Cofinimmo

Together
we have direction

ANNUAL REPORT
2007

Cofinimmo

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

Cofinimmo (Euronext Brussels/COFB) is the foremost investor in rental property in Belgium. Its core activity is office property representing 77.0% of the Group's total investments. The portfolio also comprises senior residences (8.1%) and the Pubstone portfolio (14.9%). The buildings represent a total area of 1,394,400 m² and a fair value of € 2.8 billion.

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

Through its commercial and investment strategies backed up by innovating financing structures, Cofinimmo looks to creating value for its shareholders.

Together
in Real Estate

Risk management

Risks associated with the economic climate

Cofinimmo's core business is linked to trends in the business cycle as the latter indirectly influences take-up of office space by the private sector. However, the impact of this cycle on the Cofinimmo results and valuation is attenuated by the duration of the leases and by the fact that one third of the clients are public institutions. The economic cycle has no impact on Cofinimmo's new investment sectors (nursing homes and Pubstone).

Rental risks

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

Nearly 100% of the lease contracts include a provision whereby rents are pegged annually to the Belgian consumer price index (health index).

Before accepting any new customer, a credit risk analysis is requested from an outside rating agency or other body. In most cases an advance deposit or bank guarantee is required from non public sector tenants corresponding to 6 months rent. Rents are generally payable in advance, on a quarterly or yearly basis. A quarterly provision for property charges and taxes incurred by the Group but contractually rechargeable to tenants is also requested. The level of credit defaults recorded net of recoveries represents 0.056% of total turnover over the period 1996-2007.

The nursing homes are initially let for 27 years to operators active on several sites. The entire pub portfolio is let to InBev for an average minimum of 23 years.

Risks associated with the investment and development business

Cofinimmo's growth strategy allows for a better distribution of risk and is founded on 3 pillars: acquiring office properties rented long-term to first rate occupants, Public-Private Partnerships for buildings with specific purposes and diversification through long-term real estate partnerships (nursing homes, pubs). As part of this strategy, Cofinimmo carries out a limited development activity for own account, allowing it to maximise the anticipated return on its investment. This development activity remains limited to 10% of the portfolio investment value so as not to affect the company's risk profile.

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

Operating cost risks

Direct operating costs are driven essentially by 2 factors:

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

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

Risk of building destruction

The risk of buildings being destroyed by fire or other disastrous events is insured for a total value of € 1,807,203,711[1] for reconstruction as new. Cover is also taken against the resulting vacant lets.

Financing risk - Interest rate risk

The Group maintains a lasting and sound relationship with its partner banks which form a diversified pool, encompassing international financial institutions of the highest standing. This diversification ensures attractive financing terms while safeguarding the Group against liquidity risk, however small.

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

Simulations conducted show that the Group's net income nonetheless remains sensitive to fluctuations in interest rates. By way of illustration, and assuming that the structure and level of debt remain constant and given the hedging instruments put in place, an average increase in interest rates of 0.5% (50 basis points) over 2008 compared to the average rate adopted for the forecast 2008 would lead to a rise in financial charges of about € 2.2 million.

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

Exchange risk

The Group is currently not exposed to any exchange risk.

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

Letter to the shareholders

Ladies and Gentlemen,

Your company, which celebrates its 25^{th} anniversary in 2008, has acquired a new dimension in recent months. With a net result per share standing at € 14.41 and a gross dividend of € 7.75, Cofinimmo has turned in a record performance, reflecting the impact of a strategy founded on rigorous decision making, which is essential both for day-to-day management and when appraising investment and divestment opportunities.

The main goal of its day-to-day management is to achieve a current result per share that allows the distribution of a steadily-growing dividend.

Cofinimmo's active commercial policy, which is at all times focused on customer satisfaction, was highly successful in 2007, increasing the occupancy rate to 97.37%. This figure far outperforms the sector average (nearly 90%), demonstrating that the choices made are right on target. It also reflects the revival in demand for office space in a positive economic climate.

In tandem with rigorous cost control, its operational management is exploiting the company's advantages of scale, thereby helping consolidate the operating margin.

The investment and divestment policy in 2007 continued to give priority to creating value for the shareholders. Securing stable cash flows and attractive real estate values over the long term as well as extending average lease terms are all key factors in each new investment decision.

This policy, pursued for a number of years, has translated into a record result on portfolio of € 6.24 per share, stemming from the appreciation in value of the portfolio, as determined by the independent expert, but also from gains of € 35 million generated on property disposals totalling € 250 million. In 2007 this investment policy also involved the acquisition of office buildings for a total of € 70.1 million and acquisition promises to the value of € 111 million. These promises concern buildings under construction.

Cofinimmo has further pursued its strategy of real estate partnerships by acquiring a portfolio of 1,068 pubs from InBev representing an investment value of € 429 million. These property assets are held, directly or indirectly, in a subsidiary set up for the purpose (Pubstone) and in which InBev owns a 10% stake. The portfolio is the subject of an overall rental contract including the guarantee of the rents by InBev for an average term of over 23 years, thereby serving to diversify and stabilise income sources, while offering excellent long term residual property values.

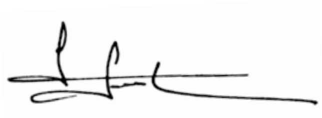
21.03.2008

Cofinimmo's growth has also continued in the nursing homes sector, which at end-2007 accounted for 8.1% of its Belgium-based portfolio.

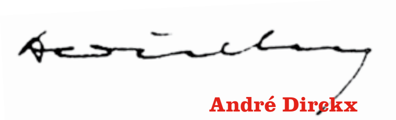
In addition, during February 2008, Cofinimmo closed a deal to acquire a portfolio of 32 health care institutions situated in France, representing an investment value of € 230 million. This acquisition marks a new chapter in the strategy of Cofinimmo, which for the first time has now gained a foothold abroad.

The credit crunch affecting international markets since last summer has had a twofold impact on Cofinimmo. Firstly negative in the form of sharply falling property share prices. The index of European real estate shares (EPRA Europe) plunged 31.9% in 2007. Fortunately, your company was less affected than the market in general as the negative effects for Cofinimmo over the same period were limited to 11.08%. The second, positive, impact resulted from the reduction in the number of investors in our market and, more particularly, in those who relied on credit as their principal source of financing. This reduced recourse to credit by its competitors makes Cofinimmo more competitive.

Cofinimmo's strategy is sound and underpins its financial performance. It is the end product of the work carried out by its staff teams, whose calibre, motivation and efforts deserve to be applauded. This performance will allow, in the future as in the past, to attract and motivate the talent that is essential to serve your interests and those of Cofinimmo's clients.



Serge Fautré
Managing Director



André Dirckx
Chairman of the Board of Directors

Key figures[1]

	2007	2006	2005	2004	2003
Total area of the portfolio (in m²)					
Offices	893,523	950,207	947,613	805,774	763,807
Pubstone[2]	307,506	-	-	-	-
Nursing homes	122,628	52,945	12,282	-	-
Semi-industrial	35,169	29,069	29,069	24,794	24,794
Retail	28,534	28,534	28,534	29,532	29,532
Others	7,040	412	668	1,407	2,707
TOTAL	1,394,400	1,061,167	1,018,166	861,507	820,840
Portfolio value (x € 1,000,000)					
In fair value[3]	2,799.87	2,306.83	2,127.06	2,037.55	-
In investment value[4]	2,895.74	2,363.25	2,180.47	2,088.77	1,855.66
Occupancy rate[5]	97.37%	95.13%	95.76%	92.92%	94.68%
Consolidated results (x € 1,000,000)					
Property result	155.28	142.92	143.45	129.28	127.76
Operating result (EBIT)[6]	130.63	120.13	119.20	105.88	106.36
Net current result	90.72	93.96	93.17	81.54	77.64
Preference dividend - Proposal	9.55	9.55	9.55	9.55	-
Minority interests	0.23	-	-	-	3.93
Net current result - Group share (ordinary shares)	80.94	84.41	83.62	71.98	73.71
Result on the portfolio - Group share (ordinary shares)	61.57	49.01	5.88	-5.35	-13.40
Net result - Group share (ordinary shares)	142.51	133.42	89.50	66.64	60.31
Consolidated balance sheet[7] (x € 1,000,000)					
Shareholders' equity - Ordinary shares	1,221.48	1,137.42	1,049.25	974.72	920.62
Shareholders' equity - Preference shares	168.61	168.61	168.61	168.61	-
Debts and liabilities included in the debt ratio	1,585.20	1,239.39	1,114.04	1,038.08	978.57
Balance sheet total	3,183.31	2,608.18	2,406.06	2,251.19	2,051.70
Debt ratio	49.80%	47.52%	46.30%	46.11%	47.70%
Revalued net asset per ordinary share[7] (in €)					
In fair value	123.22	115.10	108.20	106.78	-
In investment value	129.35	120.91	113.70	112.38	111.10
In fair value on fully diluted basis[8]	121.80	114.74	108.55	107.58	-

	2007	2006	2005	2004	2003
Consolidated result per ordinary share (in €)					
Net current result - Group share	8.20	8.69	8.60	8.12	8.31
Result on the portfolio - Group share	6.24	5.04	0.61	-0.60	-1.51
Net result - Group share	14.44	13.73	9.21	7.52	6.80
Dividends (in €)					
Gross ordinary dividend	7.75	7.40	7.35	7.30	7.25
Net ordinary dividend	6.59	6.29	6.25	6.21	6.16
Gross preference dividend	6.37	6.37	6.37	6.37	-
Net preference dividend	5.41	5.41	5.41	5.41	-
Number of shares (as at 31.12)					
Ordinary shares(9)	9,909,435	9,872,029	9,720,027	9,128,341	8,864,822
Ordinary shares entitled to share in the result for the period	9,872,029	9,720,027	9,720,027	8,864,822	8,864,822
Preference shares entitled to share in the result for the period	1,499,766	1,499,766	1,499,766	1,499,766	-
Key ratios (in %)					
Operating result(6) to property result	84.12	84.05	83.10	81.90	83.25
Property result to revalued assets(10)	6.27	6.23	6.78	6.88	7.12
Net current result to revalued shareholders' equity(10)	6.71	7.86	8.13	7.77	8.32
Result on the portfolio to revalued shareholders' equity(10)	5.11	4.56	0.49	-0.52	-1.51
Cost of debt	4.55	3.43	3.21	3.69	4.04

Retrospective 1996-2007

	(x € 1,000,000)
PORTFOLIO AS AT 01.01.1996 (IN INVESTMENT VALUE)	608.57
Investments	2,852.51
Acquisitions	2,523.79
Constructions and renovations	328.72
Disposals	
Realisation value	-973.99
Gains and losses realised in relation to the last estimated quarterly evaluation	98.12
Latent gains and losses previously entered in the accounts and realised	48.85
Unrealised latent gains and losses	261.67
PORTFOLIO AS AT 31.12.2007 (IN INVESTMENT VALUE)	2,895.74

1 2007, 2006, 2005 and 2004 figures in IAS/IFRS, 2003 figures in Belgian GAAP. 2 On 31.10.2007, Cofinimmo acquired from the InBev Group 90% of the shares of its subsidiary Immobrew SA. Immobrew SA and its subsidiaries own 1,068 pubs in Belgium and the Netherlands. After the transaction, the subsidiary Immobrew SA was renamed Pubstone SA (see page 20). 3 IAS/IFRS book value. 4 The investment value of the property portfolio is the value as established by an independent real estate expert, of which transaction costs are not deducted. 5 Calculated according to the actual rents and the ERV for unlet buildings. 6 Before result on portfolio. 7 Before appropriation, figures 2003 being recast. 8 Preference shares are convertible at the rate of one ordinary share for one preference share, from the 5th anniversary of their issue date (01.05.2009). The revalued net asset figure per share is calculated here pro forma on a fully diluted basis, proceeding on the assumption that the preference shares had already been converted on issue, so as to show, as of now, the effect of their future conversion on the revalued net asset figure per share. As these shares were issued at a price above the intrinsic value of the ordinary share, their conversion would have a favourable effect on the average intrinsic value. 9 Shares held as cross-holdings by Cofinimmo excluded. 10 Calculated by taking the average of the buildings in portfolio in 2007.

Together
we grow

MANAGEMENT REPORT

Strategy

Cofinimmo has 25 years of experience in the real estate sector, giving it a competitive edge when it comes to identifying, acquiring and managing property. For office property, its core business, the main planks of Cofinimmo's strategy are focused on high occupancy rates, high calibre tenants and long-term leases, as well as comprising a policy of asset arbitrage with the goal of retaining a quality portfolio.

Moves to broaden out its real estate activities into other sectors, such as clinics and nursing homes, have been undertaken via long-term property partnerships with leading operators. These new sectors offer a demographic profile or attractive markets as well as a major potential for expansion.

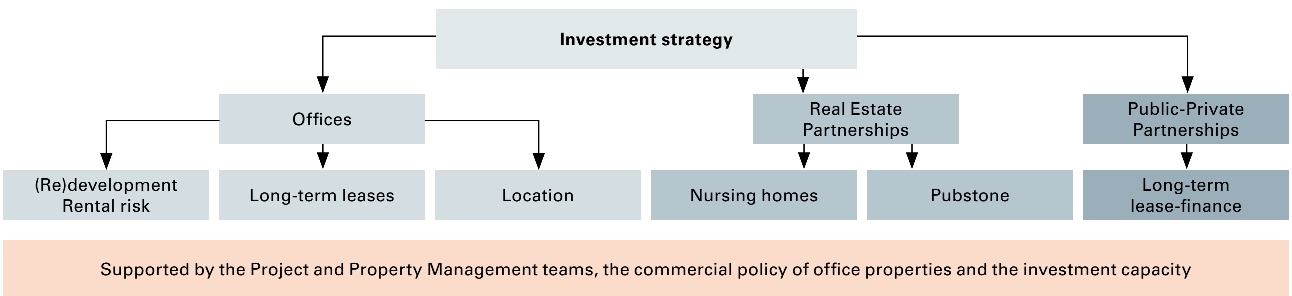
The Public-Private Partnerships created to construct and maintain buildings for specific uses also serve to meet the economic requirements of the public authorities for quality public buildings.

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

While this investment strategy is of key importance, Cofinimmo also pursues a commercial strategy geared to forging a close relationship of trust with its clients, optimising technical operation of its properties and maximising the occupancy rate of its portfolio.

Lastly, Cofinimmo endeavours to arrange well-timed financing on the best possible terms to support its strategy with a view to maximising the company's financial performance and the return on the Cofinimmo share.

Investment strategy



Together
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Strategy

Acquisition criteria

Acquisition opportunities must pass the test of potentially having a positive impact on the performance and risk profile of Cofinimmo. The financial targets are based on the application of rigorous valuation models founded on precise financial criteria. For the acquisition of buildings situated within the portfolio average and for which there is no specific financing, the criterion is the present value, at the weighted average cost of capital and debt, of the long-term cash flow generated by operating the investment and the residual value, compared to the acquisition price, costs included. For large-scale operations (> 7% of the portfolio value) and/or those associated with a special financing arrangement, in addition to the above criteria, the company will examine the combination of the average accretions over 5 years (i) in the net current result per share and (ii) the revalued net asset value per share.

Where a contract provides that Cofinimmo will not own the property in perpetuity[1] (as, for example, in the majority of Public-Private Partnerships) the merits of the investment are measured in terms of the Internal Rate of Return (IRR), expressing the return on invested capital, which must be higher than the weighted average cost of capital.

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

Cofinimmo also pays attention to the characteristics of leases and in particular their residual term and the calibre of tenant. By acquiring buildings entirely let on a long-term basis to public sector tenants or other tenants of very high calibre, Cofinimmo is lengthening the average maturity pattern of the leases of its portfolio, increasing the average occupancy rate and reducing the possible risk of insolvency among its customers.

Development for own account

The business of development for own account involves Cofinimmo carrying out large-scale renovation of offices or other properties with a view to letting and maintaining them in its portfolio over the long term. The amount invested in this activity, which serves to maximise returns on investment, is limited to 10% of the portfolio investment value so as not to affect the company's risk profile. It also enhances client loyalty by offering them properties more precisely catering to their expectations and keeping down maintenance costs by providing properties of durable construction.

The Cofinimmo Project Management team is responsible for managing developments for own account, major renovation works and projects to decorate or fit out office space. The team draws up renovation plans for properties in the portfolio and takes charge of implementing them. By this means, Cofinimmo can guarantee to provide its clients with quality buildings for which the standard of comfort is assured on a long-term basis and can implement technical improvements aiming to preserve the environment.

Financial strategy

Profitable growth and the stable and proactive relationship forged by Cofinimmo with its clients are vital as they contribute to the company's general performance, to the financial results and to the prosperity of the Cofinimmo shareholders. Maintaining a good occupancy rate, reducing costs incurred by vacant space, investing in quality projects and deploying a strategy of property partnerships allow the Group to realise financial performances matching the forecasts and to guarantee the distribution of a growing dividend.

Cofinimmo's investment capacity is founded on its ability to raise fresh equity and its borrowing capacity. While the legal status of Sicafi allows the debt ratio to go up to 65% (debt to total assets), Cofinimmo has arranged with its partner banks to keep the debt ratio at a maximum of 55%, with more attractive banking margins. This loan to value, or rate of financial debt, is calculated by dividing the net financial debt by the market value of the portfolio. However, Cofinimmo may exceed this ratio up to 60% for a maximum of one year in the case of a large-scale acquisition. In this way, Cofinimmo has greater financial flexibility when acquiring properties which may then be partly refinanced with equity during the course of the year following the acquisition.

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

Main areas of investment

Office buildings

In the office property segment, which remains Cofinimmo's foremost area of investment, the growth strategy focuses on long-term leases, calibre of tenants, location of properties, recurrent cash flow, the stabilising effect on the current results 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 commercial and Property Management teams, who forge regular and lasting relations with these clients, aim first and foremost to provide an all-in-one property solution, combining quality buildings, flexibility and associated services.

Cofinimmo offers its clients flexibility in the conditions and duration of current leases, an essential feature given their need to adapt to the ever faster pace of change (mergers and acquisitions, restructuring, ...) also affecting the functional requirements of premises (new technologies, accessibility, comfort, ...). This flexibility also means that Cofinimmo clients can reduce or extend the area rented, or even relocate within the portfolio, while respecting as best possible the conditions and duration of the lease. In this way, Cofinimmo is harnessing the competitive edge created by the size of its portfolio.

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

Long-term real estate partnerships: clinics and nursing homes, pubs, sports clubs

Cofinimmo has recently been developing its property portfolio by the channel of long-term real estate partnerships with some major players in separate sectors. In order to allow these operating companies to focus on their core business or to release financial resources to finance their expansion, Cofinimmo acquires their property assets and assumes responsibility for structural upkeep of walls, roofs and facades. It does not assume any risk connected with the operational activities of the partner and has only a single corporate debtor and a single lease. The long-term leases signed with these tenants generate a positive impact on the results and improve the risk distribution pattern in the portfolio. Initial rental yields, indexed subsequently, are equivalent to those for office properties. The calibre of the locations of these properties guarantees an attractive residual value, paving the way for a positive trend in the net asset value of the share.

Cofinimmo has diversified its activities by moving into the sectors of nursing homes, pubs (Pubstone) and sports centres at the top end of the market. These segments of the Cofinimmo portfolio will soon make up one third of the overall stock of properties.

Public-Private Partnerships for buildings with specific purposes

The public authorities have a growing requirement to renovate buildings or construct new ones so as to create better quality public premises and improve the standard of accommodation for their occupants. They also increasingly want to be relieved of the responsibility for building and maintaining these properties with very specific purposes. One of the options available to public authorities for obtaining funding on keen terms on the financial markets 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 project, even for non-traditional buildings such as law courts, fire stations or police stations. These operations generally involve lease-finance arrangements and do not entail Cofinimmo acquiring ownership in perpetuity of the properties concerned.

Important transactions and performances in 2007

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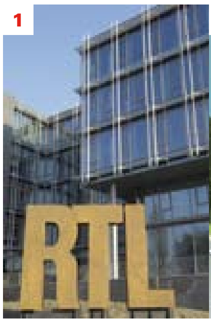

2

3


Offices

Investments (€ 181.1 million)[1]

1 RTL HOUSE • On 03.05.2007, Cofinimmo acquired 100% of the shares of Media Corner SA, a 100% subsidiary of RTL Group. Media Corner SA owns the building RTL House (acquisition value: € 50.7 million), situated avenue Jacques Georgin 2 in 1030 Brussels, on the corner with chaussée de Louvain. The building accommodates the offices and production studios of RTL Group. Its subsidiaries have signed a lease agreement of 15 years firm with Media Corner SA. RTL House comprises 18,000 m², spread over 2 wings separated by a passageway for cars. About 3,500 m² have been converted into production studios, with a height corresponding to 2 office floors. The building is equipped with high-end technologies, raised floors and an air-conditioning system operating through cold ceilings. It offers 340 parking places.

2 NOORDKUSTLAAN • Cofinimmo has signed a purchase agreement for 100% of the shares of Noordkustlaan SA, owner of a plot of land (Noordkustlaan 18 in 1702 Groot-Bijgaarden) on which around 10,000 m² of offices (West End) will be built. Located at the entrance of Brussels, alongside the E40 Ostend-Brussels, it will offer both an excellent visibility and accessibility. Cofinimmo has undertaken to acquire Noordkustlaan SA after delivery of the works foreseen in the course of 2009. The building is actively commercialised.

3 CITY-LINK • Cofinimmo has signed a purchase agreement for 100% of the shares of City-Link SA, owner of a plot of land on which 4 office buildings will be built. The site, which also includes a residential project, is situated Roderveltlaan in 2000 Antwerp, close by the Singel and the Berchem train station. The 4 buildings will offer 25,000 m² of office space and 566 parking places. The location close by the Singel and the Ring of Antwerp will give its occupants immediate access to multiple highways. The new railway station of Berchem, very near the site, enables easy access by public transport. The building will present an excellent visibility and a good parking ratio for this district. Cofinimmo has undertaken to acquire City-Link SA after delivery of the works foreseen for the 2nd half of 2009. The buildings are actively commercialised.

4 AMCA • On 23.05.2007, Cofinimmo signed a purchase agreement for 100% of the shares of Amca SA, owner of a plot of land situated on Noorderplaats in 2000 Antwerp, in the harbour district (Eilandje), right across the Willemdok. An office building (Avenue Building) of about 10,000 m² and 200 parking spaces are being built on this land. The building, which will be composed of 7 floors, will be functional and very modern. It will be equipped with all high-end technologies and guarantee optimal energy efficiency. The site, located between the city centre and the harbour is easily accessible from the Antwerp Ring, the Waaslandtunnel or the centre. Cofinimmo has undertaken to acquire the shares of Amca SA after delivery of the works foreseen for 2009. The building is actively commercialised.

The development projects Noordkustlaan, City-Link and Amca represent an investment value of € 111 million. The average initial rental yield on the 3 projects will reach 6.30%.

5 COLONEL BOURG 124 • On 26.07.2007, Cofinimmo acquired the building Colonel Bourg 124 in Evere. This building comprises 4,303 m² of offices and is identical to the building Colonel Bourg 122 which Cofinimmo already owned, making up one technical and architectural ensemble. It allows Cofinimmo to own in this office neighbourhood in redevelopment a total surface of 8,600 m². The investment value amounts to € 5 million, representing a yield of 8.25%. The building is entirely let to the Local Police Zone Brussels North. The transaction is realised by contribution in kind against the issuing of 37,406 new Cofinimmo ordinary shares at a price of € 133.67. These shares are entitled to share in the results as of 01.01.2008.

1 The amounts of the projects acquired in 2007 are not exceeding the value determined by the expert.

6 WOLUWE 102 • On 06.11.2007, Cofinimmo acquired an office building of approximately 8,085 m² located boulevard de la Woluwe 102 in 1200 Brussels. The building, which was previously occupied by Hewlett Packard, is located right next to the Woluwe 106-108 building already owned by Cofinimmo. The investment value amounts to € 14.4 million. The building is vacant and will be entirely renovated. It is a development project for own account. With its 208 inside and outside parking places, it offers an exceptional parking ratio for the Decentralised area in the East of Brussels.

Office divestments (€ 249.7 million)

The disposal of the building ROYAL ATRIUM (rue Royale 74/78 in 1000 Brussels) was finalised on 16.01.2007 at a price of € 59.5 million.

The disposal of the building DE LIGNE (rue de la Banque 7 in 1000 Brussels) was finalised on 07.02.2007. The long leasehold for a period of 99 years was assigned for € 91.7 million. The disposal of the TWIN HOUSE (rue Neerveld 107 in 1200 Brussels) was signed on 26.04.2007. The long leasehold for a period of 99 years was assigned for € 22.1 million. Both sales generated a gain of € 18.07 million in 2007.

At the end of 2007, Cofinimmo finalised the long leaseholds for a period of 99 years on its 7 buildings on the ANTWERP SINGEL, namely Lemanstraat 27, Plantin & Moretus, Quinten, Regent, Royal House, Uitbreidingstraat 2 and Uitbreidingstraat 10. The disposal price amounts to € 71.5 million, representing a realised gain of € 16.8 million.

On 11.09.2007, the building LA CLAIRIÈRE, located chaussée de Waterloo 876 in 1000 Brussels, was sold to the Embassy of Thailand. The disposal price amounts to € 4.9 million, which represents a gain of € 0.4 million.

The disposal of 11 buildings for an amount of € 249.7 million has allowed to generate a realised gain of € 3.58 per ordinary share.

Lease receivable divestment (€ 154.3 million)

On 12.10.2007, Cofinimmo sold to a bank its lease receivable relating to the building BELLIARD I-II (today known as building «Jacques Delors»). This disposal (€ 154.3 million) is carried out in 2 steps and is equally spread over the years 2007 and 2008. It generates a global positive financial result of € 9.4 million equally spread over the 2 years. As a reminder, this building of 35,000 m² is occupied by the Committee of the Regions and the European Economic and Social Committee and was entirely renovated by Cofinimmo in 2004. Cofinimmo signed a long lease of 27 years with the Committees with a purchase option in favour of the lessee.

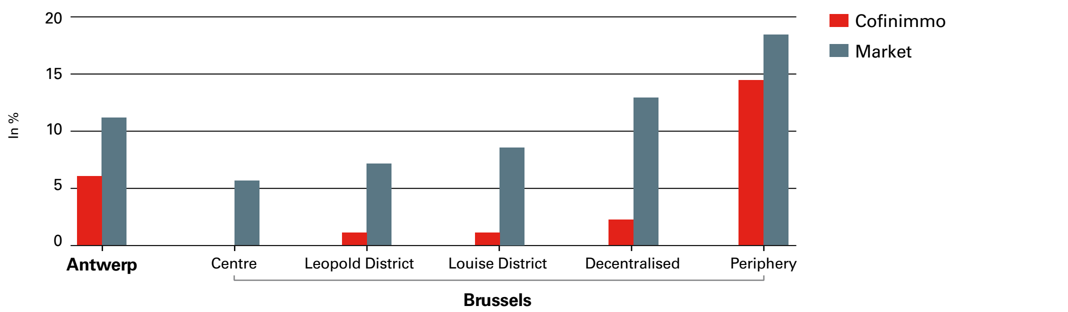
Commercial results

Against the background of an office rental market where supply is still outstripping demand and rents are stable but slightly under pressure, 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, Cofinimmo has managed to top the commercial target it had set itself, thereby keeping the occupancy rate at 97.37%, giving an appreciable edge over the market average (90.48%, source: CB Richard Ellis, DTZ).

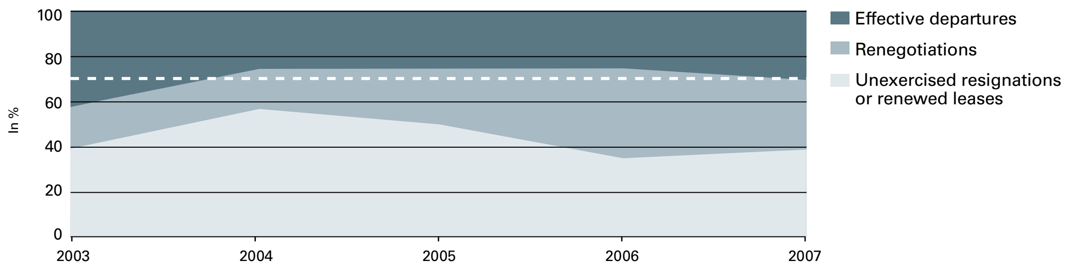
By inviting clients who are close to the end of their lease to renegotiate their contract several months beforehand and by offering them flexibility and solutions tailored to their needs, Cofinimmo succeeded in renegotiating 41,379 m² during 2007. The marketing campaigns and policy conducted with respect to real estate agents enabled Cofinimmo to conclude contracts extending the area let to existing clients (24,200 m²) and to attract 55 new clients, who took up 29,362 m². Altogether, 53,562 m² of new space was rented. The combination of lease renewals and new lets adds up to 94,941 m², a figure far exceeding the commercial target set by Cofinimmo.

Important transactions and performances in 2007

VACANCY RATE OF COFINIMMO VS. MARKET

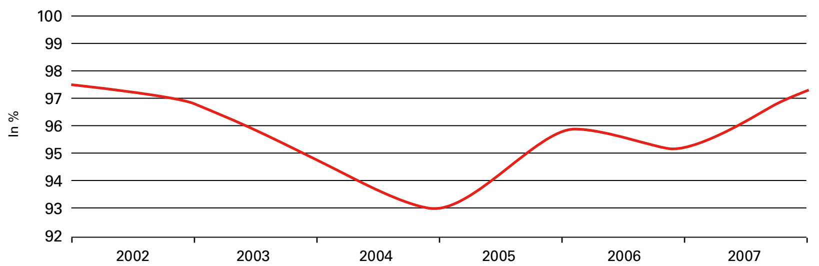


VACANCY RISK HANDLING (2004-2007)



The rental vacancy risk faced by Cofinimmo each year represents on average 12 to 15% of its overall portfolio. The efforts of the commercial teams during the last 5 years contributed towards safeguarding on average 70% of the rental vacancy risk. In 2007, of the remaining 30%, 24% was secured within the year as a result of being let to new clients.

EVOLUTION OF THE OCCUPANCY RATE



Construction and renovation projects

In 2007, the Project Management department managed the following main projects[1]:

LOI 56 • Brussels • 9,500 m² above ground and 3,500 m² below ground • **Large-scale renovation and internal fitting out** for the account of the European Commission.

LUXEMBOURG 40 • Brussels • 7,800 m² above ground and 4,400 m² below ground • **Internal fitting out** for the account of the European Commission.

RUE DE LOUVAIN 38 • Brussels • 4,500 m² above ground and 500 m² below ground • **Large-scale renovation and internal fitting out**. The Project Management team is responsible for coordinating planning of the works and for quality control. Cofinimmo has undertaken to acquire this building once it is let.

In early 2008, the following construction and renovation projects in progress are[2]:

COLONEL BOURG 124 • Brussels • 4,900 m² above ground and 1,500 m² below ground • **Studies on the layout and full internal fitting out works** for the Local Police Zone Brussels North. Acceptance of the works is scheduled for mid 2008.

AVENUE BUILDING, SITE AMCA • Antwerp Port • 10,000 m² above ground and 8,500 m² below ground • **New construction**. Works started during the 3rd quarter 2007. Cofinimmo supervises the quality of the execution of the works. Acceptance of the works is scheduled for 2009.

CITY-LINK • Antwerp Singel • 27,000 m² above ground and 17,000 m² below ground • **New construction**. The works commenced in November 2007. Cofinimmo supervises the quality of the execution of the works. Acceptance of the works is scheduled for the 2nd half of 2009.

WEST END, NOORDKUSTLAAN • Groot-Bijgaarden • 10,500 m² above ground and 7,400 m² under ground • **New construction**. The works commenced at the end of 2007. Cofinimmo supervises the quality of the execution of the works. Acceptance of the works is scheduled to take place during the course of 2009.

LOI 227 • Brussels • 6,000 m² above ground and 4,000 m² below ground • **Large-scale renovation**. Complete renovation of the façade, roofs and technical installations, and partial interior refitting. The building will continue to be partially occupied during the works. Acceptance of the building is planned for the 3rd quarter 2009.

NERVIENS 105 • Brussels • 9,000 m² above ground and 4,000 m² below ground • **Large-scale renovation and interior finishing works** for the account of the European Commission. Start of works: May 2007; acceptance of the building is planned for mid-2008.

SQUARE DE MEEÛS • Brussels • 9,500 m² above ground and 1,600 m² below ground • **Large-scale restoration**. The application for restoration is pending and full restoration works are scheduled to take place in 2008 and 2009.

WOLUWE 102 • Brussels • 8,000 m² above ground and 3,800 m² below ground • **Medium-scale renovation works and full interior fitting out**. This development project for own account at risk comprises renovation of the technical installations with a view to considerably improving the energy performance of the building. Acceptance of the works is scheduled for the 3rd quarter 2008.

Property services

Cofinimmo has some 410 clients (excluding car parks and storage facilities), of whom 200 had recourse to one or more property services in 2007. Altogether, 314 proposals were drawn up for services concerning the fitting out of office space, maintenance and security, with an acceptance rate of nearly 65%.

Cofinimmo also has a helpdesk service, available 24/7, which at the request of its clients organises the execution, which is subcontracted, of minor works and repairs of all kinds on their behalf. In 2007, around 410 clients called on the services of the helpdesk and nearly 10,500 works were carried out. The costs of these services are invoiced to the clients quarterly at the same time as the property charges.

