

# 2015

ANNUAL FINANCIAL REPORT

**Cofinimmo**   
*together in real estate*

# HISTORY



1983

Establishment.

2007

Partnership with the AB InBev Group concerning the acquisition of a large portfolio of cafés/restaurants located in Belgium and in the Netherlands (Pubstone).

1994

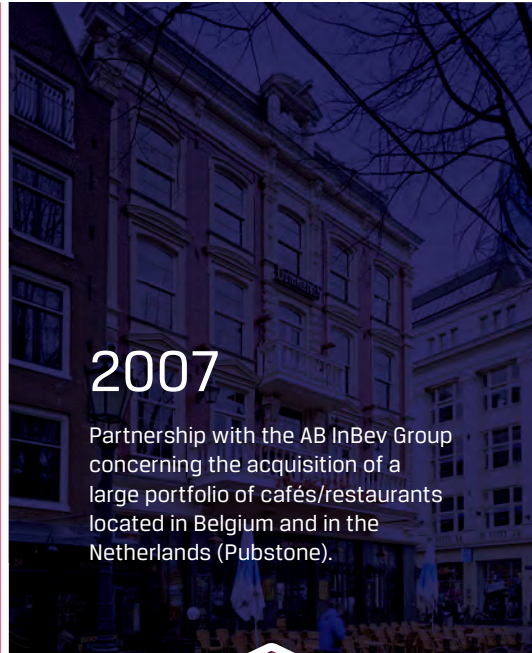
Listing on the Brussels Stock Exchange.

2005

First investment in healthcare real estate in Belgium.  
Award of the first Public-Private Partnership (PPP): the Antwerp courthouse.

1999

Internalisation of property management.





2008

Establishment in France in the healthcare real estate segment.  
Adoption of the SIIC regime.



2015

Capital increase with preferential rights for an amount of 284.4 million EUR.  
Further investments in healthcare real estate in the Netherlands and Germany.

2011

Acquisition of a large network of insurance agencies in France (Cofinimur I).  
Issue of convertible bonds.

2013

Start of the reconversion works of office buildings into residential units (Woluwe 34 and Livingstone I).

2014



Establishment in Germany in the healthcare real estate segment.  
Acquisition of 13 assets in the healthcare real estate segment in the Netherlands.  
Adoption of the RREC status.



2012

Establishment in the Netherlands in the healthcare real estate segment.  
Adoption of the FBI regime.  
Launch of the construction of the prison of Leuze-en-Hainaut (PPP).

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## WHO ARE WE?

Cofinimmo is the foremost listed Belgian real estate company specialising in rental property. Formerly a Sicafi/Bevak (Belgian REIT), it enjoys RREC (Regulated Real Estate Company) status in Belgium. It also has SIIC status in France and FBI status in the Netherlands.

Cofinimmo adopted the status of public regulated real estate company and became a public RREC on 06.11.2014. This status was established by the Law of 12.05.2014 and the Royal Decree of 13.07.2014, both relating to Regulated Real Estate Companies.

At the end of 2015, Cofinimmo's core activity segments are healthcare real estate (42.4%), office real estate (39.6%) and property of distribution networks, which groups together a portfolio of pubs and restaurants (Pubstone) and a portfolio of insurance agencies (Cofinimur I) and accounts for 17.2% of the global portfolio.

In total, the buildings represent 1,729,044 m<sup>2</sup> and a fair value of 3.1 billion EUR. The majority of the assets are located within the Belgian territory (73.9%). The international part represents 16.0% in France

(healthcare real estate, portfolio of insurance agencies), 8.0% in the Netherlands (pubs/restaurants and healthcare real estate) and 2.1% in Germany (healthcare real estate). The average weighted residual lease term of the current leases went from 6.7 years at the end of 2004 to 10.5 years at the end of 2015, an outstanding figure among the European real estate companies.

Cofinimmo is an independent company, which manages its properties and tenant clients in-house. It is listed on Euronext Brussels and is included in the BEL20 index. The company's strategic priorities are based particularly on the creation of long-term rental income, a sound relationship of trust with its clients and a sustainable management of its portfolio. Together, they contribute to the creation of value for its shareholders.

Its shareholders are private individuals and institutional investors from Belgium and abroad, looking for a moderate risk profile combined with a high dividend yield.

## MISSION AND VALUES

For more than 30 years, Cofinimmo's mission has been to answer its tenant client's accommodation needs in specific buildings:

- corporate and public authorities' demand for flexible offices;
- healthcare real-estate demand from operators of establishments for elderly or disabled people and rehabilitation, psychiatric and acute care clinics;
- corporate demand for sale and leasebacks of their distribution networks;
- public authorities' need for purpose-built facilities.

Cofinimmo's teams act in the interests of the well-being of its tenant clients and other stakeholders and contribute their know-how in order to guarantee the quality and sustainability of the property portfolio.

