.12.2008
Average interest rate		**3.89%**[1]	5.18%
Fair value of derivative instruments		**-67.08**	-55.33
	+1%		
Average interest rate		**4.05%**	5.09%
Fair value of derivative instruments		**-61.79**	-29.63
	-1%[2]		
Average interest rate		**3.71%**	5.31%
Fair value of derivative instruments		**-69.72**	-81.03

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 owned 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 the 2008 Annual Financial 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 shares of Pubstone SA. 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	Shareholders' equity	252.5
Trade receivables	14.4	Deferred taxes	130.9
Cash and cash equivalents	133.5	Financial debts	160.0
		Other liabilities	2.3
TOTAL ASSETS	545.7	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.

1 The average effective interest rate on borrowings over the year 2009 amounts to 4.91%, as mentioned in Note 15. 2 On 31.12.2009, the interest rate without margin amounts to 0.40%. Rather than applying a 1% decrease to this rate, the sensitivity analysis on the figures on 31.12.2009 consists in applying an interest rate without margin of 0%.

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 was established at €146.2 million. This goodwill is subject to, at least once a year, an impairment test executed according to IAS 36. It is detailed in Note 19.

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: at its acquisition the real estate portfolio of Cofinimmo France was 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 fair value 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 19.

Note 5. Segment information

In fair value, offices represent 58.4% of the portfolio, nursing homes 26.4%, the Pubstone portfolio 12.8% and the other business sectors 2.4%.

(x €1,000)

	OFFICES									
	BRUSSELS CBD[1]		BRUSSELS DECENTRALISED		BRUSSELS PERIPHERY		ANTWERP		OTHER REGIONS	
INCOME STATEMENT	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
Net rental income	**65,021**	64,182	**45,802**	45,986	**11,175**	11,224	**4,650**	4,158	**9,238**	9,580
Property result after direct property costs	**62,770**	61,808	**42,679**	44,049	**10,072**	10,465	**3,537**	3,661	**8,980**	9,332
Property management costs										
Corporate management costs										
Gains or losses on disposals of investment properties	**1,224**		**-331**	537	**282**	4,224	**-8**	409		-322
Changes in fair value of investment properties	**-6,394**	-15,840	**-31,512**	-23,549	**-2,227**	-5,046	**-4,166**	-4,271	**1,082**	-2,524
Operating result										
Financial result										
Taxes										
NET RESULT[2]										
NET RESULT - GROUP SHARE[2]										
BALANCE SHEET										
Assets										
Goodwill										
Investment properties	**747,573**	952,488	**653,677**	683,422	**144,381**	148,486	**109,835**	50,901	**114,417**	121,572
Of which: Development projects	**20,448**	11,914	**928**	5,321	**279**	264	**1,753**	367	**50**	49
Assets held for own use			**9,429**	10,064						
Assets held for sale	**585**			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										

1 Central Business District. 2 With regard to the information published in the 2008 Annual Financial Report, the results of the year 2008 have been restated so that the 2008 Group share pertains to the ordinary as well as the preference shares, as is the case for the 2009 Group share (also see Note 31).

NURSING HOMES				PUBSTONE				OTHERS		UNALLOCATED AMOUNTS		TOTAL	
BELGIUM		FRANCE		BELGIUM		THE NETHERLANDS							
2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
23,850	17,968	**22,466**	12,374	**18,627**	17,520	**9,360**	9,487	**5,326**	6,397			**215,515**	198,876
23,712	17,787	**22,483**	12,336	**18,319**	17,422	**9,054**	9,232	**5,551**	6,279			**207,157**	192,371
										-15,602	-14,496	**-15,602**	-14,496
										-6,369	-7,309	**-6,369**	-7,309
29		**1**		**1,654**	2,140	**105**	-328		8		-913	**2,956**	5,755
-2,170	5,881	**-10,226**	-11,958	**-533**	-896	**-6,502**	-4,214	**-1,805**	-1,856	**-396**	489	**-64,849**	-63,784
												123,293	112,537
										-85,046	-108,115	**-85,046**	-108,115
										-5,801	-9,710	**-5,801**	-9,710
												32,446	-5,288
												32,450	-5,293
		26,929	26,929	**97,745**	98,156	**39,250**	46,604					**163,924**	171,689
471,162	396,407	**331,340**	298,958	**245,668**	245,086	**144,554**	149,374	**78,129**	87,687			**3,040,736**	3,134,381
30,536	20,714							**2,037**	10,372			**56,031**	49,001
												9,429	10,064
		170	179									**755**	507
										197,269	243,478	**197,269**	243,478
												3,402,684	3,550,055
										1,409,057	1,377,242	**1,409,057**	1,377,242
										1,400,904	1,368,584	**1,400,904**	1,368,584
										8,153	8,658	**8,153**	8,658
										1,993,627	2,172,813	**1,993,627**	2,172,813
												3,402,684	3,550,055

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

	2009	2008
Rental income		
Gross potential income	**210,607**	200,237
Vacancy	**-6,681**	-5,312
Rents[1]	**203,926**	194,925
Cost of rent free periods	**-2,966**	-4,532
Concessions granted to tenants (incentives)	**-917**	-1,257
Indemnities for early termination of rental contracts	**529**	859
SUB-TOTAL	**200,572**	189,995
Writeback of lease payments sold and discounted	**17,655**	11,056
Rental-related expenses		
Rent payable on rented premises	**-2,006**	-2,142
Writedowns on trade receivables	**-719**	-125
Writeback of writedowns on trade receivables	**13**	92
SUB-TOTAL	**-2,712**	-2,175
TOTAL	**215,515**	198,876

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

The amount under "Writeback of lease payments sold and discounted" represents the difference of the discounted value, at the beginning and at the end of the year, of the future inflation-linked payments on the lease contracts whose receivables have been sold. The writeback through the income statement allows for a gradual reconstitution of the gross initial value of the concerned buildings at the end of the lease. It is a recurring and non-cash income item. The change in the fair value of these buildings is determined by the independent valuer and is taken as profit or loss under the caption "Changes in fair value of investment properties". This time, it is a non-recurring item as it depends on the valuer's assumptions as to future market conditions.

Total rental income

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)

	2009	2008
Rental income from operating leases	**200,572**	189,995
Interest income in respect of finance leases	**1,911**	3,245
Capital receipts in respect of finance leases	**37,623**	76,217
TOTAL	**240,106**	269,457

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

	2009	2008
Within one year	**223,270**	219,075
Between one and five years	**522,592**	545,692
Beyond five years	**1,715,779**	1,787,524
TOTAL	**2,461,641**	2,552,291

1 Revenues guaranteed by developers in lieu of rents included.

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

	2009	2008
Costs payable by tenants and borne by the landlord on rental damage and refurbishment at end of lease	**-1,329**	-1,012
Recovery of property charges	**209**	952
TOTAL	**-1,120**	-60

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)

	2009	2008
Recovery income of charges and taxes normally payable by the tenant on let properties	**46,114**	38,636
Rebilling of rental charges invoiced to the landlord	**25,051**	17,829
Rebilling of withholding taxes and other taxes on let properties	**21,063**	20,807
Charges and taxes normally payable by the tenant on let properties	**-46,215**	-39,018
Rental charges invoiced to the landlord	**-24,972**	-17,887
Withholding taxes and other taxes on let properties	**-21,243**	-21,131
TOTAL	**-101**	-382

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)

	2009	2008
Recurrent technical costs	**3,667**	2,562
Repairs	**3,373**	2,168
Insurance premia	**294**	394
Non-recurrent technical costs	**189**	44
Major repairs (building companies, architects, engineering offices,...)[1]	**169**	29
Damage expenses	**20**	15
Losses providing from disasters and subject to insurance cover	**208**	115
Insurance compensation for losses providing from disasters	**-188**	-100
TOTAL	**3,856**	2,606

Note 10. Commercial costs (x €1,000)

	2009	2008
Letting fees paid to real estate brokers	**874**	730
Advertising	**47**	28
Fees paid to lawyers and other experts	**554**	339
TOTAL	**1,475**	1,097

1 Capitalised expenses excluded.

Note 11. Management costs

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

Property management costs

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

The portfolio is entirely managed internally. The internal costs of property management are divided as follows:

(x €1,000)

	2009	2008
Office charges	**2,157**	2,276
IT	**1,069**	1,020
Others	**1,088**	1,256
Fees paid to third parties	**3,073**	2,886
Recurrent	**2,106**	2,113
Real estate valuers	**984**	899
Lawyers	**331**	182
Others	**791**	1,032
Non-recurrent	**967**	773
Mergers and acquisitions (other than business combinations)	**967**	773
Public relations, communication and advertising	**505**	636
Personnel expenses	**10,813**	9,782
Salaries	**8,518**	7,766
Social security	**1,715**	1,359
Pensions and other benefits	**580**	657
Management fees earned from tenants	**-1,232**	-1,397
Lease contract related fees	**-989**	-1,292
Fees for additional services	**-243**	-105
Taxes and regulatory fees	**169**	192
Depreciation charges on office furniture	**117**	121
TOTAL	**15,602**	14,496

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)