Besides promoting client loyalty and facilitating their daily use of the office space, which remain the core objectives of this service activity, Cofinimmo has netted an operating margin of almost € 185,000. This approach to customer service will be pursued in 2008 and the range of services will be extended as and when new requirements are identified.

1 See also Notes 19 and 20 (pages 107-109). **2** See also Note 40 (page 119).

Important transactions and performances in 2007

Nursing homes

Investments (€ 148.7 million)[1]

1 VAN DEN BRANDE GROUP • On 30.05.2007, the Cofinimmo Group acquired 100% of the shares of the real estate activity of Van den Brande Group, owner of 9 nursing homes as well as a land reserve of 25 hectares which will be used to build or extend at least 6 homes. The 9 existing nursing homes have 825 authorised beds and total 40,500 m² above ground. They are located in the provinces Flemish Brabant (Rotselaar, Boutersem) and Antwerp (Wommelgem, Oud-Turnhout, Rijkevorsel, Beerse, Balen, Geel and Mol). Before end 2008, the total portfolio of 15 nursing homes will have 1,218 authorised beds and total an investment value of € 110.3 million.

On 13.12.2007, Cofinimmo acquired the building and land of an ancient monastery located Salesiaenenlaan 55 in 2660 Hoboken (Antwerp). Cofinimmo will convert this building for September 2009 allowing 60 authorised beds on 3,000 m². This first phase of the project, with renovation works estimated at € 4.5 million, will be followed by a 2nd extension phase currently being studied and whereby the number of beds could be increased to at least 80.

These nursing homes, as well as the new projects, are operated by Palmir SA, with whom Cofinimmo has concluded long leases for a period of 27 years. Palmir is the company through which the Van den Brande family will pursue its commitment to the nursing home sector.

2 L'ORCHIDÉE • This building, located rue des Rabots 27 in Ittre, has 51 authorised beds and totals 1,530 m² above ground and was acquired for € 3 million. An extension project for the 2nd quarter of 2009, with a budget of € 4.5 million, will increase its capacity to 80 beds.

3 DOUCE QUIÉTUDE • Cofinimmo has acquired 100% of the shares of Douce Quiétude SPRL, owner of the building located rue Baschamps 36 in Aye/Marche-en-Famenne, which counts 100 authorised beds and totals 5,499 m² above ground. Its acquisition value amounts to € 5.8 million.

4 RÉSIDENCE DU PARC • Cofinimmo has purchased the site of the Centre Mutualiste Neutre located avenue des Sapins 27 in Biez and totalling 12,839 m² above ground. The nursing home Résidence du Parc, with 79 authorised beds, occupies half of this site. The other half is vacant and will be renovated in order to increase the capacity of this nursing home and to develop other social activities. The acquisition value, before renovation, amounts to € 2.5 million.

5 LA CLAIRIÈRE • Cofinimmo has acquired the nursing home / service residence La Clairière, located rue du Gheer 2 in 7784 Comines-Warneton. The building comprises more than 50 authorised beds and totals 2,437 m² above ground. The acquisition value stands at € 3.4 million. Cofinimmo also has a purchase option on the adjacent nursing home L'Orée du Bois, which today comprises 5,387 m² and 145 authorised beds. This option is subject to renovation conditions.

1 The amounts of the projects acquired in 2007 are not exceeding the value determined by the expert.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6 RÉSIDENCE D'EUROSTER • This nursing home, located rue de la Gare 49 in 6780 Messancy, numbers 183 authorised beds and totals 6,392 m² above ground. The acquisition value is € 15.59 million.

Cofinimmo has signed long leases for at least 27 years with the RESTEL GROUP for these 5 nursing homes.

7 AVENUE DU ROI • Cofinimmo has acquired the building and land located avenue du Roi 157 in 1190 Brussels. Cofinimmo will convert the site allowing the operator, SENIOR ASSIST SA, to manage 160 authorised beds by December 2009. The surface above ground is estimated at 7,500 m². The renovation works will cost around € 7.7 million.

The initial rental yield of all nursing homes in activity acquired in 2007, brought back to a double net equivalent (maintenance costs paid by Cofinimmo), amounts to 6.28%. Next to those investments, Cofinimmo has also acquired a portfolio of lands and projects, which will generate equivalent rents and yields as of 2008 and 2009.

Construction and renovation projects

In 2007, the Project Management team has realised the following extensions[1]:

NURSING HOME	TYPE OF WORKS	OPERATOR	NUMBER OF BEDS	SUPERSTRUCTURE
Zonnetij, Aartselaar	Extension	Senior Living Group	40	2,846 m²
Zonnewende, Aartselaar	Extension	Senior Living Group	12	600 m²
Douce Quiétude, Aye	Extension	Restel Group	60	1,671 m²

The projects foreseen for 2008 are[2]:

NURSING HOME	TYPE OF WORKS	OPERATOR	NUMBER OF BEDS	SUPERSTRUCTURE
Binnenhof, Merksplas	Construction	Palmir	60	3,686 m²
Huize Millegem, Ranst	Construction	Palmir	60	4,050 m²
De Wyngaert, Rotselaar	Extension	Palmir	33	1,448 m²
Home Laarsveld, Geel	Extension	Palmir	50	2,717 m²
Rusthuis Nethehof, Balen	Extension	Palmir	30	1,596 m²
't Smeedeshof, Oud-Turnhout	Extension	Palmir	40	2,190 m²
Vogelzang, Herentals	Construction	Palmir	120	7,911 m²
Don Bosco, Hoboken	Transformation and extension	Palmir	60	3,000 m²
Zonneweelde, Keerbergen	Extension	Senior Living Group	65	4,780 m²
Avenue du Roi, Forest	Transformation	Senior Assist	160	7,500 m²
L'Orchidée, Ittre	Extension	Restel Group	29	1,919 m²

1 See also Notes 19 and 20 (pages 107-109). **2** See also Note 40 (page 119).

Important transactions and performances in 2007

Partnership with the InBev Group

Investment (€ 429.0 million)

1 INBEV GROUP • On 31.10.2007, Cofinimmo finalised the acquisition of 90% of the Immobrew SA (renamed Pubstone SA) shares from the InBev Group at a price of € 357 million. This company and its subsidiaries own 1,068 pubs (823 in Belgium and 245 in the Netherlands). The investment value of the real estate portfolio (100%) amounts to € 429 million. The portfolio represents a total area of 320,000 m², of which 272,000 m² in Belgium and 48,000 m² in the Netherlands.

Cofinimmo has signed a global contract with InBev concerning 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 CPI) covering all pubs. It is a commercial lease agreement with InBev Belgium and InBev Nederland, coupled with a guarantee by InBev SA, which ensures the firm duration of minimum 23 years. The rents debtors are thus subsidiaries of the InBev Group and not pub operators. The portfolio also includes space, mostly residential, let to occupants other than InBev, for a global rent of € 0.42 million. Cofinimmo received the first rent payment on 01.11.2007. The initial gross rental yield thus amounts to 6.30%. Cofinimmo bears no operational risk linked to the management of the pubs that is exclusively the responsibility of InBev and/or individual operators. If InBev decides to cancel a lease on a particular pub, the premises have to be entirely vacated. As long as the pub is not empty, the rent has to be paid to Pubstone.

Pubstone SA will not be merged with Cofinimmo SA, as InBev Group retains a 10% interest in the company. Cofinimmo exercises control over Pubstone SA in the meaning of standard IAS 27. Cofinimmo and InBev have concluded a shareholders agreement related to Pubstone's strategy and management whereby however certain decisions, as well at the Board of Directors as the General Meeting of Shareholders, require the approval of the 2 shareholders. They concern in particular the changes in the articles of association, the dividend distribution (100% of the distributable profit will be distributed by Pubstone to its 2 shareholders, unless agreed otherwise), the use of the authorised capital and the possible reorganisation of companies inside the Pubstone sub-group. In addition, InBev has a first refusal right in the event of sale by Pubstone SA and its subsidiaries of buildings that they rent to InBev. Vice versa, Pubstone SA and its subsidiaries have a first refusal right on the new pub investments of InBev in Belgium and in the Netherlands.

Construction and renovation projects

Cofinimmo has set up a structure for the urgent repair works and the more important renovations and, against this background, is currently analysing all the properties in the Pubstone portfolio and will prepare a technical plan covering a number of years. An estimation of the future costs of repair and renovation works was of course included in the price offered for the acquisition of the portfolio.

1

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Acquisition of a sports and leisure club

Investment (€ 34.8 million)

2 ASPRIA GROUP • On 17.10.2007, Cofinimmo has acquired 98% of the shares of La Rasante Tennis Club SA, owner of the land and the buildings of the sport club Royal La Rasante in 1200 Brussels (rue Sombre 56). The investment value of the site amounts to € 34.8 million. In this operation, a long-term usage right («droit de superficie») of up to 30 years (with a minimum of 20 years) has been granted on the whole site to La Rasante SA (Aspria Group), which will generate an annual income of € 2 million (indexed to CPI). The initial yield amounts to 5.75%, based on the investment value.

Royal La Rasante is spread over 4 hectares and offers high quality sporting (fitness, tennis and hockey) and wellness (pools, spa and garden) facilities as well as a restaurant, a child care centre and conference rooms. The site was entirely redeveloped in 2005. The built surface amounts to 11,481 m², including 4,442 m² of parking. Aspria Group is fully in charge for the maintenance (triple net contract).

The superb location of the site and its land value make the operation attractive. Cofinimmo bears no operational risk linked to the management of the sports club, which is organised exclusively by Aspria Group.

Public-Private Partnerships

Constructions

1 POLICE STATION (HEKLA) • Edegem • 4,000 m² above ground and 1,800 m² below ground • This project is in the final phase. Cofinimmo is responsible for coordinating planning of the works and for quality control. Acceptance is scheduled for April 2008.

2 FIRE STATION • Antwerp • 23,600 m² • In early 2008, the main structure of the building was completed and the technical installations were being assembled. Cofinimmo is responsible for coordinating planning of the works and for quality control. Acceptance of the building is planned for the end of 2008.

Important transactions in 2008

1

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1

Nursing homes / Clinics

Investments (€ 247.6 million)

1 MEDIMUR • On 12.02.2008, Cofinimmo took a foothold in France in the clinics and nursing homes sector with the signing of a protocol agreement with the Austruy family concerning the acquisition of all shares in Medimur, a limited company incorporated under French law. This holding company, which will be given a different name, owns the following properties either directly or indirectly: 14 aftercare and rehabilitation clinics («Soins de Suite et de Rééducation, SSR»), 6 psychiatric clinics and 12 nursing homes («Etablissements d'Hébergement pour Personnes Agées Dépendantes, EHPAD»).

These assets are spread throughout France, mainly concentrated in Ile de France and the Atlantic and Mediterranean region. These 32 care institutions (128,000 m² - 2,473 beds) are operated by the Korian (21 institutions) and Méditer groups (11 institutions). The leases have average residual terms of 6.5 years (Korian) and 11.5 years (Méditer). Under the terms of these leases, the tenants are entirely responsible for maintenance and repairs to the buildings. The portfolio has been acquired with an investment value of € 229.0 million at 31.12.2007 and an initial yield of 6.25%[1], which reflects notably the higher land values in France.

This acquisition will allow Cofinimmo to consolidate its real estate operations in the health care sector and to gain a foothold in France. To this end, Cofinimmo will be setting up a management and development structure and will apply for the status of Société d'Investissement Immobilier Cotée (SIIC), similar to the Sicafi status in Belgium. As part of this procedure, Cofinimmo will apply for the Cofinimmo ordinary share to be listed on Euronext Paris during the course of 2008.

The acquisition will be financed by an issue of new Cofinimmo ordinary shares for the contribution in kind to the Cofinimmo capital of 83% of the Medimur shares by the SCI Foncière du Troncq, property company owned by the Austruy family. This contribution will be remunerated for an amount of € 63.0 million. The new Cofinimmo shares will be issued by decision of the Cofinimmo Board on 20.03.2008 within the authorised capital. As usual, the issue price will be determined by either the intrinsic value (the Cofinimmo portfolio being valued at the investment value, i.e. without deducting registration fees) or the average stock market price during the 30 days preceding the contribution, whichever is the higher.

The new shares will have rights to a share in the Cofinimmo results with effect from 01.01.2008 (first dividend paid in 2009).

The balance of the Medimur shares (17%) as well as a bond convertible in Medimur shares held by the seller are financed by using the credit lines already available to Cofinimmo.

The existing debt in the Medimur Group is taken over.

2 MEDIBELGE • On 12.02.2008 Cofinimmo has acquired all the shares in the limited companies incorporated under Belgium law Sogipa Invest, Rinsdelle, and Sogipa, which are the owners of 3 nursing homes (9,210 m², 242 beds) situated in the Brussels-Capital Region. The properties are leased for 27 years to the Medibelge Group, for which the controlling shareholder is Mr Philippe Austruy. The portfolio has been acquired with an initial expected yield of 6.30%[1] for an investment value of € 18.6 million.

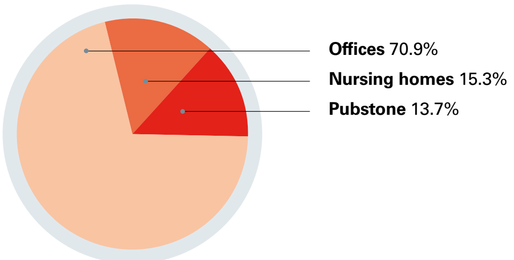
1 Estimated double net equivalent.

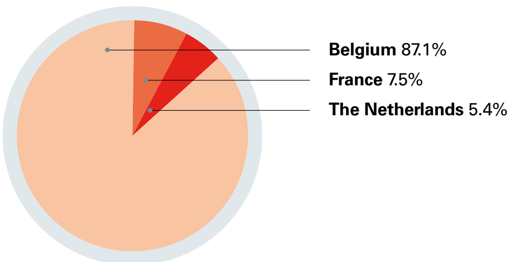
Offices

Divestments (€ 77.0 million)

On 27.02.2008 Cofinimmo has sold the long-lease rights of 99 years on 19 buildings of the Keiberg Business Park (Excelsiorlaan et Imperiastraat à Zaventem), that is its entire portfolio in this park, as well as the 2 buildings Woluwe Garden 26 and 30 (Woluwedal 26 and 30 in St-Stevens-Woluwe). The total amount of these disposals is € 77.0 million. Cofinimmo has realised a gain of € 4.3 million (€ 0.43 per ordinary share), or 5.97% more than the most recent investment value determined by the real estate expert and 8.62% more than the fair value. Following these disposals, the share of office buildings in the Brussels Periphery has decreased from 8.0% to 5.8% of the total portfolio value.

PORTFOLIO BREAKDOWN (AT THE PUBLICATION DATE OF THIS ANNUAL REPORT)





At the publication date of this Annual Report, the investment value of the Cofinimmo portfolio amounts to € 3.1 billion, representing a total surface of 1,493,410 m².

Corporate social responsibility

In 2007, Cofinimmo pursued its efforts in the spheres of sustainable development, human resources and social responsibility.

Sustainable development

Aware of the potential impact of its activities on the environment in the broad sense, Cofinimmo recognises that it must conduct itself as a responsible and community-minded enterprise, in keeping with the objectives of sustainable development. It is committed to developing and managing the property portfolio with respect for the environment and natural resources by reducing its environmental footprint in an economically rational manner.

In this way, Cofinimmo ensures optimal risk management and, by extension, helps minimise the risks incurred by its tenants, by its shareholders and, naturally also, by the neighbourhood. Risk control is a key component of the continuous drive to improve Cofinimmo's competitiveness and 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 new buildings are actually incorporated into the portfolio. In order to forestall any health risks, where these may exist, Cofinimmo also conducts a survey to ascertain the quality of the soil, subsoil and groundwater for properties in which activities involving risk are or have been taking place (fuel oil tanks, electric generators, transformers, ...). Where pollution is proven to exist, Cofinimmo takes all possible steps to define the scope of the potentially associated risks in order to eliminate them. In addition, Cofinimmo periodically checks the conformity of any of its installations which potentially represent a risk to the ground (leak tightness tests, retention basins, …).

Environmental permits

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

Technical audit / Tenant safety

The technical installations (boilers, air conditioning, transformers, lifts, ...) and safety equipment (hydrants, extinguishers, fire alarm system, smoke detectors, ...) in each building are periodically checked by independent bodies and professionals in the different areas concerned to avoid all breakdowns or risk of accident.

In order to guarantee optimum safety for its clients, the Quality Management department of Cofinimmo recently 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 lifts installed in Cofinimmo 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 an 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. The company also ensures that its air conditioning installations are properly maintained.

Asbestos

All asbestos applications which present a risk to humans have been removed from the buildings. Residual and non-significant applications are the subject of a management plan that is reviewed regularly by accredited experts. In the event that any new evaluation concludes that the risk is potentially significant (material decomposing) or if maintenance or refurbishment works are planned, the application in question will obviously be removed in accordance with the regulations in force. In 2007, 66 asbestos inventories were drawn up and intervention was required for 6 buildings.

Waste management

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

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.

European Directive 2002/91/EC concerning the EPB standard (Energy Performance of Buildings) requires that for new buildings involving an application for a building permit a study on energy performance must be performed. The Flemish Region has already passed a decree on this subject. In practice, each application for a building permit must meet an E index of 100. Cofinimmo's development projects in Flanders, notably including City-Link, Amca, the police station and fire station (see page 14), already comply with this legislation. For existing buildings, the European Directive provides for the introduction of an EPB certificate with a performance rating for each building. This European Directive is/will soon be absorbed into Belgian regional law.

Work on optimising HVAC (heating, ventilating and air conditioning) systems, adapting lighting, heating and water systems, structural improvements to insulation as well as replacing windows, has been carried out in 18 buildings. The results are a better performance of energy installations and substantially reduced energy consumption.

CO_2 emissions

As a corollary to the energy management of its properties, Cofinimmo has kicked off a process of reflection on its CO_2 emissions and its influence on climate change. An evaluation has been carried out on part of the property portfolio in accordance with ISO Scope 1 of the ISO 14064 standard. CO_2 emissions of the buildings audited fall within the average of those observed for office buildings in Brussels: 55 kg CO_2/m^2 of offices[1].

In 2007, Cofinimmo signed a green energy contract with Electrabel. The renewable energy carries the label TÜV SÜD and guarantees the production of green energy at the hydroelectric sites of the Compagnie Nationale du Rhône. This contract will generate savings of around 15,000 tonnes of CO_2/year, equivalent to the savings generated by 8 wind turbines of average power.

2008 will see the accreditation of 3 buildings in the portfolio under the Environmental Management System (EMS) according to the ISO 14001 standard. The intention is to roll out this accreditation to other properties in the portfolio. EMS certification will put Cofinimmo's environmental policy on a formal basis and will be translated into environmental objectives that are attainable and measurable by means of specific performance indicators and for which the costs will be kept under control.

Human resources

In an expanding company, it is essential to anticipate and accommodate change, both inside and outside the company. The new development paths being pursued by Cofinimmo, such as nursing homes and the Pubstone portfolio, called for new personnel teams to be created and a tailor-made structure and organisation chart to be put in place.

Cofinimmo has moved towards a new culture: value management (rigour, creativity and teamwork) with a view to facilitating the attainment of high quality standards and fostering commitment and loyalty by all those involved.

Staff

At 31.12.2007, 96 people (average age 34) were employed by the company, of whom 60% are university graduates and 15% have a qualification at post-graduate level. About 52% of the staff are working on customer and portfolio administration with the remaining personnel employed in support activities. The staff total breaks down into 34% male and 66% female employees.

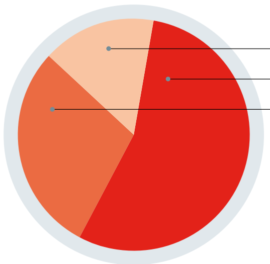
1 Source: IBGE.

MANAGEMENT REPORT
Corporate social responsibility

The 8% net growth in personnel at 31.12.2007 is largely due to the recruitment of qualified staff in charge of Pubstone. This growth has, to a greater extent than in the past, opened the way for many internal promotions.

During the year, 11 staff members were taken on while there were just 3 voluntary departures. Absenteeism is very low at 2.2% of the total number of days worked.

AGE GROUPS



Diversity

Cofinimmo's social policy promotes diversity by encouraging the recruitment of people commonly discriminated against on grounds of their origin, age, disability or gender. Cofinimmo is one of the 6 companies in Brussels to have signed up to the «Diversity Plans», an initiative of the Minister responsible for the Economy and Employment in the Government of the Brussels-Capital Region. In-house, this approach is endorsed by a Charter.

In terms of age groups considered to be subject to discrimination, 3% of the Cofinimmo staff are under 26 years of age and 22% over 46. At the time of writing this Report, the number of young employees under 26 has doubled (6%).

Remuneration

The remuneration package offered by Cofinimmo is positioned by reference to market remuneration for similar functions and the salary is based on identical criteria for each employee. It includes a retirement scheme and a profit-sharing scheme. This last scheme amounted to € 362,649 in 2007, or 0.25% of the consolidated result.

The members of the Group management benefit from a share option plan designed to cement company loyalty. This plan aims to involve the participants in the Group's results. In 2007, a total of 7,300 share options were given, representing a fair value of € 261,000.

Nurturing talent

Each member of staff has a personal, annual training plan. These plans are designed according to the overall corporate strategy in the short, medium and longer term, the essential skills to be acquired or built on, and the personal development aspirations of the interested parties.

Over 90% of the staff attended one or more training courses in 2007, representing a total of 4,900 hours and a budget equivalent to approaching 3% of the total salary bill, distributed equitably among all the staff (men/women, young/older employees, …).

Some 700 training days were allocated for the staff, of which 68 focusing on environmental topics, energy performance of buildings and sustainable development.

Business IT management

Cofinimmo has been working on introducing the business information system SAP, which was successfully launched at the beginning of 2008. This IT system is aimed to manage company processes and the property portfolio. Its investment of € 1.5 million will be amortised on 4 years. This IT system is designed to support Cofinimmo's expansion in new investment segments and geographic areas with additional security. The former business information system was acquired in 1998.

The bulk of Cofinimmo documents are distributed via an electronic document management system, helping to streamline consumption of paper and printing ink. Cofinimmo gives preference to using green label computer hardware which is more environmentally friendly, such as recto-verso printers.

Social responsibility

As a leading company in the Belgian real estate market and aware of the impact that its activities can have on its environment in the broad sense, Cofinimmo is keen to be involved in urban, economic and social themes.

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 to promote community and real estate development. The company is a member of such bodies as the Union Professionnelle du Secteur Immobilier (UPSI), the Urban Land Institute (ULI), the European Public Real Estate Association (EPRA) and the European Quarter Fund. It was involved in introducing the Investment Property Database (IPD) in Belgium and also 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

The viability of Cofinimmo is underpinned by its long-term contracts with partners and clients of the highest calibre, giving it considerable stability and allowing the company to conduct a long-term strategy.

The company is constantly attentive to its financial equilibrium and future growth. Value creation for its shareholders is one of its objectives. Its Code of Conduct, distributed to all the staff, emphasises the need to uphold behaviours that are essential in a professional environment, such as honesty, rigour, integrity and respect for others.

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

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

Social responsibility

In tandem with its efforts to serve society in general, Cofinimmo wants to make a real contribution to community life and harness its good standing to benefit social and humanitarian works. Accordingly, it is supporting the Fondation Roi Baudouin, Les Petits Riens, the humanitarian project Azawagh, the Thermos campaign and similar works.

Summary of the consolidated accounts

Consolidated income statements - Analytical form

(x € 1,000)

	2007	2006
A. NET CURRENT RESULT		
Rental income, net of rental-related expenses	146,551	137,466
Writeback of lease payments sold and discounted (non-cash)	10,100	9,160
Taxes and charges on rented properties not recovered	-228	-1,662
Refurbishment costs, net of tenant compensation for damages	-1,141	-2,043
Property result	155,282	142,921
Technical costs	-3,492	-3,893
Commercial costs	-2,076	-1,426
Taxes and charges on unlet properties	-2,379	-2,974
Property result after direct property costs	147,335	134,628
Property management costs	-11,245	-9,916
Property operating result	136,090	124,712
Corporate management costs	-5,459	-4,586
Operating result	130,631	120,126
Financial income	28,644	13,372
Financial charges	-57,257	-39,523
Revaluation of derivative financial instruments (IAS 39)	-8,958	2,746
Taxes	-2,341	-2,757
Net current result(1)	90,719	93,964
Preference dividends - Proposal(2)	9,554	9,554
Minority interests	226	
Net current result - Group share (ordinary shares)	80,939	84,410
B. RESULT ON PORTFOLIO		
Result on disposals of property assets	35,296	13,499
Revaluation of property assets	26,295	35,699
Exit tax	-101	-188
Result on portfolio	61,490	49,010
Minority interests	-82	
Result on portfolio - Group share (ordinary shares)	61,573	49,010
C. NET RESULT		
Net result - Group share (ordinary shares)	142,512	133,420
Number of outstanding ordinary shares	9,909,435	9,872,029
Number of outstanding ordinary shares entitled to share in result of the period	9,872,029	9,720,027
Number of ordinary shares issued (own shares included)	10,615,398	10,183,788
Number of preference shares entitled to share in result of the period	1,499,766	1,499,766
NET CURRENT RESULT PER ORDINARY SHARE (in €)	8.20	8.69
NET RESULT PER ORDINARY SHARE (in €)	14.44	13.73

1 Net result excluding gains or losses on disposals of investment properties and changes in fair value of investment properties. 2 The proposal corresponds to the annual capped preference amount of € 6.37 per share.

Comments on the consolidated accounts

The **property result** at 31.12.2007 runs to € 155.28 million, an increase of 8.6% compared to 31.12.2006 (€ 142.92 million), due to the acquisitions realised during 2007; and that despite the revenue loss linked to the disposal of 11 buildings. The level of **rental income** is supported by the occupancy rate consolidation at 97.37%. Based on an unchanged portfolio, the rent levels progress by 1.98%. The lease payments sold and discounted correspond to the gradual reconstitution of the full value of the building North Galaxy, of which the rents have been sold to a third party.

The **operating margin** (84.1%) is identical to 2006.

Taken overall, on an annual basis, all operating costs represent 0.99% of the average value of the portfolio during 2007, which is unchanged compared to 2006.

Financial income at 31.12.2007 has more than doubled compared to 31.12.2006. It comprises a profit of € 5.4 million realised on the disposal in January 2007 of an Interest Rate Swap contracted in 2006 for an operation which was not realised. It also comprises an amount of € 8.1 million (non-recurrent income) in interest income on the partial disposal of the lease receivable relating to the building Belliard I-II and also the lease receivable relating to the Antwerp Court of Justice.

Financial charges at 31.12.2007 are up 44.9% on the same date one year earlier due to increased loan volumes and interest rates. The average interest rate on borrowings, including bank margins and the amortisation cost of cover instruments for the period, moved up from 3.43% for 2006 to 4.55% at 31.12.2007. The debt ratio of the Group as per 31.12.2007 amounts to 49.80%.

The **revaluation of optional financial instruments** registering the changes in their time value following the application of IAS 39, produced a net unrealised charge of € 8.96 million at 31.12.2007, compared to a net unrealised income of € 2.75 million at 31.12.2006. On the contrary, the shareholders' equity balance sheet item **Changes in fair value of financial instruments**, registering the changes in effective value of optional as well as non-optional financial instruments, improves noticeably from € 10.55 million at 31.12.2006 to € 22.94 million at 31.12.2007. The gain is not entered in the income statement but deferred in equity and has a positive impact on the net asset value.

Taxes (€ 2.34 million) comprise the tax on non-deductible costs of the Sicafi (chiefly the office tax in the Brussels-Capital Region), the corporate income taxes and writebacks on provisions for corporate income taxes payable by subsidiaries (of which Pubstone SA) not covered by the Sicafi tax regime.

The **net current result - Group share (ordinary shares)** at 31.12.2007 comes to € 80.94 million, a decrease of 4.1% on the figure at 31.12.2006 (€ 84.41 million) or € 8.20 per ordinary share, compared to € 8.69 at 31.12.2006 (-5.6%). If the negative impact of IAS 39 mentioned above is excluded, the net current result comes to € 89.90 million as against € 81.66 million at 31.12.2006 and the **net current result - Group share per ordinary share** at 31.12.2007 works out at € 9.11, or 8.5% higher than the result at 31.12.2006 (€ 8.40).

The **result on portfolio** incorporates a **realised** gain of € 35.30 million, mainly stemming from the sale of properties during 2007. It also incorporates an **unrealised** gain of € 26.30 million, as against an unrealised gain of € 35.70 million at 31.12.2006. With an unchanged portfolio, the value of the property portfolio has appreciated by 1.47% at 31.12.2007. Over 2006 as a whole, an increase of 1.85% was recorded. This growth in value results from the quality-driven policy applied by Cofinimmo for a number of years now to selecting its investments, mainly giving priority to properties likely to generate stable and recurrent rental cash flows. As a result, the value of the portfolio has gone up € 2.66 per share (unrealised gain) for the fully year 2007 as against € 3.67 for 2006.

Summary of the consolidated accounts

The table hereafter summarises the changes in portfolio value by geographical area and sector, based on an unchanged portfolio, between 31.12.2006 and 31.12.2007, as well as its value breakdown.

(in %)

	Change in value	Breakdown by area and sector
OFFICES	1.4	77.0
Brussels Leopold District	2.0	19.4
Brussels Centre/North/Louise	6.9	15.5
Brussels Decentralised	-0.5	25.7
Brussels Periphery	-0.4	7.1
Brussels Satellites	-0.2	1.6
Antwerp	5.0	3.1
Other Regions	3.6	4.7
NURSING HOMES	1.6	8.1
PUBSTONE	0.5	14.9
TOTAL		100.0

The **net result - Group share (ordinary shares)** (after including the result on portfolio) at 31.12.2007 amounts to € 142.51 million as against € 133.42 million at 31.12.2006 and the **net result per ordinary share** (after including the result on portfolio) at 31.12.2007 works out at € 14.44 as against € 13.73 at 31.12.2006, an increase of 5.2%.

Consolidated balance sheet

	31.12.2007	31.12.2006
		(x € 1,000)
Non-current assets	3,043,173	2,385,517
Goodwill	135,658	
Intangible assets	1,535	517
Investment properties(1)	2,696,656	2,103,988
Development projects	93,010	41,765
Assets held for own use(2)	10,207	10,074
Other tangible assets	980	1,400
Non-current financial assets	31,875	27,017
Finance lease receivables	73,224	200,737
Trade receivables and other non-current assets	28	19
Current assets	140,139	222,666
Assets held for sale		151,004
Current financial assets	11,693	2,292
Finance lease receivables	75,965	3,407
Trade receivables	9,752	9,009
Tax receivables and other current assets	23,155	18,857
Cash and cash equivalents	2,494	15,264
Deferred charges and accrued income	17,080	22,833
TOTAL ASSETS	3,183,312	2,608,183
Shareholders' equity	1,411,486	1,306,026
Shareholders' equity attributable to shareholders of parent company	1,390,093	1,306,026
Capital	608,388	606,394
Share premium account	360,221	357,216
Reserves	458,990	388,282
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	-60,450	-56,414
Change in fair value of financial instruments	22,943	10,548
Minority interests	21,393	
Liabilities	1,771,826	1,302,157
Non-current liabilities	1,301,309	848,174
Provisions	9,637	15,910
Non-current financial debts	1,149,889	809,357
Other non-current financial liabilities	11,585	22,907
Deferred taxes	130,198	
Current liabilities	470,517	453,983
Current financial debts	381,587	367,631
Other current financial liabilities	855	1
Trade debts and other current debts	53,727	53,027
Accrued charges and deferred income	34,348	33,324
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,183,312	2,608,183
Debt ratio to total assets	49.80%	47.52%

1 The valuation of investment properties is shown at their fair value. 2 Building at Woluwe 58, two thirds of which is used as headquarters, its fittings and furniture.

Summary of the consolidated accounts

Comments on the consolidated balance sheet

The **fair value** of the property portfolio, including assets held for sale, entered in the consolidated balance sheet, in application of standards IAS 40 and IAS 16, is obtained by deducting the transaction costs (as defined on page 108 of the 2007 Annual Report) from the investment value. At 31.12.2007, the fair value is € 2,799.87 million, as compared to € 2,306.83 million at 31.12.2006.

The **investment value** of the property portfolio, including assets held for sale, as determined by the independent real estate experts, comes to € 2,895.74 million at 31.12.2007 as compared to € 2,363.25 million at 31.12.2006.

The **net asset value per ordinary share based on the fair value** of the property portfolio comes to € 123.22 at 31.12.2007 as against € 107.67 (after appropriation of the dividend for 2006) at 31.12.2006 (+14.4%). The **net asset value per ordinary share based on the investment value** of the property portfolio comes to € 129.35 at 31.12.2007 as against € 113.51 (after appropriation of the dividend for 2006) at 31.12.2006 (+14.0%).

(in €)

PER ORDINARY SHARE BASED ON THE VALUATION OF THE PROPERTY PORTFOLIO **AT FAIR VALUE**	31.12.2007	31.12.2006
Revalued net asset value per ordinary share after distribution of dividend for the year 2006	123.22	107.67
Revalued net asset value per ordinary share after distribution of dividend for the year 2006 on a fully diluted basis(1)	121.80	107.46

PER ORDINARY SHARE BASED ON THE VALUATION OF THE PROPERTY PORTFOLIO **AT INVESTMENT VALUE**	31.12.2007	31.12.2006
Revalued net asset value per ordinary share after distribution of dividend for the year 2006	129.35	113.51
Revalued net asset value per ordinary share after distribution of dividend for the year 2006 on a fully diluted basis(1)	127.12	112.51

The debt ratio (debts to total assets) at 31.12.2007 comes to 49.80%. As a reminder, the legal debt ratio limit for Sicafis equals 65%.