The Group rolls out an ambitious corporate responsibility policy in terms of energy performance of the buildings under management and under construction. It also looks after its societal role vis-à-vis people and communities.

# RISK FACTORS

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

## THE MARKET

The markets in which the Cofinimmo Group operates are partly influenced by trends in the general economic climate. The office market, in particular, is influenced by economic trends, whereas the healthcare

real estate sector, the portfolio of property of distribution networks and the Public-Private Partnerships (PPP) are characterised by a stable rental environment.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATING FACTORS AND MEASURES <sup>1</sup>
Deterioration of the economic climate in relation to the current situation	<ol style="list-style-type: none"> <li>Negative impact on demand and occupancy rate of space and on rents at which the properties can be relet.</li> <li>Downwards revision of the value of the property portfolio.</li> </ol>	<p>The healthcare real estate and the Public-Private Partnerships (together 49.1% of the portfolio under management) are insensitive or not very sensitive to variations of the general economic climate. (1, 2)</p> <p>Long weighted average duration of leases (10.5 years at 31.12.2015). (1, 2)</p> <p>22% of the office tenants belong to the public sector.</p>
Deterioration of the economic climate in relation to the property of distribution networks portfolio	The property of distribution networks leased to industrial and service companies is subject to the impact that the general economic climate may have on these tenant companies.	The impact occurs at the end of the leases, which are long-term leases. The network functions as contact points for the tenant's customers and is, therefore, necessary for its business.
Conversions of office properties into residential property	Uncertainty about the price and timing of sales.	Pre-sale before the launch of the conversion works.

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

## PROPERTY PORTFOLIO

The Group's investment strategy is reflected in a diversified portfolio of assets with limited development activity for own account (construction of new buildings or complete renovation of existing buildings). Occasionally, the company converts office properties at the end of their operating period into apartments that it then puts up for sale.

The management of operating properties is carried out in-house by a proactive team.

The asset diversification aims at a distribution of market risks.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATING FACTORS AND MEASURES
Inappropriate choice of investments or developments	<ol style="list-style-type: none"> <li>1. Change in the Group's income potential.</li> <li>2. Mismatch with market demand, resulting in vacancies.</li> <li>3. Expected yields not achieved.</li> </ol>	<p>Strategic and risk analysis and technical, administrative, legal, accounting and taxation due diligence carried out before each acquisition. (1, 2, 3)</p> <p>In-house and external valuations (independent experts) carried out for each property to be bought or sold. (1, 2, 3)</p> <p>Marketing of development projects before acquisition. (1, 2, 3)</p>
Excessive own account development pipeline	Uncertainty regarding future income.	Activity limited to maximum 10% of the fair value of the portfolio.
Poor management of major works	<ol style="list-style-type: none"> <li>1. Budget and timing not respected.</li> <li>2. Increase in costs and/or reduction in income; negative impact on the profitability of the projects.</li> </ol>	<p>Specialised in-house Project Management team. (1, 2)</p> <p>Specialised external project managers selected for the larger projects. (1, 2)</p>
Negative change in the fair value of the properties	<p>Negative impact on the net result, the net asset value and the debt ratio.</p> <p>At 31.12.2015 a 1% value change would have had an impact of around 31.34 million EUR on the net result and around 1.57 EUR on the intrinsic value per share (compared with 31.99 EUR million and 1.78 EUR at 31.12.2014).</p> <p>It would also have had an impact on the debt ratio of around 0.35% (compared with 0.44% at 31.12.2014).</p>	<p>Property portfolio valued by independent experts on a quarterly basis conducive to corrective measures being taken.</p> <p>Clearly defined and prudent debt policy.</p> <p>Investment strategy focusing on quality assets and offering stable income.</p> <p>Multi-asset portfolio subject to different valuation trends able to offset one another.</p> <p>Main asset representing only 2.7% of the portfolio (see page 34).</p>
Negative change in the fair value of property assets on the company's ability to distribute a dividend	Total or partial incapacity to pay a dividend if the cumulative changes in fair value exceed the distributable reserves.	<p>The company has substantial distributable reserves, amounting to 168.4 million EUR.</p> <p>These reserves allowed the Company to distribute a dividend for the financial year 2014, even though the net income Group share was negative.</p> <p>In the past, the Group carried out certain transactions to allow it to distribute its dividend: distribution of dividends by the subsidiary to the parent company and restatement of non-distributable reserves, corresponding to capital gains realised through mergers with the parent company, as distributable reserves<sup>1</sup>.</p>