	2009	2008
Office charges	**294**	312
IT	**67**	54
Others	**227**	258
Fees paid to third parties	**541**	1,297
Recurrent	**225**	358
Lawyers	**-48**	53
Auditors	**230**	227
Others	**43**	78
Non-recurrent	**316**	939
Public relations, communication and advertising	**574**	794
Personnel expenses	**3,600**	3,551
Salaries	**3,106**	3,143
Social security	**387**	285
Pensions and other benefits	**107**	123
Taxes and regulatory fees	**1,360**	1,355
TOTAL	**6,369**	7,309

The fixed remuneration of Deloitte, Company Auditors for reviewing and certifying Cofinimmo's company and consolidated accounts amounted to €101,537 (excluding VAT). Its remuneration 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 €89,840. The fees of the Deloitte Group relating to studies and assistance, notably on taxation matters, came to €109,172[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)

	2009	2008
Net sale of properties (selling price - transaction costs)	**62,302**	100,521
Book value of properties sold	**-59,346**	-94,766
Fair value of properties sold	**-57,719**	-92,253
Writeback of the impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	**-1,627**	-2,513
TOTAL	**2,956**	5,755

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)

	2009	2008
Positive changes in fair value of investment properties	**26,129**	27,912
Negative changes in fair value of investment properties	**-90,978**	-91,696
TOTAL	**-64,849**	-63,784

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

Note 14. Financial income (x €1,000)

	2009	2008
Interests and dividends received	**1,911**	930
Interest receipts in respect of finance lease receivables	**3,271**	2,701
Net realised gains on disposals of financial assets		1,637
Net realised gains on disposals of finance lease receivables	**15,603**	6,939
Other financial revenues	**84**	246
TOTAL	**20,869**	12,453

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 10.02.2009 in accordance with Article 133 § 6.

Note 15. Net interest charges (x €1,000)

	2009	2008
Nominal interest on loans	**30,578**	83,894
Bilateral loans - floating rate	**17,810**	50,285
Syndicated loans - floating rate	**6,645**	13,335
Treasury bills - floating rate	**2,842**	13,862
Investment credits - floating or fixed rate	**258**	570
Debenture loan - fixed rate	**3,023**	5,842
Charges relating to authorised hedging instruments	**50,548**	23,563
Authorised hedging instruments qualifying for hedge accounting	**39,127**	14,813
Authorised hedging instruments not qualifying for hedge accounting	**11,421**	8,750
Revenues relating to authorised hedging instruments	**-507**	-33,099
Authorised hedging instruments qualifying for hedge accounting	**-507**	-22,846
Authorised hedging instruments not qualifying for hedge accounting		-10,253
Other interest charges	**1,504**	1,318
TOTAL	**82,123**	75,676

The effective interest charge on borrowings for the period (including the amortisation costs of the cover instruments active during the period, which amount to K€2,035) is K€84,158, corresponding to an average effective interest rate on borrowings for the year 2009 of 4.91%.

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

	2009	2008
Bank costs and other commissions	**478**	692
Net realised losses on disposals of financial assets	**15**	1
Others	**10,998**	2,746
Restructuring costs of authorised hedging instruments	**9,626**	
Others	**1,372**	2,746
TOTAL	**11,491**	3,439

Note 17. Changes in fair value of financial assets and liabilities (x €1,000)

	2009	2008
Authorised hedging instruments qualifying for hedge accounting	**8,294**	18,813
Authorised hedging instruments not qualifying for hedge accounting	**4,007**	22,640
TOTAL	**12,301**	41,453

Only the changes in the time value of cash flow hedging instruments, as well as the changes in the time and intrinsic values of trading instruments, are taken into account. The changes in the intrinsic value of cash flow hedging instruments, considered as being effective, are booked directly under equity.

Note 18. Income taxes (x €1,000)

	2009	2008
Parent company	**1,546**	1,089
Pre-tax result	**36,392**	25,571
Result exempted from income tax due to the Sicafi regime	**-36,392**	-25,571
Taxable result based on non-deductible costs	**3,669**	3,782
Tax rate of 33.99%	**1,247**	1,286
Others	**299**	-197
Subsidiaries	**5,737**	4,991
TOTAL	**7,283**	6,080

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 19. Goodwill

Pubstone

Cofinimmo's acquisition in 2 stages (31.10.2007 and 27.11.2008) of 89.90% of the shares of Pubstone Group SA (formerly Express Properties SA) (see page 31 of the 2008 Annual Financial Report) generated a goodwill for Cofinimmo amounting to K€136,995 on 31.12.2009 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) 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. The total impact of this adjustment amounts to K€1,720;
- furthermore, the restructuring of the subgroup Pubstone Group, which occurred on 27.11.2008, as explained in the Management report of the 2008 Annual Financial Report (page 31), had a positive impact of K€10,977 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.
- the K€7,326 reduction in the goodwill of Pubstone the Netherlands which occurred in 2009 results from a change in the calculation method of the net fiscal value of the assets.

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 in 2008 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 of K€2,879, considered as an adjustment, was transferred directly to the goodwill and not in the income statement. The final amount of the goodwill from Cofinimmo France is established at K€26,929 on 30.06.2008. This amount has not changed during the year 2009.

Changes in goodwill in 2009 (x €1,000)

	Pubstone Belgium	Pubstone the Netherlands	Cofinimmo France	TOTAL
COST				
AT 01.01	99,611	46,604	26,929	173,144
Changes in goodwill subsequent to divestments	-27	-28		-55
Changes in goodwill subsequent to the squeeze out of the minority interests of Pubstone SA	141			141
Changes in goodwill subsequent to the change in the calculation of the deferred taxes		-7,326		-7,326
AT 31.12	99,725	39,250	26,929	165,904
WRITEDOWNS				
AT 01.01	1,455			1,455
Writedowns recorded during the year	525			525
AT 31.12	1,980			1,980
CARRYING AMOUNT				
AT 01.01	98,156	46,604	26,929	171,689
AT 31.12	97,745	39,250	26,929	163,924

Impairment test

At the end of the year 2009, 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€525 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 31.12.2009, indexed. The indexation considered for these cash flows is 2% per annum. The discount rate used is 6.50%.

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 31.12.2009. 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	98,270	343,412	342,887	-525
Pubstone the Netherlands	39,250	183,804	183,804	
Cofinimmo France	26,929	222,890	222,890	
TOTAL	164,449	750,106	749,581	-525

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	1.30	1.35
Pubstone the Netherlands	1.32	1.37
Cofinimmo France	1.14	0.04

Note 20. Investment properties (x €1,000)

	2009	2008
Properties available for lease	**2,975,276**	3,075,316
Development projects	**56,031**	49,001
Assets held for own use	**9,429**	10,064
TOTAL	**3,040,736**	3,134,381

Properties available for lease (x €1,000)

	2009	2008
AT 01.01	**3,075,316**	2,696,656
Capital expenditures	**56,934**	43,819
Acquisitions	**138,429**	481,846
Transfers from/to Assets held for sale	**-585**	-507
Transfers from/to Development projects	**8,023**	39,784
Sales/Disposals (fair value of assets sold/disposed of)	**-256,691**	-140,259
Writeback of lease payments sold and discounted	**17,579**	11,056
Increase/Decrease in fair value[1]	**-65,128**	-57,079
Others	**1,399**	
AT 31.12	**2,975,276**	3,075,316

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 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 Belgian Sicafis' real estate portfolios were asked to compute a weighted average transaction cost percentage to apply on the Sicafis' real estate portfolios based on supporting historical data. For transactions concerning properties with an overall value exceeding €2.5 million, given the range of different methods for property transfers 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".

The 2.5% transaction costs have been applied to all the subsequent acquisitions of buildings and were accounted for under the same caption.

On 31.12.2009, the total amount of transaction costs represented €110.23 million or €7.87 per share, booked partially under the reserve mentioned above and partially under goodwill.

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 11.26%. Over that period Cofinimmo has undertaken 85 asset disposals for a total of €1,142 million. This gain would have been 13.80% 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 4.89% and 6.0% respectively.

On 21.04.2005, the Cofinimmo Group sold to Fortis Bank SA all the future lease payments relating to the 18-year lease contract with the Buildings Agency for the North Galaxy building which it fully owns.

On 22.12.2008, the Cofinimmo Group sold to a subsidiary of the Société Générale Group SA 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.

On 20.03.2009, the Cofinimmo Group sold to a subsidiary of Société Générale SA the usufruct receivables for an initial period of 15 years payable by the European Commission and relating to the Nerviens 105 building located in Brussels. The usufruct ends in May 2023. Cofinimmo retains bare ownership of the building.

On 23.03.2009, the Cofinimmo Group sold to Fortis Bank SA 90% of the finance lease receivables payable by the City of Antwerp relating to the new Fire Station. At the end of the financial lease, the building will automatically be transferred to the City of Antwerp for free. The Cofinimmo Group also sold on the same date and to the same bank lease receivables payable by the Belgian State relating to the Colonel Bourg 124 building in Brussels and the Maire building in Tournai. Cofinimmo retains ownership of these 2 buildings.