Pubstone

For the first time at 31.12.2007 the consolidated accounts incorporate the acquisition of 90% of the shares of Pubstone SA (previously called Immobrew) which owns 1,068 pubs directly and through Dutch subsidiaries. Pubstone does not benefit from either the Sicafi regime in Belgium or from the similar Fiscale Beleggingsinstelling regime in the Netherlands.

Rental income for 2007 includes 2 months of rent for the entire portfolio as this acquisition was finalised on 31.10.2007.

The assets are valued at their fair value in the consolidated balance sheet after allowing for a transfer tax abatement of 12.5%, 10% and 6%, respectively, of their investment value for assets situated in the Walloon/Brussels-Capital Region, the Flemish Region and the Netherlands. The transfer tax rates used for assets situated in Belgium are chosen according to the company valuation rules, taking into account the fact that, exceptions excluded, the individual value of the buildings is below € 2.5 million.

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

In addition, a deferred capital gain tax has been recorded in the liabilities of the consolidated balance sheet corresponding to the theoretical hypothesis required by the IAS/IFRS standards of an immediate sale of all the pubs at the closing date. A tax rate of 34% and 25%, respectively, for the assets situated in Belgium and the Netherlands, has been applied to the difference between the fiscal value of the assets and their market value at 31.12.2007.

In application of standard IFRS 3, the goodwill entered in the balance sheet at 31.12.2007 results from a first consolidation difference of the subgroup Pubstone. An impairment test has been run on this goodwill, giving rise to a charge of € 1.3 million corresponding to the estimated current value of future taxation on any gains realised by Pubstone, as well as an attrition scenario, based on the term of the lease concluded with InBev and under the assumption of an individual sale of the properties.

It should be emphasised that entering deferred tax as well as tax abatement relating to transfer taxes in the accounts corresponds to a hypothesis of resale of individual buildings according to the IAS/IFRS rules, whereas the real estate transactions of a certain scale are in practice carried out by selling company shares, which in Belgium is exempt from such capital gain and transfer taxes.

Management of financial resources

Market risks and financial instruments

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

Liquidity risk

In a difficult environment associated with the subprime crisis, Cofinimmo has remained resilient thanks to its conservative financial policy founded in particular on:

- its well-diversified sources of financing and banking pool;
- maintaining a lasting and sound relationship with international partner banks of the highest standing;
- a broad spread of maturities;
- the arrangement of adequate cover instruments against interest rate risk over the long term;
- full cover for short-term treasury bills by lines available on the long term.

This policy provides an attractive financing cost while safeguarding the company against any liquidity risk, however small.

Cofinimmo does not have a general policy of mortgaging its properties or of giving any other form of security to its creditors, with the exception of certain securities given to Cofinimmo Group companies and those mentioned on page 118. Neither its debt nor the confirmed credit lines are subject to early repayment or margin fluctuations clauses linked to a financial rating for the company. They are generally associated with conditions concerning compliance with the rules governing Sicafis and ratios concerning debt levels, cover by cash flow of financial charges and level of net asset value. These ratios were met at 31.12.2007, within comfortable margins.

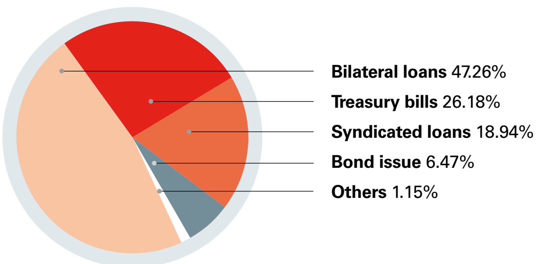
Debt structure

The authorised statutory limit on debt for Sicafis is 65%. The terms and conditions for all bank credit lines allow the Group to possibly increase its level of borrowings to 55%, or even 60% on a temporary basis, for a major investment.

At 31.12.2007, the consolidated financial debt of the Cofinimmo Group amounted to € 1,531 million. This comprised:

- € 723.5 million of bilateral medium and long-term loans, with original maturity periods of between 3 and 10 years, contracted from 5 banks;
- € 400.8 million of treasury bills, of which € 365.8 million for original periods of under 1 year and € 35.0 million for over 3 years;
- € 200.0 million in the form of a syndicated bank loan obtained in 2005 from 16 banks for a total amount of € 400 million and an average original term of 5.3 years, and € 90.0 million in the form of a second syndicated loan from 5 banks, repayable in 2012;
- € 99.0 million in the form of a bond issued in 2004 by Cofinimmo Luxembourg SA and repayable in 2014 for a nominal amount of € 100.0 million;
- € 17.7 million of other loans and advances (account debits).

FINANCIAL SHORT AND LONG-TERM DEBT (€ 1,531 MILLION)



At 31.12.2007, Cofinimmo's short-term financial debt amounted to € 381.58 million, of which:

- € 365.80 million of treasury bills;
- € 15.78 million of other loans and advances (account debits).

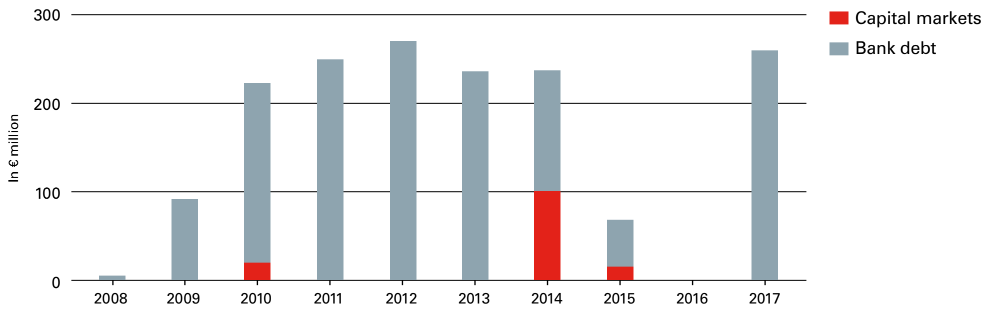
The short-term issues of treasury bills (€ 365.8 million) under a programme limited to € 500 million, are fully covered by undrawn portions of committed long-term credit facilities totalling € 505.5 million. Cofinimmo thus benefits from the attractive cost of this programme while securing its refinancing in the event that placing new treasury bills were to become more expensive or impractical.

Situation for long-term financial commitments

During the 4th quarter of 2007, Cofinimmo contracted new long-term bilateral credit lines (average term 8.7 years) for a total amount of € 415 million from 3 banking partners. The bridging loans associated with the acquisition of 90% of the shares of Pubstone SA were fully repaid at the end of 2007.

The average maturity of the Cofinimmo debt (excluding the short-term maturities of the treasury bills, which are fully covered by the undrawn portions of long-term credit facilities) remains unchanged from 2006 at 5.3 years. Long-term financial commitments (credit lines, bonds and treasury bills), with outstandings totalling € 1,650 million at 31.12.2007, display a uniform and evenly spread maturity profile up to 2017, with a maximum of 16.5% of these outstandings maturing during the same year, and less than 20% before 2011[1].

REPAYMENTS OF LONG-TERM COMMITMENTS (€ 1,650 MILLION)[2]



Interest rate risk

During the course of 2007, the Group operated in an environment of significantly higher interest rates than in previous years. The average interest rate on the debt, including banking margins and amortisation costs of cover instruments for the period, went up from 3.43% during 2006 to 4.55% for 2007. The reason for this increase is mostly the higher short-term market rate without a margin («Euribor») (but partly compensated by the cover policy) and more marginally the volume reduction coupled with the higher price of the treasury bill issues, and finally the relatively higher commissions for non-utilisation given the lower level of debt (less than 45%) during part of 2007 following building disposals. The banking margins did not rise significantly for the loans contracted by the Group.

At 31.12.2007, the debt was contracted at short-term floating rate or at fixed-rate immediately converted into short-term floating rate. Cofinimmo is able to take advantage of the short-term rates, which are historically lower than the long-term fixed rates, but is also exposed to their fluctuations. An increase in these last rates would have a negative impact on its financial result (see chapter «Risk management»).

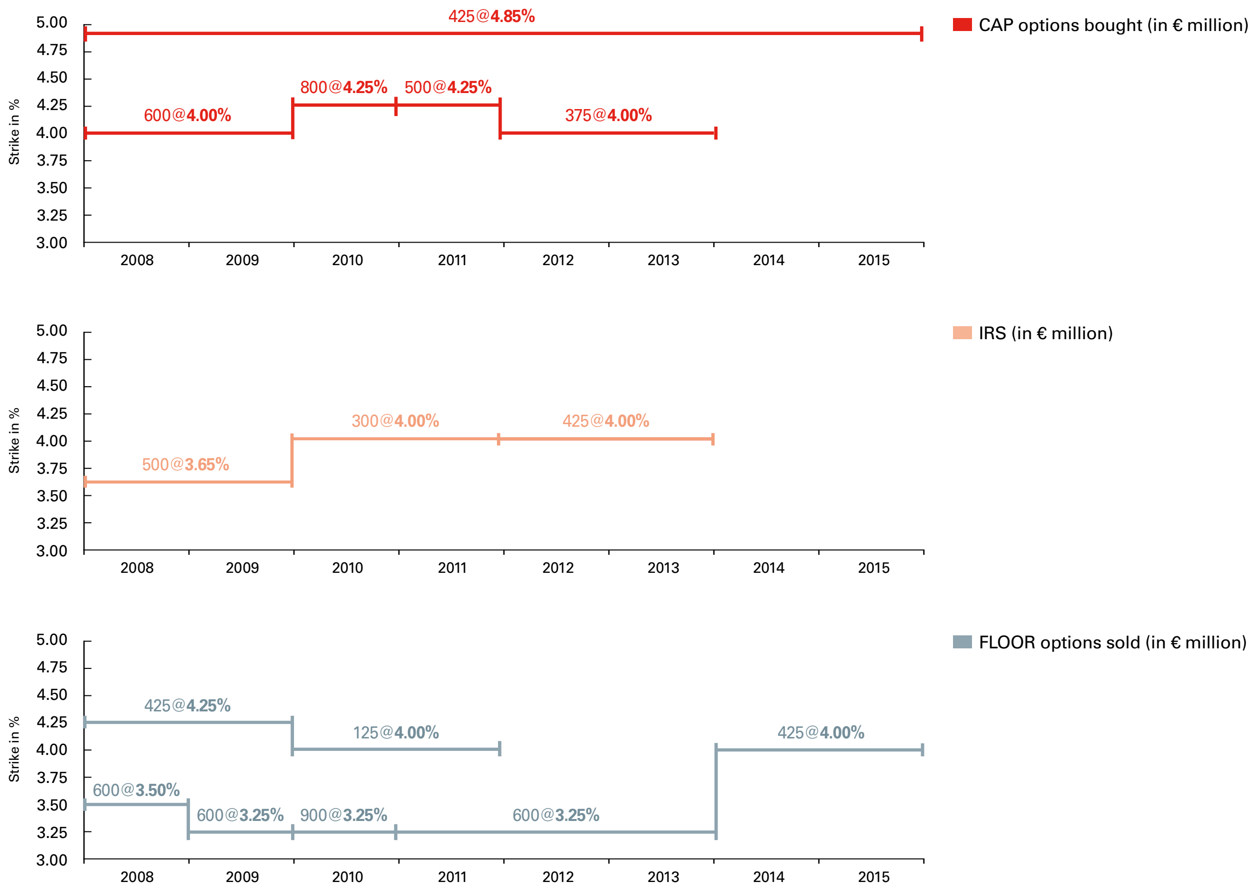
In order to optimise the cost of its debt, while protecting itself against any rate increases, Cofinimmo has obtained partial cover for its overall debt by using cover instruments such as the purchase of CAPs, where appropriate combined with the sale of FLOORs, and the contracting of FRAs and IRS.

1 Banking debts have been contracted with 20 financial institutions of the highest standing, with financial ratings of at least A. Over 75% of the outstandings comes from institutions with a AA or higher ratings (source: Bloomberg, 02.2008). 2 The repayments include the financial commitments capital and exclude the interest payment (generally per month or per trimester) as well as expected cash flows on derivative instruments.

Management of financial resources

The situation at 31.12.2007 for interest rate cover for future years is set out in Note 24 (see page 110). At the publication date of this Annual Report, the company has also finalised the purchase, for a notional amount of € 300 million, of a CAP option at 4.00% and the sale of a FLOOR option at 3.25% in order to consolidate the cover for the year 2010.

SITUATION OF THE INTEREST RATE COVER[1]



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

Financial rating

Since the autumn of 2001, Cofinimmo has a long and short-term finance rating awarded by the rating agency Standard & Poor's[2]. At the time of writing this Report, this rating was a BBB for long-term debt and A-2 for short-term debt, in conjunction with a stable outlook.

1 The purchase of a CAP option combined with the disposal of a FLOOR option at an identical strike corresponds economically to a IRS and is presented as such in the graph.
2 www.standardandpoors.com.

Forecasts 2008

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 balance sheet 2008, 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 and divestments[1]

The forecast takes into account the following investment and divestment projects:

- the acquisition, on 12.02.2008, of the shares of the limited company incorporated under French law Medimur and the limited companies incorporated under Belgium law Sogipa Invest, Rinsdelle and Sogipa for a total amount of € 247.6 million (see page 22);
- the disposal, on 27.02.2008, of the long-lease rights of 99 years on 19 buildings of the Keiberg Business Park as well as the 2 buildings Woluwe Garden 26 and 30 for a total amount of € 77.0 million. A gain of € 4.3 million or € 0.43 per ordinary share was realised (see page 23).

Rents

Rent forecasts include assumptions for each lease as to tenant departures, analysed on a case-by-case basis, and, in the event of departure of tenants, refurbishment costs, a period of rental vacancy, rental charges and taxes on unlet space plus agency commission when the space is relet. Letting forecasts are based on the present market situation, without assuming either a possible upturn or deterioration in the market (see page 74). Property result also incorporates the writeback of lease payments sold and discounted relating to the gradual reconstitution of the full value of a building for which the leases have been sold to a third party. This concerns notably the North Galaxy building. 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 € 0.20. Current contracts are index-linked.

Interest rates

The calculation of financial charges is based on the assumption that interest rates will start to rise again, as anticipated by the future rate curve, and takes into account the current loan contracts. In view of the hedging instruments put in place, the interest rate has been partially fixed for 2008 at 3.98% for floating-rate loans. Added to this rate are the banking margins and hedging premiums. The situation for interest rate cover for the year 2008 and the sensitivity of the result to interest rate fluctuations are described on page 36 of this Annual Report.

Inflation

The inflation rate used for the evolution of rents is 2.3% for 2008. 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 € 0.10.

Dividends

The policy on distribution is proposed by the Board of Directors to the General Meeting at the end of each financial year. The forecast is based on a pay out of 97.1% of the consolidated net current result for the year.

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

Forecasts 2008

Consolidated current results - analytical form

(x € 1,000)

	2007 Actual	2008 Forecast
Rental income, net of rental-related expenses	146,551	180,847
Writeback of lease payments sold and discounted (non-cash)	10,100	11,163
Taxes and charges on rented properties not recovered	-228	-297
Refurbishment costs, net of tenant compensation for damages	-1,141	-1,334
Property result	155,282	190,379
Technical costs	-3,492	-5,753
Commercial costs	-2,076	-992
Taxes and charges on unlet properties	-2,379	-862
Property result after direct property costs	147,335	182,772
Property management costs	-11,245	-12,937
Property operating result	136,090	169,835
Corporate management costs	-5,459	-5,820
Operating result	130,631	164,015
Financial income	28,644	7,684
Financial charges	-57,257	-72,601
Revaluation of derivative financial instruments (IAS 39)	-8,958	
Taxes	-2,341	-5,823
Net current result	90,719	93,275
Preference dividends - Proposal[1]	9,554	9,554
Minority interests	226	1,080
Net current result - Group share (ordinary shares)	80,939	82,641
Average number of outstanding ordinary shares entitled to share in result of the period	9,872,029	10,309,243
Number of preference shares	1,499,766	1,499,766
NET CURRENT RESULT PER ORDINARY SHARE (in €)	8.20	8.02
Gross dividend - ordinary shares (in €)	7.75	7.80
Net dividend - ordinary shares (in €)	6.59	6.63
Gross dividend - preference shares (in €)	6.37	6.37
Net dividend - preference shares (in €)	5.41	5.41

A forward projection of the future market values of the properties is uncertain, so that no reliable forecast can be given at the present time for the result on portfolio. The gain on the disposals of buildings already realised, i.e. € 0.43 per share (see also page 23), has to be added to the net current result of € 8.02 per share as presented above.

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

Consolidated balance sheet

(x € 1,000)

	31.12.2007 Actual	31.12.2008 Forecast
Non-current assets	3,043,173	3,297,226
Goodwill	135,658	149,133
Intangible assets	1,535	1,535
Investment properties(1)	2,696,656	2,996,594
Development projects	93,010	56,504
Assets held for own use(2)	10,207	10,207
Other tangible assets	980	980
Non-current financial assets	31,875	31,875
Finance lease receivables	73,224	71,763
Trade receivables and other non-current assets	28	28
Current assets	140,139	72,438
Current financial assets	11,693	11,693
Finance lease receivables	75,965	2,857
Trade receivables	9,752	11,341
Tax receivables and other current assets	23,155	26,924
Cash and cash equivalents	2,494	2,494
Deferred charges and accrued income	17,080	17,129
TOTAL ASSETS	3,183,312	3,391,057
Shareholders' equity	1,411,486	1,477,439
Shareholders' equity attributable to shareholders of parent company	1,390,093	1,477,439
Capital	608,388	635,644
Share premium account	360,221	396,152
Reserves	458,990	483,682
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	-60,450	-60,983
Change in fair value of financial instruments	22,943	22,944
Minority interests	21,393	21,393
Liabilities	1,771,826	1,892,225
Non-current liabilities	1,301,309	1,407,577
Provisions	9,637	9,637
Non-current financial debts	1,149,889	1,250,836
Other non-current financial liabilities	11,585	16,906
Deferred taxes	130,198	130,198
Current liabilities	470,517	484,648
Current financial debts	381,587	389,840
Other current financial liabilities	855	12,440
Trade debts and other current debts	53,727	47,923
Accrued charges and deferred income	34,348	34,445
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,183,312	3,391,057

1 The valuation of investment properties is shown at their fair value. This value is supposed to remain unchanged between the beginning and the end of the year, with the exception of the budgeted renovations costs, which are added. 2 Building at Woluwe 58, two thirds of which is used as headquarters, its fittings and furniture.

Forecasts 2008

Consolidated balance sheet (continued)

(x € 1,000)

	31.12.2007 Actual	31.12.2008 Forecast
Average number of outstanding ordinary shares entitled to share in result of the period	9,872,029	10,309,243
Number of outstanding ordinary shares	9,909,435	10,420,513
Number of preference shares	1,499,766	1,499,766
Revalued net asset value per ordinary share in fair value before distribution of dividend for the year (in €)	123,22	127,15
Revalued net asset value per ordinary share in fair value before distribution of dividend for the year on a fully diluted basis(1) (in €)	121,80	125,28
Revalued net asset value per ordinary share in investment value before distribution of dividend for the year (in €)	129,35	131,45
Debt ratio to total assets	49.80%	50.61%

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

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

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

Appropriation of results[1]

The Board of Directors proposes at the Ordinary General Shareholders' Meeting of 25.04.2008 to approve the annual statements as at 31.12.2007 and to distribute the following dividends:

- € 7.75 gross, i.e. € 6.5875 net for the ordinary share;
- € 6.37 gross, i.e. € 5.4100 net for the preference share.

Deduction for withholding taxes is 15%.

Based on the number of shares in circulation on 31.12.2007, excluding the 705,963 own ordinary shares held by the Cofinimmo Group on this date, the result of 2007 will be appropriated as follows:

(in €)

RESULT FOR THE YEAR	2007	2006	2005
Result for the year available for appropriation	127,156,677.98	107,103,377.46	99,752,123.67
Retained result brought forward	+120,398,136.92	+100,819,598.13	+6,076,741.45
Result to be appropriated	247,554,814.90	207,922,975.59	105,828,865.12
Withdrawal from non-distributable reserves	+22,065,949.78	+5,381,642.38	+74,745,126.04
Transfer to non-distributable reserves	-1,073,203.68	-33,811,566.95	
Remuneration of the capital	-86,322,676.67	-81,877,202.22	-81,360,848.52
Profit-sharing scheme	-274,849.00	-264,385.00	-220,800.00
RETAINED RESULT TO BE BROUGHT FORWARD	181,950,035.33	97,351,463.80	98,992,342.64

The Board of Directors proposes to cancel the right to dividend of 656,993 own ordinary shares held by Cofinimmo SA for the year 2007 and to suspend the right to dividend for the other 15,300 own ordinary shares still held by Cofinimmo.

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

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

The pay-out ratio on the net current result is 94.5%.

The ordinary dividend is payable from 06.05.2008 at the paying agent banks Degroof, Dexia, Fortis, ING and KBC, in exchange for coupon No. 16 for bearer shares. The preference shares being exclusively nominative, their dividend will be paid out through bank transfer from 20.05.2008, in exchange for coupon No. 5 (COFP1) and No. 4 (COFP2).

1 Company accounts.

Together
we are loyal

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Introduction

Cofinimmo is committed to maintaining high standards of corporate governance and constantly evaluating its methods in relation to the corporate governance principles, practices and requirements. The Board declares that, to his knowledge, the practice of corporate governance complies perfectly with the Belgian Corporate Governance Code.

The Corporate Governance Charter comprising the relevant documents can be consulted on the site www.cofinimmo.com.

The Extraordinary General Meeting of 27.04.2007 has renewed the authorisation of the Board of Directors to buy or sell own Cofinimmo shares. Moreover, it has accepted the new rules regarding the dematerialisation of shares, the simplified admission procedure to the General Meetings and the renewal of the profit-sharing scheme in favour of the employees.

Together
in Real Estate

Decision-making bodies

Board of Directors

Composition

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

The Independent Directors strictly comply with the following independence criteria:

- not to be an employee, member of the managerial personnel or of the Executive Committee or Executive Director of Cofinimmo, or of a connected company, and not having occupied a similar position during the 3 years preceding their appointment;
- not to receive or have received from Cofinimmo or a connected company any remuneration other than that associated with their mandate;
- not to be a dominant shareholder or have a shareholding of more than 10% in Cofinimmo, or be a Director or member of the managerial personnel of 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 or senior executive 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 a managerial employee or Managing Director of another company in which a managerial employee or Managing Director of Cofinimmo is Managing Director or Non-Executive Director, 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;
- not to be a close relative of a managerial employee, a member of the Executive Committee or of a person who is covered by one of the situations described above.

Although the Articles of Association allow appointments for 6-year terms, the regular practice of Cofinimmo has been for Directors to be appointed for a term of 3 years, which is renewable. The Board meets a minimum of 8 times a year. Large-scale operations may necessitate the Board holding one or more additional meetings. The Board met on 9 occasions during 2007. Before the meeting, each Board member receives the documents which allow him to examine 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.

ANDRÉ DIRCKX / °1936 / Belgian / **Function in the Board and its Committees** Chairman of the Board, Independent Director, Member of the Appointments and Remuneration Committee • **Term of office ends** 25.04.2008 • **Attendance**[1] (9 / - / 6) • **Offices currently held in other companies and institutions and for the past 5 years** Euronext NV, NYSE Euronext, Les Petits Riens ASBL

SERGE FAUTRÉ / °1960 / Belgian / Chief Executive Officer (CEO) of Cofinimmo SA (boulevard de la Woluwe 58, 1200 Brussels) / **Function in the Board** Managing Director • **Term of office ends** 25.04.2008 • **Attendance**[1] (9 / - / -) • **Offices currently held in other companies and institutions and for the past 5 years** La Mondiale (FR), Union Professionnelle du Secteur Immobilier (UPSI), European Public Real Estate Association (EPRA)

JEAN-EDOUARD CARBONNELLE / °1953 / Belgian / Chief Financial Officer (CFO) of Cofinimmo SA (boulevard de la Woluwe 58, 1200 Brussels) / **Function in the Board** Executive Director • **Term of office ends** 25.04.2008 • **Attendance**[1] (9 / - / -) • **Offices currently held in other companies and institutions and for the past 5 years** Société Royale d'Economie Politique de Belgique ASBL, SIGEFI Nord Gestion SAS (FR), Société d'Habitations de Tournai SA

JEAN FRANKEN / °1948 / Belgian / Chief Operating Officer (COO) of Cofinimmo SA (boulevard de la Woluwe 58, 1200 Brussels) / **Function in the Board** Executive Director • **Term of office ends** 25.04.2008 • **Attendance**[1] (9 / - / -) • **Offices currently held in other companies and institutions and for the past 5 years** Union Professionnelle du Secteur Immobilier (UPSI)[2]

Allianz Belgium SA[3] represented by **ROBERT FRANSSEN** / °1955 / Belgian / President of the Executive Committee of Allianz Belgium SA (rue de Laeken 35, 1000 Brussels) / **Function in the Board and its Committees** Director • **Term of office ends** 25.04.2008 • **Attendance**[1] (6 / - / -) • **Offices currently held in other companies and institutions and for the past 5 years** Several companies of the Allianz Group [Allianz Belgium SA, AGF Benelux SA, Stanislas Haine SA[2]], Union des Entreprises de Bruxelles ASBL, Anpi ASBL, Assuralia Association Professionnelle, Portima Société Coopérative, Union Wallonne des Entreprises ASBL[2], Assurcard SA[2]

CHEVALIER VINCENT DOUMIER / °1955 / Belgian / Managing Director and Chairman of the Executive Committee of Compagnie du Bois Sauvage SA[3] (rue du Bois Sauvage 17, 1000 Brussels) / **Function in the Board and its Committees** Director (representing the shareholder Compagnie du Bois Sauvage), Member of the Audit Committee • **Term of office ends** 24.04.2009 • **Attendance**[1] (8 / 5 / -) • **Offices currently held in other companies and institutions and for the past 5 years** Anchorage SA, Berenberg Bank (John Berenberg, Gossler & Co KG) (D), Compagnie du Bois Sauvage SA, CBS Finance SA, Compagnie du Bois Sauvage BV (NL), Parfimmo SA, Parfina SA, Surongo Deutschland GmbH (D), Surongo America Inc. (USA), CBS Services SA, Metrobel SA, Astrio SA, Banque Degroof SA, Neuhaus SA, Recticel SA, Start-Up Invest SA, Noël Group (USA), Codic International SA, Compagnie Financière du Château SA, Groupe Fauchon (F), Ter Beke SA, Expobel SA (into liquidation), Assainissement & Amélioration du Logement Populaire SCRL, Centre Interdiocésain ASBL, Centre Royal Gaulois Artistique et Littéraire ASBL, Finaspil SA, Les Petits Riens ASBL, Sopartec SA, TCRé Insurance Company SA[2], Nanocyl SA[2]

GUY ROELANDT / °1952 / Belgian / Chairman of the Executive Committee of Dexia Insurance Belgium SA[3] (avenue de Livingstone 6, 1000 Brussels) / **Function in the Board and its Committees** Director (representing the shareholder Dexia Group), Chairman of the Appointments and Remuneration Committee • **Term of office ends** 24.04.2009 • **Attendance**[1] (9 / - / 6) • **Offices currently held in other companies and institutions and for the past 5 years** Several companies of Dexia Group [Dexia Insurance Belgium SA, Dexia Insurance Belgium Invest SA, Audit en Ingénierie Sociale (AIS) Consulting (FR), Dexia Epargne Pension SA (FR), Dexia Insurance & Pensions Services SA (L), Dexia Life & Pensions SA (L), Dexia Prévoyance SA (FR), Dexia Asset Management Luxembourg SA (L)[2], Dexia Generali Santé SA (FR)[2], Banque Artesia SA (NL)[2], Dexia Versicherungsvermittlungs AG (D)[2], Dexia Insurance Services Deutschland AG (D)[2]], DenizHayat (T), Auxipar SA, Corona SA, Realex SA, Assurance Asset Management Company SA, DVV Finance SA (L), DIS Finances (L), Eurco SA (L), Eurcolux SA (L), Copharma Industries Unltd (IRL), Echo Unltd (IRL), Eurco Ltd (IRL), Eurco Re Ltd (IRL), Eurco Rück AG (CH), Livingstone Building SA, IBRO Holding Unltd (IRL), Rekord AG (CH)[2], Rekord Finanzdienstleistung AG (CH)[2], Rekord Management und Consulting AG (CH)[2], Rainbow ICT-Services GIE[2], Société Espace Léopold SA[2], Eurco Belgium ASBL[2], Aviabel SA[2], Grand Canal Brokerage Investments Ltd (IRL)[2], DVV Investment BV (NL)[2], Les AP Assurances SA[2], Belstar SA[2]

GAËTAN HANNECART / °1964 / Belgian / Chief Executive Officer (CEO) of Matexi Group (Franklin Rooseveltlaan 180, 8790 Waregem) / **Function in the Board and its Committees** Independent Director, Member of the Appointments and Remuneration Committee • **Term of office ends** 24.04.2009 • **Attendance**[1] (8 / - / 6) • **Offices currently held in other companies and institutions and for the past 5 years** Home Invest Belgium SA, Union Professionnelle du Secteur Immobilier (UPSI), National Foundation for Teaching Entrepreneurship ASBL (NFTE Belgium), Fortis Comité van Beheer West-Vlaanderen, VLACORO (Vlaamse Commissie voor Ruimtelijke Ordening), Woonraad, SARO (Strategische Advies Ruimtelijke Ordening - Onroerend Erfgoed), Matexi Group, as well as several companies of this Group

GILBERT VAN MARCKE DE LUMMEN / °1937 / Belgian / Director of D'Ieteren SA (rue du Mail 50, 1050 Brussels) / **Function in the Board and its Committees** Independent Director, Chairman of the Audit Committee • **Term of office ends** 30.04.2010 • **Attendance**[1] (8 / 5 / -) • **Offices currently held in other companies and institutions and for the past 5 years** D'Ieteren SA, Avis Europe PLC (UK), Maison de la Radio Flagey SA, Belron SA (L)

BAUDOUIN VELGE / °1955 / Belgian / Managing Director of Interel SA (avenue de Tervuren 402, 1150 Brussels) / **Function in the Board and its Committees** Independent Director, Member of the Audit Committee • **Term of office ends** 24.04.2009 • **Attendance**[1] (9 / 5 / -) • **Offices currently held in other companies and institutions and for the past 5 years** Interel SA, Bekaert SA, BT Belux SA, Fondation Bernheim, Ecole pour le Management (EPM) SA, EuroCommerce AISBL[2], FEDIS ASBL[2], FEB ASBL[2]

New mandates

FRANÇOISE ROELS / °1961 / Belgian / Secretary General & Group Counsel of Cofinimmo SA (boulevard de la Woluwe 58, 1200 Brussels) / **Function in the Board** Executive Director • **Term of office ends** 30.04.2010 • **Attendance**[1] (6 / - / -) • **Offices currently held in other companies and institutions and for the past 5 years** Euroclear Pension Fund OFP, Institut des Juristes d'Entreprise

ALAIN SCHOCKERT / °1950 / Belgian / Managing Director and Member of the Executive Committee of Bank Degroof[3] (rue de l'Industrie 44, 1040 Brussels) / **Function in the Board** Director (representing the shareholder Bank Degroof) • **Term of office ends** 30.04.2010 • **Attendance**[1] (4 / - / -) • **Offices currently held in other companies and institutions and for the past 5 years** Degroof Holding Luxembourg, Brocsa SA

Expired mandates

JOHANNES-FREDERIKUS LISMAN / °1952 / Dutch / Partner of Robelco SA (Tour & Taxis, avenue du Port 86c, 1000 Brussels) / **Function in the Board** Director • **Term of office ends** 27.04.2007 • **Attendance**[1] (0 / - / -) • **Offices currently held in other companies and institutions and for the past 5 years** RB Management SA

1 Number of attendances in 2007: (Board of Directors / Audit Committee / Appointments and Remuneration Committee). **2** Mandates ended. **3** Shareholder of Cofinimmo.

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 current matters dealt with by the Board, it has also taken decisions on various matters, including the following:

- the merger by absorption of the following companies of the Cofinimmo Group:
  - Belgian European Properties SA against the issuing of 8,534 new ordinary shares[1];
  - Romim SA against the issuing of 28,376 new ordinary shares[1];
  - Immaxx SA against the issuing of 18,362 new ordinary shares[1];
  - Gerinvest SA against the issuing of 131,853 new ordinary shares[1];
  - The Greenery SA against the issuing of 115,437 new ordinary shares[1];
  - Rominvest SA against the issuing of 68,513 new ordinary shares[1];
  - Seigneurie du Val SA against the issuing of 81,443 new ordinary shares[1];
  - Douce Quiétude SPRL, against the issuing of 2,035 new ordinary shares[2];
  - La Rasante Tennis Club SA, against the issuing of 97,465 new ordinary shares[2];
  - Media Corner SE, against the issuing of 136,076 new ordinary shares[2];
  - Holding Van den Brande SA, Rustimmo SA, Deltimmo SA, De Wyngaert SA, Rusthuis 't Smeedeshof SA, Senimmo SA, Speciale Woonbouw voor Bejaarden SA, Vastgoedmaatschappij Boutersem SA and Van den Brande SA (these mergers were undertaken without creation of new ordinary shares);
- the acquisition of almost 100% of the shares of La Rasante Tennis Club SA;
- the acquisition of the building Colonel Bourg 124 in 1140 Brussels from AGF Belgium; the transaction was realised by a contribution in kind against the issuing of 37,406 new ordinary shares[2];
- the introduction of a binding offer in view to a partnership with the Flemish Region regarding the PPP «Inhaalbeweging Scholen Infrastructuur»;
- the acquisition of 90% of the shares of Immobrew SA (Pubstone SA);
- the launch and the withdrawal of a takeover bid on all the shares of the Luxembourg Sicav Immo-Croissance;
- on a proposal of the Appointments and Remuneration Committee, the adaptation of the service contract related to the Executive Directors;
- the follow-up of the introduction of a new IT system for the company (SAP);
- the proposal of the Appointments and Remuneration Committee to submit to the General Meeting the candidates for the posts of 2 new Directors (Mrs Françoise Roels and Mr Alain Schockert) and the renewal of the office of an Independent Director (Mr Gilbert van Marcke de Lummen);
- the declaration of cancellation with absolute effect of 58,314 own ordinary shares held as crossholdings by Cofinimmo since 3 years.