<sup>1</sup> As a reminder, the transfer of 214,087,000 EUR approved by the Extraordinary General Shareholders' Meeting of 29.03.2011 has, on the one hand, increased the distributable amount by an equivalent amount and made the total amount of the company reserves and the result carried forward of Cofinimmo SA/NV positive, and, on the other hand, reduced the combined share capital and share premium account.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATING FACTORS AND MEASURES
Rental vacancy (non occupation) of properties	<ol style="list-style-type: none"> <li>Loss of rental income.</li> <li>Downwards revision of rents and granting of rent-free periods/incentives.</li> <li>Increase in marketing costs to attract new tenants, with an impact on the results.</li> <li>Fall in value of the properties.</li> </ol> <p>At 31.12.2015, a 1% value change would have had an impact of around 31.34 million EUR on the net result and around 1.57 EUR on the intrinsic value per share (compared with 31.99 million EUR and 1.78 EUR at 31.12.2014).</p> <p>It would also have had an impact on the debt ratio of around 0.35% (compared with 0.44% at 31.12.2014).</p>	<p>(Pro)active marketing and property management by in-house letting and Property Management teams. (1, 3)</p> <p>Long average duration of leases (10.5 years) with maximum 15% expiring during a single year. (1, 2, 4)</p> <p>Preference given to long leases: the office properties are, when possible, let for a medium and even a long term; the healthcare properties for a very long term (initial terms of 27 years in Belgium, 12 years in France, 15 years in the Netherlands and 25 years in Germany); the pubs for an initial term of minimum 23 years, and the financial services agencies for an initial term of 9.7 years; the occupancy rate of the office portfolio stands at 89.7%; that of the healthcare properties at 99.2%, and that of the property of distribution networks at 98.0%. (1, 2, 4)</p> <p>At 31.12.2015, the overall occupancy rate<sup>1</sup> stood at 94.9%, compared with 95.2% in 2014, i.e. a decrease of 0.3%</p> <p>At 31.12.2015, the cost of holding inoccupied properties amounted at 3.45 million EUR.</p>
Maintenance costs	Fall in the results.	Almost all the healthcare property leases are triple net contracts. For the pubs/restaurants and agencies, the maintenance obligations are limited. The offices are subject to a periodic maintenance policy.
Wear and tear and deterioration of properties	Architectural, technical or environmental obsolescence, resulting in reduced commercial appeal of properties.	<p>Long-term policy of systematic replacement of equipment.</p> <p>Regular renovation of properties to preserve their appeal.</p> <p>Sale of properties if the price offered exceeds the estimated net value of the anticipated renovation costs.</p>
Destruction of buildings	Interrupted activity, resulting in loss of tenant and reduced rental income.	<p>Portfolio insured for a total reconstruction value of 1.64 billion EUR<sup>2</sup> (i.e. vs. a fair value, including land, of 1.41 billion EUR for the same properties).</p> <p>Cover against vacancies caused by disasters.</p> <p>Civil liability insurance as owner or project supervisor.</p>

<sup>1</sup> The occupancy rate is calculated based on the contractual rents and the potential rents on unlet spaces.

<sup>2</sup> These insurances cover 44.9% of the portfolio (100% if the insurances taken by the occupants are taken into account). This amount does not include insurances contracted during works, nor those for which the occupants are contractually responsible (i.e. for healthcare real estate in Belgium, in France and in the Netherlands, for the property of distribution networks, and for some office buildings). The corresponding insurance premium stands at 669,007 EUR.



## CLIENTS

The Group actively manages its client base in order to minimise vacancies and the rotation of office tenants.

It is in no way involved in the operational management of the health-care assets, pubs/restaurants and insurance agencies.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATING FACTORS AND MEASURES
Reduced solvency/ bankruptcy of clients	<ol style="list-style-type: none"> <li>1. Loss of rental income.</li> <li>2. Unexpected rental vacancy.</li> <li>3. Marketing costs incurred for re-letting.</li> <li>4. Re-letting at a lower price/granting of rent-free periods and other incentives (offices).</li> </ol>	<p>Main tenants: Korian-Medica Group 16.1%, AB InBev 14.2%, Armonea 11.1%, Buildings Agency (Belgian Federal State) 6.0%. The two main office clients belong to the public sector. (2)</p> <p>Before accepting a new client, a credit risk analysis is requested from an outside rating agency. (2)</p> <p>Advance/bank guarantee corresponding to six months' rent generally required from non-public-sector tenants. (1)</p> <p>Rents are payable in advance (monthly/quarterly/annually) + quarterly provision to cover property charges and taxes which are incurred by the Group but can contractually be invoiced to the tenants. (1)</p> <p>The solvency risks for an individual nursing home are pooled at the level of the operating group. (2, 3)</p> <p>Under the terms of the operating licences issued to healthcare operators in Belgium, France and the Netherlands, a large portion of their income is received directly from the social security bodies. (1, 2, 3)</p>
Predominance of the largest tenants	Negative impact on rental income in the event of departure.	Diversified client base. Cofinimmo has 389 clients in total, with the largest client representing 16.1%. The public sector represents 9.6%. Several tenant operators in healthcare real estate.
Non-renewal or early termination of leases	<ol style="list-style-type: none"> <li>1. Rental vacancy.</li> <li>2. Higher marketing costs resulting from vacancy.</li> <li>3. Negative rent reversion.</li> <li>4. Granting of rent-free periods and other incentives.</li> </ol>	<p>(Pro)active marketing and property management. (1, 2, 3)</p> <p>Ongoing contact between in-house letting team and real estate agencies. (1)</p> <p>All the leases provide for a compensation in the event of an early departure. (2)</p> <p>Rent-free periods/incentives, in line with market conditions and not endangering the Group's solvency, may be granted in certain cases in the office segment. They are calculated based on the lease length, the state of the building and its location.</p>