On 28.08.2009, the Cofinimmo Group sold to BNP Paribas Fortis SA 96% of the lease receivables pertaining to 2011 and the following years relating to the Egmont I and Egmont II buildings.

The leases related to the North Galaxy building, the Fire Station in Antwerp and the Colonel Bourg 124, Maire, Egmont I and Egmont II buildings, as well as the usufructs from the Loi 56, Luxembourg 40, Everegreen and Nerviens 105 buildings do not qualify as financial leases. The fair value of these properties after the sale of their rental income or usufruct receivables corresponds to the difference between their market value, including the future rental income or lease receivables, and the discounted value of the future rental income or lease payments sold. In fact, by virtue of Article 1690 of the Belgian Civil Code, a third party wishing to buy North Galaxy building, the Fire Station in Antwerp and the Colonel Bourg 124, Maire, Egmont I and Egmont II buildings would be deprived of the right to receive rental income on that property until the end of the lease. Likewise, in the case of the Loi 56, Luxembourg 40, Everegreen and Nerviens 105 buildings, the buyer would be deprived of the receivables until the expiry of the right of usufruct.

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

Development projects (x €1,000)

	2009	2008
AT 01.01	**49,001**	93,010
Capital expenditures	**27,081**	5,755
Acquisitions		3,800
Transfer from/to Properties available for lease	**-8,023**	-39,784
Sales/Disposals (fair value of assets sold/disposed of)	**-13,018**	-7,672
Writeback of lease payments sold and discounted	**76**	
Increase/Decrease in fair value[1]	**914**	-6,108
AT 31.12	**56,031**	49,001

Assets held for own use (x €1,000)

	2009	2008
AT 01.01	**10,064**	10,206
Capital expenditures		5
Increase/Decrease in fair value[1]	**-635**	-147
AT 31.12	**9,429**	10,064

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

	2009	2008
Properties available for lease	**-65,128**	-57,079
Development projects	**914**	-6,108
Assets held for own use	**-635**	-147
Others		-450
TOTAL	**-64,849**	-63,784

The total portfolio of investment properties is estimated by the experts at 31.12.2009 based on a market rate of 7.06% applied to the contractual rents increased by the estimated rental value on unlet space (see Report of the real estate expert on page 87). A 0.10% variation of this market rate would give rise to a variation of the total portfolio fair value of €44.6 million.

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

	Intangible assets		Other tangible assets	
	2009	2008	**2009**	2008
AT 01.01	**1,840**	1,535	**942**	980
Acquisitions of the year	**833**	855	**57**	230
IT software	**833**	855		
Fixtures and fittings			**57**	230
Depreciation of the year	**689**	550	**276**	268
IT software	**689**	550		
Fixtures and fittings			**276**	268
AT 31.12	**1,984**	1,840	**723**	942

The intangible assets and other tangible assets are exclusively assets held for own use.

Depreciation rates used depending on the economic life:

- IT software: 25%;
- fixtures: 10 to 12.5%;
- fittings: 25%.

1 Note 21 reconciles the total change in fair value of the investment properties.

Note 23. Derivative financial instruments

The financial risk management policy of Cofinimmo is explained on page 4 of this Annual Financial Report.

Cash flow hedges (x €1,000)

Period	Option	Strike	Yearly amount
2010	CAP bought	3.75%	1,200,000
2011-2012	CAP bought	4.00%	1,500,000
2013	CAP bought	4.50%	1,500,000
2014-2015	CAP bought	5.00%	1,400,000
2016-2017	CAP bought	5.00%	1,000,000
2010	FLOOR sold	3.25%	1,200,000
2011	FLOOR sold	2.50%	250,000
2011	FLOOR sold	3.00%	1,250,000
2012-2013	FLOOR sold	3.00%	1,500,000
2014-2015	FLOOR sold	3.00%	1,400,000
2016-2017	FLOOR sold	3.00%	1,000,000

For the years 2010 to 2017, 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 derivative financial instruments described above.

Cofinimmo SA has also concluded an Interest Rate Swap starting on 01.12.2008 for an initial notional amount of €30.8 million, whereby the company pays the Euribor 1 year +0.20% and receives a fixed interest rate of 4.8002%, maturing in December 2044. The notional amount decreases from year to year, until it reaches 0€ at its maturity.

Fair value hedges

Cofinimmo Luxembourg has contracted an Interest Rate Swap whereby the company pays the Euribor 3 months +0.80% and receives a fixed interest rate of 5.25% related to the payable coupon regarding the €100 million bond loan maturing on 15.07.2014 that it has issued in 2004.

Cofinimmo SA has contracted an Interest Rate Swap whereby the company pays the Euribor 3 months +2.22% and receives a fixed interest rate of 5.00% related to the payable coupon regarding the €100 million bond loan maturing on 25.11.2014 that it has issued in 2009.

Trading

The Group has contracted several Cancellable Interest Rate Swaps. These instruments, booked as trading, combine a classic IRS, whereby the company pays a fixed interest rate and receives a floating interest rate, and the sale by Cofinimmo of an option for the bank to cancel this Swap from a certain date onwards. The sale of this option allowed reducing the guaranteed fixed rate during the whole period.

Period	Option	Strike	Floating rate	Yearly amount (x €1,000)	First option	Frequency of option
2010-2018	Cancellable IRS	4.10%	Euribor 3 months	140,000	15.10.2011	Annual
2011-2013	Cancellable IRS[1]	3.71%	Euribor 1 month	300,000	n.a.	every 6 months (€50M every month)

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

	31.12.2009 Assets	**31.12.2009 Liabilities**	31.12.2008 Assets	31.12.2008 Liabilities
Cash flow hedges				
CAP options bought	**25,853**		13,389	
FLOOR options sold		**73,001**		39,943
Interest Rate Swaps		**4,044**		11,969
Fair value hedges				
Interest Rate Swaps	**8,624**		5,618	
Trading				
Interest Rate Swaps	**8,596**	**33,105**	42	22,473
TOTAL	**43,073**	**110,150**	19,049	74,385

1 Synthetic derivative resulting from 5 derivative instruments whose strikes vary between 3.53% and 4.03%.

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

	31.12.2009 Assets	31.12.2009 Liabilities	31.12.2008 Assets	31.12.2008 Liabilities
Non-current	**34,470**	**46,958**	18,997	29,372
Current	**8,603**	**63,192**	52	45,013
TOTAL	**43,073**	**110,150**	19,049	74,385

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

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

	2009	2008
AT 01.01	**-30,687**	22,943
Variation in the effective part of the changes in fair value of the derivative financial instruments	**22,429**	-63,166
Transfer to the income statement of the intrinsic value of the derivative financial instruments active during the year	**-38,825**	9,536
AT 31.12	**-47,083**	-30,687

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

	2009	2008
AT 01.01	**-7,835**	8,668
Variation in the ineffective part of the changes in fair value of the derivative financial instruments	**544**	-16,503
AT 31.12	**-7,291**	-7,835

Note 24. Finance lease receivables

The Group has concluded finance leases for several buildings, of which the Court of Justice of Antwerp, for 36 years. The Group has also granted financing linked to refitting works to certain tenants. Long lease rights have been granted on certain assets. The average implicit yield of these finance lease contracts amounts to 5.62% in 2009 (2008: 5.45%). During the year 2009, conditional rents (indexation) were registered in the income statement for the period for an amount of €0.10 million (2008: €0.07 million).

(x €1,000)

	2009	2008
Less than 1 year	**6,793**	18,212
More than 1 year but less than 5 years	**24,588**	31,568
More than 5 years	**166,509**	235,015
Minimum lease payments	**197,890**	284,795
Deferred financial income	**-128,172**	-172,444
Present value of minimum lease payments	**69,718**	112,351
Non-current finance lease receivables	**66,956**	108,181
At more than 1 year but less than 5 years	**24,128**	39,358
At more than 5 years	**42,828**	68,823
Current finance lease receivables	**2,762**	4,170

The market value of these finance lease receivables at 31.12.2009 is estimated at €77.91 million.

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

	2009	2008
AT 01.01	**507**	0
Transfer from Investment properties	**585**	507
Disposal of assets during the financial year	**-337**	
AT 31.12	**755**	507

All the assets held for sale are investment properties.

Note 26. Current trade receivables (x €1,000)

	2009	2008
Gross trade receivables		
Gross commercial receivables which are due	**10,357**	8,378
Gross commercial receivables which are not due	**2,133**	9,455
Bad and doubtful receivables	**1,556**	1,261
Provision for impairment of receivables (-)	**-1,556**	-1,261
TOTAL	**12,490**	17,833

The received rental guarantees amount to K€4,564 (2008: K€3,481). The Group has recognised a net charge of K€706 (2008: K€33) for the impairment of its trade receivables during the year ended 31.12.2009. The Board of Directors considers that the carrying amount of trade receivables approximate their fair value.

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

	2009	2008
AT 01.01	**1,261**	1,317
Use	**-411**	-89
Provisions charged to income statement	**719**	125
Provision writebacks credited to income statement	**-13**	-92
AT 31.12	**1,556**	1,261

Note 27. Tax receivables and other current assets (x €1,000)

	2009	2008
Taxes	**30,747**	37,113
Others	**15,983**	10,476
TOTAL	**46,730**	47,589

The other current assets are mainly (withholding) taxes and other charges to be reinvoiced.