Remuneration of the Directors

The remuneration of the Directors is decided by the General Meeting on the basis of a proposal by the Board of Directors and the recommendation of the Appointments and Remuneration Committee.

The remuneration for 2007 is in accordance with the decision of the General Meeting of 28.04.2006:

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

1 These shares are entitled to share in Cofinimmo's results as of 01.01.2007. 2 These shares are entitled to share in Cofinimmo's results as of 01.01.2008.

REMUNERATION (IN €) PAID TO DIRECTORS AND SHARES HELD IN A PERSONAL CAPACITY	Remuneration BD[1]	Remuneration Committees[2]	TOTAL	Number of shares as at 31.12.2007	Stock options granted in 2007
André Dirckx	100,000	-	100,000	0	0
Serge Fautré	-	-	-	0	1,800
Jean-Edouard Carbonnelle	-	-	-	550	1,350
Jean Franken	-	-	-	0	1,350
Françoise Roels (from 27.04.2007)	-	-	-	0	1,000
Allianz Belgium SA (represented by Robert Franssen)	35,000	-	35,000	606,404	0
Chevalier Vincent Doumier (representing the shareholder Compagnie du Bois Sauvage SA)	40,000	9,750	49,750	140	0
Guy Roelandt (representing the shareholder Dexia Group)	42,500	16,700	59,200	0	0
Gaëtan Hannecart	40,000	10,450	50,450	0	0
Gilbert van Marcke de Lummen	40,000	16,000	56,000	0	0
Baudouin Velge	42,500	9,750	52,250	0	0
Alain Schockert (from 27.04.2007)	23,333	-	23,333	0	0

Consultative Committees

Audit Committee

The Audit Committee comprises 3 Directors, of which 2 are Independent, and fully complies with the requirements of the Corporate Governance Code. The members of the Executive Committee do not form part of the Audit Committee but the Chief Executive Officer attends the meetings. The Chairman of the Board of Directors has a permanent invitation to attend all meetings of the Audit Committee.

The role of the Audit Committee is to:

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

During the course of 2007, the Audit Committee met on 5 occasions. The following matters were considered:

- internal valuation of a sample of the Cofinimmo property portfolio;
- reports on the internal auditor's assignment concerning the shareholding structure and the treasury;
- follow-up of the recommendations made by the internal auditor;
- follow-up of the implementation of a new business IT system for the company (SAP).

1 BD: Board of Directors. 2 Committees: Audit Committee and Appointments and Remuneration Committee.

Decision-making bodies

Appointments and Remuneration Committee

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

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

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

During 2007, the Committee met on 6 occasions. The main matters were the following:

- determining the emoluments of the Executive Directors such as that they remain in line both with market levels and with the responsibilities assumed by them;
- evaluating its own operation;
- evaluating the Board of Directors;
- the recruitment of 2 new Directors (Mrs Françoise Roels and Mr Alain Schockert) and the renewal of the office of an Independent Director (Mr Gilbert van Marcke de Lummen).

Executive Committee

The Committee is, besides its Chairman, Mr Serge Fautré (CEO), composed of 3 Directors, Mr Jean-Edouard Carbonnelle (CFO), Mr Jean Franken (COO) and Mrs Françoise Roels (Secretary General & Group Counsel). Each Committee member has a quite 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 (nonferrous metals). He began his professional career in the sphere of industrial project financing 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 properties, the development of projects amongst which 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 (Ecole Supérieure des Sciences Fiscales 1986).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4
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Contractual terms for 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 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 in compliance with the rules governing the responsibilities and operation of the Executive Committee. The contract binding them to Cofinimmo may be terminated subject to advance notice of 24 months where the company initiates the termination or advance notice of 3 months in the event that a Director member of the Executive Committee initiates the termination, or else by payment of an equivalent indemnity compensating for the corresponding period of notice calculated on the basis of the emoluments prevailing at the time of termination.

In the event that the Company is the subject of a takeover and where, within a period of 5 years dating from this takeover, their contract is terminated or the scope of their responsibilities reduced, Cofinimmo shall pay to the Director members of the Executive Committee an indemnity equivalent to 36 months' remuneration.

Emoluments of the members of the Executive Committee

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

Members of the Executive Committee benefit from a savings and provident scheme (fixed element) as well as individual pension promises (variable element). Cofinimmo places a company vehicle at their disposal, for which the annual cost to the company shall not exceed € 15,000. Cofinimmo reimburses all expenses incurred for the account of the company.

REMUNERATIONS (in €)	Fixed	Variable	TOTAL
Serge Fautré	330,000[1]	210,000	540,000
Savings scheme	62,000	-	62,000
Pension promise	-	24,300	24,300
Other members of the Executive Committee	699,343[1]	301,400	1,000,743
Savings scheme	185,507	-	185,507
Pension promise	-	209,800	209,800

STOCK OPTIONS (number)	2007	2006
Serge Fautré	1,800	1,800
Other members of the Executive Committee	3,700	3,700

The costs of medical coverage equal € 2,669 for the CEO and € 6,559 for the other members of the Executive Committee.

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

The members of the Executive Committee also benefit from a stock option plan. The shares which may be acquired in connection with the exercise of the options are listed on Euronext Brussels; 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 emoluments associated with the shares.

1 The amount mentioned under the heading "Fixed remuneration" in the Annual Report 2006, comprises the amount corresponding to the savings scheme.

Management

MANAGEMENT COMMITTEE	
Serge Fautré	Executive Director - Chairman of the Executive Committee - CEO
Jean-Edouard Carbonnelle	Executive Director - CFO
Jean Franken	Executive Director - COO
Françoise Roels	Executive Director - Secretary General & Group Counsel - Compliance Officer
MANAGEMENT	
Sébastien Berden	Business Development Manager
Benjamin Bostoen	Head of IT
Chantal Cabuy	Human Resources Manager
Florence De Bloos	Financial Analyst
France Delobbe	Corporate Legal Officer
Xavier Denis	Head of Project Development & Area Manager
Jean Pierre D'haenens	Head of Accounting
Andrée Doucet	Corporate Legal Officer
Laurence Gacoin	Area Manager
Marc Hellemans	Head of Corporate Finance and Control
Dirk Huysmans	Area Manager
Benoît Messiaen	Group Treasurer
Domien Szekér	Head of Project Management
Jean Van Buggenhout	Internal Audit & Quality Manager
Séverine Van der Schueren	Corporate Communications 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 & Partners, Company Auditors, represented by Mr Ludo De Keulenaer, Auditor, certified by the Banking, Finance and Insurance Commission, with registered office at 1050 Brussels, avenue Louise 240.

The fixed remuneration of the Auditor for reviewing and certifying Cofinimmo's company and consolidated accounts amounted to € 93,000 (excluding VAT). The remuneration of Deloitte, Company Auditors for certifying the company accounts of Cofinimmo's subsidiaries, as well as for the tasks assigned to the Auditor by law (reports on the occasion of mergers, for example), amounted to € 75,739. The fees of the Deloitte & Touche Group relating to studies and assistance, notably on taxation matters, came to € 364,099[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. This amounts to € 130,775.

Real estate expert

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, has been founded on 20.11.1981 for an unspecified term and is subject to Belgian legislation. Winssinger & Associates is specialised in the valuation of real estate in Belgium and is part of the DTZ Group. The company is a member of the Royal Institute of Chartered Surveyors (RICS) BeLux.

Cushman & Wakefield is represented by Messrs Christian Karkan and François Philippe Van Goethem. 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. The administrative and registered offices of Cushman & Wakefield are established avenue des Arts 58 B7, 1000 Brussels (the company is registered in Brussels, by the number 416 303). Since its foundation on 04.12.1978 the company values offices, retail and industrial properties in Belgium and Luxemburg. Cushman & Wakefield 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 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 specific nature of the properties concerned.

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 19.09.2007 in accordance with Article 133 § 6.

Finally, 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 takes place. This transaction must be carried out at the value determined by the experts where the other party is a developer of the Sicaf immobilière (Cofinimmo does not have such developer), the depository bank or any company with which the Sicaf immobilière, the depository bank or a developer is linked by participating interests or where any of the abovementioned parties gains any advantage from the transaction.

The valuation of a property or property complex consists of determining its investment value, which is the best price that an acquirer would pay, assuming that:

- the property was sold with the free will of the seller and with sufficient publicity;
- the transaction took place at the date of valuation;
- there is no special advantage in the transaction for the acquirer;
- the value is expressed as a total price payable, without deducting registration costs or the VAT, if the acquisition is subject to VAT.

The fair value, in 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 witnessed by the operations carried out by Cofinimmo since it acquired the status of Sicafi.

The experts' valuation is in particular a function 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 property portfolio is valued each quarter by independent real estate experts. The remuneration of the real estate experts amounts to € 736,260, based on a fixed cost per m² in portfolio at the valuation date.

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.

- The Board of Directors has drawn up the following report for 2007 in application of Article 523 of the Company Code in connection with the contribution to Cofinimmo of a building located in 1140 Evere, rue Colonel Bourg 124 (hereafter the property), in compliance with Article 602 of the Company Code:

  «The public limited company AGF Belgium Insurance (new name Allianz Group), a Director of Cofinimmo through its permanent representative, Mr Robert Franssen, has informed us of the existence of a conflict of interest under Article 523 of the Company Code, concerning AGF Belgium Insurance (new name Allianz Group).

  The Board of Directors meeting on 26.07.2007 was called upon to take a decision on the contribution to the Cofinimmo capital of a building located at 1140 Evere, rue Colonel Bourg 124. This operation will enable Cofinimmo to enlarge its portfolio to a total of some 40,000 m² of office and ancillary space in Evere; the Property forms a coherent whole with the building situated at rue Colonel Bourg 122, already owned by Cofinimmo, as it is the product of a single architectural project. This will make it possible to expand the rental base and attract clients seeking a large single site. The contribution fits into our company's investment policy, as defined in our last Annual Report. This operation was therefore submitted to the Board of Directors for a decision on utilising the authorised capital for the contribution of the Property.

  In application of these provisions:
  The declaration by AGF Belgium Insurance (new name Allianz Group) concerning the existence of a conflict of interest under Article 523 of the Company Code is included in the minutes of the Board meeting which considered this operation;

  AGF Belgium Insurance (new name Allianz Group) did not participate in the meeting considering this matter or in the related vote as the permanent representative did not attend the meeting; and

  The Cofinimmo Auditor was informed of the existence of the financial conflicts of interest concerned.

  The Auditor will describe in his Annual Report the financial consequences for Cofinimmo flowing from this operation.»

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

Research and development

The Cofinimmo Group did not carry out any research and development activity during 2007.

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.

With respect to the implementation of the Belgian Corporate Governance Code within Cofinimmo, the rules of the Code of Conduct have been reviewed in order to bring them into line with the Royal Decree of 05.03.2006 relating to insider trading, the fair presentation of investment recommendations and indication of conflicts of interest.

Judicial and arbitration proceedings

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

Compliance officer

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

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, Director, Member of the Executive Committee;
- Jean Franken, Director, Member of the Executive Committee;
- Françoise Roels, 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.

Rules and procedures

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 an official market[1]

Capital structure (at the closing date of this Annual Report)

The share capital stands at € 661,778,399.06 and is divided into 12,350,740 fully paid-up Shares, each of which representing an equal share, of which 10,850,974 Ordinary Shares without par value, and 1,499,766 Preference Shares without par value, that is a series of 702,490 Preference Shares P1 and a series of 797,276 Preference Shares P2. Each preference share carries a dividend payable by priority over the dividends payable on the ordinary shares. The gross annual amount of the preference 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. The subscription or acquisition of preference shares implies a commitment to sell said 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.

SHARES	Number	Capital (in €)	%
Ordinary (COFB)	10,850,974	581,804,666.91	87.92
COFP1	702,490	37,459,675.11	5.66
COFP2	797,276	42,514,057.04	6.42
TOTAL	12,350,740	661,778,399.06	100.00

Share option plan

The members of the Executive Committee and the management benefit from a share option plan. The shares which can be acquired by exercising the options are listed on Euronext Brussels; they are of the same type and benefit from the same rights as the Cofinimmo ordinary shares existing on the date of the offering.

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 shall determine the precise conditions for this adaptation. In the event of a change in control, the accepted options are deemed to be immediately and fully acquired and become exercisable with immediate effect.

Authorised capital

The Board of Directors is expressly empowered to increase the share capital in one or more tranches up to a maximum amount of € 640,000,000 on the dates and according to the procedures to be decided by the Board of Directors, in accordance with Article 603 of the Company Code. This authorisation is granted for a period of 5 years from the publication date in the annexes of the Belgian Official Gazette (Moniteur belge) of the minutes of the Extraordinary General Shareholders' Meeting of 21.01.2008.

The Extraordinary General Shareholders' Meeting of 21.01.2008 expressly authorised the Board of Directors to carry out one or more capital increases in the event of a takeover bid, following receipt by the company of the communication referred to in Article 607 of the Company Code. This authorisation does not restrict the powers of the Board of Directors to undertake operations utilising authorised capital other than those referred to by Article 607 of the Company Code.

Decision-making bodies

Although the Articles of Association allow appointments for a period of 6 years, the firm practice of Cofinimmo has been for Directors to be appointed for renewable 3-year terms. Director mandates may be summarily dismissed.

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.

1 See also the Law of 01.04.2007 concerning public takeover bids.

Repurchase of shares

The Board of Directors is specially authorised, for a period of 3 years from the date of publication of the Extraordinary General Meeting of 27.04.2007, 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 18 months following the holding of the said Meeting of 27.04.2007, 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 10% of the total issued shares.

At the date on which this Annual Report was adopted, Cofinimmo SA held 672,293 own shares.

Contractual conditions

In the event that the company is the subject of a takeover and where, within a period of five years from the date of the takeover, the contract of the Director members of the Executive Committee is terminated or the scope of their functions reduced, Cofinimmo shall pay to the Director members of the Executive Committee a severance payment equal to 36 months.

Cofinimmo Articles of Association

Extracts of the Cofinimmo Articles of Association are published on page 141 of the Annual Report. Their most recent revisions date from the Extraordinary General Meetings of 27.04.2007 and 21.01.2008.

Together
we are creative

COFINIMMO IN THE STOCK MARKET

COFINIMMO IN THE STOCK MARKET

Investors generally interested in Cofinimmo can choose between 3 specific instruments, all listed but with different risk profiles, returns and liquidity:

- the ordinary share;
- the preference share;
- the bond.

The ordinary share

Listed on the Brussels stock exchange since 1994, Cofinimmo is included in the BEL20, Euronext 150 and MSCI indices. It is also in the EPRA Europe and GPR250 real estate indices. At 31.12.2007, its stock market capitalisation stood at € 1.3 billion.

European stock market context and trend in Cofinimmo share

After 3 years of uninterrupted growth, the European property sector experienced a correction in 2007, reflected notably in the EPRA Europe index, which recorded a negative performance of 31.9%. Shares and bonds turned in an overall positive performance of, respectively, 6.3%(1) and 2% during the whole of 2007.

The first 6 months of 2007 were marked by rising European interest rates. This situation sparked off a net withdrawal of capital invested in the listed real estate share market in favour of fixed-return products. In the real estate share market, this rate rise translated into a negative performance by the EPRA Europe index, which dropped back 10.4%.

During the second half-year 2007, conditions on the credit market deteriorated sharply, reflecting the reverberations of the subprime crisis in the US. Even though the European real estate market is not directly linked to the problems with US mortgage credit, it has suffered from the widespread volatility in the credit market and the credit squeeze. This situation has led to a further massive haemorrhage of capital from real estate investment funds, triggering swingeing cuts in property share valuations, with the EPRA index losing 16.6% between 01.09.2007 and 30.11.2007, and much greater volatility in the sector.

All of these factors contributed during 2007 to a growing aversion to European property market shares, notably reflected in this poor performance by the EPRA Europe index (-31.9%). Against this generally unfavourable background due to rising interest rates and the subprime crisis, the Cofinimmo ordinary share registered a negative overall performance of 11.08%. Cofinimmo thus renounces from the sharp fall by EPRA Europe, once again illustrating the defensive character of its share.

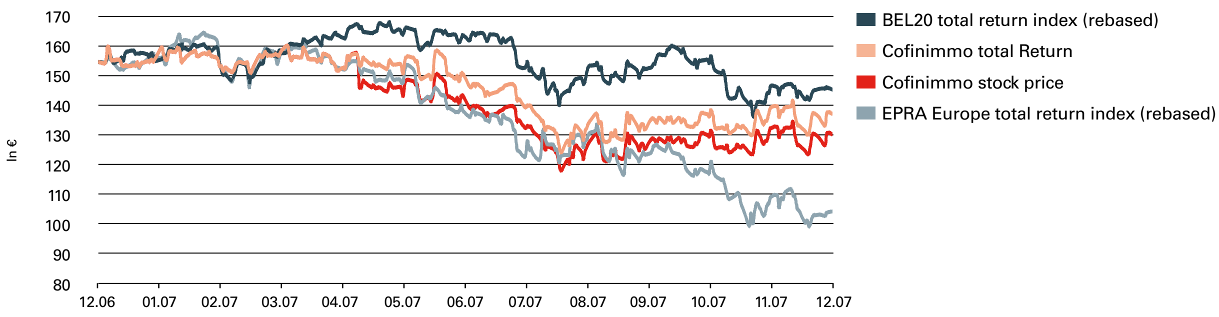
1 Euronext 100 Total Return.

Cofinimmo

Together
in Real Estate

COFINIMMO IN THE STOCK MARKET

TREND IN THE STOCK MARKET PRICE

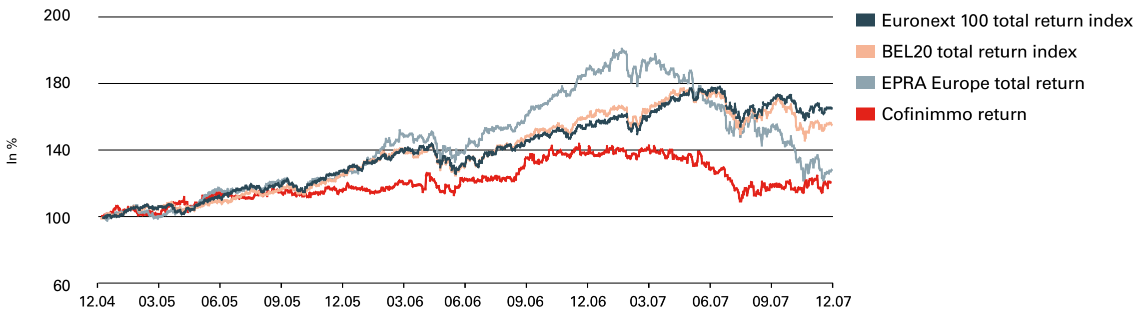


	2007	2006	2005
Share price (in €)			
Highest	157.35	158.50	135.20
Lowest	116.95	125.10	120.40
At year-end	128.72	152.20	133.70
Average	138.61	139.01	128.30
Dividend yield[1]	5.59%	5.32%	5.73%
Gross return (over 12 months)[2]	-11.08%	20.06%	17.00%
Dividend[3] (in €)			
Gross	7.75	7.40	7.35
Net	6.59	6.29	6.25
Volume			
Average daily volume	26,091	17,483	16,215
Annual volume	6,653,113	4,387,670	4,167,320
Number of ordinary shares entitled to share in the consolidated profits at year-end	9,872,029	9,720,027	9,720,027
Market capitalisation at year-end (x € 1,000)	1,275,543	1,502,523	1,299,567
Free float zone[4]	85%	85%	80%
Velocity[4]	67.39%	45.14%	42.87%
Adjusted velocity[4]	79.29%	53.11%	53.59%
Pay out ratio	94.50%	85.16%	85.47%

1 Gross dividend to average annual share price. 2 Appreciation in price + dividend yield. 3 Withholding tax on dividends paid is 15%. 4 According to Euronext method.

Risk-return ratio

TOTAL RETURNS (DECEMBER 2004 - DECEMBER 2007)



Taking into account the reinvestment of the dividend, over a 3-year period (from December 2004 to December 2007), Cofinimmo generated a return of 25%, or an average annual return of 7.60%. During the same period, the BEL20 and Euronext 100 indices moved up, respectively, 55% and 65%, representing average annual returns of 15.81% and 18.15%. Also during this period, meanwhile, the EPRA Europe index achieved 28% growth, or an average annual performance of 8.65%.

Various factors can explain this difference in performance compared to the European market in general and to the property sector in particular:

- compared with the majority of other companies of the same size operating in different industrial sectors, Cofinimmo is often perceived as defensive owing to the high average length of the leases in its portfolio and thus the visibility of its anticipated income and the quality of its tenants and assets;
- the outstanding performances of certain subindices, notably owing to speculative factors associated with the introduction of the REIT status in France, the UK, Germany and Italy;
- the substantially higher risk profile of certain European shares active in very different sectors of the market (promotion, trading) or managing projects in very different geographical regions (Eastern European countries, South America).

In terms of market prices, this differing risk profile is reflected in the value fluctuations to which prices in the EPRA index are subject. The Sharpe ratio method makes it possible to take account of fluctuations in value, and therefore of the risk that these entail for the investor, when evaluating the performance of a share or index. The table below demonstrates that, when the different risk profiles are taken into account, the performance of the Cofinimmo share is entirely comparable with that of the EPRA index. The correction that occurred in the real estate market during 2007 has, however, considerably dampened the performance of Cofinimmo and the EPRA Europe index, forcing them to turn in a risk adjusted performance lower than those of the BEL20 and Euronext 100 indices.

CALCULATION OF THE SHARPE RATIO (3 YEARS)	Cofinimmo	EPRA Europe	BEL20	Euronext 100
Annual average return	7.60%	8.65%	15.81%	18.15%
Annual average return premium to risk-free rate (A)	3.92%	4.96%	12.13%	14.46%
Price fluctuations (standard deviation of return) (B)	10.32%	15.83%	10.38%	9.89%
Sharpe Ratio (A/B)	0.380	0.313	1.169	1.462

Valuation reflecting the defensive character of Cofinimmo

During 2007, the Cofinimmo share traded at an average premium of 15.67% in relation to its net asset value per share.

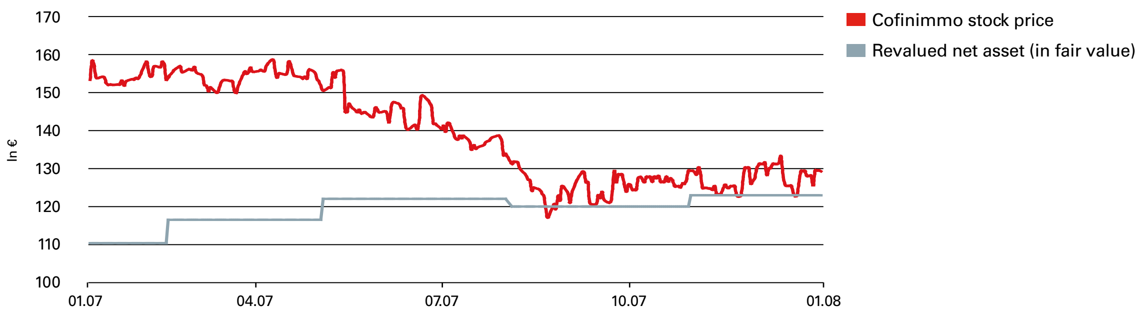
At the beginning of the year, the Cofinimmo share was trading at a premium of 37.92%. Rising interest rates and the credit crisis gradually eroded this premium until, by the end of the 2007, the Cofinimmo share was trading at a premium of only 4.96%.

By comparison, the listed European real estate companies were trading at the end of 2007 at an average discount of 14%[1] on their net asset value. This difference stems from the more defensive character of Cofinimmo. Investors are indeed prepared to pay a premium for a more defensive and less volatile share.

1 Source: Kempen, 01.2008.

COFINIMMO IN THE STOCK MARKET

COMPARISON OF SHARE PRICE VS. REVALUED NET ASSET



Sustained growth in liquidity

For a number of years now, Cofinimmo has put a great deal of effort and resources into increasing the liquidity of its share. Accordingly, it has stepped up its involvement in events to promote its share, organised regular roadshows and invested in publicity campaigns. The liquidity of the Cofinimmo share improved significantly as a result during 2007. The daily volume of trading in Cofinimmo shares is growing rapidly, with 26,091 shares traded on average per day, as against 17,483 in 2006. At year-end, the market capitalisation stands at € 1.3 billion.

Cofinimmo is the only real estate company in the BEL20.

The preference share

The preference shares are registered, with voting rights, and convertible into ordinary shares from 01.05.2009 (1 for 1). In 2019, Cofinimmo can purchase the unconverted preference shares at their issue price.

	COFP1 2007	COFP1 2006	COFP2 2007	COFP2 2006
Share price (in €)				
At year-end	126.00	140.20	126.00	132.00
Average	140.73	135.31	135.33	129.95
Dividend yield[1]	4.53%	4.71%	4.71%	4.90%
Gross return	-5.72%	12.34%	-0.2%	5.63%
Dividend[2] (in €)				
Gross	6.37	6.37	6.37	6.37
Net	5.41	5.41	5.41	5.41
Volume				
Average daily volume	268	258	405	623
Annual volume	67,335	64,744	101,704	156,358
Number of shares	702,490	702,490	797,276	797,276
Market capitalisation at year-end (x € 1,000)	88,514	98,489	100,457	105,240

1 Gross dividend to average annual market price. 2 Withholding tax on dividends paid is 15%.

The bond

	2007	2006	2005
Market price (in €)			
At year-end	101.55	103.35	108.72
Average	101.62	104.96	108.54
Yield to maturity (average for the year)	4.97%	4.50%	4.09%
Effective yield at issue	5.064%	5.064%	5.064%
Interest coupon (in €)			
Gross (per tranche of € 100)	5.25	5.25	5.25
Net (per tranche of € 100)	4.46	4.46	4.46
Number of securities	1,000,000	1,000,000	1,000,000

Shareholders[1]

Company	Sector	Ordinary shares	%	Preference shares	Total number of shares (voting rights)	%
Dexia Group (DVV-LAP)	Insurance	861,688	8.11	295,184	1,156,872	9.54
Allianz Group	Insurance	585,648	5.51		585,648	4.83
Compagnie du Bois Sauvage	Diversified holding	323,089	3.04	209,500	532,589	4.39
Cofinimmo Group	Own shares	705,963	6.65		705,963	5.82
Number of shares issued		10,615,398	100.00	1,499,766	12,115,164	100.00
Free float [2]			76.69			75.42

Shareholders calendar

Ordinary General Meeting for 2007	25.04.2008
Quarterly results at 31.03.2008	15.05.2008
Payment of dividend	
Ordinary share: coupon No. 16 (Paying agents: Degroof, Dexia, Fortis, ING, KBC)	From 06.05.2008
Preference share: coupon No. 4 (COFP2), coupon No. 5 (COFP1)	From 20.05.2008
Half-yearly results at 30.06.2008	29.07.2008
Quarterly results at 30.09.2008	28.10.2008
Annual Results at 31.12.2008	05.02.2009
Ordinary General Meeting for 2008	24.04.2009

1 At the closing date of this Annual Report. 2 This free float calculation, commonly used by Euronext, includes all shareholders holding less than 5% of the capital.

Together
we are secure

PROPERTY REPORT

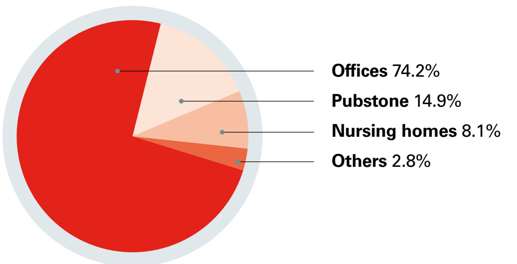
Global portfolio

Consolidated portfolio

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	936,692	144,801	95	149,766	142,394
Nursing homes	122,628	12,437	100	12,437	12,294
Pubstone	307,506 [1]	26,794	100	26,794	26,794
Projects & renovations	27,574	76	n.a.	76	6,048
Land reserve	0	8	n.a.	8	8
TOTAL PORTFOLIO	1,394,400	184,116	98	189,081	187,537

As at 31.12.2007, the property portfolio reached € 2,799.87 million in fair value and € 2,895.74 million in investment value. Cofinimmo has sold the rent receivables of 2 buildings, the North Galaxy and the Antwerp Court of Justice. Without the disposals of these rental flows, representing € 724 million, the global value of the portfolio would be € 3.6 billion.

Breakdown by destination (in investment value)



1 A measurement is ongoing concerning this portfolio acquired on 31.10.2007.

Together
in Real Estate

Global portfolio

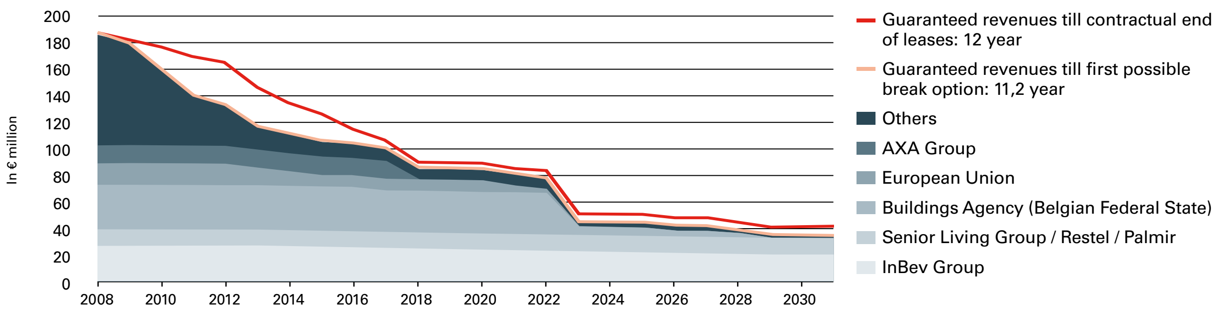
Geographic breakdown (in investment value)

LOCATION	m²	Investment value (x € 1,000)	%
Belgium	1,358,527	2,729,237	94.3
Brussels-Capital Region	888,716	2,090,495	72.2
Flemish Region	335,953	453,218	15.7
Walloon Region	133,858	185,524	6.4
The Netherlands	35,873	166,500	5.7
TOTAL	1,394,400	2,895,737	100.0

Breakdown by collected rent[1]

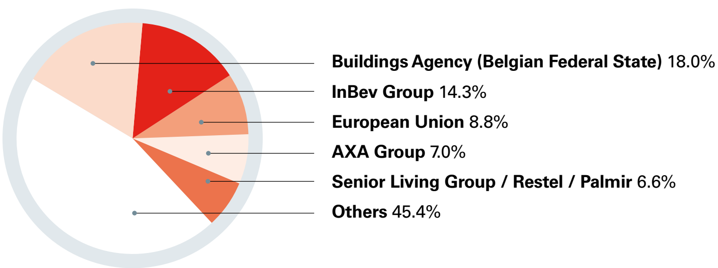
SECTOR	(x € 1,000)
Offices	147,560
Nursing homes	9,363
Pubstone	4,544
TOTAL	161,467

Contractually guaranteed rental income (in contractual rents)



A minimum of 62% of the rental income is contractually guaranteed until 2013. This percentage increases to 78% in case no termination option (break) is exercised and all tenants remain in their rented space until the contractual end of the leases.

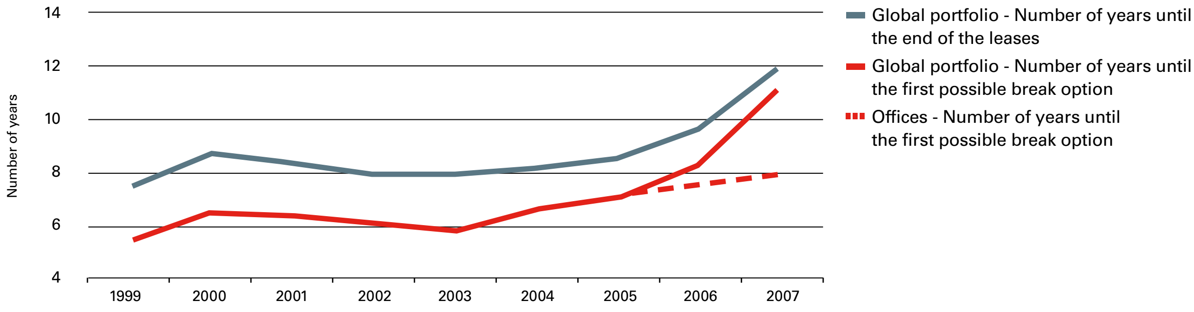
Main clients (in contractual rents)



End 2007, the 5 most important clients of Cofinimmo represented 55% of the rental income.