## LEGISLATION

Cofinimmo benefits from a favourable tax regime (RREC in Belgium, SIIC in France, FBI in the Netherlands) which exempts it from corporate tax in return for an obligation to distribute 80%<sup>1</sup> (Belgium), 95% (France)<sup>2</sup> or 100% (Netherlands) of its profits (see pages 219 and 221).

Apart from the obligations relating to company law, the company is also required to comply with the legislation on listed companies. It is also subject to the specific town-planning and environmental protection legislation.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATING FACTORS AND MEASURES
Non-compliance with RREC regime	<ol style="list-style-type: none"> <li>1. Loss of approval as RREC and the associated fiscal transparency regime (exemption from income tax at RREC level/ taxation at shareholder level).</li> <li>2. Compulsory early repayment of certain loans.</li> </ol>	Professionalism of the teams ensuring rigorous compliance with the obligations.
Non-compliance with SIIC or FBI regime	Loss of the fiscal transparency regime.	Professionalism of the teams ensuring rigorous compliance with obligations.
Unfavourable changes to the RREC, SIIC or FBI regimes	Fall in the results or the net asset value.	Regular contact with public authorities. Participation in organisations and federations representing the sector.
Changes to town-planning or environmental legislation	<ol style="list-style-type: none"> <li>1. Reduction in the fair value of the property.</li> <li>2. Increase in the costs to be incurred to be able to operate a property.</li> <li>3. Unfavourable effect on the capacity of the Group to operate a property.</li> </ol>	Active energy performance and environmental policy for the offices, anticipating the legislation as far as possible.
Changes to the social security system for healthcare real estate: reduction in social security subsidies to the operators not offset by an increase in the prices paid by residents or by the intervention of private insurers. In Belgium, since 01.07.2014, transfer of responsibilities in terms of healthcare and care of elderly people from the Federal level to the Communities' level.	Impact on the solvency of healthcare real estate operators.	<p>Annual solvency analysis of the operators on the basis of regular financial reporting.</p> <p>Monitoring of the regulatory trends.</p>

<sup>1</sup> RRECs communicate a dividend policy corresponding to an amount per share. This amount per share can be higher than or equal to 80% of the net income as required by the Royal Decree of 13.07.2014.

<sup>2</sup> Obligation to distribute 95% of its profits arising from the letting of property assets as from 2014.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATING FACTORS AND MEASURES
Legal proceedings and arbitration against the company	Negative impact on the result of the period and possibly on the company's image and share price.	Control of all in-house factors that could negatively influence the poor execution of a contractual obligation. Professionalism of the teams ensuring rigorous compliance with the obligations.
Hidden liabilities resulting from mergers, demergers and contributions	Negative impact on the net asset value, fall in results.	Due diligence: appropriate technical, administrative, legal, accounting and tax audits when acquiring property companies and assets. Declarations and guarantees required from sellers.
The exit tax is calculated by taking into account the provisions of the circular CI.RH.423/567.729 dated 23.12.2004, which interpretation or practical application may be modified at any time. The "real value" of a property as defined in that circular is calculated after deduction of registration duties or VAT; this "real value" differs from (and can therefore be lower than) the property's fair value as stated in the IFRS balance sheet of the RREC.	Increase of the basis on which the exit tax is calculated.	The Group considers that it complies in all respects with the provisions of the circular concerning the calculation of the exit taxes for which it is liable.
Interests on loans/rental income received in excess of the threshold fixed by the RREC legislation	Non-compliance with legislation.	Updating of a five-year financial plan.