Note 28. Deferred charges and accrued income (x €1,000)

	2009	2008
Rent free periods and incentives granted to tenants to be spread	**2,984**	3,500
Property charges paid in advance	**12,498**	8,834
Prepaid interest and other financial charges	**4,653**	6,032
TOTAL	**20,135**	18,366

Note 29. Share capital and share premium

	Ordinary shares		Convertible preference shares		TOTAL	
(in number)	**2009**	2008	**2009**	2008	**2009**	2008
Number of shares (A)						
AT 01.01	**11,344,545**	10,615,398	**1,499,766**	1,499,766	**12,844,311**	12,115,164
Issued against contribution in kind	**224,967**	495,591			**224,967**	495,591
Issued in mergers to Group subsidiaries	**962,485**	233,556			**962,485**	233,556
Conversion of preference shares into ordinary shares	**173,073**		**-173,073**			
AT 31.12	**12,705,070**	11,344,545	**1,326,693**	1,499,766	**14,031,763**	12,844,311
Own shares held by the Group (B)						
AT 01.01	**356,876**	705,963			**356,876**	705,963
Issued in mergers to Group subsidiaries	**962,485**	233,556			**962,485**	233,556
Own shares sold/purchased - net	**-1,296,987**	-582,643			**-1,296,987**	-582,643
AT 31.12	**22,374**	356,876			**22,374**	356,876
Shares outstanding (A-B)						
AT 01.01	**10,987,669**	9,909,435	**1,499,766**	1,499,766	**12,487,435**	11,409,201
AT 31.12	**12,682,696**	10,987,669	**1,326,693**	1,499,766	**14,009,389**	12,487,435

	Ordinary shares		Convertible preference shares		TOTAL	
(x €1,000)	**2009**	2008	**2009**	2008	**2009**	2008
Capital						
AT 01.01	**589,239**	528,415	**79,974**	79,974	**669,213**	608,389
Issued against contribution in kind	**12,063**	26,574			**12,063**	26,574
Own shares sold/purchased - net	**69,439**	34,250			**69,439**	34,250
Conversion of preference shares into ordinary shares	**9,229**		**-9,229**			
AT 31.12	**679,970**	589,239	**70,745**	79,974	**750,715**	669,213
Share premium account						
AT 01.01	**362,881**	281,136	**79,085**	79,085	**441,966**	360,221
Issued against contribution in kind	**9,797**	36,667			**9,797**	36,667
Own shares sold/purchased - net	**27,778**	45,078			**27,778**	45,078
Conversion of preference shares into ordinary shares	**9,126**		**-9,126**			
AT 31.12	**409,582**	362,881	**69,959**	79,085	**479,541**	441,966

Categories of shares

The Group has issued 2 categories of shares:

Ordinary shares: the holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the General Shareholders' Meetings of the company. The par value of each ordinary share is €53.62 at 31.12.2009. The ordinary shares are listed on Euronext Brussels and Paris.

Convertible preference shares: the preference shares were issued in 2004 in 2 distinct series which both feature the following main characteristics:

- priority right to an annual fixed gross dividend of €6.37 per share, capped at this level and non-cumulative;
- priority right in case of liquidation to a distribution equal to the issue price of these shares, capped at this level;
- option for the holder to convert his preference shares into ordinary shares from the 5th anniversary of their issue date (01.05.2009), at a rate of 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 31.12.2009, the Group held 22,374 ordinary Cofinimmo shares, all of which were held by Cofinimmo itself (31.12.2008: 356,876).

Authorised capital

The Shareholders' Meeting of the Company has authorised the Board of Directors on 21.01.2008 to issue new capital for an amount of €640,000,000 and for a period of 5 year. At 31.12.2009, the Board had made use of this authorisation for a total amount of €38,527,984.02, of which €12,062,707.00 in 2009. Hence the remaining authorised capital amounts to €601,472,015.98 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 30. Reserves (x €1,000)

	2009	2008
Legal reserve of the subsidiaries	**35**	35
Reserve for the balance of changes in fair value of investment properties	**89,594**	169,127
Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	**-64,510**	-65,779
Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting	**-47,083**	-30,687
Others	**160,162**	190,002
Non-distributable reserves	**1,039**	567
Tax-exempt reserves	**-3,272**	-1,978
Distributable reserves	**162,395**	191,413
TOTAL	**138,198**	262,698

The reserves are presented before appropriation.

Note 31. Diluted result per share[1]

The calculation of the result per share at balance sheet date is based on the net current result/net result attributable to ordinary and preference shareholders of K€92,390 (2008: K€56,025)/K€32,450 (2008: K€-5,293) and a number of ordinary and preference shares outstanding and entitled to share in the result of the period ended 31.12.2009 of 14,009,389 (2008: 13,346,538).

Result attributable to ordinary and preference shares (x €1,000)

	2009	2008
Net current result attributable to ordinary and preference shares	**92,390**	56,025
Net current result for the year	**92,857**	56,371
Minority interests	**467**	346
Result on portfolio attributable to ordinary and preference shares	**-59,940**	-61,318
Result on portfolio for the year	**-60,411**	-61,659
Minority interests	**-471**	-341
Net result attributable to ordinary and preference shares	**32,450**	-5,293
Net result for the year	**32,446**	-5,288
Minority interests	**-4**	5

Diluted result per share (in €)

	2009	2008
Number of ordinary and preference shares entitled to share in the result of the year	**14,009,389**	13,346,538
Net current result per share - Group share	**6,59**	4,20
Result on portfolio per share - Group share	**-4,28**	-4,60
Net result per share - Group share	**2,31**	-0,40

1 The result per share figuring in the 2008 Annual Financial Report was calculated based upon the ordinary shares. Since 2009, as a result of the conversion of preference shares, the result per share is based upon the ordinary and the preference shares. Furthermore, the amount of ordinary and preference shares of 2008 has been modified in order to take into account the own shares sold on the market during the first quarter of 2009 and entitled to share in the 2008 results.

Diluted result per ordinary share

The first conversion window of preference shares into ordinary shares spread from 01.05.2009 to 10.05.2009. The preference shareholders who converted their shares into ordinary shares in 2009 participate as from 01.01.2009 to the results to which the ordinary shareholders are entitled. Cofinimmo therefore presents its results per share on a fully diluted basis (i.e. supposing all of the preference shares have already been converted). In the 2008 Annual Financial Report, the results per share were presented on a non-diluted basis.

For information purpose, disregarding the impact of IAS 39, the non-diluted net current result per ordinary share for the year 2008 amounts to €8.08. On the same basis, the diluted net current result per ordinary share for the year 2008 before the sale of 962,485 own shares amounts to €7.87. It amounts to €7.30 after this sale.

Reconciliation of 2008 non-diluted and diluted results per share (x €1,000)

31.12.2008	Ordinary shares	Preference shares	Ordinary and preference shares (diluted results)	Sale of 962,485 own shares entitled to share in the 2008 results	After sale of 962,485 own shares on 26.03.2009
IAS 39 impact - profit/loss	-41,453		-41,453		-41,453
Net current result	56,371		56,371		56,371
Preference dividends	-9,554	9,554			
Minority interests	-346		-346		-346
Net current result - Group share	46,471	9,554	56,025		56,025
Result on portfolio	-61,659		-61,659		-61,659
Minority interests	341		341		341
Result on portfolio - Group share	-61,318		-61,318		-61,318
Net result	-5,288		-5,288		-5,288
Preference dividends	-9,554	9,554			
Minority interests	-5		-5		-5
Net result - Group share	-14,847	9,554	-5,293		-5,293
Number of shares issued	10,987,669	1,499,766	12,487,435	962,485	13,449,920
Number of shares participating in the results	10,884,287	1,499,766	12,384,053	962,485	13,346,538
Number of ordinary shares	10,884,287		10,884,287	962,485	11,846,772
Number of preference shares		1,499,766	1,499,766		1,499,766

(in €)					
Net current result - Group share - IAS 39 impact excluded	8.08		7.87		7.30
IAS 39 impact - profit/loss	-3.81		-3.35		-3.10
Current result - Group share	4.27		4.52		4.20
Result on portfolio - Group share	-5.63		-4.95		-4.60
Net result - Group share	-1.36		-0.43		-0.40

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

	Paid in 2009	Paid in 2008
Gross dividends for ordinary shareholders	**92,404,821.60**	76,769,167.25
Gross dividend per ordinary share	**7.80**	7.75
Net dividend per ordinary share	**6.6300**	6.5875
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 2009 of €6.50 per share (net dividend per share €5.525), amounting to a total dividend of €82,437,524, is to be proposed at the Ordinary General Meeting on 30.04.2010. Indeed, at the closing date, the number of ordinary shares entitled to the 2009 dividend amounts to 12,682,696.

The Board of Directors proposes to suspend the right to dividend for the 22,374 own ordinary shares still held by Cofinimmo under its stock option plan.