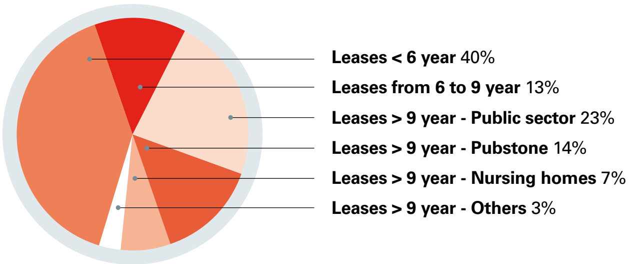
1 The difference between the rents actually collected and contractual rents is explained by the rental gratuities granted at the beginning of certain leases and the prorata temporis non-occupation of properties during the past 12 months.

Average residual lease length (in contractual rents)



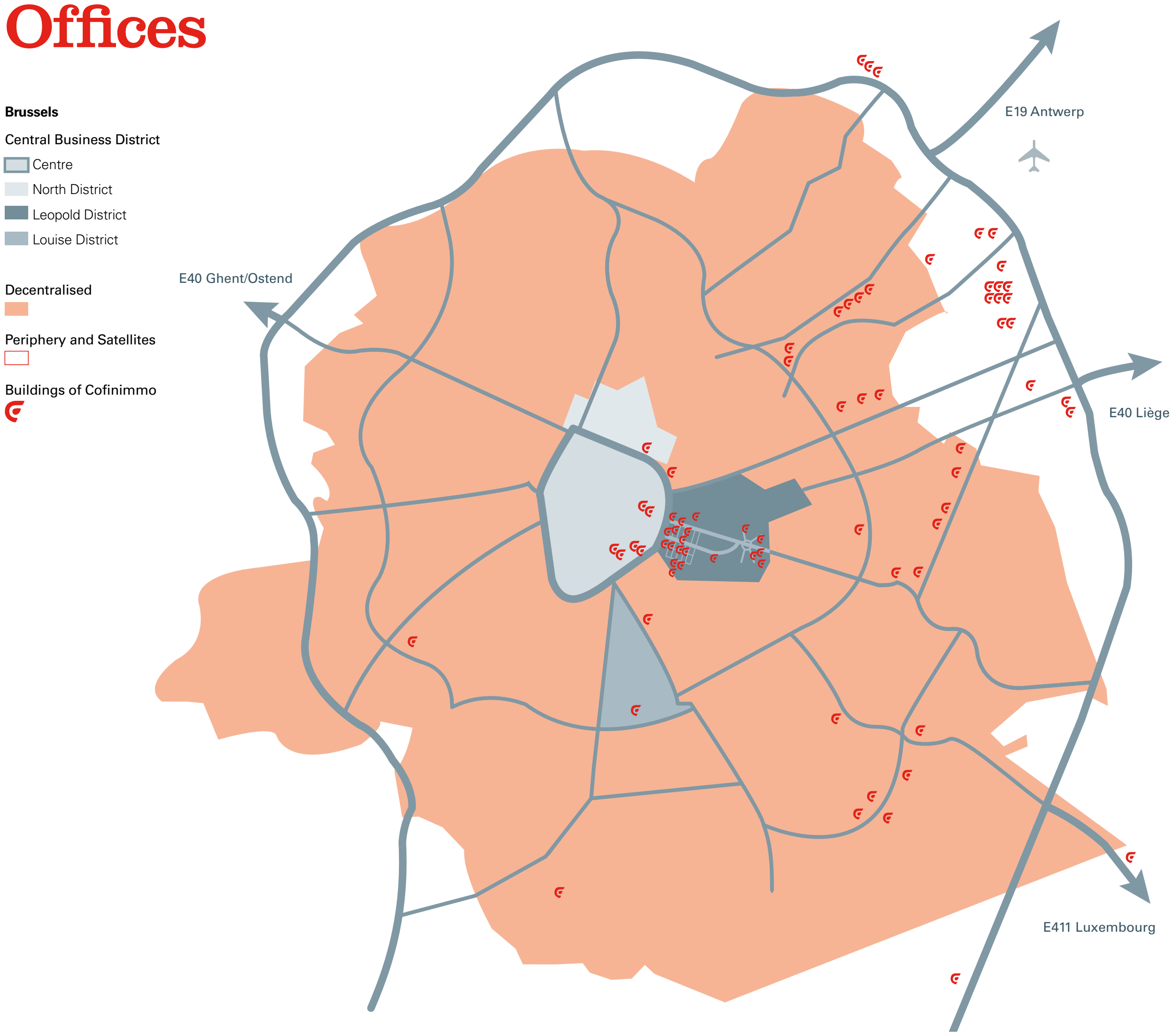
The average residual length of all leases in force at 31.12.2007 is 11.2 years if each tenant would exercise his first possible termination option (break). This number increases to 12 years in case no break option is exercised and all tenants remain in their rented space until the contractual end of the leases. As a consequence of the leases signed in 2007, the average residual length of the portfolio progressed by 33% in 12 months.

Maturity of the portfolio[1]



1 Until the next possible break option.

Offices



Introduction

Rental activity in the office property market during 2007 remained within the average of the good years, even though Brussels recorded a downturn compared with 2006. The dynamic trend in the private sector during 2006 was confirmed in 2007, bringing the gross take-up figure in Brussels up to about 530,000 m² despite the absence of transactions by the European institutions. In Antwerp, where the private sector accounts for virtually the entire office market, gross take-up stayed above the 100,000 m² mark, a level it has maintained for a number of years now.

However, while this gross take-up does demonstrate a revival of private sector activity, any undue euphoria must be guarded against. The net absorption figure has not even reached the 50,000 m² mark in Brussels, despite a 7% fall in number of unemployed across Belgium. This low net take-up is attributable to the delivery of new office space but also to the fact that companies are relocating for reasons of functionality or rationalisation rather than expansion plans. Clearly, this modest absorption has not allowed significant inroads into the average vacancy rate in the market, which remains close to 10% in Brussels. On the plus side, average rents are no longer under pressure and the subsidiary incentives offered to potential tenants in order to firm up a transaction (e.g. rent free periods) are becoming less common.

Investors, meanwhile, really went to town in 2007. It would seem that they invested over € 5 billion, all sectors combined, roughly half of which in the office property sector. Foreign investors, and particularly Anglo-Saxon investors, have driven up real estate prices. Returns of 5% - as yet unheard of in the office market - have been attained. Then the subprime crisis during the last quarter of the year poured cold water on the more adventurous funds. While the demand for investment in property, including offices, remains very high, in terms of valuation it is likely that sense will prevail.

An analysis of the different submarkets reveals several trends during 2007. While half of take-up was located in the Central Business District (CBD), rental vacancies in the area rose sharply to around 6.5%. This is chiefly linked to the large new office blocks available in the North District. The Leopold District, despite being one of the most highly-desirable in Brussels, experienced a rise in vacancy rates. It is to be hoped that the 60,000 m² currently under construction in the Rond-Point Schuman district will be absorbed rapidly by the European institutions.

The Decentralised area, particularly in the eastern zone (Woluwe, Auderghem, Watermael-Boitsfort), by contrast, saw its vacancy rate climb back to 10%, amongst other factors owing to the dearth of sites available for new projects.

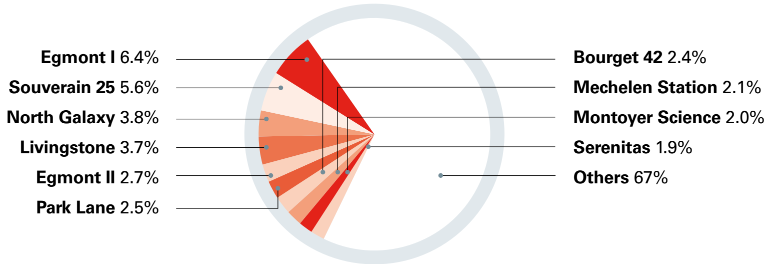
The Brussels Periphery has benefited from a degree of caution by developers. In addition, the arrival of some major corporates who have left the Brussels-Capital Region has helped significantly reduce the vacancy rate, which moved below the 20% mark.

For 2008, the consequences for the CBD market now that the Federal Public Services is taking up occupation of the former Finance Tower will need to be watched closely. It will also be interesting to see whether the South railway station district, the gateway to the Brussels-Capital Region for many business people, will at last be worthy of this description.

Geographic breakdown (in investment value)

REGION	m²	Investment value (x € 1,000)	%
Brussels	836,220	2,004,117	90
Central Business District	367,340	1,010,485	46
Leopold district	175,421	561,254	26
Centre/Louise/North	191,919	449,231	20
Decentralised	310,380	742,807	33
Periphery and Satellites	158,500	250,825	11
Antwerp	62,249	90,525	4
Other Regions	65,797	135,529	6
TOTAL	964,266	2,230,171	100

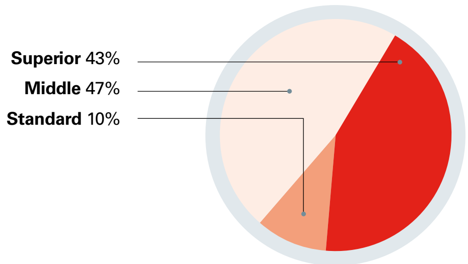
Relative importance of main buildings (in investment value)



One of the key features of Sicafis is the diversification risk. The Cofinimmo portfolio is well-diversified, with the largest property representing only 6.4% of the portfolio.

Breakdown by class

The buildings are divided into 3 classes (Superior, Middle, Standard), based on criteria such as technical and architectural quality, facilities and security, number of parking spaces, size and flexibility of the floors, ... The location and the age of the properties are not taken into account.



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

Offices

Breakdown by collected rent[1]

(x € 1,000)

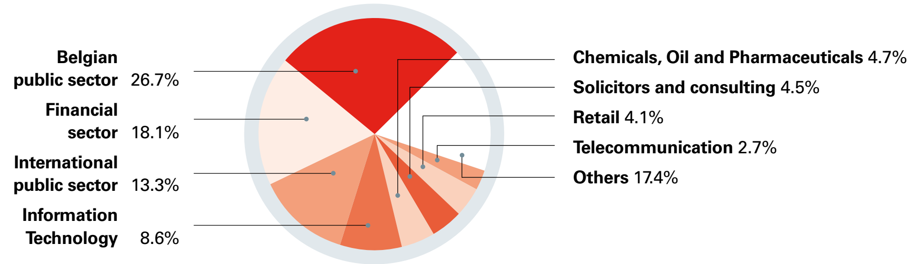
	Brussels CBD	Brussels Decentralised	Brussels Periphery and Satellites	Antwerp	Other Regions	TOTAL
Offices	61,830	47,413	15,505	8,583	9,128	142,459
Others	2	893	1,978	1,697	531	5,101

Main clients (in contractual rents)

	Rating[2]	%
Buildings Agency (Belgian Federal state)	AA+	21.4
European Union	AAA	11.1
AXA Group	A+	8.8
Dexia Group	AA	5.4
IBM Belgium	A+	2.8
TVI	-	1.8
Cefic	-	1.5
Verizon Belgium Luxembourg	-	1.4
KPMG Support Services	-	1.4
RTCL	-	1.3
TOTAL		56.8
Others		43.2

The average residual length of the leases (until the next termination option) of the 10 most important clients amounts to 10.7 years.

Breakdown per activity sector (in contractual rents)



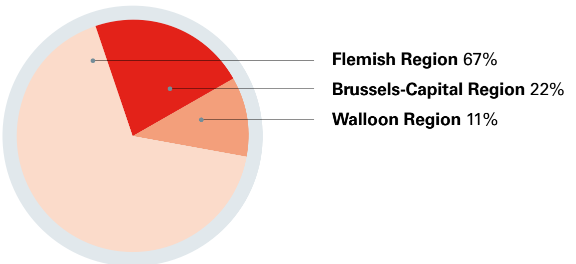
1 The difference between the rents actually collected and contractual rents is explained by the rental gratuities granted at the beginning of certain leases and the prorata temporis non-occupation of properties during the past 12 months. 2 Source: Bloomberg, 01.2008.

Nursing homes

Geographic breakdown (in investment value)

REGION	m²	Investment value (x € 1,000)	%
Brussels-Capital Region	16,311	40,087	17.1
Flemish Region	69,396	134,293	57.3
Walloon Region	36,921	60,188	25.7
TOTAL	122,628	234,567	100.0

Collected rent



The total amount of collected rent in 2007 equals € 9.4 million.

PROPERTY REPORT

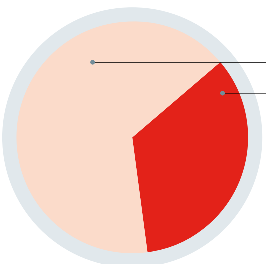
Pubstone

Number = Number of pubs

Geographic breakdown (in investment value)

COUNTRY	m²	Investment value (x € 1,000)	%
Belgium	271,633	264,500	61.4
The Netherlands	35,873	166,500	38.4
TOTAL	307,506	431,000	100.0

Collected rent



The total amount of collected rent in 2007 (11.2007 - 12.2007) equals € 4.5 million. This amount includes the global rent of € 0.42 million for space, mostly residential, let to occupants other than InBev.

Evolution of the portfolio

(x € 1,000,000)

as at 31.12	2007	2006	2005	2004	2003
Total estimated investment value of the portfolio[1]	2,895.74	2,363.25	2,180.47	2,088.77	1,855.66
Projects and development sites[1]	-95.34	-50.47	-41.21	-125.27	-103.15
Total marketable properties[1]	2,800.04	2,312.78	2,139.26	1,963.50	1,752.51
Contractual rents	184.03	156.08	154.91	139.65	128.67
Yield on marketable properties	6.57%	6.75%	7.24%	7.11%	7.34%
Contractual rents and estimated rental value on unlet space at the valuation date	189.00	164.07	161.78	150.29	135.90
Yield on the portfolio as if it were rented 100%	6.75%	7.17%	7.56%	7.65%	7.75%
Occupancy rate of marketable properties[2]	97.37%	95.13%	95.76%	92.92%	94.68%

1 The portfolio values included in the above table are expressed in investment value. On the basis of the fair value of the marketable properties (that is € 2,706.86 million at 31.12.2007 compared with € 2,256.37 million at 31.12.2006), the yield on the marketable properties stands at 6.80% at 31.12.2007 compared with 6.92% at 31.12.2006, while the return on the portfolio as if it were rented 100% comes to 6.98% at 31.12.2007 as against 7.27% at 31.12.2006. 2 Calculated on the basis of rental income.

Report by the real estate expert

Ladies and Gentlemen,

Context

We have been instructed by Cofinimmo to provide an opinion of value for its property portfolio at 31.12.2007, 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, who carries out a technical and legal due diligence prior to the acquisition of each property.

Opinion

We confirm that our valuation has been carried out in accordance with national and international standards (IVS), as well as their application procedure, in particular as far as Sicafi valuations are concerned. The investment value is defined as the most likely value that could reasonably be obtained in normal sales conditions between willing and well-informed parties, before deduction of transaction costs. In addition, 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. 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.

The sale of a property is theoretically subject to collection by the State of transaction costs. The amount of these rights varies depending on method of sale, profile of the purchaser and geographical location of the property. The first two elements, and therefore total amount of rights to be paid, are only known once the sale has been completed. The track record of the sale of properties on the Belgian market shows that during the period of 2003 to 2005 included average transaction costs amounted 2.5%. The most likely sale value for buildings above € 2,500,000, 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%. 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 31.12.2007 amounts to a total of € 2,895,737,500 (two billion eight hundred ninety-five million seven hundred thirty-seven thousand five hundred euro). The most likely sale value corresponding to the fair value of the Cofinimmo property portfolio at 31.12.2007 amounts to a total of € 2,824,872,749 (two billion eight hundred twenty four million eight hundred seventy-two thousand seven hundred forty-nine euro).

On this basis, the initial yield, not including projects, land and buildings under renovation and after taking a fictitious rent into account for premises occupied by Cofinimmo, is 6.57%. Should the vacant space be fully let at the estimated rental value, the initial yield of the entire portfolio would reach 6.75%. The investment buildings have an occupation rate of 97.37%.

The average level of passing rent obtained is currently approximately 4.14% above the current average estimated rental value (not including projects and buildings under renovation).

PROPERTY PORTFOLIO	%	Evolution
Brussels, 19 municipalities	58.44 [1]	—
Periphery and Satellite regions of Brussels	8.61	—
Antwerp and other regions	7.44	
Nursing homes	7.33	
Projects and land supply in Brussels and Periphery	3.29	
Pubstone portfolio	14.88	

Winssinger & Associates SA

Benoît Forgeur

SPRL, Managing Director DTZ Partners SA

Philippe Winssinger

SPRL, Managing Director DTZ Partners SA

1 Of which 37.37% are let on the long term (lease > 12 years) to the Belgian State, EC, AXA and RTL.

Consolidated portfolio

as at 31.12

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	**936,692**	**144,801**	**95%**	**149,766**	**142,394**
Brussels Centre & North	**187,786**	**28,304**	**100%**	**28,304**	**26,508**
Allard 40-42	1,763	295	100%	295	295
Astronomie 28, 31-33	7,776	1,721	100%	1,721	1,392
Egmont I	36,674	9,816	100%	9,816	8,577
Egmont II	22,616	4,103	100%	4,103	4,022
North Galaxy	105,418	10,101	100%	10,101	10,101
Régence 55-65	11,622	1,814	100%	1,814	1,773
Royale 94	1,917	453	100%	453	348
Brussels Louise & Leopold District	**161,904**	**32,813**	**95%**	**33,148**	**32,752**
Louise 140	4,133	768	99%	776	707
Arts 19H	11,099	1,912	100%	1,912	1,984
Arts 39	3,606	599	99%	603	621
Arts 47	6,915	1,228	100%	1,228	1,112
Auderghem 22-28	5,853	1,487	99%	1,501	1,395
Da Vinci, Cortenbergh 107	7,435	2,192	100%	2,192	1,878
Guimard 10-12	10,796	2,396	100%	2,396	2,208
Livingstone 6	34,777	7,361	100%	7,361	7,141
Loi 56	9,484	1,874	100%	1,882	1,977
Loi 57	10,279	1,901	100%	1,903	2,155
Loi 227	5,615	677	81%	839	1,038
Luxembourg 40	7,927	1,370	100%	1,370	1,376
Marie de Bourgogne (parking)	0	64	47%	137	142
Montoyer 14	3,807	685	100%	688	671
Montoyer 40	3,901	686	92%	744	723
Montoyer Science	12,798	3,454	100%	3,454	3,086
Science 15-17	17,722	3,037	100%	3,037	3,414
Trône 98	5,757	1,121	100%	1,126	1,124
Brussels Decentralised	**301,608**	**50,623**	**94%**	**51,805**	**49,439**
Bourdon 100	10,299	483	84%	572	568
Bourget 40 Leopold Square	14,641	2,046	100%	2,046	2,447
Bourget 42 Leopold Square	25,753	5,107	100%	5,107	4,525
Bourget 44 Leopold Square	14,085	3,042	100%	3,042	2,448
Bourget 50 Leopold Square	5,043	680	81%	844	854
Brand Whitlock 87-93	6,066	1,118	100%	1,120	995
Colonel Bourg 105	2,634	332	95%	350	340
Colonel Bourg 122	4,129	324	48%	670	711
Colonel Bourg 124	4,137	585	100%	585	578
Corner Building	3,424	577	100%	577	495
Everegreen	16,062	2,146	100%	2,146	2,508
Georgin (RTL House)	17,439	2,652	100%	2,652	2,640
Herrmann-Debroux 44-46	9,666	1,613	100%	1,615	1,687
La Rasante	7,040	2,000	100%	2,000	1,758
Moulin à Papier	3,387	667	100%	667	501
Paepsem Business Park	26,597	2,247	85%	2,640	2,638
Place Saint-Lambert (parking)	0	31	59%	52	53
Serenitas	19,823	4,173	100%	4,186	3,689
Souverain 24	3,897	767	100%	769	753

as at 31.12

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)
Souverain 25	57,415	12,015	100%	12,015	10,755
Souverain 36	8,310	1,386	92%	1,499	1,695
Tervuren 270-272	20,773	3,106	99%	3,123	3,371
Woluwe 34	6,680	1,130	100%	1,130	996
Woluwe 58	3,868	722	100%	722	731
Woluwe 62	3,422	615	100%	615	585
Woluwe 106-108	7,018	1,057	100%	1,061	1,122
Brussels Periphery	**133,013**	**14,446**	**82%**	**17,432**	**16,146**
Keiberg I Excelsiorlaan 28	2,200	0	0%	243	243
Keiberg II Excelsiorlaan 71-73	4,550	478	100%	478	490
Keiberg III Excelsiorlaan 89	3,702	297	66%	452	425
Keiberg Park 101-106; 108	8,064	689	77%	889	881
Keiberg Park 111-112	2,304	232	87%	267	238
Keiberg Park 113	1,152	142	98%	145	110
Keiberg Park 202-203	3,456	327	88%	370	343
Keiberg Park 211	1,872	192	100%	192	150
Keiberg Park 408	2,236	131	50%	261	257
Keiberg Park 410	3,318	367	84%	438	419
Leuvensesteenweg 325	6,059	374	79%	471	457
Luchthavenlaan 18	0	38	100%	38	35
Luchthavenlaan 20	1,900	134	100%	134	147
Luchthavenlaan 22	2,466	234	100%	234	245
Mercurius 30	6,100	497	100%	497	397
Park Hill	17,861	1,973	83%	2,382	2,170
Park Lane	31,863	5,401	95%	5,657	5,205
Woluwe Garden 26	7,673	972	78%	1,248	1,164
Woluwe Garden 30	7,673	236	18%	1,305	1,342
Woluwelaan 145	9,530	385	100%	385	452
Woluwelaan 151 (offices)	4,759	916	100%	916	652
Woluwelaan 151 (warehouses)	4,275	431	100%	431	322
Bruxelles Satellites	**24,335**	**3,512**	**98%**	**3,598**	**3,561**
Collines de Wavre F	3,021	397	100%	397	372
Collines de Wavre G	2,900	409	99%	413	363
Collines de Wavre H	2,686	393	99%	398	394
Collines de Wavre I	3,384	557	97%	576	509
Collines de Wavre J	2,686	374	93%	402	390
Collines de Wavre (Pasteur)	1,604	242	100%	242	221
Waterloo Office Park I	2,289	342	98%	348	375
Waterloo Office Park J	2,289	354	100%	355	374
Waterloo Office Park L	3,476	444	95%	468	563
Antwerp Periphery	**62,249**	**6,021**	**94%**	**6,397**	**6,080**
Cleydaellaan, Aartselaar	4,965	146	100%	146	134
Garden Square	7,464	915	96%	950	887
Noorderlaan	24,300	1,550	100%	1,550	1,622
Prins Boudewijnlaan 41	6,007	964	99%	973	910
Prins Boudewijnlaan 43	6,007	651	67%	977	911
Veldkant 31-33	9,410	1,257	100%	1,261	1,111
Veldkant 35	4,096	538	100%	540	505

Consolidated portfolio

as at 31.12

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)
Other Regions	**65,797**	**9,082**	**100%**	**9,082**	**7,907**
Albert Ier, Charleroi	18,823	3,026	100%	3,026	2,008
Audent 12-14, Charleroi	4,814	519	100%	519	502
Kortrijksesteenweg 39, Ghent	5,755	583	100%	583	637
Ledeberg 438, Ghent	4,234	104	100%	104	191
Maire 19, Tournai	3,460	870	100%	870	604
Mechelen Station, Mechelen	28,711	3,979	100%	3,979	3,966
NURSING HOMES	**122,628**	**12,437**	**100%**	**12,437**	**12,294**
Castel, Brussels	4,133	400	100%	400	416
De Wyngaert, Rotselaar	4,556	427	100%	427	431
Den Brem, Rijkevorsel	5,153	444	100%	444	447
Douce Quiétude, Marche-en-Famenne	3,444	224	100%	224	224
Heiberg, Beerse	3,937	341	100%	341	357
Hemelrijck, Mol	4,025	453	100%	453	454
La Clairière, Warneton	2,437	221	100%	221	219
Laarsveld Serviceflats, Geel	1,082	50	100%	50	50
Laarsveld, Geel	4,762	463	100%	463	466
Le Ménil, Braine l'Alleud	4,479	488	100%	488	480
Les Trois Couronnes, Esneux	4,300	450	100%	450	453
L'Orchidée, Ittre	1,530	200	100%	200	130
Nethehof, Balen	2,606	225	100%	225	228
Résidence d'Euroster, Messancy	6,392	1,000	100%	1,000	905
Résidence du Parc, Biez	12,839	175	100%	175	195
Romana, Brussels	4,375	715	100%	715	715
Sebrechts, Brussels	7,803	916	100%	916	849
Seigneurie du Val, Mouscron	1,500	925	100%	925	925
't Smeedeshof, Oud-Turnhout	6,886	609	100%	609	627
Vondelhof, Boutersem	3,198	398	100%	398	398
Wommelgheem, Wommelgem	6,836	751	100%	751	766
Zonnetij, Aartselaar	6,025	420	100%	420	420
Zonneweelde, Keerbergen	2,216	272	100%	272	272
Zonneweelde, Rijmenam	9,644	1,168	100%	1,168	1,168
Zonnewende, Aartselaar	8,470	700	100%	700	700
PUBSTONE	**307,506**	**26,794**	**100%**	**26,794**	**26,794**
Belgium	**271,633**	**17,620**	**100%**	**17,620**	**17,620**
Brussels-Capital Region & Ring	36,185	3,094	100%	3,094	3,094
Flemish Region	165,608	10,570	100%	10,570	10,570
Walloon Region	69,840	3,957	100%	3,957	3,957
The Netherlands	**35,873**	**9,174**	**100%**	**9,174**	**9,174**
TOTAL INVESTMENT PROPERTIES	**1,366,826**	**184,031**	**98%**	**188,997**	**181,482**

					as at 31.12
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)
PROJECTS & RENOVATIONS OFFICES	**27,574**	**76**		**76**	**6,048**
Prins Boudewijnlaan 43A	under construction				662
Woluwe 102	8,772				1,464
Keiberg Park 107	1,152				125
Square de Meeûs 23	8,468	76		76	1,862
Nerviens 105	9,182				1,935
LAND RESERVE OFFICES	**0**	**8**		**8**	**8**
Avroy, Liège		0.1		0.1	0.1
De Ligne, Brussels		2.5		2.5	2.5
Karel Cogge, Antwerp					
Kouterveld 6, Diegem					
Lemanstraat 27, Antwerp		0.8		0.8	0.8
Louvain 38, Brussels					
Meiboom, Brussels		0.0		0.0	0.0
Noorderplaats, Antwerp					
Noordkustlaan, Groot-Bijgaarden					
Pacheco, Brussels		0.0		0.0	0.0
Plantin & Moretus, Antwerp		0.4		0.4	0.4
Prins Boudewijn 24A, Antwerp		0.2		0.2	0.2
Quinten, Antwerp		0.3		0.3	0.3
Regent, Antwerp		0.3		0.3	0.3
Royal House, Antwerp		0.3		0.3	0.3
Souverain 165, Brussels					
Twin House, Brussels		2.5		2.5	2.5
Uitbreidingstraat 2, Antwerp		0.6		0.6	0.6
Uitbreidingstraat 10, Antwerp		0.1		0.1	0.1
PROJECTS NURSING HOMES	**0**	**0**		**0**	**0**
Avenue du Roi, Brussels					
Binnenhof, Merksplas					
Don Bosco, Hoboken					
Huize Millegem, Ranst					
Vogelzang, Herentals					
LAND RESERVE NURSING HOMES	**0**	**0**		**0**	**0**
Wommelgheem, Wommelgem					
Hemelrijck, Mol					
Heiberg, Beerse					
Douce Quiétude, Marche-en-Famenne					
't Smeedeshof, Oud-Turnhout					
GENERAL TOTAL PORTFOLIO	**1,394,400**	**184,116**		**189,081**	**187,537**

Together
we have vision

ANNUAL ACCOUNTS

Consolidated accounts

Consolidated income statements

(x € 1,000)

	Notes	2007	2006
Rental income	6	148,263	139,973
Writeback of lease payments sold and discounted	6	10,100	9,160
Rental-related expenses	6	-1,712	-2,507
Net rental income	5	156,651	146,626
Recovery of property charges	7	750	474
Recovery income of charges and taxes normally payable by the tenant on let properties	8	38,809	33,441
Costs payable by the tenant and borne by the landlord on rental damage and refurbishment at end of lease	7	-1,891	-2,517
Charges and taxes normally payable by the tenant on let properties	8	-39,037	-35,103
Property result		155,282	142,921
Technical costs	9	-3,492	-3,893
Commercial costs	10	-2,076	-1,426
Taxes and charges on unlet properties		-2,379	-2,974
Property result after direct property costs	5	147,335	134,628
Property management costs	11	-11,245	-9,916
Property operating result		136,090	124,712
Corporate management costs	11	-5,459	-4,586
Operating result before result on portfolio		130,631	120,126
Gains or losses on disposals of investment properties	5, 12	35,296	13,499
Changes in fair value of investment properties	5, 13, 21	26,295	35,699
Operating result	5	192,222	169,324
Financial income	14	32,571	21,868
Interest charges	15	-54,760	-36,992
Other financial charges	16	-15,382	-8,281
Financial result		-37,571	-23,405
Pre-tax result		154,651	145,919
Corporate tax	17	-2,341	-2,757
Exit tax		-101	-188
Taxes		-2,442	-2,945
Net result		152,209	142,974
Preference dividend - Proposal		9,554	9,554
Minority interests		143	
NET RESULT - GROUP SHARE (ORDINARY SHARES)	31	142,512	133,420
NET CURRENT RESULT[1] - GROUP SHARE (ORDINARY SHARES)	31	80,939	84,410
RESULT ON PORTFOLIO - GROUP SHARE (ORDINARY SHARES)		61,573	49,010

Results per ordinary share - Group share

(in €)

		2007	2006
Net current result	31	8.20	8.69
Result on portfolio		6.24	5.04
Net result	31	14.44	13.73

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

Consolidated balance sheet

(x € 1,000)

	Notes	31.12.2007	31.12.2006
Non-current assets		3,043,173	2,385,517
Goodwill	18	135,658	
Intangible assets		1,535	517
Investment properties	5, 19	2,696,656	2,103,988
Development projects	5, 20	93,010	41,765
Assets held for own use	5	10,207	10,074
Other tangible assets	22	980	1,400
Non-current financial assets	24	31,875	27,017
Finance lease receivables	23	73,224	200,737
Trade receivables and other non-current assets		28	19
Current assets		140,139	222,666
Assets held for sale	5, 25		151,004
Current financial assets	24	11,693	2,292
Finance lease receivables	23	75,965	3,407
Trade receivables	27	9,752	9,009
Tax receivables and other current assets	28	23,155	18,857
Cash and cash equivalents		2,494	15,264
Deferred charges and accrued income	29	17,080	22,833
TOTAL ASSETS		3,183,312	2,608,183
Shareholders' equity		1,411,486	1,306,026
Shareholders' equity attributable to shareholders of parent company		1,390,093	1,306,026
Capital	30	608,389	606,394
Share premium account	30	360,221	357,216
Reserves		458,990	388,282
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	19	-60,450	-56,414
Changes in fair value of financial instruments	24, 33	22,943	10,548
Minority interests		21,393	
Liabilities		1,771,826	1,302,157
Non-current liabilities		1,301,309	848,174
Provisions	34	9,637	15,910
Non-current financial debts	35	1,149,889	809,357
Other non-current financial liabilities	36	11,585	22,907
Deferred taxes	18	130,198	
Current liabilities		470,517	453,983
Current financial debts	35	381,587	367,631
Other current financial liabilities	36	855	1
Trade debts and other current debts	37	53,727	53,027
Accrued charges and deferred income	38	34,348	33,324
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,183,312	2,608,183

Calculation of debt ratio

(x € 1,000)

		31.12.2007	31.12.2006
Non-current financial debts	+	1,149,889	809,357
Other non-current financial liabilities (except for hedging instruments)	+		9,371
Current financial debts	+	381,587	367,631
Other current financial liabilities (except for hedging instruments)	+		
Trade debts and other current debts	+	53,727	53,027
Total debt	=	1,585,203	1,239,386
Total assets	/	3,183,312	2,608,183
DEBT RATIO	=	49.80%	47.52%

Consolidated cash flow statement

(x € 1,000)

	2007	2006
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (A)	15,264	16,274
Net result - Group share	152,065	142,974
Non-cash elements to be added to/deducted from result	-27,700	-50,405
Depreciation and writedowns	144	1,035
Depreciation/Writedown (or writeback) on intangible and tangible assets (+/-)	453	1,035
Writeback of writedowns on current assets (-)	-309	
Other non-cash elements	-27,844	-51,440
Changes in fair value of investment properties (+/-)	-26,295	-37,836
Movements in provisions (+/-)	-2,969	-1,281
Writeback of lease payments sold and discounted	-10,100	-9,160
Phasing of gratuities (+/-)	2,154	668
IAS 39 impact	8,960	-2,747
Elimination of interest charges	56,262	34,736
Interests paid	-55,723	-34,140
Others	-133	-1,680
NET CASH FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL REQUIREMENTS	124,365	92,569
Change in working capital requirements	3,136	19,003
Movements in asset items	33,660	3,384
Trade receivables	6,348	900
Tax receivables	20,774	-977
Deferred charges and accrued income	3,641	986
Finance lease receivables	2,897	2,475
Movements in liability items	-30,524	15,619
Trade debts	-21,489	17,987
Taxes, social charges and salaries debts	-9,135	1,428
Accrued charges and deferred income	100	-3,796
NET CASH FROM OPERATING ACTIVITIES (B)	127,501	111,572
Investment activities		
Intangible assets	-1,128	-410
Investment properties	-41,751	-103,929
Development projects	-54,312	-13,770
Acquisition of real estate companies	-307,380	
Disposal of assets held for sale at the opening of the year	206,021	
Other tangible assets	-674	-1,720
Non-current finance lease receivables	44,727	-14,759
Non-current financial assets	-3,252	-15,463
Trade receivables and other non-current assets	-8	27
NET CASH USED IN INVESTING ACTIVITIES (C)	-157,757	-150,024
FREE CASH FLOW (B+C)	-30,256	-38,452
Change in financial liabilities and financial debts	106,977	118,723
Increase (+)/Decrease (-) in financial debts	137,584	112,824
Increase (+)/Decrease (-) in other financial liabilities	-30,607	5,899
Change in other liabilities	567	
Increase (+)/Decrease (-) in other liabilities	567	
Change in shareholders' equity	-8,237	
Increase (+)/Reduction (-) in minority interests	-8,237	
Paid dividend (+ profit-sharing scheme)	-81,821	-81,281
Dividend for the previous year (-)	-81,821	-81,281
NET CASH FLOW USED IN FINANCING ACTIVITIES (D)	17,486	37,442
CASH AND CASH EQUIVALENTS AT END OF YEAR (A+B+C+D)	2,494	15,264

Consolidated statement of change in shareholders' equity

(x € 1,000)

	Capital	Share premium	Reserves	Changes in fair value of financial instruments	Deduction of transaction cost	Equity Parent company	Minority interest	Equity
AT 01.01.2006	598,287	346,701	325,889	398	-53,411	1,217,864		1,217,864
Elements directly recognised in shareholders' equity								
Cash flow hedge				10,150		10,150		10,150
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties					-1,776	-1,776		-1,776
Result of the year			144,201		-1,227	142,974		142,974
Others			-527			-527		-527
SUB-TOTAL	598,287	346,701	469,563	10,548	-56,414	1,368,685		1,368,685
Acquisitions/Disposals of own shares	8,107	10,515				18,622		18,622
Dividends			-81,281			-81,281		-81,281
AT 31.12.2006	606,394	357,216	388,282	10,548	-56,414	1,306,026		1,306,026
Elements directly recognised in shareholders' equity								
Cash flow hedge				12,395		12,395		12,395
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties					-2,884	-2,884		-2,884
Result of the year			153,217		-1,152	152,065	144	152,209
Minority interests							21,249	21,249
Others			-688			-688		-688
SUB-TOTAL	606,394	357,216	540,811	22,943	-60,450	1,466,914	21,393	1,488,307
Issue of new shares	1,995	3,005				5,000		5,000
Dividends			-81,821			-81,821		-81,821
AT 31.12.2007	608,389	360,221	458,990	22,943	-60,450	1,390,093	21,393	1,411,486

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 business year ended 31.12.2007 comprise the Company and its subsidiaries (together referred to as the «Group»). The consolidated financial statements and company accounts were authorised for issue by the Board of Directors on 20.03.2008 and will be proposed for approval by the Annual Shareholders' Meeting on 25.04.2008.