# FINANCIAL MANAGEMENT<sup>1</sup>

Cofinimmo's financial policy aims to optimise the financing cost and to limit the Group's liquidity risk and counterparty risk.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATING FACTORS AND MEASURES
Financial and banking markets unfavourable to real estate and/or to Cofinimmo	<ol style="list-style-type: none"> <li>1. Access to credit impeded and more costly.</li> <li>2. Reduced liquidity.</li> </ol>	<p>Rigorous financial policy (1, 2):</p> <ul style="list-style-type: none"> <li>• diversification of financing sources between the banking market (19%) and various segments of the capital market (81%);</li> <li>• stable, well-spread banking pool;</li> <li>• well-balanced maturity spreads over time. Full cover of the treasury bills programme. (1)</li> </ul> <p>Sufficient volume of undrawn portions of confirmed credit lines to cover medium-term operational/acquisition/construction expenditure and short-term refinancing. (1, 2)</p>
Insolvency of financial or banking counterparties	Negative impact on the results.	Diversified and limited number of banking counterparties with good financial ratings.
Changes in (future) market interest rates	<ol style="list-style-type: none"> <li>1. Revaluation of financial instruments<sup>2</sup>.</li> <li>2. Negative impact on financial charges.</li> <li>3. Negative impact on the net asset value and on the result of the period.</li> <li>4. Downward adjustment of the Group's rating with negative impact on cost of financing and on liquidity (see "Change of the Group's public rating").</li> <li>5. Negative impact under IAS 39 and on the result of the period. In 2015, Cofinimmo cancelled FLOOR options until the end of 2017, with a 3% strike for a notional amount of 400 million EUR. The total cost of the restructuring stood at 32.1 million EUR and will be borne extending over 2015, 2016 and 2017, under IAS 39.</li> </ol>	<p>Part of the debt is contracted at floating rate or immediate conversion from fixed to floating rate.</p> <p>Interest rates locked in over a minimum of three years and for at least 50% of the debt.</p> <p>Use of derivative instruments until end 2015 (Interest Rate Swaps and CAP and FLOOR options) to lock the interest rate into a corridor between a minimum and a maximum rate. (1, 2, 3)</p> <p>In 2016, assuming the structure and the level of debt remain identical to those at 31.12.2015, and taking into account the hedging instruments put in place for 2016, a 0.5% increase or decrease in interest rates would not have a significant impact on the cost of financing.</p> <p>At 31.12.2015, 53.8% of the debt is financed at fixed rate while 46.2% is financed at floating rate.</p> <p>In the absence of any hedging, an interest rate increase of ten base points would increase charges by 0.56 million EUR.</p> <p>Over 80% of the floating debt is hedged using derivatives until mid 2020.</p> <p>Immediate outlay which will be compensated by lesser financial charges during the coming years.</p> <p>In the future, Cofinimmo will continue its cautious hedging policy. In 2015, Cofinimmo fixed new hedges in the form of IRS for the period 2020-2022:</p> <ul style="list-style-type: none"> <li>- IRS, covering the year 2020, for a notional amount of 350 million EUR with a strike rate of 0.85%;</li> <li>- IRS, covering the year 2021, for a notional amount of 150 million EUR with a strike rate of 1%;</li> <li>- IRS, covering the year 2022, for a notional amount of 150 million EUR with a strike rate of 1.31%.</li> </ul>
Increase in credit margins	Increase in financial charges	Diversification of sources of borrowing designed to optimise average credit margins and capital raised over the medium and the long term at fixed margins.

<sup>1</sup> See also the "Management of Financial Resources" chapter of this Annual Financial Report.

<sup>2</sup> Interest rate derivatives being measured at market value.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATING FACTORS AND MEASURES
Non-renewal or termination of financing contracts	Negative impact on liquidity.	Ten renowned banks. Different sources of financing: bank debt, issue of convertible and non-convertible bonds, etc. Refinancing carried out at least 12 months in advance in order to optimise conditions and liquidity.
Change in the fair value of hedging instruments	Positive or negative effect on shareholder's equity and intrinsic value per share.  If Cofinimmo had closed its positions at 31.12.2015, the settlement amount would have stood at zero (vs. -125.16 million EUR at 31.12.2014) given that all CAPs and FLOORs are cancelled in 2015.  At 31.12.2015, the variation of rates has not affected the capital, given that all CAPs and FLOORs are cancelled in 2015.	Cofinimmo uses hedging for its entire portfolio, not for specific credit lines.
Deflation risk	Negative impact on rental income.	The leases usually provide that the new rent may not be lower than either the previous rent or the rent of the first year of the lease.  Indexation of a minority of technical charges may be higher than that applied to rents.
Risk of debt <sup>1</sup>	Cancellation/termination of loan agreements or early repayment.  Non-compliance with the RREC legislation and resulting penalties.	Prudent financial and debt policy and ongoing monitoring.  At 31.12.2015, Cofinimmo's legal debt stood at 39.62%, in compliance with the maximum ratio of 65% according to the RREC legislation. This ratio applies to borrowing agreements and credit lines (max. 60%).  Financial charges (excluding impact of IAS 39) amounted to -42.31 million EUR at 31.12.2015 (vs. -54.70 million EUR at 31.12.2014).
Exchange risk	Loss of value of the investments and cash flows.	All investments are denominated in Euros, as are income and expenditure.
Volatility in the share price	More difficult access to new capital.	Monitoring of any in-house factor which may have a negative impact on the market price.  Frequent communication with shareholders and publication of financial information forecasts.
Change in the Group's public rating	Cost of financing and liquidity.	Close relationship with rating agency which recommendations are taken into account regarding financial ratios to be reached for the various rating levels and regarding sources of financing, liquidity and interest rate hedging.  The company is also in contact with another rating agency, which rating is private.