A gross dividend for preference shares in respect of 2009 of €6.37 per share (net dividend per share €5.4145), amounting to a total dividend of €8,451,034, is to be proposed at the Ordinary General Meeting on 30.04.2010. Indeed, at the closing date, the number of preference shares entitled to the 2009 dividend stands at 1,326,693.

Note 33. Provisions (x €1,000)

	2009	2008
AT 01.01	**11,875**	9,637
Amounts charged to income statement	**7,672**	6,231
Utilisations	**-51**	-130
Writebacks credited to income statement	**-1,730**	-3,863
AT 31.12	**17,766**	11,875

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.

Note 34. Deferred taxes (x €1,000)

	2009	2008
Exit tax	**16,090**	21,969
Deferred taxes	**120,763**	130,209
TOTAL	**136,853**	152,178

The exit tax pertains to Cofinimmo France following the adoption of the SIIC regime by the French subsidiary in January 2009. This exit tax is based upon the gains resulting from the valuation of the properties, i.e. the difference between the value of the properties as estimated by the valuer on 31.12.2008 and the net book value of these properties at the same date. The taxation rate applied to this figure stands at 19%. The payment of the exit tax is spread over 4 years. The first payment took place in December 2009 for a total amount of €5.01 million.

The deferred taxes pertain to the Pubstone SA, Pubstone Properties I BV and Pubstone Properties II BV subsidiaries. The indirect third-party interests in these subsidiaries rule out a merger scenario for these companies. A deferred tax is therefore applied instead of an exit tax. With regard to Pubstone SA, Belgian subsidiary, the deferred tax represents the 34% taxation of the gains which would be realised on disposals of assets, taking into account a spreading of this taxation in case the realised gains are reinvested. For this calculation, a disposal scenario of the assets considered as realistic by the Board of Directors is taken into account, namely :

- no disposal of assets during the first 6 years of the lease;
- vacancy of half of the surfaces that can contractually be vacated (1.75% per year) as from the 7th year of the lease (2013), with consequent sale of the first half of the vacated surfaces and rehabilitation of the second half of the vacated surfaces ;
- reinvestment of the realised gains on the disposal of the first half of the vacated surfaces and spreading of their taxation over the lifespan of the new assets, namely 33 years.

1 Based on the results of the parent company.

This calculation is conducted until half of the leased surfaces are vacated.

With regard to Pubstone Properties I BV and Pubstone Properties II BV, Dutch subsidiaries, the deferred tax represents the 25% taxation of the difference between the investment value of the assets and their net book value.

Note 35. Financial debts (x €1,000)

	2009	2008
Interest-bearing borrowings	**1,626,133**	1,800,604
TOTAL	**1,626,133**	1,800,604
Non-current	**1,381,474**	1,579,760
Current	**244,659**	220,844
TOTAL	**1,626,133**	1,800,604

Interest-bearing borrowings (x €1,000)

	2009	2008
Non-current		
Bilateral loans - floating rate	**907,540**	941,010
Syndicated loans - floating rate	**245,000**	490,000
Treasury bills - floating rate	**15,000**	35,000
Debenture loan - fixed rate	**208,624**	105,618
Other - floating or fixed rate	**5,310**	8,132
SUB-TOTAL	**1,381,474**	1,579,760
Current		
Bilateral loans - floating rate	**100,000**	
Treasury bills - floating rate	**131,250**	215,860
Overdrafts - floating rate	**13,406**	3,172
Other - floating or fixed rate	**3**	1,812
SUB-TOTAL	**244,659**	220,844
TOTAL	**1,626,133**	1,800,604

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

	2009	2008
Between 1 and 2 years	**200,000**	432,082
Between 2 and 5 years	**794,878**	674,006
Over 5 years	**386,596**	473,672
TOTAL	**1,381,474**	1,579,760

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

	2009	2008
Floating rate loans	**1,417,509**	1,694,986
Fixed rate loans	**208,624**	105,618
TOTAL	**1,626,133**	1,800,604

The fixed rate debenture loans have been immediately converted to floating rate[1].

Non-current undrawn borrowing facilities[2] (x €1,000)

	2009	2008
Expiring within one year	**33,333**	66,667
Expiring after one year	**367,457**	305,566

1 See paragraph on interest rate risk management on page 4 of the Annual Financial Report 2009. 2 The undrawn lines extensively cover the emissions of short term treasury bills, amounting to €111.25 million on 31.12.2009.

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

	2009	2008
Authorised hedging instruments	**110,150**	74,385
Others	**4,605**	3,481
TOTAL	**114,755**	77,866
Non-current	**51,522**	32,853
Current	**63,233**	45,013
TOTAL	**114,755**	77,866

The caption "Others" is mainly composed of guarantees in cash received from tenants.

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

	2009	2008
Exit tax	**56**	13,100
Others	**69,499**	57,019
Suppliers	**29,611**	26,578
Taxes, social charges and salaries debts	**23,429**	22,608
Taxes	**21,712**	21,318
Social charges	**461**	452
Salaries debts	**1,256**	838
Others	**16,459**	7,833
Urban charges	**612**	612
Dividend coupons	**3,319**	640
Provision for withholding taxes and other taxes	**5,109**	4,470
Pubstone dividend coupons	**1,323**	543
Various	**6,096**	1,568
TOTAL	**69,555**	70,119

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

	2009	2008
Property income received in advance	**15,710**	35,447
Interest and other financial charges accrued and not due	**10,133**	20,699
Others	**2,722**	4,025
TOTAL	**28,565**	60,171

Note 39. Contingent rights and liabilities

Construction works

- With regard to 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.
- With regard to the renovation of the Loi 56 and Luxembourg 40 buildings, Cofinimmo has obtained the issuing of 2 bank guarantees in favour of the European Commission to guarantee proper execution of the works until the time of their acceptance.
- With regard to 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.

Acquisitions/Disposals

- Cofinimmo has undertaken to acquire the shares of Leopold Basement SA (subject to obtaining administrative permits).
- Cofinimmo has undertaken to acquire the company AMCA after delivery of the works, foreseen 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 land plots Cofinimmo has acquired by the transaction with Group Van Den Brande (now Armonea).
- Cofinimmo has signed call and put options relating to the freehold of a plot of land located in Gentbrugge intended for the construction of a nursing home which will be operated by Foyer de la Femme ASBL.

- The shares in the company Belliard III-IV Properties SA held by Cofinimmo are subject to a purchase option. The exercise of this option is subject to the fulfilment of certain specific conditions.
- 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 price complement 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.
- With regard to 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. Cofinimmo has furthermore undertaken to grant a mortgage and a mortgage mandate on the site.
- With regard to the assignment of lease receivables with the Buildings Agency on the North Galaxy, Egmont I, Egmont II, Maire and Colonel Bourg 124 buildings, as well as the assignment of lease receivables with the City of Antwerp on the new Fire Station, the shares of Galaxy Properties SA, Egmont Properties SA and a SPV to be set up have been pledged in favour of a bank, subject to certain conditions, as well as a deposit of €1.0 million for maintenance and insurance costs payable by the owner in the case of the North Galaxy building. Cofinimmo has furthermore obtained the issuing of guarantees in favour of the bank which can be exercised, subject to certain conditions.
- Cofinimmo has granted a rental income guarantee on the occasion of the disposal of part of its portfolio located in the Brussels periphery and in Wavre.
- Cofinimmo has granted a purchase option to the HEKLA Police in Antwerp on the property granted under long lease to this entity, to be taken up on the expiry of the long lease.
- Cofinimmo has agreed to several preferential rights and/or purchase options to the long lease holder ("emphytéote"), at market value, on a part of its nursing homes portfolio.
- With regard to tendering, Cofinimmo generally issues commitments to obtain bank guarantees.
- As a general rule, Cofinimmo benefits from liability guarantees issued by the sellers of shares in real estate companies it has acquired.

Miscellaneous

- With regard to its lease agreements, Cofinimmo receives a rental guarantee (in cash or as a bank guarantee) of an amount generally representing 6 months of rent.
- With regard to the transfer against a structured deposit to an external trustee (JPA Properties SPRL administered by 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.
- 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 of the 2001 Annual Financial Report) for the eventuality that a withholding tax would be applicable to the interest on these Notes following a change in the fiscal laws affecting holders resident in Belgium or the Netherlands.