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 issued before the publication date of the annual accounts but not in force at the closing date. It concerns IFRS 8, IFRIC 4, IFRIC 5, IFRIC 6, IFRIC 11 and IFRIC 12.

The application of IFRS 7, which came into force as of the year 2007, has modified the information regarding the financial instruments provided in these Notes. 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 fair value of buildings and the provisions). These assumptions are based on the management's experience, on the assistance from third parties (real estate expert) and on various other factors that are believed to be reasonable. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

B. Basis of preparation

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

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

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

C. Basis of consolidation

I Subsidiaries

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

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

II Jointly controlled entities

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

III Transactions eliminated on consolidation

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

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

D. Goodwill and business combinations

When the Group takes control of an integrated combination of activities and assets corresponding to the definition of business according to IFRS 3 - Business combinations, assets, liabilities and any identifiable 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 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.

F. Derivative financial instruments

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

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

The fair value of Interest Rate Swaps, Forward Rate Agreements, CAP options, FLOOR options and other derivative instruments is the estimated amount the Group would receive or pay to close the position at the balance sheet date, taking into account the currently 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 unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment that is attributable to a particular risk, any resulting gain or loss on the hedging instrument is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

II Cash flow hedges

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

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

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

G. Hedging of future interest charges on borrowings

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

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

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

H. Investment properties

Investment properties are properties which are held to earn rental income for the long-term. In accordance with IAS 40, investment properties are stated at fair value. An external, independent valuer establishes a real estate portfolio valuation every 3 months. Any gain or loss arising, after the acquisition of a property, from a change in fair value is recognised in the income statement. Rental income from investment property is accounted for as described in the accounting policy (S). The valuer carries 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 duties 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. A portion of transfer tax of 2.5% was deducted from the investment value of the investment properties to obtain their fair value (see Note 19).

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

I. Development projects

Property that is being constructed or developed for future use as investment property is classified as development projects and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property. At the date of transfer, the difference between the fair value and its carrying amount is recorded as income or loss in the income statement. At each closing, an assessment is made on whether the market value of these projects exceeds its carrying amount. If not, the difference is recorded in the profit and loss statement.

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

J. Property let for long periods

I Types of long leases

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

- long ordinary leases: the obligations of the lessor under the lease remain essentially those under any lease, for instance to ensure that space in a state of being occupied is available to the lessee during the whole term of the lease which obligation is met by the lessor bearing the owner's part of maintenance costs and the cost of insuring the building against fire and other causes of damages;
- long leases which involve the assignment of a real right («droit réel») by the assignor to the assignee: in this case ownership passes temporarily to the assignee who will bear a.o. maintenance and insurance costs. Three contract types fall under this category (a) the «bail emphytéotique» which must last a minimum of 27 years and a maximum of 99 years and can apply to land and construction or bare land only (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 - Investment Properties; the progressive loss in value resulting from the passage of time being recorded as «Changes in fair value of investment properties» in the income statement.

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

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

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

K. Other property

I Property held for own use

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

II Subsequent expenditure

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

III Depreciation

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

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

IV Assets held for sale

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

V Depreciation (Impairment)

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

L. Long-term receivables

Long-term receivables are valued on the basis of their present value at the interest rate prevailing at the time of their issuing. If they are indexed to an inflation index, conservative assumptions concerning inflation are also used for the determination of the present value.

If recourse is taken to a derivative financial instrument providing cover, the market interest rate for this instrument will serve as the reference rate for calculating the market value of the receivable concerned at the close of each accounting period. In this case, the entire unrealised gain generated by the valuation at market value of the receivable is limited to the unrealised loss relating to the valuation at market value (see F I) of the cover instrument. Conversely, any unrealised loss generated by the receivable will be passed through the accounts 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 revaluation of the bond issue for € 100,000,000, maturing in July 2014, takes into account a constant credit margin of 80 basis points (0.80%).

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 constructive obligation as a result of a past event, and 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 that reflect current market assessments and, 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 until first break as an integral part of the total rental income.

T. Expenses

I Services costs

Services costs paid, as well as those borne on behalf of the tenants, are included with 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 agents 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 to equity, in which case it is 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 vacancy and tenant turnover in its real estate portfolio: the internal property management team is responsible for quickly solving tenant complaints whilst the internal commercial team entertains regular contacts with tenants so as to offer alternative premises in the portfolio when a need for more or less space is being expressed. Although this action is fundamental to the protection of rental income, it bears little impact on the price at which an empty property can be rented out since it depends on prevailing market conditions.

Nearly 100% of the lease contracts include a provision whereby rents are pegged annually to the Belgian consumer price index (Health Index).

Before accepting any new customer, a credit risk analysis is asked to an outside rating agency or other surveyor. In most cases an advance deposit or bank guarantee is required from non public sector tenants corresponding to a 6 months rent. Rents are generally payable in advance, on a quarterly or yearly basis. A quarterly provision for property charges and taxes incurred by the Group but contractually rechargeable to tenants is also requested. The record of credit defaults net of recoveries represents 0.056% of total turnover over the period 1996-2007.

Direct operating costs are driven essentially by 2 factors:

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

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

The risk of buildings being destructed by fire or other calamities is insured for a total value of € 1,807,203,711 for reconstruction as new. Cover is also taken against the business interruptions caused by these calamities.

The Group maintains a lasting and sound relationship with its partner banks which form a well-diversified pool, encompassing international financial institutions of the highest standing. This diversification ensures attractive financing terms while safeguarding the Group against liquidity risk, however small.

The Group contracts nearly all its financial debt at floating rate or, if at fixed rate, conversion immediately follows to floating rate. This permits the Group to take advantage of low short term rates. However, financial charges being exposed to hikes in rates, the policy of the Group consists in locking interest rates over a rolling period of minimum 3 years for between 50 and 90% of the overall consolidated debt. In this way, while taking advantage of the short-term rates, the Group partially cushions itself over the chosen rolling period against the effect of a sharp upturn in these short-term rates. The reasoning behind this policy is that as rents are contractually linked to the Belgian price index, an increase in inflation affecting nominal rates would have a favourable net impact on the Group's net income, but only with a time lag of several years.

The cover period of minimum 3 years was chosen, on the one hand, to offset part of the depressive effect this time lag would have on the net income and, on the other hand, to forestall the adverse impact of any rise in short-term interest rates which is not accompanied by a simultaneous increase in inflation. Finally, a rise in real interest rates would presumably be accompanied or quickly followed by a revival of overall economic activity which would entail stronger conditions in the property rental market, which would be beneficiary for the Group's net result.

Simulations conducted show that the Group's net income nonetheless remains sensitive to fluctuations in interest rates. By way of illustration, and assuming that the structure and level of debt remain constant and given the hedging instruments put in place, an average increase in interest rates of 0.5% (50 basis points) over 2008 compared to the average rate applied for the 2008 forecast would lead to a rise in financial charges of about € 2.2 million.

(x € 1,000,000)

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)	31.12.2007	31.12.2006
Average interest rate	4.74% (71.81)	4.21% (49.59)
Fair value of derivative instruments	+31.12	+15.77
+1%		
Average interest rate	5.02% (75.95)	4.48% (52.74)
Fair value of derivative instruments	+101.65	+92.86
-1%		
Average interest rate	4.38% (66.39)	3.64% (42.82)
Fair value of derivative instruments	-36.50	-64.79

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 has acquired, through its subsidiary Express Properties, from InBev Group 90% of the shares of Immobrew SA (renamed Pubstone SA). This company and its subsidiaries own 1,068 pubs (823 in Belgium and 245 in the Netherlands). Cofinimmo holds 90% of the voting rights at the General Shareholders' Meeting of Pubstone SA. The balance is held by InBev. Cofinimmo controls Pubstone 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 acquisition price of this participating interest amounts to € 356.9 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 balance sheet expressed in fair value at the acquisition date is presented hereafter.

(x € 1,000,000)

Investment properties	393.6	Shareholders' equity	249.5
Trade receivables	14.4	Deferred taxes	129.6
Cash and cash equivalents	133.5	Financial debts	160.0
		Other liabilities	2.4
TOTAL ASSETS	541.5	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	541.5

Assets - Properties: Pubstone's real estate portfolio is composed of 1,068 pubs. Cofinimmo has signed a global lease agreement with 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 InBev, for a global rent of € 0.40 million.

The fair value (i.e. the value excluded the transaction costs according to IAS 40) of the pubs was estimated at € 393.6 million at the acquisition date (31.10.2007).

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 the market value of the assets and their tax value as at 31.12.2007. The deferred tax amounts to € 129.6 million at the acquisition date of which € 16.6 million were recorded in the accounts before the acquisition.

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 € 137.0 million, which represents the goodwill paid by Cofinimmo SA at the acquisition. This goodwill is subject to (at least once a year) an impairment test executed according to IAS 36.

The independent real estate expert is proceeding with a detailed analysis and exhaustive visit of the 1,068 pubs. At the closing date of the annual accounts, this study was not yet completed.

Note 5. Segment information

Offices represent 77.0% of the portfolio, nursing homes 8.1% and the Pubstone portfolio 14.9%.
No breakdown of the remainder is significant.

	OFFICES		OFFICES		OFFICES		OFFICES	
	Brussels CBD		Brussels Decentralised		Brussels Periphery		Antwerp	
INCOME STATEMENT	2007	2006	2007	2006	2007	2006	2007	2006
Net rental income	61,433	63,917	45,220	42,501	14,229	16,380	7,856	8,666
Property result after direct property costs	58,586	60,115	41,890	37,778	12,616	14,262	6,888	8,143
Property management costs								
Corporate management costs								
Gains or losses on disposals of investment properties	16,000	6,453	2,420	1,864			16,845	-640
Changes in fair value of investment properties	23,149	26,423	-2,433	-126	-735	-3,604	3,436	-86
Operating result								
Financial result								
Taxes								
NET RESULT								
NET RESULT - GROUP SHARE (ORDINARY SHARES)								
BALANCE SHEET								
Assets								
Goodwill								
Investment properties	903,718	909,132	697,674	601,219	221,938	234,419	53,897	105,151
Development projects	42,250	29,173	14,369	8,194	1,264	4,307	319	91
Assets held for own use			10,207	10,073				
Assets held for sale		131,915		19,089				
Other assets								
TOTAL ASSETS	945,968	1,070,220	722,250	638,575	223,202	238,726	54,216	105,242
Shareholders' equity and Liabilities								
Shareholders' equity								
Shareholders' equity attributable to shareholders of parent company								
Minority interests								
Liabilities								
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES								

(x € 1,000)

	OFFICES		OTHERS		NURSING HOMES		PUBSTONE		UNALLOCATED AMOUNTS		TOTAL	
	Other Regions											
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	9,047	10,922	4,962	1,573	9,360	2,667	4,544				156,651	146,626
	8,685	10,387	4,991	1,317	9,178	2,626	4,501				147,335	134,628
									-11,245	-9,916	-11,245	-9,916
									-5,459	-4,586	-5,459	-4,586
		4,862	15	960			16				35,296	13,499
	4,361	9,786	-968	2,468	1,023	838	-1,538				26,295	35,699
											192,222	169,324
									-37,571	-23,405	-37,571	-23,405
									-2,442	-2,945	-2,442	-2,945
											152,209	142,974
											142,512	133,420
							135,658				135,658	
	130,103	125,390	86,754	24,322	207,084	104,356	395,488				2,696,656	2,103,988
	46		13,010		21,752						93,010	41,765
											10,207	10,074
												151,004
									247,781	301,352	247,781	301,352
	130,149	125,390	99,764	24,322	228,836	104,356	531,146	0	247,781	301,352	3,183,312	2,608,183
									1,411,486	1,306,026	1,411,486	1,306,026
									1,390,093	1,306,026	1,390,093	1,306,026
									21,393		21,393	
									1,771,826	1,302,157	1,771,826	1,302,157
									3,183,312	2,608,183	3,183,312	2,608,183

Notes to the consolidated accounts

Note 6. Rental income and rental-related expenses

(x € 1,000)

	2007	2006
Rental income		
Gross potential income	160,158	154,873
Vacancy	-7,712	-9,540
Rents	152,446	145,333
Revenues guaranteed by developers in lieu of rents	633	1,239
Cost of rent free periods	-4,747	-6,209
Concessions granted to tenants (incentives)	-913	-1,000
Indemnities for early termination of rental contracts	844	610
TOTAL	148,263	139,973
Writeback of lease payments sold and discounted	10,100	9,160
Rental-related expenses		
Rent payable on rented premises	-1,985	-2,244
Writedowns on trade receivables		-263
Writeback of writedowns on trade receivables	273	
TOTAL	-1,712	-2,507

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

The amount under «Writeback of lease payments sold and discounted» represents the difference of the discounted value of the future inflation-linked payments on the lease contract with the Buildings Agency (Belgian Federal State) for the North Galaxy building on 31.12.2006 and on 31.12.2007. The writeback through the income statement allows for a gradual reconstitution of the gross initial value of the building at the end of the lease. It is a recurring and non-cash income item.

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

Illustrative rental revenues

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.

(x € 1,000)

TOTAL INCOME GENERATED FROM THE GROUP'S INVESTMENT PROPERTIES, THROUGH OPERATING AND FINANCE LEASES	2007	2006
Rental income from operating leases	148,263	139,973
Interest income in respect of finance leases	10,049	9,572
Capital receipts in respect of finance leases	2,660	2,475
TOTAL	160,972	152,020

(x € 1,000)

FUTURE AGGREGATE MINIMUM RENTAL RECEIVABLES UNDER NON-CANCELLABLE OPERATING LEASES AND FINANCE LEASES IN EFFECT AT 31.12	2007	2006
Within one year	184,715	156,602
Between one and five years	456,463	372,626
Beyond five years	1,485,621	882,128
TOTAL	2,126,799	1,411,356

Note 7. Net redecoration expenses

(x € 1,000)

	2007	2006
Costs payable by tenants and borne by the landlord on rental damage and refurbishment at end of lease	-1,891	-2,517
Recovery of property charges	750	474
TOTAL	-1,141	-2,043

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

Note 8. Charges and taxes not recuperated from the tenant on let properties

(x € 1,000)

	2007	2006
Recovery income of charges and taxes normally payable by the tenant on let properties	38,809	33,441
Rebilling of rental charges	16,481	12,337
Rebilling of taxes	22,328	21,104
Charges and taxes normally payable by the tenant on let properties	-39,037	-35,103
Rental charges invoiced to the landlord	-16,481	-12,337
Taxes	-22,556	-22,766
TOTAL	-228	-1,662

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 to be borne by the landlord.

Note 9. Technical costs

(x € 1,000)

	2007	2006
Recurrent	3,236	3,419
Maintenance	2,911	2,759
Insurance premia	325	660
Non-recurrent	256	474
Expenses related to improvement of the properties' fittings	384	392
Losses providing from disasters and subject to insurance cover	103	387
Insurance compensation for losses providing from disasters	-231	-305
TOTAL	3,492	3,893

Notes to the consolidated accounts

Note 10. Commercial costs

(x € 1,000)

	2007	2006
Letting fees paid to real estate brokers	1,772	933
Marketing expenses relating to properties	26	58
Technical experts costs	278	435
TOTAL	2,076	1,426

Note 11. Management costs

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

Property management costs

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

(x € 1,000)

	2007	2006
Office charges	1,468	1,423
IT	457	579
Others	1,011	844
Fees to third parties	2,389	2,666
Recurrent	1,230	1,192
Real estate valuers	799	729
Lawyers	106	69
Others	325	394
Non-recurrent	1,159	1,474
Mergers and acquisitions (other than business combinations)	1,159	1,474
Public relations, communication and advertising	615	547
Personnel expenses	8,366	6,680
Salaries	6,457	5,179
Social security	1,349	1,019
Pensions and other benefits	560	482
Management fees earned from tenants	-1,789	-1,625
Lease contract related fees	-1,562	-1,430
Fees for additional services	-227	-195
Taxes and regulatory fees	72	125
Depreciation charges on office furniture and IT equipment & software	124	100
TOTAL	11,245	9,916

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)

	2007	2006
Office charges	346	418
IT	120	166
Others	226	252
Fees to third parties	306	293
Recurrent	306	293
Lawyers	40	24
Auditors	190	201
Others	76	68
Non-recurrent		
Public relations, communication and advertising	733	668
Personnel expenses	2,889	2,215
Salaries	2,519	1,897
Social security	266	227
Pensions and other benefits	104	91
Taxes and regulatory fees	1,185	992
TOTAL	5,459	4,586

The fixed remuneration of the Auditor for reviewing and certifying Cofinimmo's company and consolidated accounts amounted to € 93,000 (excluding VAT). The remuneration of Deloitte, Company Auditors for certifying the company accounts of Cofinimmo's subsidiaries, as well as for the tasks assigned to the Auditor by law (reports on the occasion of mergers, for example), amounted to € 75,739. The fees of the Deloitte & Touche Group relating to studies and assistance, notably on taxation matters, came to € 364,099[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)

	2007	2006
Net sale of investment properties (selling price - transaction costs)	247,177	64,868
Fair value of properties sold	-208,172	-50,116
Writeback of the impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	-3,709	-1,253
TOTAL	35,296	13,499

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)

	2007	2006
Positive changes in fair value of investment properties	50,142	55,785
Negative changes in fair value of investment properties	-23,847	-20,086
TOTAL	26,295	35,699

On a same stock basis the change in fair value represents a gain of K€ 31,351 or 1.46%.

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 19.09.2007 in accordance with Article 133 § 6.

Notes to the consolidated accounts

Note 14. Financial income

(x € 1,000)

	2007	2006
Interest receipts in respect of finance lease receivables	10,049	9,572
Interests included in the cost of qualifying assets[1]		1,223
Positive change of the time value of derivative financial instruments	3,719	8,496
Income relating to derivative financial instruments	9,172	1,202
Interest receipts in respect of financing of tenants fittings	708	525
Net gains on realisation of finance lease receivables	8,167	263
Interests received on deposits	116	2
Others	640	585
TOTAL	32,571	21,868

Note 15. Interest charges

(x € 1,000)

	2007	2006
Nominal interest on loans	54,760	36,803
Bilateral loans - floating rate	22,713	13,563
Syndicated loans - floating rate	8,843	6,514
Treasury bills - floating rate	16,824	12,651
Investment credits - variable or fixed rate	1,407	311
Debenture loan - fixed rate	4,973	3,764
Charges relating to derivative financial instruments	0	189
TOTAL	54,760	36,992

The effective interest charge on borrowings, including all bank margins and amortisation costs of cover instruments for the period, is K€ 55,600 corresponding to an average effective interest rate on borrowings of 4.55%.

Note 16. Other financial charges

(x € 1,000)

	2007	2006
Bank costs and other commissions	2,496	2,531
Negative change in time value of derivative financial instruments	12,886	5,750
TOTAL	15,382	8,281

Note 17. Income taxes

(x € 1,000)

	2007	2006
Parent company	2,750	2,233
Pre-tax result	136,357	147,826
Result exempted from income tax due to the Sicafi regime	136,357	147,826
Taxable result based on non deductible costs	8,091	6,570
Tax rate of 33.99%	2,750	2,233
Subsidiaries - charge/(writeback)	-409	524
TOTAL	2,341	2,757

The non deductible costs chiefly comprise the office tax in the Brussels-Capital Region. Subsidiaries are not granted the Sicafi regime.

1 The rate used for capitalising interest charges on assets under construction amounts to 5%.

Note 18. Goodwill

Cofinimmo's acquisition of 90% of the shares of Pubstone SA generated a goodwill from the positive difference between the acquisition cost and Cofinimmo's share in the fair value of the acquired net assets. This goodwill presents the share of the Group and results from:

- the positive difference between the value offered for the property assets (on which the price paid for the shares was based) and the fair value of those property assets at the acquisition date;
- 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 market value of the assets and their tax value as at 31.12.2007.

(x € 1,000)

COST	2007
AT 01.01	0
Additional amounts linked to business combinations realised during the year	136,958
AT 31.12	136,958
WRITEDOWNS	
AT 01.01	0
Writedowns recorded during the year	1,300
AT 31.12	1,300
CARRYING AMOUNT	
AT 01.01	0
AT 31.12	135,658

The goodwill has been allocated to the cash generating units that will benefit from the synergies of the acquisition, corresponding, for the Pubstone portfolio, to the buildings grouped per country. This breakdown per country is illustrated in the table below.

Impairment test

At the end of the year 2007, the goodwill has been 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. As for the share of goodwill resulting from the positive difference between the value offered at the acquisition and the fair value of the assets, the value in use of the groups of buildings was assessed by the real estate expert on the basis of the discounted cash flows generated by the buildings of the Pubstone portfolio, based on assumptions in accordance with the IAS 36 standard.

As for the share of goodwill resulting from the deferred tax, the present value of the future tax on gains that would be realised by Pubstone SA, and this in an attrition scenario, in function of the length of the lease agreement with InBev and in the hypothesis of an individual disposal of the assets, was taken into account for the determination of the value of use.

The result of this test (illustrated in the table below) indicates an impairment of K€ 1,300.

(x € 1,000)

GEOGRAPHICAL SEGMENTS	Goodwill	Net carrying amount	Value in use	Impairment
Pubstone Belgium	88,904	264,500	263,200	1,300
Pubstone the Netherlands	46,754	166,500	166,500	
TOTAL	135,658	431,000	429,700	1,300

Note 19. Investment properties

(x € 1,000)

	2007	2006
AT 01.01	2,103,988	2,076,859
Capital expenditures	36,966	67,026
Acquisitions	577,295	113,047
Transfers from/(to) Development projects	8,881	18,333
Transfers from/(to) Assets held for sale	-56,843	-151,004
Fair value of properties sold		-50,116
Increase/(decrease) in fair value	26,369	29,843
AT 31.12	2,696,656	2,103,988

Notes to the consolidated accounts

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 yields noted 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 (an hypothetical buyer) would be ready to pay to acquire the property in order to earn rentals and to achieve a certain return on his investment

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

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

The range of taxes for the major types of property transfer include:

- sale of properties: 12.5% for properties situated in the Region of Brussels-Capital 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 who carry out the periodic valuation of the Sicafis' real estate portfolios[1] 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.

As at 01.01.2004 (date of transition to IAS/IFRS) the transaction costs deducted from the investment value of the real estate portfolio amounted to € 45.5 million and have been accounted for under a separate caption of equity entitled «Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties».

This 2.5% deduction has been applied to the subsequent acquisitions of buildings. At 31.12.2007 it represents € 60.45 million or € 6.10 per ordinary share, those acquisitions and the changes in investment value during the year taken into account.

It is worth noting that the average gain in relation to the investment value realised on the disposal of assets operated since the changeover to the Sicafi regime in 1996 equals 11.47%. Over that period Cofinimmo has undertaken 56 asset disposals for a total of € 984 million. This gain would have been 14.30% had the 2.5% deduction been applied as from 1996.

North Galaxy: partial derecognition following the sale of the lease payments

On 21.04.2005 the Cofinimmo Group acquired the shares it did not yet own in North Galaxy SA, owner of the North Galaxy building in the Brussels North district, and sold on the same day to a bank 100% of the future lease payments relating to the 18 year lease contract with the Buildings Agency (Belgian Federal State) for this building. The lease contract does not qualify as a financial lease. The fair value of the property after the sale of its rental income corresponds to the difference between its market value including the future leases sold (the gross value hereafter) and the discounted value of the future lease payments sold, for the reason that a third party who would buy the property from Cofinimmo would by virtue of Article 1690 of the Belgian Civil Code be deprived of the right to receive rental income on the property until the end of the lease.

1 Cushman & Wakefield, de Crombrugghe & Partners, Winssinger & Associates, Stadim and Troostwijk-Roux.

However neither specifically foreseen nor forbidden under IAS 40, the derecognition from the gross value of the property of the (residual) value of the future lease payment sold allows, in the opinion of the Board of Directors of Cofinimmo, for a true and fair presentation of the value of the property in the consolidated balance sheet also corresponding to the independent valuer's assessment of the property as is required by Article 56 § 1 of the Royal Decree of 10.04.1995. Should this derecognition not have been recorded, the value of the property would have been € 299.4 million higher at 31.12.2007 and an equivalent financial liability of the same amount would have been recognised. The maintenance and insurance costs of the property have been properly covered by contracts with third parties.

Note 20. Development projects

(x € 1,000)

	2007	2006
AT 01.01	41,765	40,209
Capital expenditures	11,172	13,770
Acquisitions	45,310	
Transfer from/(to) Investment properties	-8,881	-18,333
Transfer from Assets held for sale to Development projects - land reserve	1,250	
Increase/(decrease) in value	2,394	6,119
AT 31.12	93,010	41,765

Note 21. Reconciliation of unrealised gains and losses

(x € 1,000)

	2007	2006
Investment properties	26,369	29,843
Development projects	2,394	6,119
Assets held for own use	134	80
Assets held for sale		1,794
Others	-2,602	-2,137
CHANGES IN FAIR VALUE OF THE PROPERTIES	26,295	35,699

Note 22. Other tangible assets

(x € 1,000)

	2007	2006
AT 01.01	1,400	490
Acquisitions of the year	725	1,576
Plant, machinery and installations	52	
Fixtures and fittings	673	756
Option on land		820
Transfer of the option on land to Development projects	-820	
Depreciations of the year	325	666
Plant, machinery and installations	52	
Fixtures and fittings	273	645
Others		21
AT 31.12	980	1,400

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

Note 23. Finance lease receivables

The Group has concluded finance leases for several buildings, of which Belliard I-II and the Court of Justice of Antwerp, for respectively 27 and 36 years. On 12.10.2007, Cofinimmo has sold to a bank its lease receivable relating to the building Belliard I-II. This disposal is equally spread over the years 2007 and 2008. Only 50% of the receivable is recorded in the balance sheet as at 31.12.2007. The Group has also granted financing linked to works to certain tenants. Long lease rights have been granted on certain assets.

The average implicit yield of these finance lease contracts amounts to 5.06% per year (2006: 4.65%). During the year 2007, conditional rents were registered in income for the period for an amount of € 0.05 million (2006: € 0.2 million).

(x € 1,000)

	2007	2006
Less than 1 year	97,821	11,751
More than 1 year but less than 5 years	19,596	62,475
More than 5 years	151,782	332,395
Minimum lease payments	269,198	406,621
Non acquired financial income	-120,009	-202,478
Present value of minimum lease payments	149,189	204,144
Non-current finance lease receivables	73,224	200,737
At more than 1 year but less than 5 years	33,869	62,043
At more than 5 years	39,355	138,694
Current finance lease receivables	75,965	3,407

The market value of these finance lease receivables at 31.12.2007 is estimated at € 156.87 million.

Regarding the rental contracts, Cofinimmo has provided certain tenants on an ancillary basis with finance towards the costs of renovation or fitting out for which they are responsible.

Note 24. Derivative financial instruments

The risk management policy of Cofinimmo is explained on page 98 of this Annual Report.

This note describes the position of the derivative financial instruments as at 31.12.2007, which is different from the position at the date of publication of this Annual Report (see page 34).

Cash flow hedges[1]

(x € 1,000)

PERIOD	Option	Strike	Yearly amount
2008-2015	CAP bought	4.85%	425,000
2008-2009	CAP bought	4.00%	600,000
2010-2011	CAP bought	4.25%	500,000
2012-2013	CAP bought	4.00%	375,000
2008	FLOOR sold	3.50%	600,000
2009	FLOOR sold	3.25%	600,000
2008-2009	FLOOR sold	4.25%	425,000
2010-2011	FLOOR sold	4.00%	125,000
2010-2013	FLOOR sold	3.25%	600,000
2014-2015	FLOOR sold	4.00%	425,000
PERIOD	Derivative	Fixed rate	Yearly amount
2008-2009	IRS	3.65%	500,000
2010-2011	IRS	4.00%	300,000
2012-2013	IRS	4.00%	425,000

For the years 2008 to 2015, Cofinimmo projects to maintain a property portfolio partially financed through debt, so that it will owe an interest flow to be paid, which forms the element covered by the financial instruments described above.

1 The purchase of a CAP option combined with the disposal of a FLOOR option at an identical strike corresponds economically to a IRS and is presented as such in the table.

On 12.10.2007, Cofinimmo has concluded a forward sale over the years 2007 and 2008 of its lease receivable relating to the building Belliard I-II. The forward sales agreement with a bank is a derivative financial instrument in the context of a cash flow hedge. It is valued at its fair value in the balance sheet until its expiry. Its change in value has no impact on the company results.

Fair value hedges

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

Cofinimmo SA has also contracted 2 Interest Rate Swaps covering the risk of changes in the fair value of future receivables not yet valued in the balance sheet:

- a declining balance Interest Rate Swap for an initial notional amount of € 30.8 million, at a fixed interest rate of 4.8002% against 1 year Euribor for a period of 36 years commencing on December 2008;
- a declining balance Interest Rate Swap for an initial notional amount of € 57 million, at a fixed interest rate of 4.8525% against 6 months Euribor for a period of 27 years commencing on September 2010.

Trading

In December 2007, Cofinimmo SA has contracted an Interest Rate Swap Callable at 3.77% against 1 year Euribor for a notional amount of € 100 million and a period of 3.25 years. This instrument, booked as trading, combines a classic IRS and an option for the bank to cancel this Swap in June 2008 and every 3 months after that. This product has allowed to reduce the guaranteed fixed rate at 3.77% until June 2008.