<sup>1</sup> In accordance with Article 13 of the Royal Decree of 13.07.2014, where the debt ratio exceeds 50%, Cofinimmo must draw up a financial plan accompanied by an execution schedule, detailing the measures taken to prevent this debt ratio from exceeding 65% of the consolidated assets, see Note 24.

## MANAGEMENT FOR THIRD PARTIES AND CO-INVESTMENTS

In 2013, Cofinimmo Investissements et Services (CIS)<sup>1</sup> launched an asset management activity for third parties. It constitutes an ancillary activity within the Group.

In addition, Cofinimmo also joins forces with third parties on some of its investments. It materialises in the form of a share, on their behalf, in

the capital of subsidiary companies or other types of economic interests, such as the issue by these subsidiaries of mandatory convertible bonds.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATING FACTORS AND MEASURES
Conflict of interest with Cofinimmo's investment activities	Cofinimmo passes up an opportunity to invest in certain assets itself.	The investments concerned are different from those of Cofinimmo. Cofinimmo does not want to or cannot purchase these assets, either because it feels that it already holds sufficient similar assets or because it does not have the necessary financial means to acquire them. In the case of co-investments (MAAF insurance agencies, for example), sharing the risk may also be a desirable option.
Reclassification of the Asset Management business as a non-ancillary activity in the event where the share of profits earned exceeds 10% of the profits of Cofinimmo Investissements et Services (CIS)	<ol style="list-style-type: none"> <li>If this limit is exceeded, the regulatory authorities may impose a penalty/fine and demand the reduction/sale of the business.</li> <li>Loss of the RREC status.</li> </ol>	The Asset Management activities will be deliberately restricted so as not to reach this limit.
Liability proceedings in relation to losses incurred on the portfolio managed for third parties	Deterioration of the business relationship with the investor who may accuse Cofinimmo of not having sufficiently analysed the investment products offered. Potential payment of damages.	Cofinimmo Investissements et Services (CIS) only does business with institutional investors which are aware of the risks related to the investment products offered. The investment policy is clearly defined with and approved by the investor. This policy is part of a contract between Cofinimmo Investissements et Services (CIS) and the client. The client's decision to invest is based on the products offered by Cofinimmo Investissements et Services (CIS), which criteria are defined in the contract.

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

<sup>1</sup> Formerly Cofinimmo France.

Offices building Cockx 8-10 (Omega Court)  
Brussels (BE)

Office building The Gradient  
(formerly Tervuren 270-272) – Brussels (BE)

11



"THE DESSEMINATION OF COMPLETE AND  
RELEVANT INFORMATION AIMS TO ENABLE  
SHAREHOLDERS TO ANTICIPATE THE EVOLUTION  
OF COFINIMMO'S FUTURE RESULTS."

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# MESSAGE FROM THE CHIEF EXECUTIVE OFFICER AND THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear Shareholders,

**During 2015, Cofinimmo took advantage of a favourable economic environment by making use of the equity markets.**

Throughout 2015, Cofinimmo significantly strengthened its financial structure. This reinforcement has been materialised through a private bond placement of 190 million EUR in the first quarter and the renewal of nearly 750 million EUR in credit lines. The company thus significantly improved its financing cost and the average duration of its long-term financial commitments. During the second quarter, Cofinimmo looked to the equity markets again by launching a capital increase with preferential subscription rights for a total of 285.4 million EUR. In connection with this increase, Cofinimmo issued 3,004,318 new shares at a subscription price of 95 EUR. The transaction was successfully completed given that 84.3% of the new shares were subscribed by our shareholders. The balance was issued as part of an accelerated private placement for institutional investors. At the end of this transaction, Cofinimmo's market capitalisation was more than 2 billion EUR.

**What was the purpose of this capital increase?**

The purpose of the capital increase, closed in May 2015, was to fund the investment programme for 2015-2017 and to strengthen the Group's balance sheet structure in order to pursue our growth within the context of the Group's strategic priorities. We now have an investment capacity of more than 400 million EUR to be deployed over the next few years.

Following this financial transaction, our forecasts of a net current result of 6.85 EUR per share for the full 2015 financial year, published in the annual results on 06.02.2015 and in the 2014 Annual Financial Report, were revised downwards to 6.26 EUR per share because of the increase in the number of shares outstanding. Cofinimmo ultimately ended financial year 2015 with a net current result of 6.46 EUR per share.

**In 2015, the company continued to implement its strategic objectives.**

Cofinimmo continued to increase its healthcare real estate activities in Germany and the Netherlands through acquisitions and commitments in the two countries for a total of 108 million EUR. In the Netherlands, we particularly acquired three medical centres located in Almere,

Voorschoten and Arnhem-Zuid as well as a rehabilitation clinic in Heerlen, which will be completely renovated, with a total capacity of 127 beds and an area of 14,700 m<sup>2</sup>. In Germany, we acquired two luxury sport and well-being centres of 7,800 m<sup>2</sup> and 10,000 m<sup>2</sup> respectively. One is located in a prestigious residential area of Hamburg, and the other is located on the edge of a lake in Hanover.