Note 40. Commitments

The Group has capital commitments of K€129,629 (31.12.2008: K€298,128) 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. 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 (NN)	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
CITY-LINK SA Boulevard de la Woluwe 58, 1200 Brussels	BE 887 946 512	100.00
COFINIMMO FRANCE SA Avenue de l'Opéra 27, 75001 Paris (France)	FR 88 487 542 169	100.00
SAS IS II Avenue de l'Opéra 27, 75001 Paris (France)	FR 74 393 097 209	100.00
SCI AC Napoli Avenue de l'Opéra 27, 75001 Paris (France)	FR 71 428 295 695	100.00
SCI Beaulieu Avenue de l'Opéra 27, 75001 Paris (France)	FR 50 444 644 553	100.00
SCI Chamtou Avenue de l'Opéra 27, 75001 Paris (France)	FR 11 347 555 203	100.00
SCI Cuxac II Avenue de l'Opéra 27, 75001 Paris (France)	FR 18 343 262 341	100.00
SCI de l'Orbieu Avenue de l'Opéra 27, 75001 Paris (France)	FR 14 383 174 380	100.00
SA Domaine de Vontes Avenue de l'Opéra 27, 75001 Paris (France)	FR 67 654 800 135	100.00
SCI du Donjon Avenue de l'Opéra 27, 75001 Paris (France)	FR 06 377 815 386	100.00
SNC du Haut Cluzeau Avenue de l'Opéra 27, 75001 Paris (France)	FR 39 319 119 921	100.00
SARL Hypocrate de la Salette Avenue de l'Opéra 27, 75001 Paris (France)	not subject to tax NN 388 117 988	100.00
SCI La Nouvelle Pinède Avenue de l'Opéra 27, 75001 Paris (France)	FR 78 331 386 748	100.00
SCI Privatel INVESTISSEMENT Avenue de l'Opéra 27, 75001 Paris (France)	FR 13 333 264 323	100.00
SCI RÉSIDENCE Frontenac Avenue de l'Opéra 27, 75001 Paris (France)	FR 80 348 939 901	100.00
SCI Sociblanc Avenue de l'Opéra 27, 75001 Paris (France)	not subject to tax NN 328 781 844	100.00
COFINIMMO LUXEMBOURG SA Boulevard Grande-Duchesse Charlotte 65, 1331 Luxembourg (Luxembourg)	not subject to tax NN 100 044	99.92
COFINIMMO SERVICES SA Boulevard de la Woluwe 58, 1200 Brussels	BE 437 018 652	100.00
EGMONT PROPERTIES SA Boulevard de la Woluwe 58, 1200 Brussels	BE 891 801 042	100.00
GALAXY PROPERTIES SA Boulevard de la Woluwe 58, 1200 Brussels	BE 872 615 562	100.00
IMMO NOORDKUSTLAAN SA Boulevard de la Woluwe 58, 1200 Brussels	BE 890 198 197	100.00
LEOPOLD SQUARE SA Boulevard de la Woluwe 58, 1200 Brussels	BE 465 387 588	100.00
PUBSTONE GROUP SA Boulevard de la Woluwe 58, 1200 Brussels	BE 878 010 643	89.90
PUBSTONE SA Boulevard de la Woluwe 58, 1200 Brussels	BE 405 819 096	89.66
PUBSTONE HOLDING BV Prins Bernhardplein 200, 1097 JB Amsterdam (the Netherlands)	not subject to tax NN 8185 89 723	89.66[1]
PUBSTONE PROPERTIES I BV Prins Bernhardplein 200, 1097 JB Amsterdam (the Netherlands)	NL 00.11.66.347.B.01	89.66[1]
PUBSTONE PROPERTIES II BV Prins Bernhardplein 200, 1097 JB Amsterdam (the Netherlands)	NL 00.26.20.005.B.01	89.66[1]

1 Economic interest.

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.

City-Link SA holds the building with the same name.

Cofinimmo France SA owns directly or indirectly 14 aftercare and rehabilitation clinics ("cliniques de Soins de Suite et de Rééducation, SSR"), 7 psychiatric clinics and 17 nursing homes ("Établissements d'Hébergement pour Personnes Âgées 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.

Egmont Properties SA holds a right in a long lease on the Egmont I and II buildings.

Galaxy Properties SA holds a right in a long lease of 27 years on the North Galaxy building.

Immo Noordkustlaan SA holds the West-End building.

Leopold Square SA owns 2 development sites and holds participating interests in the companies Bolivar Properties SA, City-Link SA, Egmont Properties SA, Galaxy Properties SA and Immo Noordkustlaan SA.

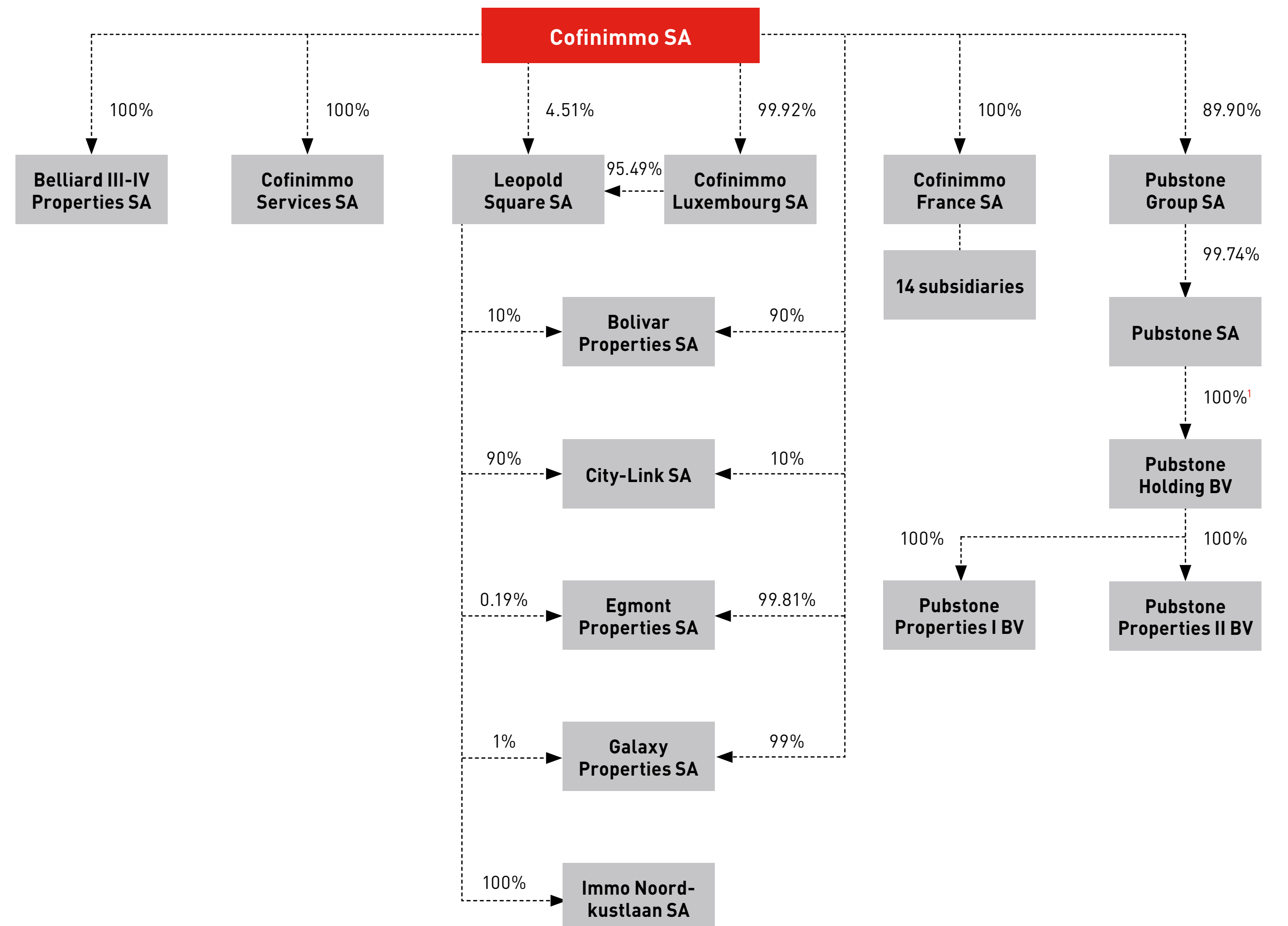
Pubstone Group SA holds a controlling interest in the company Pubstone SA.

Pubstone SA owns 823 pubs in Belgium and an interest in the company Pubstone Holding BV.

Pubstone Holding BV owns the companies Pubstone Properties I BV and Pubstone Properties II BV.

Pubstone Properties I BV owns 199 pubs in the Netherlands.

Pubstone Properties II BV owns 46 pubs in the Netherlands.



1 Economic interest.

Note 42. 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, in 2008 for a total of 6,730 stock options and in 2009 for a total of 7,215 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 €86.06 per share for the 2009 plan, in exchange of the delivery of the shares.

The options are exercisable until 13.06.2021 at the latest for the 2006 plan, until 12.06.2022 at the latest for the 2007 plan, until 12.06.2023 at the latest for the 2008 plan and until 12.06.2019 at the latest for the 2009 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 2009	Plan 2008	Plan 2007	Plan 2006
AT 01.01.2009	**0**	6,730	7,300	7,800
Granted	**7,215**	0	0	0
Cancelled	**0**	0	0	0
Exercised	**0**	0	0	0
Expired	**0**	0	0	0
AT 31.12.2009	**7,215**	6,730	7,300	7,800
EXERCISABLE (VESTED) AT 31.12.2009	**0**	0	0	0
STRIKE PRICE (in €)	**86.06**	122.92	143.66	129.27

Fair value of the stock options at the date of granting and assumptions used - weighted average

	Plan 2009	Plan 2008	Plan 2007	Plan 2006
Valuation model	**Black & Scholes**	Black & Scholes	Black & Scholes	Black & Scholes
Contractual life of the options	**10 years**	15 years[1]	15 years[1]	15 years[1]
Estimated duration	**8 years**	8 years	8 years	8 years
Strike price (in €)	**86.06**	122.92	143.66	129.27
Volatility (average last 3 years)	**12.44%**	12.75%	9.97%	8.84%
Risk free interest rate	**«Euro Swap Annual Rate»**	«Euro Swap Annual Rate»	«Euro Swap Annual Rate»	«Euro Swap Annual Rate»
Fair value of the options at the date of granting[2] (x €1,000)	**372.44**	353.12	261.27	215.36

1 In accordance with the Law on economic stimulation of 27.03.2009, the exercise period for the stock option plans of 2006 to 2008 has been extended from 10 to 15 years with the approval of the beneficiaries, without any additional fiscal costs. 2 Spread over 3 years.