Fair value of cover instruments

(x € 1,000)

	2007 Assets	2007 Liabilities	2006 Assets	2006 Liabilities
Cash flow hedges				
CAP options bought	34,115		16,014	
FLOOR options sold		10,581		4,338
Interest Rate Swaps - Forward Rate Agreements	9,245	855	11,092	1,606
Fair value hedges				
Interest Rate Swaps		1,004	2,203	7,592
Trading				
CAP options bought				
FLOOR options sold				
Interest Rate Swaps	208			
TOTAL	43,568	12,440	29,309	13,536

(x € 1,000)

	2007 Assets	2007 Liabilities	2006 Assets	2006 Liabilities
Non-current and current parts of the fair value of cover instruments				
Non-current	31,875	11,585	27,017	13,537
Current	11,693	855	2,292	
TOTAL	43,568	12,440	29,309	13,537

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

(x € 1,000)

	2007
Effective part of the variation of the fair value of derivative financial instruments, qualified as cash flow hedge	
AT 01.01	10,548
Variation in the effective part of the variation of the fair value of the derivative financial instruments	9,382
Transfer to the income statement of the intrinsic value of the derivative financial instruments active during the year	3,013
AT 31.12	22,943

(x € 1,000)

	2007
Ineffective part of the variation of the fair value of derivative financial instruments, qualified as cash flow hedge	
AT 01.01	10,612
Variation in the ineffective part of the variation of the fair value of the derivative financial instruments	-1,944
AT 31.12	8,668

Note 25. Assets held for sale

(x € 1,000)

	2007
AT 01.01	151,004
Transfer from Investment properties	56,843
Transfer to Development projects - land reserve	-1,250
Disposal of assets in 2007	-206,597
AT 31.12	0

Note 26. Simple lease agreements - Commitments as lessee

(x € 1,000)

COMMITMENTS LINKED TO SIMPLE NON CANCELLABLE LEASE AGREEMENTS	2007	2006
Part of rent payable or to be paid (of which 50% payable by a third party)		
During the year	1,938	1,901
After the year and before 5 years	3,818	5,753

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

Note 27. Current trade receivables

(x € 1,000)

	2007	2006
Gross trade receivables		
Gross commercial debts which are due	5,360	8,002
Gross commercial debts which are not due	4,520	1,679
Bad and doubtful debts	235	
Provision for impairment of receivables (-)	-363	-672
TOTAL	9,752	9,009

The received rental guarantees amount to K€ 2,423 (2006: K€ 2,872). The Group has recognised a loss of K€ 273 (2006: K€ 191) for the impairment of its trade receivables during the year ended 31.12.2007. The Board of Directors considers that the carrying amount of trade receivables approximate their fair value.

(x € 1,000)

PROVISION FOR IMPAIRMENT OF RECEIVABLES	2007	2006
AT 01.01	672	481
Use	-36	
Amounts charged to income		198
Writebacks credited to income	-273	-7
AT 31.12	363	672

Note 28. Tax receivables and other current assets

(x € 1,000)

	2007	2006
Value added tax	11,776	12,575
Income taxes	1,836	1,616
Property charges to be reinvoiced to tenants	5,569	3,515
Others	3,974	1,151
TOTAL	23,155	18,857

Note 29. Deferred charges and accrued income

(x € 1,000)

	2007	2006
Rent free periods and incentives granted to tenants to be spread over the firm tenure of the leases	5,145	7,299
Property charges paid in advance	6,714	6,043
Prepaid interest and other financial charges	5,221	9,491
TOTAL	17,080	22,833

Note 30. Share capital and share premium

(in number)

	Ordinary shares		Convertible preference shares	
	2007	2006	2007	2006
Number of shares (A)				
AT 01.01	10,183,788	9,828,020	1,499,766	1,499,766
Issued for cash				
Issued against contribution in kind	37,406			
Issued in mergers and partial divisions with third parties		152,002		
Issued in mergers to Group subsidiaries	452,518	203,766		
Cancellation of own shares held	-58,314			
AT 31.12	10,615,398	10,183,788	1,499,766	1,499,766
Own shares held by the Group (B)				
AT 01.01	311,759	107,993		
Issued in mergers to Group subsidiaries	452,518	203,766		
Own shares (sold)/purchased - net				
Elimination of own shares held	-58,314			
AT 31.12	705,963	311,759		
Shares outstanding (A-B)				
AT 01.01	9,872,029	9,720,027	1,499,766	1,499,766
AT 31.12	9,909,435	9,872,029	1,499,766	1,499,766

(x € 1,000)

	Ordinary shares		Convertible preference shares		TOTAL	
	2007	2006	2007	2006	2007	2006
Share capital						
AT 01.01	526,420	518,313	79,974	79,974	606,394	598,287
Issued for cash						
Issued against contribution in kind	1,995				1,995	
Issued in mergers and partial division with third parties		8,107				8,107
Treasury shares sold/(purchased) - net						
AT 31.12	528,415	526,420	79,974	79,974	608,389	606,394
Share premium						
AT 01.01	278,131	267,616	79,085	79,085	357,216	346,701
Issued for cash						
Issued against contribution in kind	3,005				3,005	
Issued in mergers and partial division with third parties		10,515				10,515
Treasury shares sold/(purchased) - net						
AT 31.12	281,136	278,131	79,085	79,085	360,221	357,216

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 € 53.33. The ordinary shares are listed on Euronext Brussels.

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

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

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

Shares held by the Group: as at 31.12.2007 the Group held 705,963 ordinary shares in Cofinimmo, of which 672,293 by Cofinimmo itself and 33,670 by affiliates (31.12.2006: respectively 311,759 - 258,314 - 53,445).

Authorised capital

The Shareholders' Meeting of the Company has authorised on 08.04.2005 the Board of Directors to issue new capital for an amount of € 600,000,000 for a period ending on 24.05.2010. As at 31.12.2007 the Board had made use of this authorisation for a total amount of € 1,994,862. Hence the remaining authorised capital amounts to € 598,005,138 at that date. This authorised capital applies to the par value of the ordinary or preference shares of € 53.33 per share.

Note 31. Result per share

The calculation of the result per share at balance sheet date is based on the net current result/net result attributable to ordinary shareholders of K€ 80,939 (2006: K€ 84,410)/K€ 142,512 (2006: K€ 133,420) and a number of ordinary shares outstanding and entitled to share in the result of the period ended 31.12.2007 of 9,872,029 (2006: 9,720,027).

(x € 1,000)

	2007	2006
Net current result attributable to ordinary shareholders	80,939	84,410
Net current result for the year	90,719	93,964
Preference dividend - Proposal	9,554	9,554
Minority interests	226	
Net result attributable to ordinary shareholders	142,512	133,420
Net result for the year	152,209	142,974
Preference dividend - Proposal	9,554	9,554
Minority interests	143	

Number of ordinary shares

(in number)

	2007	2006
Ordinary shares issued at 01.01	10,183,788	9,828,020
Shares issued in 2006		355,768
Shares issued on 27.04.2007	452,518	
Shares issued on 26.07.2007	37,406	
Cancellation of own shares held	-58,314	
Elimination of own shares held	-705,963	-311,759
Number of ordinary shares issued at 31.12	9,909,435	9,872,029
Number of ordinary shares issued at 31.12 and not entitled to share in the results of the period	-37,406	-152,002
Number of ordinary shares issued at 31.12 and entitled to share in the results of the period	9,872,029	9,720,027

(in €)

	2007	2006
Net current result per ordinary share	8.20	8.69
Net result per ordinary share	14.44	13.73

Diluted result per share

The calculation of the diluted result per share is not relevant as preference shares cannot be converted into ordinary shares before 2009 and as preference shares dividends are capped.

However, for information purpose, if the conversion of preference shares and stock options were possible, the diluted net result per share would be € 13.37 (2006: € 12.73).

Note 32. Dividends per share[1]

(in €)

	Paid in 2007	Paid in 2006
Gross dividends for ordinary shareholders	72,323,692.80	71,807,339.10
Gross dividend per ordinary share	7.40	7.35
Net dividend per ordinary share	6.29	6.25
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 2007 of € 7.75 per share (net dividend per share € 6.5875), amounting to a total dividend of € 76,769,167.25, is to be proposed at the Ordinary General Meeting on 25.04.2008. The number of ordinary shares entitled to the 2007 dividend amounts to 9,905,699. Indeed, the shares held by the subsidiaries have to be added to the number of ordinary shares as at 31.12.2007 (9,872,029).

The Board of Directors proposes to cancel the right to dividend of 656,993 own ordinary shares held by Cofinimmo SA for the year 2007 and to suspend the right to dividend for the other 15,300 own ordinary shares still held by Cofinimmo.

A gross dividend for preference shares in respect of 2007 of € 6.37 per share (net dividend per share € 5.4145), amounting to a total dividend of € 9,553,509.42, is to be proposed at the Ordinary General Meeting on 25.04.2008. The financial statements do not present these amounts as dividends payable.

Note 33. Changes in fair value of financial instruments

(x € 1,000)

	2007	2006
Derivative financial instruments	22,943	10,548
TOTAL	22,943	10,548

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

Note 34. Provisions

(x € 1,000)

	Renovations	Others	TOTAL
AT 01.01	11,994	3,916	15,910
Provisions from recently consolidated subsidiaries		194	194
Amounts charged to income statement			
Utilisations	-2,569		-2,569
Writebacks credited to income statement	-1,944	-1,954	-3,898
AT 31.12	7,481	2,156	9,637

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

1 Based on the results of the parent company.

Note 35. Financial debts

(x € 1,000)

	2007	2006
Interest-bearing borrowings	1,529,053	1,174,117
Others	2,423	2,871
TOTAL	1,531,476	1,176,988
Non-current	1,149,889	809,357
Current	381,587	367,631
TOTAL	1,531,476	1,176,988

Interest-bearing borrowings

(x € 1,000)

CATEGORIES OF THE GROUP'S FINANCIAL DEBTS	2007	2006
Non-current		
Bilateral loans - floating rate	723,470	443,471
Syndicated loans - floating rate	290,000	245,000
Treasury bills - floating rate	35,000	15,000
Investment credits - variable or fixed rate		616
Debenture loan - fixed rate	98,996	102,399
SUB-TOTAL	1,147,466	806,486
Current		
Bilateral loans - floating rate		
Treasury bills - floating rate	365,745	345,300
Investment credits - variable or fixed rate	1,320	1,861
Overdrafts - floating rate	14,522	20,470
SUB-TOTAL	381,587	367,631
TOTAL	1,529,053	1,174,117

(x € 1,000)

MATURITY OF NON-CURRENT LOANS	2007	200
Between 1 and 2 years	63,470	3,471
Between 2 and 5 years	465,000	321,233
Over 5 years	618,996	481,782

(x € 1,000)

ALLOCATION BETWEEN FLOATING RATE LOANS AND FIXED RATE LOANS (NON-CURRENT AND CURRENT)	2007	2006
Floating rate loans	1,428,738	1,069,241
Fixed rate loans	100,315	104,876

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

(x € 1,000)

NON-CURRENT UNDRAWN BORROWING FACILITIES	2007	2006
Expiring within one year		
Expiring after one year	502,000	412,000

Note 36. Other financial liabilities

(x € 1,000)

	2007	2006
Derivative financial instruments	12,440	13,537
Others[1]		9,371
TOTAL	12,440	22,908
Non-current	11,585	22,907
Current	855	1
TOTAL	12,440	22,908

1 These are essentially the registration fees to be paid for Egmont II.

Note 37. Trade debts and other current debts

(x € 1,000)

	2007	2006
Exit tax	12,216	13,056
Others	33,600	24,676
Suppliers	19,117	13,796
Down payment received on building disposal		5,998
Urbanistic charges	3,146	3,403
Dividends	1,694	1,479
Debts towards the minority shareholders of Pubstone SA (capital reduction and dividend coupon)	9,643	
Taxes, salaries and social charges debts	7,911	15,295
Taxes	6,930	14,334
Social charges	282	274
Salaries debts	699	687
TOTAL	53,727	53,027

Note 38. Accrued charges and deferred income

(x € 1,000)

	2007	2006
Property income received in advance	23,585	17,726
Interest and other financial charges accrued and not due	7,578	13,469
Others	3,185	2,129
TOTAL	34,348	33,324

Note 39. Contingent rights and liabilities

- Cofinimmo has taken a lease with Finest SA running from 01.01.2000 to 13.11.2009 on the Victoria Regina Tower building. Certain of the renovation costs are payable by Cofinimmo. A third party is responsible for 50% of the commitments entered into under this operation. This property is sub-let to the Buildings Agency and occupied by the Federal Police services.
- In connection with the lease agreements between Cofinimmo SA as lessee and third party as owners, Cofinimmo SA has obtained the issuing of bank guarantees for a total amount of € 1.8 million in favour of those third parties.
- Cofinimmo has undertaken to find a buyer for the Notes falling due in 2027 issued by Cofinimmo Lease Finance (see page 42 Annual Report 2001) for the eventuality that a withholding tax would be applicable to the interest on these Notes following a change in the tax laws affecting holders resident in Belgium or the Netherlands.
- 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.
- In connection with the construction works on the Egmont II building, which were completed at the end of 2006, Cofinimmo has issued a bank guarantee in favour of the Buildings Agency to guarantee proper execution of the works upon the time of their acceptance.
- Cofinimmo has undertaken to acquire the shares of Leopold Basement SA (subject to obtaining the administrative permits) and Immo Parlement SA (no later than the 5th anniversary of the provisional acceptance of the renovation works), subject to certain conditions.
- In connection with the assignment of current lease receivables with the Buildings Agency on the North Galaxy building, the shares of Galaxy Properties SA have been pledged in favour of a bank, subject to certain conditions, as well as a deposit of originally € 1 million at 31.12.2007 covering future maintenance and insurance costs.
- In connection with the urban charges linked to certain buildings, Cofinimmo has issued bank guarantees in favour of the concerned public authority to guarantee their payment for a total amount of € 5.8 million.
- In connection with the construction of the North Galaxy building, the Temporary Company of Contractors (Société Momentanée des Entrepreneurs) has issued a guarantee of proper execution of the works.
- In connection with the transfer against a structured deposit to an external trustee (JPA Properties SPRL administered by Fortis Intertrust) of the finance lease discharge obligation with respect to Justinvest Antwerpen SA concerning the Antwerp Court of Justice, the matching deposit has been pledged in favour of Cofinimmo SA. The benefit of the pledge has been transferred in favour of a bank, subject to certain conditions.

- In connection with the assignment of current lease receivables with the Buildings Agency on the Antwerp Court of Justice, the balance of the receivables not assigned has been pledged in favour of a bank, subject to certain conditions. Negotiations concerning the granting of a mortgage and a mortgage mandate on the site are currently in progress.
- 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), chaussée de la Hulpe 181 (in Watermael-Boitsfort), Floralies (rue Saint-Lambert 141 in Woluwe-Saint-Lambert), 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 SA benefits of an annual fee on this conventional value of 6%, indexed. Cofinimmo is liable for a complement of price with the sellers of the shares of BEP SA, subject to certain conditions.
- In connection with the renovation of the buildings Everegreen, Loi 56 and Luxembourg 40 that has started at the end of 2006, Cofinimmo has obtained the issuing of 3 bank guarantees in favour of the European Commission to guarantee proper execution of the works until the time of their acceptance.
- In connection with the construction works of the new fire station in Antwerp, Cofinimmo has obtained the issuing of a bank guarantee in favour of the City of Antwerp to guarantee proper execution of the works until the time of their acceptance foreseen end 2009.
- Cofinimmo has agreed to several preferential rights and/or purchase options to the long-leaseholder (emphytéote), at market value, on a part of its nursing homes portfolio.
- As a general rule, Cofinimmo benefits from liability guarantees issued by the sellers of shares in companies it has acquired.
- Cofinimmo has a call option on the issued preference shares (Art. 10bis of the articles of association).
- Cofinimmo has undertaken to acquire the shares of Amca SA, Noordkustlaan SA and City-Link SA, after delivery of the works foreseen for 2009.
- Cofinimmo has undertaken to acquire the nursing home extensions and new constructions realised by Palmir SA (as a long-leaseholder or contracting partner) on the land Cofinimmo has acquired by the transaction with Group Van den Brande.
- In connection with its lease agreements, Cofinimmo receives a rental guarantee (in cash or as a bank guarantee) of an amount representing in general 6 months of rent.
- Cofinimmo has signed call and put options related to the freehold of a land located in Gentbrugge intended for the construction of a nursing home which will be operated by Foyer de la Femme ASBL.
- Cofinimmo has signed a provisional purchase agreement related to a building located Kouterveldstraat in Diegem, under the condition of obtaining an OVAM authorisation on the disposal of this asset. This condition must be realised on 30.06.2008 at the latest.
- In the assumption of a potential company reorganisation involving Express Properties SA and Pubstone SA, Cofinimmo has undertaken to restore a participating interest of exactly 90% in the equity of the entity owning the pub portfolio, insofar as the said company reorganisation would have modified this participating interest.
- In connexion with a credit agreement, Pubstone Holding BV has granted a pledge up to 75% of the shares of Pubstone Properties I and Pubstone Properties II to the lending bank.

Note 40. Commitments

The Group has capital commitments of K€ 169,610 (2006: K€ 54,616) in respect of capital expenditures contracted for at the balance sheet date but not yet incurred, for new property construction and for refurbishments.

Note 41. Events after the balance sheet date

- The Extraordinary General Meeting of 21.01.2008 approved the changes to the articles of association regarding the merger by absorption of the following companies:
  > Douce Quiétude SPRL: this merger was completed against the issuing of 2,035 new ordinary registered Cofinimmo shares entitled to share in Cofinimmo's results as of 01.01.2008 (dividend payable in 2009);
  > La Rasante Tennis Club SA: this merger was completed against the issuing of 97,465 new ordinary registered Cofinimmo shares entitled to share in Cofinimmo's results as of 01.01.2008 (dividend payable in 2009);
  > Media Corner SE: this merger was completed against the issuing of 136,076 new ordinary registered Cofinimmo shares entitled to share in Cofinimmo's results as of 01.01.2008 (dividend payable in 2009);
  > Holding Van den Brande SA, Rustimmo SA, Deltimmo SA, De Wyngaert SA, Rusthuis 't Smeedeshof SA, Senimmo SA, Speciale Woonbouw voor Bejaarden SA, Vastgoedmaatschappij Boutersem SA and Van den Brande SA were absorbed without the creation of new ordinary shares, as the shares of these companies were already owned by Cofinimmo.

A total of 235,576 new shares were issued. 233,554 issued shares have been attributed to Leopold Square SA, a company which is directly and indirectly 100% controlled by Cofinimmo SA. The remaining 2,022 shares are owned by third parties, the former shareholders of La Rasante Tennis Club SA.

After these operations, the capital of Cofinimmo is represented by 10,850,974 ordinary shares and 1,499,766 preference shares (total: 12,350,740). Moreover, the ordinary shares held by Cofinimmo and its subsidiaries today totalise 939,517. The level of own shares held by Cofinimmo now reaches 7.60%.

The Extraordinary General Meeting also approved to bring the articles of association into compliance with the Law of 20.07.2004 concerning certain forms of collective management of investment portfolios with the Royal Decree of 21.06.2006 concerning the accounting systems, annual accounts and consolidated accounts of public Sicaf Immobilières, and amending the Royal Decree of 10.04.1995 concerning Sicaf Immobilières, and with the Law of 02.05.2007 concerning publicity for major participations in issuers whose shares have been admitted to trading on a regulated market and comprising various provisions.

- On 12.02.2008, Cofinimmo took a foothold in France in the clinics and nursing homes sector with the signing of a protocol agreement with the Austruy family concerning the acquisition of all shares in Medimur, a limited company incorporated under French law. This holding company, which will be given a different name, owns the following properties either directly or indirectly: 14 aftercare and rehabilitation clinics (Soins de Suite et de Rééducation, SSR), 6 psychiatric clinics and 12 nursing homes (Etablissements d'Hébergement pour Personnes Agées Dépendantes, EHPAD).

  These assets are spread throughout France, mainly concentrated in Ile de France and the Atlantic and Mediterranean region. These 32 care institutions (128,000 m² - 2,473 beds) are operated by the Korian (21 institutions) and Méditer groups (11 institutions). The leases have average residual terms of 6.5 years (Korian) and 11.5 years (Méditer). Under the terms of these leases, the tenants are entirely responsible for maintenance and repairs to the buildings. The portfolio has been acquired with an investment value of € 229.0 million at 31.12.2007 and an initial yield of 6.25%[1], which reflects notably the higher land values in France.

  This acquisition will allow Cofinimmo to consolidate its real estate operations in the health care sector and to gain a foothold in France. To this end, Cofinimmo will be setting up a management and development structure and will apply for the status of Société d'Investissement Immobilier Cotée (SIIC), similar to the Sicafi status in Belgium. As part of this procedure, Cofinimmo will apply for the Cofinimmo ordinary share to be listed on Euronext Paris during the course of 2008.

  The acquisition will be financed by an issue of new Cofinimmo ordinary shares for the contribution in kind to the Cofinimmo capital of 83% of the Medimur shares by the SCI Foncière du Troncq, property company owned by the Austruy family. This contribution will be remunerated for an amount of € 63.0 million. The new Cofinimmo shares will be issued by decision of the Cofinimmo Board on 20.03.2008 within the authorised capital. As usual, the issue price will be determined by either the intrinsic value (the Cofinimmo portfolio being valued at the investment value, i.e. without deducting registration fees) or the average stock market price during the 30 days preceding the contribution, whichever is the higher.

  The new shares will have rights to a share in the Cofinimmo results with effect from 01.01.2008 (1st dividend paid in 2009). A retrocession of the share of the Cofinimmo dividend is foreseen for the period between 01.01.2008 and the date of issuing of the shares.

  The balance of the Medimur shares (17%) as well as a bond convertible in Medimur shares held by the seller are financed by using the credit lines already available to Cofinimmo.

  The existing debt in the Medimur Group is taken over.

- On 12.02.2008 Cofinimmo has acquired all the shares in the limited companies incorporated under Belgium law Sogipa Invest, Rinsdelle, and Sogipa, which are the owners of 3 nursing homes (9,210 m², 242 beds) situated in the Brussels-Capital Region. The properties are leased for 27 years to the Medibelge Group, for which the controlling shareholder is Mr Philippe Austruy. The portfolio has been acquired with an initial expected yield of 6.30%[1] for an investment value of € 18.6 million.

- On 27.02.2008, Cofinimmo has sold the long-lease rights of 99 years on 19 buildings of the Keiberg Business Park (Excelsiorlaan and Imperiastraat in Zaventem), that is its entire portfolio in this park, as well as the 2 buildings Woluwe Garden 26 and 30 (Woluwedal 26 and 30 in St-Stevens-Woluwe). The total amount of the disposals amounts to € 77.0 million. Cofinimmo realised a gain of € 4.3 million, that is 5.97% higher than the investment value determined by the expert and 8.62% more than the fair value.

1 Estimated double net equivalent.

Note 42. Consolidation criteria and scope

Consolidation criteria

The consolidated financial statements group together the accounts of the parent company and those of the subsidiaries, as drawn up at the end of the financial year.

Consolidation is achieved by applying the following consolidation methods.

Full consolidation consists of incorporating the entire assets and liabilities of the subsidiaries as well as the income and charges. Minority interests are shown in a separate caption on both the balance sheet and the income statement.

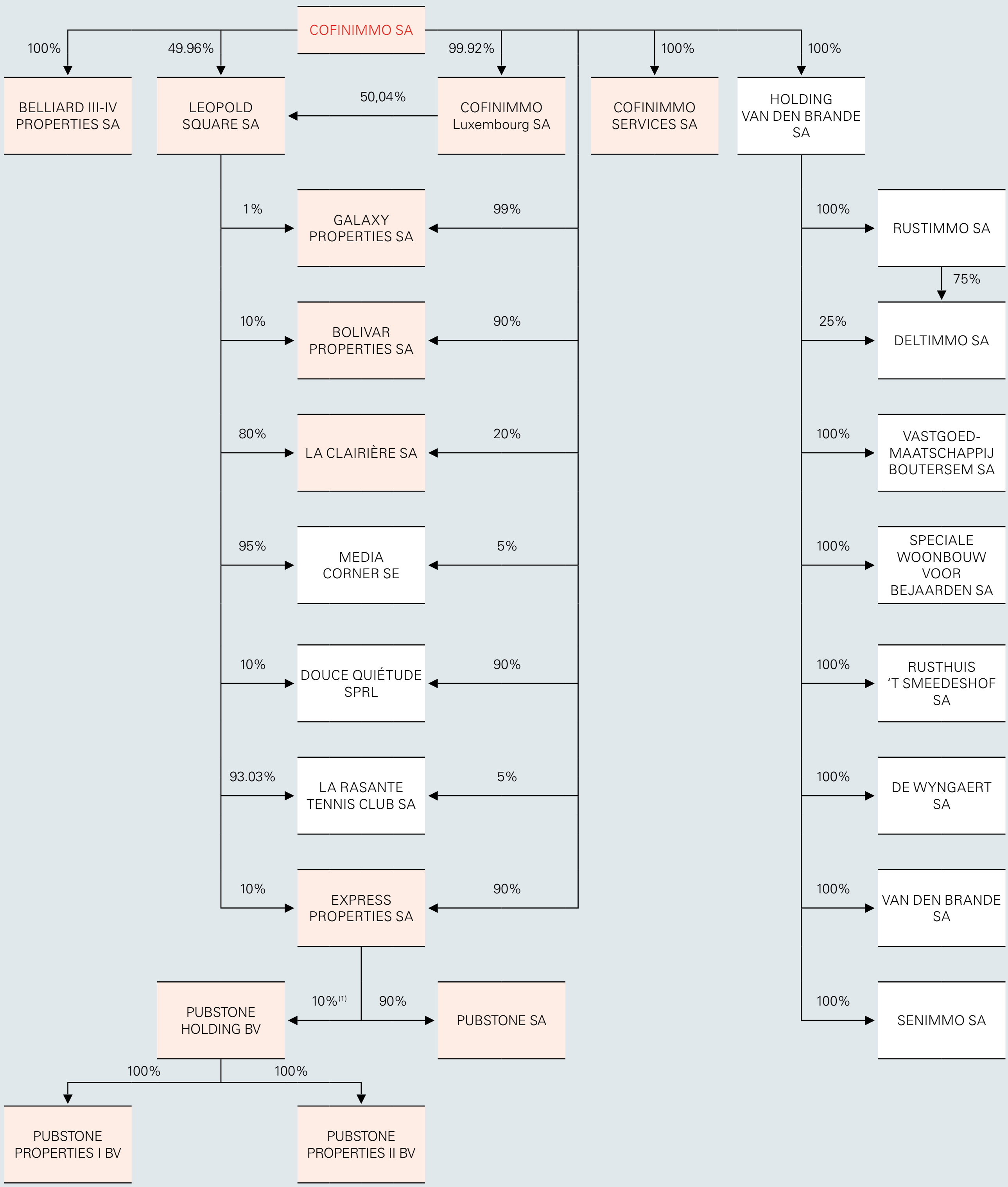
The full consolidation method is applied where the parent company has exclusive control provided that the holding is of a lasting character.

The consolidated financial statements have been prepared at the same date as that on which the consolidated subsidiaries prepared their own financial statements.

Consolidation scope

NAME AND ADDRESS OF REGISTERED OFFICE Fully consolidated enterprises	VAT or national number	Direct and indirect shareholding and voting rights (in %)
COFINIMMO SERVICES SA Boulevard de la Woluwe 58, 1200 Brussels	BE 437 018 652	100.00
LEOPOLD SQUARE SA Boulevard de la Woluwe 58, 1200 Brussels	BE 465 387 588	100.00
BELLIARD III-IV PROPERTIES SA Boulevard de la Woluwe 58, 1200 Brussels	BE 475 162 121	100.00
COFINIMMO LUXEMBOURG SA Boulevard Royal 59, L - 2449 Luxembourg	BE 450 927 165	99.92
GALAXY PROPERTIES SA Boulevard de la Woluwe 58, 1200 Brussels	BE 872 615 562	100.00
EXPRESS PROPERTIES SA Boulevard de la Woluwe 58, 1200 Brussels	BE 878 010 643	100.00
BOLIVAR PROPERTIES SA Boulevard de la Woluwe 58, 1200 Brussels	BE 878 423 981	100.00
MEDIA CORNER SE Boulevard de la Woluwe 58, 1200 Brussels	BE 870 545 997	100.00
DOUCE QUIÉTUDE SPRL Boulevard de la Woluwe 58, 1200 Brussels	BE 428 225 009	100.00
LA CLAIRIÈRE SA Boulevard de la Woluwe 58, 1200 Brussels	BE 461 493 534	100.00
HOLDING VAN DEN BRANDE SA Boulevard de la Woluwe 58, 1200 Brussels	BE 449 129 301	100.00
DELTIMMO SA	BE 418 963 586	100.00
DE WYNGAERT SA	BE 460 614 693	100.00
SENIMMO SA	BE 880 437 722	100.00
VASTGOEDMAATSCHAPPIJ BOUTERSEM SA	BE 442 800 347	100.00
RUSTHUIS 'T SMEEDESHOF SA	BE 437 278 275	100.00
SPECIALE WOONBOUW VOOR BEJAARDEN SA	BE 432 940 197	100.00
RUSTIMMO SA	BE 442 800 644	100.00
VAN DEN BRANDE SA	BE 427 316 375	100.00
LA RASANTE TENNIS CLUB SA Boulevard de la Woluwe 58, 1200 Brussels	BE 405 649 545	98.03
PUBSTONE SA Boulevard de la Woluwe 58, 1200 Brussels	BE 405 819 096	90.00
PUBSTONE HOLDING BV Prins Bernhardplein 200, 1097 JB Amsterdam (the Netherlands)	not subject to tax	100.00
PUBSTONE PROPERTIES I BV Prins Bernhardplein 200, 1097 JB Amsterdam (the Netherlands)	NL 00.11.66.347.B.01	100.00
PUBSTONE PROPERTIES II BV Prins Bernhardplein 200, 1097 JB Amsterdam (the Netherlands)	NL 00.26.20.005.B.01	100.00

Notes to the consolidated accounts



Permanent subsidiaries (the other subsidiaries have been merged with Cofinimmo at the Extraordinary Shareholders' Meeting of 21.01.2008).

1 Economic interest of almost 100%.

Cofinimmo Services SA is responsible for the management of the Cofinimmo properties. It does not act for the account of third parties.

Leopold Square SA owns 2 development sites and the companies Galaxy Properties SA, Bolivar Properties SA, La Clairière SA, Express Properties SA and Pubstone SA.

Belliard III-IV Properties SA holds the residual rights to this property, charged with a right in a long lease.

Cofinimmo Luxembourg SA has issued a 10-year debenture loan guaranteed by Cofinimmo SA. Its resources are used to finance other Group companies.

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

Express Properties SA has no assets and liabilities other than those related to the formation capital.

Bolivar Properties SA has no assets and liabilities other than those related to the formation capital.

Media Corner SE owns the building Georgin (RTL House) in Brussels.

Douce Quiétude SPRL owns the nursing home Douce Quiétude.

La Clairière SA owns the nursing home La Clairière.

Holding Van den Brande SA holds the companies Deltimmo SA, De Wyngaert SA, Senimmo SA, Vastgoedmaatschappij Boutersem SA, Rusthuis 't Smeedeshof SA, Speciale Woonbouw voor Bejaarden SA, Rustimmo SA and Van den Brande SA.

Deltimmo SA owns the nursing homes Domein Wommelgheem, Vogelzang (project) and Huize Millegem (project).

De Wyngaert SA owns the nursing home De Wyngaert.

Senimmo SA owns the nursing home Binnenhof (project).

Vastgoedmaatschappij Boutersem SA owns the nursing home Vondelhof.

Rusthuis 't Smeedeshof SA owns the nursing home 't Smeedeshof.

Speciale Woonbouw voor Bejaarden SA owns the nursing home Home Laarsveld.

Rustimmo SA holds the nursing homes Residentie Den Brem, Home Heiberg and Hemelrijck.

Van den Brande SA holds the nursing home Rusthuis Nethehof.

La Rasante Tennis Club SA owns the land and constructions of the sport club Royal La Rasante.

Pubstone SA owns 823 pubs in Belgium.

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

Pubstone Properties I BV holds 200 pubs in the Netherlands.

Pubstone Properties II BV holds 45 pubs in the Netherlands.

Note 43. Payments based on shares

Option plan on shares

In 2006, Cofinimmo has launched a stock option plan by which 8,000 stock options have been granted to the management of the Group. This plan was relaunched in 2007, for a total of 7,300 stock options.

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 vesting is recognised in personnel charges in the income statement.

At the time of exercise, the beneficiaries will pay a strike price of € 143.66 per share for the 2007 plan, in exchange of the delivery of the shares. The options are exercisable until 13.06.2016 at the latest for the 2006 plan and until 13.06.2017 at the latest for the 2007 plan. In the event of a voluntary or involuntary departure (with exception of dismissals 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 2007	Plan 2006
AT 01.01	0	8,000
Granted	7,300	0
Cancelled	0	0
Exercised	0	0
Expired	0	0
AT 31.12	7,300	8,000
Exercisable (vested) at 31.12.2007	0	0
Strike price	€ 143.66	€ 129.27

FAIR VALUE OF THE STOCK OPTIONS AT THE DATE OF GRANTING AND ASSUMPTIONS UTILISED - WEIGHTED AVERAGE	Plan 2007	Plan 2006
Valorisation model	Black & Scholes	Black & Scholes
Contractual life of the options	10 year	10 year
Estimated duration	8 year	8 year
Strike price	€ 143.66	€ 129.27
Volatility (average last 3 years)	9.97%	8.84%
Risk free interest rate	«Euro Swap Annual Rate»	«Euro Swap Annual Rate»
Fair value of the options at the date of granting[1] (x € 1,000)	261	215

Note 44. Average number of persons linked by an employment contract or by a permanent service contract

	2007	2006
Average number of persons linked by an employment contract or by a permanent service contract	92	88
Employees	88	84
Management personnel	4	4
FULL TIME EQUIVALENT	87	81

Note 45. Related party transactions

The emoluments and insurance premiums, borne by Cofinimmo and its subsidiaries, for the benefit of members of the Board of Directors, charged to the income statement, amounted to € 2,354,333. The difference between this amount and these mentioned on pages 49 and 52 of the Annual Report is explained by movements in provisions.