In 2015, we also continued the rotation policy in our healthcare portfolio by selling the 95% interest in Silverstone, owner of 20 nursing and care homes in Belgium, for 92.6 million EUR.

This year, we also extended the proactive management of our office space portfolio with the completion of the conversion of two office buildings into apartments, the signing of an agreement for the conversion of a third building into a nursing home, and the management of a number of office building renovation projects.

**The redevelopment of the entire Livingstone site in Brussels is completely finalised.**

In November 2015, Cofinimmo sold all the shares of Livingstone II, owner of the Livingstone II building, located in the heart of the European District of Brussels. The shares were sold for 60 million EUR, valuing the building at 63.9 million EUR. The gross yield for this transaction is 4.28% and illustrates the appetite of institutional investors for this type of product in the Brussels office market.

We thus successfully finalised the repositioning of the entire Livingstone site, acquired in 2002. After resiliation of the lease by Belfius Insurance, which took effect on 30.09.2013, we optimised the use and environmental integration of the building by making it a mixed-use property. The use of the Livingstone II building as offices was maintained, and the building, offering an above-ground surface area of 16,000 m<sup>2</sup> over six floors, was completely renovated. In May 2014, the building was fully let to the European Commission for 15 years for its new training centre. The other part of the site, the Livingstone I building, was converted into 122 apartments, all sold.

This transaction is perfectly in line with our strategy in the office segment, which consists in asset rotation and redeveloping our buildings in order to better meet the needs of the districts in terms of development of the territory.





**Jean-Edouard Carboneille**  
Managing Director

**André Bergen**  
Chairman of the Board of Directors

## "IN 2015, THANKS TO THE CONFIDENCE OF OUR SHAREHOLDERS, WE RAISED 285 MILLION EUR IN CAPITAL TO CONTINUE OUR GROWTH."

### **What are Cofinimmo's ambitions in healthcare real estate in Germany and the Netherlands?**

Our strategy in the healthcare real estate segment is to diversify our portfolio by country, by operator and by care specialty. At the geographical level, we first made our investments in Belgium and France, followed in 2012 and 2014 by the Netherlands and Germany. We believe that these last two countries offer the most attractive possibilities for growth in healthcare real estate. In Belgium and France, the markets are mature and characterised by consolidation among operators and declining rental yields. Conversely, in the Netherlands and in Germany, there is currently a greater fragmentation of the market and better yields.

In addition, the demographic evolution and budget constraints of countries are leading to new trends in this sector. In the Netherlands, the segment of "Zelfbestandige BehandelCentra", or private clinics specialising in uncomplicated medical disciplines, is booming. Today, Cofinimmo is the leading investor in healthcare real estate in the Netherlands with a portfolio of more than 100 million EUR.

### **With regard to the dividend for FY 2016 (payable in June 2017), Cofinimmo announces a target of 5.50 EUR gross per ordinary share.**

We propose to our shareholders a gross dividend of 5.50 EUR for FY 2015, i.e. 6.2% of the net asset value of the Cofinimmo share at 31.12.2015 and 5.5% of the average share price over the year. The company's capital increase resulted in the early detachment of the coupon

relating to the 2015 prorated dividend (from 01.01.2015 to 11.05.2015) of 1.96 EUR, which will be payable simultaneously with the payment of the remaining dividend amount for 2015.

For FY 2016 (dividend payable in 2017), our objective is to have a net current result per share of 6.19 EUR and a gross dividend per ordinary share of 5.50 EUR, i.e. a pay-out ratio of 88.9%<sup>1</sup>, barring any unforeseen events that may arise throughout the year.

### **What are the challenges for Cofinimmo in 2016?**

The first challenge for the company is to roll out the funds collected as part of the capital increase.

Cofinimmo committed 250 million EUR in investments for the 2016-2018 period, dedicated to our office building renovation programme and investment in healthcare assets, all pre-let. In addition to this ambitious programme, additional amounts will be devoted to new investments, mainly in healthcare real estate in Germany and the Netherlands. Our goal is to increase our healthcare real estate portfolio from 42% to 47% by 2017. In healthcare, we favour modern, durable buildings, comfortable for the people who live and work there.

The same strategy applies to offices. The use of office spaces is changing around the world with fewer square metres used per person, the increase in working at home and "hot-desking" (flexible offices). The solution is to construct high-quality buildings with flexible interior fixtures for tenants and excellent energy performance.

<sup>1</sup> Vs. 85.1% at 31.12.2015.