Note 43. Average number of persons linked by an employment contract or by a permanent service contract

	2009	2008
Average number of persons linked by an employment contract or by a permanent service contract	**105**	103
Employees	**101**	99
Management personnel	**4**	4
FULL TIME EQUIVALENT	**101**	100

Note 44. 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 €2,506,416. The difference between the one mentioned on pages 51 and 55 of the Annual Financial 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.

At the end of December, Cofinimmo sold the property rights on its business park "Les Collines de Wavre" to the companies LCDW and FDC. The company LCDW financed its acquisition for a large part with a private issuing of property certificates which have been placed by the Degroof Bank. The Degroof Bank being the depository bank of the Sicafi, it is a related party in the meaning of Article 24 of the Royal Decree of 10.04.1995 (also see page 59).

/ statutory auditor's report.

Diegem, 16 March 2010

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 comments and information.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Cofinimmo SA/NV ("the company") and its subsidiaries (jointly "the group"), prepared using accounting methods in accordance with IFRS as executed by the Royal Decree of 21 June 2006 with respect to the accounting, the financial statements and the consolidated financial statements of public real estate investment trusts, and modifying the Royal Decree of 10 April 1995 with respect to real estate investment trusts. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2009, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 3,402,684 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 32,450 (000) EUR.

The financial statements of several significant entities included in the scope of consolidation which represent total assets of 181,642 (000) EUR and a total profit of 1,428 (000) EUR have been audited by other auditors. Our opinion on the accompanying consolidated financial statements, insofar as it relates to the amounts contributed by those entities, is based upon the reports of those other auditors.

The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/ Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained, together with the reports of other auditors on which we have relied, provides a reasonable basis for our opinion.

In our opinion, and based upon the reports of other auditors, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2009, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Additional comments and information

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 comments and information which do 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.
- As mentioned in the notes to the consolidated financial statements, the company has opted for early adoption of the new accounting scheme as foreseen in the project of the Royal Decree related to public real estate investment trusts.

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises, BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Ludo De Keulenaer

/ company accounts.

Income statement (abbreviated format) (x €1,000)

	2009	2008
A. NET RESULT		
Rental income	**156,153**	148,221
Writeback of lease payments sold and discounted	**17,655**	11,056
Rental-related expenses	**-2,562**	-2,348
Net rental income	**171,246**	156,929
Recovery of property charges	**209**	952
Recovery income of charges and taxes normally payable by the tenant on let properties	**17,921**	17,320
Costs payable by the tenant and borne by the landlord on rental damage and refurbishment at end of lease	**-17,733**	-17,256
Charges and taxes normally payable by the tenant on let properties	**-1,329**	-1,012
Property result	**170,314**	156,933
Technical costs	**-2,962**	-376
Commercial costs	**-669**	-1,148
Taxes and charges on unlet properties	**-2,127**	-2,246
Property management costs	**-12,391**	-11,528
Other property charges	**-2**	-3
Property charges	**-18,151**	-15,301
Property operating result	**152,163**	141,632
Corporate management costs	**-6,247**	-7,598
Operating result before result on portfolio	**145,916**	134,034
Gains or losses on disposals of investment properties	**-3,584**	1,232
Changes in fair value of investment properties	**-56,824**	-62,002
Operating result	**85,508**	73,264
Financial income	**36,167**	30,272
Net interest charges	**-70,637**	-69,793
Other financial charges	**-17,340**	-19,421
Changes in fair value of financial assets and liabilities	**-12,301**	-40,285
Financial result	**-64,111**	-99,227
Pre-tax result	**21,397**	-25,963
Corporate tax	**-947**	-1,367
Exit tax	**1**	
Taxes	**-946**	-1,367
NET RESULT	**20,451**	-27,330
B. OTHER ELEMENTS OF THE GLOBAL RESULT		
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	**595**	-8,081
Changes in the effective part of the fair value of authorised cash flow hedge instruments	**-16,396**	-53,630
Other elements of the global result	**-15,801**	-61,711
C. GLOBAL RESULT	**4,650**	-89,041

Appropriation account (x €1,000)

	2009	2008
A. NET RESULT	**20,451**	-27,330
B. TRANSFER TO RESERVES (+/-)	**70,762**	129,590
Transfer to the reserve of the positive balance of changes in fair value of investment properties		-14,500
Previous years		-14,500
Transfer from the reserve of the negative balance of changes in fair value of investment properties	**100,517**	80,362
Fiscal year	**56,824**	80,362
Previous years	**43,693**	
Transfer to the reserve of estimated transaction costs resulting from hypothetical disposal of investment properties	**-739**	-850
Transfer to other reserves	**-189**	-171
Transfer from the result carried forward of the year	**-28,829**	64,749
C. REMUNERATION OF THE CAPITAL	**-90,889**	-101,958
D. DISTRIBUTION OF THE YEAR OTHER THAN REMUNERATION OF THE CAPITAL	**-324**	-302
E. RESULT TO BE CARRIED FORWARD[1]	**151,610**	117,201

1 The result to be carried forward is composed of the result to be carried forward of the year and the result carried forward of past years.

Balance sheet (abbreviated format) (x €1,000)

	31.12.2009	31.12.2008
Non-current assets	**2,948,302**	2,978,165
Intangible assets	**254**	237
Investment properties	**2,329,449**	2,381,218
Other tangible assets	**708**	907
Non-current financial assets	**550,889**	487,594
Finance lease receivables	**66,956**	108,181
Trade receivables and other non-current assets	**46**	28
Current assets	**70,538**	86,176
Assets held for sale	**585**	337
Current financial assets	**8,603**	51
Finance lease receivables	**2,761**	4,170
Trade receivables	**7,007**	4,110
Tax receivables and other current assets	**34,898**	39,734
Cash and cash equivalents	**63**	24,100
Deferred charges and accrued income	**16,621**	13,674
TOTAL ASSETS	**3,018,840**	3,064,341

Shareholders' equity	**1,446,800**	1,367,524
Capital	**751,915**	688,244
Share premium account	**556,853**	476,169
Reserves	**117,581**	230,441
Net result of the year	**20,451**	-27,330
Liabilities	**1,572,040**	1,696,817
Non-current liabilities	**1,184,228**	1,347,987
Provisions	**17,472**	11,551
Non-current financial debts	**1,119,773**	1,307,064
Other non-current financial liabilities	**46,983**	29,372
Current liabilities	**387,812**	348,830
Current financial debts	**244,658**	220,800
Other current financial liabilities	**63,192**	45,013
Trade debts and other current debts	**58,256**	40,194
Accrued charges and deferred income	**21,706**	42,823
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,018,840**	3,064,341

Obligation to distribute (x €1,000)

	2009	2008
Net result	**20,451**	-27,330
Depreciation (+)	**350**	312
Writedowns (+)	**572**	57
Writeback of writedowns (-)	**-13**	-78
Writeback of lease payments sold and discounted (-)	**-17,655**	-11,056
Other non-cash elements (+/-)	**12,301**	43,833
Result on disposals of property assets (+/-)	**3,584**	-1,232
Changes in fair value of investment properties (+/-)	**56,824**	79,512
Corrected result (A)	**76,414**	84,018
Realised gains and losses[1] on property assets during the year (+/-)	**-4,811**	-13,268
Realised gains[1] on property assets during the year, exonerated from the obligation to distribute if reinvested within 4 years (-)	**-6,465**	-8,115
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)	**-11,276**	-21,383
TOTAL (A+B) X 80%	**52,110**	50,108
DEBT DECREASE (-)	**-145,370**	0
OBLIGATION TO DISTRIBUTE	**0**	50,108

The obligation to distribute is calculated according to the "net gain" as referred to in Article 62 of the Royal Decree of 10.04.1995 relating to Sicaf immobilières, modified by the Royal Decree of 21.06.2006.

1 Compared to the acquisition value, to which the capitalised renovation costs are added.

/ general information.

The company attaches great importance to open and comprehensive communications aimed at the shareholders, client-tenants, suppliers, the media and the general public.

Company name

Cofinimmo: Sicaf immobilière ("Société d'investissement immobilière à capital fixe publique de droit belge" - fixed public capital real estate investment trust incorporated under Belgian law).