The Directors are not beneficiaries of the profit-sharing scheme which exclusively concerns the employees of the Group.

1 Spread over 3 years.

Statutory auditor's report

DIEGEM, 21.03.2008

To the Shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of COFINIMMO SA («the company») and its subsidiaries (jointly «the group»), prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 31.12.2007, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of € 3,183,312 (000) and a consolidated profit for the year then ended of € 152,209 (000).

The financial statements of several significant entities included in the scope of consolidation which represent total assets of € 195,830 (000) and a total profit of € 142 (000) have been audited by other auditors. Our opinion on the accompanying consolidated financial statements, insofar as it relates to the amounts contributed by those entities, is based upon the reports of those other auditors.

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

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

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

In our opinion, and based upon the reports of other auditors, the consolidated financial statements give a true and fair view of the group's financial position as at 31.12.2007, and of its results and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Additional comment

The preparation and the assessment of the information that should be included in the Directors' report on the consolidated financial statements are the responsibility of the Board of Directors.

Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

- The Directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

The statutory auditor
DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Ludo De Keulenaer

Company accounts

Income statements (abbreviated format)

(x € 1,000)

	2007	2006
Rental income	138,965	138,224
Writeback of lease payments sold and discounted	10,100	9,160
Rental-related expenses	-1,946	-2,435
Net rental income	147,119	144,949
Recovery of property charges	750	474
Recovery income of charges and taxes normally payable by the tenant on let properties	38,809	28,612
Costs payable by the tenant and borne by the landlord on rental damage and refurbishment at end of lease	-39,037	-30,274
Charges and taxes normally payable by the tenant on let properties	-1,891	-2,517
Property result	145,750	141,244
Technical costs	-2,694	-3,082
Commercial costs	-2,133	-1,396
Taxes and charges on unlet properties	-2,336	-2,657
Other property charges	12	-35
Property management costs	-10,819	-9,914
Property operating result	127,780	124,160
Corporate management costs	-5,368	-4,514
Operating result before result on portfolio	122,412	119,646
Gains or losses on disposals of investment properties	35,280	12,592
Changes in fair value of investment properties	28,124	34,298
Operating result	185,816	166,536
Financial income	59,680	50,240
Interest charges	-89,442	-67,379
Other financial charges	-20,815	-671
Financial result	-50,577	-17,810
Pre-tax result	135,239	148,726
Corporate tax	-807	-2,432
Exit tax	33	-239
Taxes	-774	-2,671
NET RESULT FOR THE PERIOD	134,465	146,055

Result for appropriation

(x € 1,000)

	2007	2006
Result for the period	134,465	146,055
Appropriation of the changes in market value of the elements in the portfolio		
Transfer to the non-distributable reserve	-7,308	-38,952
Withdrawal from the non-distributable reserve		
RESULT FOR THE PERIOD AVAILABLE FOR APPROPRIATION	127,157	107,103

Appropriation account

(x € 1,000)

	2007	2006
A. Result to be appropriated	247,555	207,923
Result for the period available for appropriation	127,157	107,103
Result carried forward from previous years	120,398	100,820
B. Withdrawals from capital and reserves	22,066	5,382
From the non-distributable reserve	22,066	5,382
C. Transfers to capital and reserves	-1,073	-33,812
Transfer to non-distributable reserve	-1,073	-33,812
D. Result to be carried forward	181,950	97,352
Result to be carried forward	181,950	97,352
E. Distribution of result	-86,598	-82,141
Dividends to distribute	-86,323	-81,877
Profit sharing scheme	-275	-264

Company accounts

Balance sheet (abbreviated format)

(x € 1,000)

	31.12.2007	31.12.2006
Non-current assets	2,880,867	2,333,218
Intangible assets	191	467
Investment properties	2,137,477	2,002,660
Development projects	78,850	37,458
Assets held for own use	10,207	10,074
Other tangible assets	905	1,282
Non-current financial assets	579,995	91,041
Finance lease receivables	73,216	190,219
Trade receivables and other non-current assets	26	17
Current assets	117,833	188,596
Assets held for sale		151,004
Current financial assets	11,693	2,292
Finance lease receivables	75,965	3,406
Trade receivables	2,402	2,534
Tax receivables and other current assets	14,115	11,119
Cash and cash equivalents	6	7
Deferred charges and accrued income	13,652	18,234
TOTAL ASSETS	2,998,700	2,521,814

Shareholders' equity	1,394,525	1,313,388
Capital	649,147	623,019
Share premium account	423,480	378,780
Own shares bought back	-86,538	-39,315
Reserves	183,976	145,797
Results	255,923	246,875
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	-54,406	-52,316
Changes in fair value of financial instruments	22,943	10,548
Liabilities	1,604,175	1,208,426
Non-current liabilities	1,173,168	774,798
Provisions	9,442	15,910
Non-current financial debts	1,148,613	735,981
Other non-current financial liabilities	15,113	22,907
Current liabilities	431,007	433,628
Current financial debts	381,345	367,146
Other current financial liabilities	856	
Trade debts and other current debts	22,264	39,235
Accrued charges and deferred income	26,542	27,247
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,998,700	2,521,814

Obligation to distribute[1]

	(x € 1,000)	
	2007	2006
Net result	134,465	146,055
Depreciation (+)	303	264
Writedowns (+)		264
Writeback of writedowns (-)	-273	
Writeback of lease payments sold and discounted (-)	-10,101	-9,160
Other non-cash elements (+/-)	8,255	-6,239
Result on disposals of property assets (+/-)	-35,280	-12,592
Changes in fair value of investment properties (+/-)	-7,309	-38,951
Corrected result (A)	90,060	79,641
Realised gains and losses[2] on property assets during the year (+/-)	56,391	15,740
Realised gains[2] on property assets during the year, exonerated from the obligation to distribute if reinvested within 4 years (-)	-57,346	-17,973
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)	-955	-2,233
TOTAL (A+B) x 80%	71,284	61,926
Debt decrease (-)	0	0
OBLIGATION TO DISTRIBUTE	71,284	61,926

1 According to Article 62 of the Royal Decree of 10.04.1995. 2 Compared to the acquisition value, to which the fixed renovation costs are added.

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STANDING DOCUMENT

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General information

Company name

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

Registered and administrative offices

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

Register of Legal Persons

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

Constitution, legal form and publication

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

It is subject to the legal provisions of closed-end investment companies, as stipulated in Article 19 of the Law of 20.07.2004 regarding certain types of collective administration of investment portfolios. The company has opted for the category investments foreseen in Article 7, § 1, 5° (real estate properties) of this Law.

The company is subject to the provisions of Book II of the above mentioned Law of 20.07.2004 regarding certain types of collective administration of investment portfolios, as well as to the Royal Decree of 10.04.1995, regarding Sicaf immobilières.

The articles of association have been amended on various occasions, the last of which was on 21.01.2008 by deed enacted before Associate Notary Gérald Snyers d'Attenhoven in Brussels, published in the annexes to the Belgian Official Gazette (Moniteur belge) of 22.02.2008 under number 2008-02-22/0029550.

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.

Cofinimmo

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in Real Estate

STANDING DOCUMENT
General information

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 Law of 04.12.1990 or enacting decrees, or any other activity which may be authorised under the regulations applicable to the company.

As accessory activity, the company may carry out all operations or studies which relate to real estate assets as described above and carry out any actions which relate to real estate assets such as the purchase, renovation, fitting out, letting, sub-letting, management, exchange, sale, development, transfer to common ownership, investment, whether by merger or otherwise, in any enterprise with similar or complementary activities, provided that regulations applicable to fixed capital real estate investment trusts are respected, and, in general terms, any operations directly or indirectly linked to the company's activities. The company may not act as a real estate developer except on an occasional basis. The company may also lease out real estate, with or without an option to buy.

Also as an accessory or temporary activity, the company may invest in securities, other than those described above, and hold short-term liquid funds. Such investments shall be diversified in order to ensure the adequate spreading of risk. Such investments shall also be made in accordance with the criteria set out in the Royal Decree of the 04.03.1991 on certain investment funds. If the company does hold such securities, the investment in these securities shall be compatible with the short to medium term investment policy of the company, and the securities shall be listed on the Stock Exchange of a member state of the European Union or negotiable on a regularly functioning and regulated market of a member state of the European Union, which is recognised and open to the public and of which the liquidity is assured. Short-term liquid funds may be held in any currency as current or deposit accounts or in the form of any money market instrument which can easily be converted. The company may lend securities under conditions permitted by the Law.

Cofinimmo may not modify its activities through application of Article 559 of the Company Code, as this Article is not applicable to Sicaf immobilières, as set out in Article 19 of the Law of 20.07.2004 regarding certain types of collective administration of investment portfolios.

Financial year

The financial year starts on 1 January and ends on 31 December of each year.

Places at which documents accessible to the public may be consulted

The company's articles of association may be consulted at the clerk's office of the Brussels Commercial Court as well as on the website **www.cofinimmo.com**.

The company and consolidated accounts of the Cofinimmo Group are filed with the National Bank of Belgium, in accordance with the legal provisions governing the matter. Decisions with regard to the appointment and resignation of members of the Board of Directors are published in the annexes of the Belgian Official Gazette (Moniteur belge).

Notices convening General Meetings are published in the annexes of the Belgian Official Gazette and in 2 financial daily newspapers. These notices and all documents relating to the General Meetings are simultaneously available on the website **www.cofinimmo.com**.

All press releases and other financial information given out by the Cofinimmo Group since the beginning of 2003 can be consulted on the website **www.cofinimmo.com**.

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

Declarations

Responsible persons

The Board of Cofinimmo SA assumes responsibility for the content of this Annual Report, subject to the information supplied by third parties, including the reports of the statutory auditor and the real estate expert. The Board declares that to the best of its knowledge the information contained in this Annual Report gives a true reflection of the facts in all their essential aspects and has no omissions likely significantly to modify the scope for any statements made in this Annual Report.

Forecast information

This Annual Report contains forecast information. This information is based on company plans, estimates and projections, as well as on its reasonable expectations concerning external events and factors. By its nature, this forecast information is subject to risks, uncertainties and other factors that may have the consequence that the results, financial situation, performance and actual figures differ significantly from those mentioned or suggested by the forecast information. Taking into account these uncertain factors, statements based on future developments carry no guarantee whatsoever.

Proceedings and arbitration procedures

The Board of Cofinimmo SA declares that there exists no government intervention, proceedings or other 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, proceedings or arbitration procedures.

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 and that in their capacity of Director they have never been associated with a bankruptcy;
- that no employment contract has been concluded with the Directors, either with the Sicafi, or with its Executive Committee, which provides for the payment of indemnities upon termination of the employment contract, subject to the comment of section «Contractual terms for members of the Executive Committee» of the Corporate Governance chapter.

Historical financial information referred to by reference

The Annual Reports of the years 2002 to 2006, which comprise the company accounts, the consolidated annual accounts and the Report of the Auditors, as well as the Half Year Reports can be consulted on the website **www.cofinimmo.com** (investor relations - company reports).

The Sicaf immobilière

The Sicaf immobilière (société d'investissement immobilière à capital fixe - fixed capital real estate investment trust) regime, introduced by the Law of 04.12.1990, permits the creation in Belgium of property investment organisations, such as already exist in numerous other countries: Real Estate Investment Trusts (REITs) in the US, Fiscale Beleggingsinstellingen (FBI) in the Netherlands, G-REITs in Germany, Sociétés d'Investissements Immobiliers Cotées (SIIC) in France and UK-REITs in the UK.

This new company form was enacted by the Royal Decree of 10.04.1995, last modified by the Royal Decree of 21.06.2006. The Law of 23.12.1994 regulated the tax effects on existing companies of transformation into a Sicaf immobilière.

The main characteristics of a Sicaf immobilière are as follows:

- closed-end company;
- stock exchange listing;
- activity limited to real estate investment; if necessary, the company can invest its assets in listed securities;
- risk diversification: no more than 20% of total assets invested in a single property;
- borrowing limited to 65% of the market value of the company's assets; the granting of sureties and mortgages is limited to 40% of the total assets and 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 substracted from the amount to be distributed;
- withholding tax of 15%, giving relief for physical persons residing in Belgium. No withholding tax is deducted for non-resident investors who are not engaged in a profit-making activity.

Companies applying for approved Sicaf immobilière status, or which merge with a Sicaf immobilière, are subject to an exit tax, which is treated in the same way as a liquidation tax, on net unrealised gains and on tax-exempt reserves, at a rate of 16.5% (increased by a supplementary crisis tax uplift of 3%, giving a total of 16.995%).

Cofinimmo obtained its approved Sicaf immobilière status on 01.04.1996.

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

STANDING DOCUMENT

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

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	+ 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
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

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.

STANDING DOCUMENT

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
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
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]

Date	Amount (€) of share capital	Type of transaction	Issue price (€)	Amount (€) of the net contribution to the shareholders' equity[1]	Number of shares
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
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
Evolution in 2007	**+ 26,127,647.14**				**+ 489,924**
Situation as at 31.12.2007	**649,146,813.94**				**10,615,398[5]**
Preference shares 1st series COFP1					+ 702,490
Preference shares 2nd series COFP2					+ 797,276
TOTAL ORDINARY + PREFERENCE SHARES					**12,115,164**

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. 5 On 27.09.2007, the Board of Directors has decided to cancel 58,314 own shares, according to Articles 625 and 622, §2, alinea 5° of the Company Code.

Share capital

Description type of shares

At 31.12.2007 Cofinimmo issued 10,615,398 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;
- option for a third party designated by Cofinimmo (for example one of its subsidiaries) to purchase in cash and at their issue price, from the 15th anniversary of their issue, the preference shares that have not yet been converted;
- the preference shares are registered, listed on Euronext Brussels First Market and carry a voting right identical to that for ordinary shares.

The 1st series of 702,490 preference shares (denomination on Euronext: COFP1) was issued on 30.04.2004, the 2nd series (797,276 shares - denomination on Euronext: COFP2) on 26.05.2004.

The characteristics of these series of preference shares are identical, with the exception of the issue price (€ 107.89 for the COFP1 vs. € 104.44 for the COFP2) which represents the purchase price.

Authorised capital

At 31.12.2007 the amount of the authorised capital was € 600,000,000 of which € 1,994,862 was used (see Note 30, page 114).

Change in treasury shares (own shares)

Following the mergers by absorption of Belgian European Properties SA, Romim SA, Immaxx SA, Gerinvest SA, The Greenery SA, Rominvest SA and Seigneurie du Val SA in April 2007, the Cofinimmo Group owned 764,277 shares as crossholdings, corresponding to 6.29% of the issued shares. All those shares have a right to share in the results as of 01.01.2007.

During 2007, Cofinimmo has not sold any treasury shares. The Board of Directors has decided to cancel 58,314 own shares which remained unsold since June 2004. As such, at 31.12.2007 the Group Cofinimmo holds 705,963 treasury shares (672,293 for Cofinimmo and 33,670 for Cofinimmo Services).

Declaration of holdings (as at 31.12.2007)

Date of last declaration	Ordinary shares[1]	Convertible preference shares		Total convertible preference shares	Total voting rights
		COFP1[2]	COFP2[3]		
Dexia Group (DVV-LAP) 20.12.2006	861,688	126,431	168,753	295,184	1,156,872
Allianz Group 17.01.2007	585,648				585,648
Compagnie du Bois Sauvage 29.10.2007	323,089	75,000	134,500	209,500	532,589
Leopold Square (Cofinimmo subsidiary) 27.04.2007	764,277				764,277

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

1 BE0003593044. 2 BE0003811289. 3 BE0003813301.

Extracts from the articles of association

Summary of significant changes to the articles of association in 2007 and early 2008

- Renewal of the authorisation to increase the Cofinimmo share capital (Article 7, Point 2, §§ 1, 2 and 5);
- Renewal of the authorisation to acquire, accept as security and transfer own shares (Article 7, Point 3, §§ 2 and 3);
- Taking account of new regulations on dematerialisation of securities (Article 10);
- Clarification concerning day-to-day management (Article 21);
- Simplification of admission to the General Meeting (Article 23, § 2);
- Renewal of the employee profit-sharing scheme (Article 30, § 4);
- Bringing the articles of association into compliance with the Law of 20.07.2004 concerning certain forms of collective management of investment portfolios with the Royal Decree of 21.06.2006 concerning the accounting systems, annual accounts and consolidated accounts of public Sicaf Immobilières, and amending the Royal Decree of 10.04.1995 concerning Sicaf Immobilières, and with the Law of 02.05.2007 concerning publicity for major participations in issuers whose shares have been admitted to trading on a regulated market and comprising various provisions (Article 1: change of the company name of Cofinimmo to Sicaf immobilière publique de droit belge; Article 3; Article 7, Point 4; Article 12, last paragraph; Article 15, last paragraph; Article 30 and Article 37, last paragraph).

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.

Extracts from the articles of association

The Board of Directors is specially authorised, for a period of three years from the date of publication of the Extraordinary General Meeting of 27.04.2007, 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 eighteen months following the holding of the said Meeting of 27.04.2007, 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 ten percent of the total issued shares.

The authorisations referred to above include the acquisitions and transfers of company shares by one or more direct subsidiaries of this company, within the meaning of the legal provisions relating to acquisition of shares in their parent company by subsidiary companies.

The authorisations referred to above cover both Ordinary Shares and Preference Shares.

Article 7, Point 4 - Capital increases

All capital increases will be carried out in accordance with Articles 581 ff. of the Company Code, without prejudice to Article 11 below. Furthermore, the company is required to comply with the rules prescribed in the event of the public issue of company shares, contained in Article 75 § 1 of the Law of 20.07.2004 concerning certain forms of collective management and in Articles 28 ff. of the Royal Decree of 10.04.1995 relating to Sicaf Immobilières.

Capital increases by way of non-cash contributions are subject to the rules prescribed by Articles 601 and 602 of the Company Code.

In addition, and in accordance with Article 11 § 2 of the Royal Decree of 10.04.1995 on Sicaf immobilières, the following conditions must be met:

- the identity of the party making the contribution must be mentioned in the report referred to in Article 602 § 1 of the Company Code, as well as in the notice convening the General Meeting which is to take a decision on the capital increase;
- the issue price may not be lower than the average quoted price during the 30 days preceding the contribution;
- the report referred to in point 1 above must also indicate the impact of the proposed contribution on the situation of the old shareholders, in particular concerning their portion of the profits and the capital.

Shares

Article 10 - Types of shares

The shares are without par value.

The shares are divided into two categories: ordinary shares (referred to as «Ordinary Shares» in these articles of association) and preference shares (referred to as «Preference Shares» in these articles of association). The Preference Shares confer the rights and have the characteristics set out in Article 10bis of the articles of association.

The Ordinary Shares are registered, bearer or dematerialised shares, at the choice of the owner or holder (hereafter «the Shareholder») and within the limits laid down by the Law. The Shareholder may, at any time and at no cost to himself, request that these shares be converted into registered or dematerialised shares. However, the Ordinary Shares are registered for as long as they are not fully paid-up.

The Preference Shares are, and shall remain, registered.

All dematerialised shares are represented by an entry in the Shareholder's account held by an accredited account holder or settlement institution. A register of registered shares is held at the registered office of the company and, where appropriate and permitted by law, this register may take electronic form. Shareholders may consult the register with respect to their shares.

Bearer shares in the company, already issued and entered in the share account at 01.01.2008, exist in dematerialised form from that date. The other bearer shares will also be converted automatically into dematerialised shares as and when their entry in the share account is requested by the Shareholder with effect from 01.01.2008. On expiry of the deadlines laid down by the legislation concerning the abolition of bearer shares, those bearer shares for which conversion has not yet been requested will be converted automatically into dematerialised shares and entered in the share account by the company.

Article 10bis - Preference Shares

In addition to the Ordinary Shares, the company may issue Preference Shares, against a cash or non-cash contribution, or in connection with a merger. The Preference Shares confer the rights and have the characteristics set out below:

1. Preference Dividends

1.1. Each Preference Share carries entitlement to a dividend payable by priority in relation to the dividend payable on Ordinary Shares (hereafter «Preference Dividend»).

The annual gross amount of the Preference Dividend is six euros thirty-seven cents (€ 6.37) per Preference Share.

The Preference Dividend is only due, in full or in part, where there exist distributable profits within the meaning of Article 617 of the Company Code and where the company's General Meeting decides to distribute dividends.

Accordingly, in the event that during any given year, no distributable profits within the meaning of Article 617 of the Company Code exist, or that the General Meeting were to decide not to pay out dividends, no Preference Dividend will be paid to the holders of Preference Shares. Furthermore, in the event that during any given year, the level of distributable profits within the meaning of Article 617 of the Company Code does not permit payment of the full amount of the Preference Dividend, or that the General Meeting were to decide to distribute dividends the amount of which is insufficient to pay the full Preference Dividend, the holders of Preference Shares will only receive the amounts distributed.

1.2. The Preference Shares do not confer rights to the distribution of profits other than the Preference Dividend, with the proviso of their priority right in the event that the company is liquidated, as indicated in point 5 below. It follows that the dividend to be distributed among the Preference Shares may never exceed the annual gross amount of the Preference Dividend, namely six euros thirty-seven cents (€ 6.37) per Preference Share.

1.3. The Preference Dividend is released for payment on the same day as the dividend payable on the Ordinary Shares except in the event of requirements relating to the Market or to compliance with legal provisions, provided that the delay does not exceed 10 working days. The distributable profit which it has been decided to distribute will first be paid to the holders of Preference Shares, for the amount of six euros thirty-seven cents (€ 6.37) per Preference Share. Any amount remaining from the distributable profit which it has been decided to distribute will next be paid to the holders of Ordinary Shares.

In the event that, during any given year, no dividend is released for payment on the Ordinary Shares, the Preference Dividend will be released for payment on 1 June of that year.

1.4. The Preference Dividend is non-cumulative. This means that in the event that the dividend is paid only in part or not at all during one or more years, the holders of Preference Shares will not be able to recover, during the subsequent year or years, the difference between any amount or amounts that may have been paid and the amount of six euros thirty-seven cents (€ 6.37) per Preference Share.

1.5. In the event that, during any given year, the Board of Directors were to decide to distribute a dividend on the Ordinary Shares payable other than in cash, the Preference Dividend will be payable in cash, or according to the same method as for the Ordinary Shares, at the option of each of the holders of Preference Shares.

2. Conversion

The Preference Shares will be 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.

Extracts from the articles of association

3. Call option

As from the fifteenth year following their issue, the third party designated by the company may purchase for cash all or a portion of the unconverted Preference Shares. However, this purchase may only take place:

- at the earliest forty-five days after the company's Board of Directors has given notification of its decision to exercise the call option, and provided that the Preference Shares concerned have not in the meantime been converted into Ordinary Shares by their holders; and
- only after any Preference Dividends relating to the year preceding notification of the exercise of the call option have been paid to the holders of Preference Shares.

In the event that the purchase involves only a portion of the unconverted Preference Shares, it would be applied to each holder of Preference Shares, proportionately to the number of Preference Shares held.

Furthermore, should it be the case, in whatever manner, that the unconverted Preference Shares represent no more than two and a half percent (2.5%) of the total number of Preference Shares originally issued, the third party designated by the company may purchase the balance of the unconverted Preference Shares, as from the fifth year following their issue date, at the earliest forty-five days after the company's Board of Directors has given notification of its decision to exercise the call option, and provided that the Preference Shares concerned have not in the meantime been converted into Ordinary Shares by their holders.

The purchase of the unconverted Preference Shares will be made at a price equal to their issue price (capital and share premium, where applicable).

The call option will be exercised by means of notification given by the third party designated by the company, addressed to each of the holders of Preference Shares concerned, by registered letter, of its decision to purchase Preference Shares. This notification will indicate the number of Preference Shares to be sold by the holder of the Preference Shares concerned. Transfer of title will take place forty-five days following this notification, by means of payment of the price by transfer to the bank account to be indicated by the holders of Preference Shares in response to the notification.

The subscription or acquisition, on whatsoever grounds, of Preference Shares implies the obligation by the holder of Preference Shares to sell to the third party designated by the company, within forty-five days of the above mentioned notification, the Preference Shares, the purchase of which has been duly decided upon by virtue of this provision. This subscription or this acquisition also entails an irrevocable mandate given to the company to enter the required particulars in the shareholders' register as a record of transfer of the Preference Shares.

In the event of the holder of Preference Shares failing to present the Preference Shares, the purchase of which has been duly decided upon, within forty-five days of the notification of the exercise of the call option, the shares not presented will automatically be deemed to have been transferred to the third party designated by the company, subject to deposit of the price with the Caisse des Dépôts et Consignations.

4. Voting right

Each Preference Share carries one voting right at the General Shareholders' Meeting identical to that carried by an Ordinary Share.

5. Priority in the event of liquidation

In the event that the company is liquidated, each Preference Share will receive by priority, from the net assets of the company remaining after discharge of all debts, charges and liquidation expenses, an amount in cash equal to the paid-up issue price (capital and share premium, where applicable) of the Preference Share concerned.

The Preference Shares will not participate in the distribution of any liquidation surplus.

From this it follows that the amount distributed to the Preference Shares in the event of liquidation may never exceed the issue price (capital and share premium, where applicable) of the Preference Shares.

In the event of the liquidation of the company, whether voluntary or compulsory, the holders of Preference Shares will automatically have the right to convert the Preference Shares into Ordinary Shares during a period commencing two weeks following publication of the liquidation decision and ending on the day before the General Meeting convened to conclude the liquidation process, on the understanding that the holders of Preference Shares will be informed by the liquidator, prior to this meeting, of the result of the liquidation operations.

No distribution will be made to the shareholders before the expiry of this conversion period except where all the Preference Shares have been converted into Ordinary Shares.

6. Maximum percentage of Preference Shares

The Preference Shares may not represent in total more than fifteen percent (15%) of the company share capital following their issue, unless otherwise decided by at least a seventy-five percent (75%) majority of the votes in each share class.

In addition, the company may not issue Preference Shares, or reduce the share capital in such a way that the Preference Shares represent in total more than fifteen percent (15%) of the company share capital, or carry out any other operation which has this effect, unless otherwise decided by at least a seventy-five percent (75%) majority of the votes in each share class.

7. Modification of the rights attaching to the different classes of shares

In accordance with Article 560 of the Company Code, any decision to modify the rights of Preference Shares or to replace these Preference Shares with another class of shares may only be taken provided that, for each class of shares, the required terms and conditions concerning presence and majority are met in order for the articles of association to be modified.

8. Form

The Preference Shares are, and shall remain, registered.

Article 11 - Preferential rights

Shareholders' preferential rights in the event of a cash subscription, as foreseen in Article 596 of the Company Code, may not be suspended.

Shareholding

Article 12 - Declaration and disclosure of significant holdings

Any natural or legal person who acquires company shares with a voting right attached, whether or not these are shares in the registered capital, is bound to notify the company and the Banking, Finance and Insurance Commission of the number of shares held when the voting rights attaching to these shares reach five percent (5%) or more of the total voting rights existing at the time of the facts giving rise to the declaration.

This declaration is also compulsory in the event of the additional acquisition of shares referred to in the first paragraph where, as a consequence of this acquisition, the voting rights attached to the shares held reaches five percent (5%) or a multiple of 5% of the total voting rights existing at the time of the facts giving rise to the declaration.

This declaration is also compulsory in the event of the disposal of shares where, as a consequence of the disposal, the number of voting rights falls below the thresholds referred to in the first or second paragraphs.

For the purpose of applying this Article, reference is made to the Law of 02.03.1989, published in the Official Gazette (Moniteur belge) of 24.05.1989 or 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, once this comes into force.

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.

Extracts from the articles of association

Where a legal person is appointed Director of the company, this legal person is required to appoint from among its members, managers, Directors or personnel, a permanent representative responsible for performing these duties on behalf of and for account of this legal person.

The Director appointed to replace another Director shall serve out the term of the Director he is replacing.

The Directors have the necessary professional integrity and appropriate experience to perform their duties.

Their remuneration, where applicable, may not be linked directly or indirectly to the operations carried out by the Sicaf immobilière.

Article 17 - Audits

The company audits are assigned to one or more auditors authorised by the Banking, Finance and Insurance Commission.

Article 19 - Payments

Unless otherwise decided by the General Meeting, the Director's mandate is gratuitous.

Article 21 - Representation of the company and signature of documents

Except where the Board of Directors has delegated special powers of representation, the company is represented in all its acts, including those involving a public official or ministerial officer, either by two Directors or, within the limits of the powers conferred to the Executive Committee, by two members of the said committee acting jointly or, within the limits of their powers of day-to-day management, by those persons delegated such powers, acting jointly.

The company is further validly represented by special authorised representatives of the company within the limits of the remit granted to them for this purpose by the Executive Committee or, in its absence, by the Board of Directors or, within the limits of their powers of day-to-day management, by those persons delegated such powers. However, in accordance with the Royal Decree of 10.04.1995, for all acts of disposal concerning real estate within the meaning of the aforementioned Royal Decree, the company shall be represented by at least two Directors acting jointly.

General Meetings

Article 22 - Meetings

The Annual General Meeting shall be held ipso jure on the last Friday of the month of April at three-thirty in the afternoon.

Should this day be a public holiday, the Meeting shall take place on the next working day at the same time, not including Saturday or Sunday.

The Ordinary or Extraordinary General Meetings shall be held at the place indicated in the notice convening the meeting.

The threshold above which one or more shareholders may, in accordance with Article 532 of the Company Code, require that a General Meeting be held in order to submit one or more proposals at that meeting, is fixed at 5% of all the shares with voting rights.

Article 23 - Deposit of shares - Admission to the General Meeting

In order to be admitted to the General Meeting, all owners of bearer shares must deposit their shares at the registered office or at the places indicated in the notices convening the meeting, three working days prior to the scheduled date for the General Meeting. The owners of bearer shares must produce a receipt of deposit for their shares at the place indicated in the notice convening the meeting, at least three working days prior to the General Meeting.

The Shareholders of registered shares simply need to notify the company of their intention of attending the Meeting, sent by ordinary letter, fax or e-mail at least three working days prior to the date on which the meeting is convened.

Three working days prior to the General Meeting, the owners of dematerialised shares must deposit, at the places designated by the Board of Directors, an attestation prepared by the holder of the authorised account or by the settlement institution declaring the non-availability of the shares until the date of the General Meeting.

Article 24 - Representation

All owners of shares entitling them to attend the General Meeting may arrange to be represented by an authorised representative, whether or not this person is a shareholder.

The Board of Directors may adopt the proxy form and require that this be deposited at the place indicated by the Board three working days prior to the General Meeting.

Co-owners, usufructuaries, bare owners, creditors and pledgors must arrange to be represented respectively by one and the same person.

Article 24bis - Voting by correspondence

By authorisation given by the Board of Directors in its notice convening the Meeting, shareholders will be authorised to vote by correspondence using a form prepared by the company. This form must include the date and venue of the Meeting, the items on the agenda and, for each of these, a space allowing a vote to be made for or against the motion, or to abstain. It must be expressly stipulated that the form must be signed, the signature certified and this form sent by registered letter at least three full days before the date of the Meeting.

Article 25 - Bureau

Every General Meeting is chaired by the Chairman of the Board of Directors or, in his absence, by the Managing Director or, should he also be absent, by the person designated by the Directors present.

The Chairman designates the secretary. The Meeting shall choose two scrutineers. The Directors present complete the bureau.

Article 26 - Number of votes

Each share, Ordinary or Preference share, confers entitlement to one vote, save in the cases in which voting rights are suspended by the Company Code.

Accounting procedures - Appropriation of profits

Article 30 - Distribution

The company has an obligation to distribute, as remuneration of the capital, at least eighty percent of net income, being equal to the amount of the corrected result for the year and the net gains on the disposal of properties not exempt from the distribution obligation - the corrected result and net gains being calculated according to the procedure set out in section three of the annex to the Royal Decree of 21.06.2006 concerning the accounting systems, annual accounts and consolidated accounts of public Sicaf Immobilières, and amending the Royal Decree of 10.04.1995 concerning Sicaf Immobilières - as decreased by the amounts corresponding to the net decrease in indebtedness during the year, whereby this indebtedness is defined in the aforementioned Royal Decree.

By decision of the Extraordinary General Meeting held on 27.04.2007, the Board of Directors was authorised to distribute to the employees of this company a share in the profits for a maximum amount of zero point sixty-five percent (0.65%) of the profit for the financial year, for a period of five years, the first distributable profit being that for the financial year 2007.

The provisions of this Article 30, paragraphs 1 to 4, may only be modified where the resolutions are supported by a majority of at least seventy-five percent (75%) of the votes for each class of shares, on the understanding that such a modification may not in any circumstances take place if it does not comply with the regulations applying to the company.

Liquidation - Winding up

Article 32 - Loss of capital

In the event that half or three quarters of the capital is lost, the Directors must place the question of the company's liquidation before the General Meeting, in accordance with the formal requirements set out in Article 633 of the Company Code.

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CE RAPPORT ANNUEL EST ÉGALEMENT DISPONIBLE EN FRANÇAIS
DIT JAARVERSLAG IS EVENEENS BESCHIKBAAR IN HET NEDERLANDS

This Annual Report is a registration document in the sense of Article 28 of the Law of 16.06.2006 on public offering of investment instruments and the admission of investment instruments authorised to trading on a regulated market. It has been approved by the CBFA in accordance with Article 23 of the aforementioned Law, on 18.03.2008.

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