Registered and administrative offices

The registered and administrative offices are established at 1200 Brussels, boulevard de la Woluwe 58 (Tel. + 32 2 373 0000). The registered offices may be transferred to any other place in Belgium by a simple decision of the Board of Directors.

Register of Legal Persons

The company is entered in the Register of Legal Persons (R.L.P.) of Brussels under No. 0426 184 049.
Its VAT number is BE 0426 184 049.

Constitution, legal form and publication

Cofinimmo was set up as a limited liability company incorporated under Belgian law (Société Anonyme) on 29.12.1983, by deed enacted before Notary André Nerincx in Brussels, published in the annexes to the Belgian Official Gazette (Moniteur belge) of 27.01.1984, under number 891-11. The company has the legal form of a limited liability company incorporated under Belgian law. Since 01.04.1996, Cofinimmo has been recognised as a Sicaf immobilière ("Société d'investissement immobilière à capital fixe publique de droit belge" - fixed public capital real estate investment trust incorporated under Belgian Law), registered with the 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 10.02.2010 by deed enacted before Associate Notary Gérald Snyers d'Attenhoven in Brussels, published in the annexes to the Belgian Official Gazette (Moniteur belge) of 24.02.2010 under number 0028886.

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 2002 can be consulted on the website **www.cofinimmo.com**. The Annual Reports and Annual Financial Reports may be obtained from the registered offices or consulted on the website **www.cofinimmo.com**. They are sent each year to the holders of registered shares and to any parties expressing a wish to receive them. They include reports by the real estate expert and the statutory auditor.

Declarations

Responsible persons

The Board of Cofinimmo SA assumes responsibility for the content of this Annual Financial Report, subject to the information supplied by third parties, including the reports of the statutory auditor and the real estate expert.

The Board, composed as described on page 48, declares that to the best of its knowledge:

- this Annual Financial Report contains a fair and true statement of the important events and, as the case may be, of major transactions between related parties, which have occurred during the year, and of their incidence on the financial statements;
- this Report has no omissions likely significantly to modify the scope for any statements made in this Annual Financial Report;
- the financial statements, established in conformity with the applicable accounting standards have been submitted to the statutory auditor for a complete audit review and give a fair and true image of the portfolio, financial situation and results of Cofinimmo and its subsidiaries incorporated in the consolidation; moreover the Management report includes a perspective for the coming year result as well as a comment on the risks and uncertainties confronting the company (see page 42).

Forecast information

This Annual Financial Report contains forecast information based on company plans, estimates and projections, as well as on its reasonable expectations concerning external events and factors. By its nature, this forecast information is subject to risks, uncertainties and other factors that may have the consequence that the results, financial situation, performance and actual figures differ from this information. Taking into account these uncertain factors, statements regarding future developments can not be considered as a 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 this capacity they have never been implicated in a bankruptcy;
- that no employment contract has been concluded with the Directors, either with the Sicafi, or with its Executive Committee, which provides for the payment of indemnities upon termination of the employment contract, subject to the comment of section "Contractual terms of the members of the Executive Committee" in the Corporate Governance chapter.

Declaration concerning information from third parties

The information published in this Report provided by third parties, such as the Report by the real estate expert and the Statutory auditor's report, has been included with the consent of the person who has vouched for the content, form and context of this part of the registration document. This information has been faithfully reproduced and, as far as the Board of Directors knows and is able to assure in the light of data published by this third party, no facts have been omitted that might render the information reproduced incorrect or misleading.

Historical financial information referred to by reference

The Annual Reports and Annual Financial Reports of the years 2001 to 2009, 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 & Media/Reports and Publications").

Fiscal regimes

The Sicaf immobilière

The Sicaf immobilière ("Société d'investissement immobilière à capital fixe publique" - fixed public 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 Sicafi 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.

1 Calculated in function of the scheme of chapter B of the addendum of the Royal Decree of 21.06.2006.

/ general information.

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.

Cofinimmo does not have a status similar to that of the Sicafi in the Netherlands.

/ 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.

/ share capital.

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.

/ share capital.

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
21.01.2009	+821,994.60	Merger by absorption of La Clairière SA	127.27	1,951,049.10	+15,330
21.01.2009	+2,967,438.04	Merger by absorption of L'Orée du Bois SA	127.27	7,043,376.34	+55,342
21.01.2009	+29,424,725.68	Merger by absorption of Miroma Senior Service SA	127.27	69,841,194.28	+548,764
21.01.2009	+14,534,505.30	Merger by absorption of Omega 8-10 SA	127.27	34,498,442.55	+271,065
21.01.2009	+1,547,955.78	Merger by absorption of Rinsdelle SA	127.27	3,674,157.63	+28,869
21.01.2009	+427,887.60	Merger by absorption of S.I.T.E.C. SA	127.27	1,015,614.60	+7,980
21.01.2009	+1,573,907.86	Merger by absorption of Sogemaire SA	127.27	3,735,756.31	+29,353
21.01.2009	+191,155.30	Merger by absorption of Sogipa SA	127.27	453,717.55	+3,565
21.01.2009	+118,875.54	Merger by absorption of Sogipa Invest SA	127.27	282,157.59	+2,217
31.05.2009		Conversion of preference shares into ordinary shares			+73,926
30.07.2009		Conversion of preference shares into ordinary shares			+91,826
29.10.2009		Conversion of preference shares into ordinary shares			+933
16.12.2009[2]	+6,221,717.54	Capital increase by non-cash contribution (Borsbeekhof ASBL)	97.17	11,275,000.00	+116,034
16.12.2009[2]	+1,946,817.76	Capital increase by non-cash contribution (Valdami SPRL)	97.17	3,528,000.00	+36,307
16.12.2009[2]	+2,163,120.42	Capital increase by non-cash contribution (Les Sittelles SA)	97.17	3,920,000.00	+40,342
16.12.2009[2]	+1,731,051.30	Capital increase by non-cash contribution (Résidences Les Charmilles SA)	97.17	3,137,000.00	+32,284
31.12.2009		Conversion of preference shares into ordinary shares			+6,388
Evolution in 2009	**+63,671,152.70**				+1,360,525
Situation as at 31.12.2009	**751,914,828.78**				12,705,070
Preference shares 1st series COFP1					589,605
Preference shares 2nd series COFP2					737,088
TOTAL ORDINARY + PREFERENCE SHARES					**14,031,763**

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.

Description type of shares

At 31.12.2009 Cofinimmo had issued 12,705,070 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 60);
- 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.

Evolution of the conversion of the preference shares into ordinary shares

	Converted COFP1 shares	Converted COFP2 shares
From 01.05.2009 to 10.05.2009	28,348	45,578
From 20.06.2009 to 30.06.2009	81,743	10,083
From 21.09.2009 to 30.09.2009	0	933
From 22.12.2009 to 31.12.2009	2,794	3,594

Authorised capital

At 31.12.2009 the amount of the authorised capital was €601,472,015.98 (see Note 29, page 122).

Changes in holding of treasury shares (own shares)

The number of treasury shares held by the Cofinimmo Group at 01.01.2009 totalled 356,876.

In connection with the mergers by absorption of La Clairière SA, L'Orée du Bois SA, Omega 8-10 SA, S.I.T.E.C. SA, Sogemaire SA, Rinsdelle SA, Sogipa Invest SA, Miroma Senior Service SA and Sogipa SA in January 2009, Leopold Square SA, a company wholly-owned, directly and indirectly, by Cofinimmo, was allocated 962,485 Cofinimmo shares. Following this operation, the Cofinimmo Group owned 1,319,361 ordinary treasury shares, giving a level of 9.52% at the time. All these shares carry entitlement to a share in the results with effect from 01.01.2008.

Cofinimmo then disposed of 4,502 own ordinary shares on the stock market at an average price of €106.03 per share.

By means of an accelerated bookbuild offering, Cofinimmo also placed 962,485 own ordinary shares held by Leopold Square SA at an average price of €75 per share.

Lastly, Cofinimmo placed 330,000 own ordinary shares at a price of €80 per share.

The consolidated shareholders' equity increased accordingly by €98.88 million in 2009. The number of treasury shares held by the Cofinimmo Group at 31.12.2009 came to 22,374, a level of 0.16%.

Shareholders

The shareholders structure is described in the chapter Cofinimmo in the stock market on page 72 of this Report. It can also be consulted on the company's website **www.cofinimmo.com** under the caption "Investor Relations & Media/Share Information/Shareholder Structure".

/ extracts from the articles of association.

Summary of significant changes to the articles of association in 2009

- New 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.

/ extracts from the articles of association.

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.

/ extracts from the articles of association.

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.

/ extracts from the articles of association.

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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Portraits: David Plas

PRINT
Van der Poorten

This Annual Financial Report is printed on certified FSC (Forest Stewardship Council) paper.

Ce Rapport Financier Annuel est également disponible en français
Dit Jaarlijks Financieel Verslag is eveneens beschikbaar in het Nederlands

This English Annual Financial Report is a translation of the French Annual Financial Report. Only the French Annual Financial Report forms legal evidence. The Annual Financial Report was translated under the responsibility of Cofinimmo. The French Annual Financial Report is available upon request at the company's registered 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 Financial 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 30.03.2010.

Cofinimmo