# MANAGEMENT REPORT

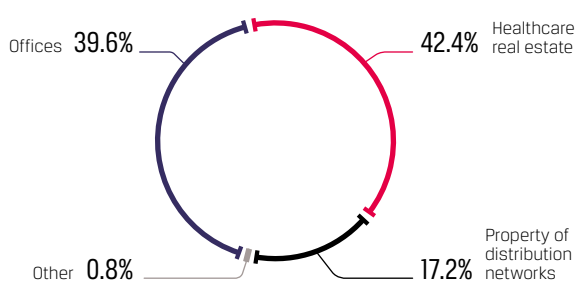
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# HEALTHCARE REAL ESTATE REPRESENTS 42% AND OFFICES 40% OF THE TOTAL PORTFOLIO

## GROWTH OF GROSS RENTAL INCOME

## RESIDUAL LEASE LENGTH

Breakdown by purpose in fair value<sup>1</sup> (in %)

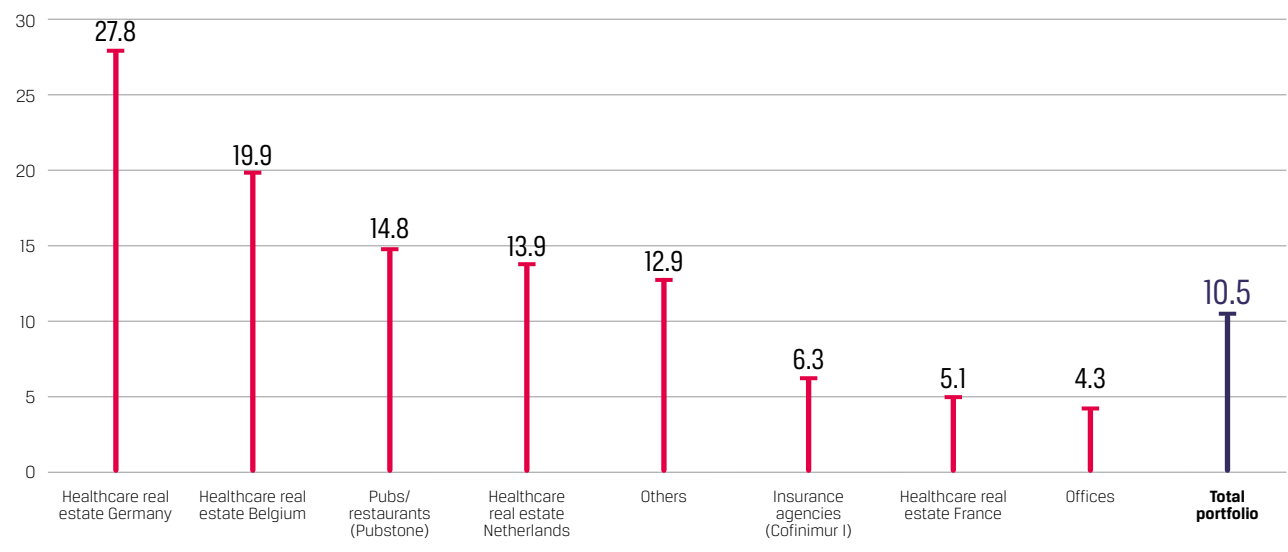


# 3,134.4

MILLION EUR

Portfolio of investment properties (in fair value)

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



<sup>1</sup> For Cofinimmo SA/NV, the breakdown is: Offices 59.0%, Healthcare real estate 39.7%, and Other 1.3%.

# KEY FIGURES

## Global information

(x 1,000,000 EUR)	31.12.2015	31.12.2014
Portfolio of investment properties (in fair value)	3,134.4	3,199.2
<b>(x 1,000 EUR)</b>		
Property result	207,534	208,074
Operating result before result on the portfolio	174,341	177,742
Financial result (excluding IAS 39 impact)	-37,235	-51,432
IAS 39 impact	-30,403	-136,143
Net current result - Group share	97,706	-15,655
Result on the portfolio - Group share	6,261	-37,016
Net result - Group share	103,967	-52,671
<b>31.12.2015</b>		
Operating costs/average value of the portfolio under management <sup>1</sup>	0.93%	0.85%
Operating margin	84.0%	85.4%
Weighted residual lease term <sup>2</sup> (in years)	10.5	11.0
Occupancy rate <sup>3</sup>	94.9%	95.2%
Gross rental yield at 100% occupancy	6.9%	6.9%
Net rental yield at 100% occupancy	6.4%	6.5%
Debt ratio <sup>4</sup>	38.6%	48.1%
Cost of debt <sup>5</sup>	2.9%	3.4%
Average debt maturity (in years)	5.3	3.4

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

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

<sup>3</sup> Calculated according to the actual rents and, for unoccupied buildings, the rental value estimated by the independent real estate experts.

<sup>4</sup> Legal ratio calculated in accordance with the legislation regarding RREC as financial and other debts divided by total assets.

<sup>5</sup> Including bank margins.

## Figures per share<sup>1</sup> (in EUR)

	31.12.2015	31.12.2014
<b>Results per share</b>		
Net current result – Group share – excluding IAS 39 impact	6.46	6.70
IAS 39 impact	-1.55	-7.57
Net current result – Group share	4.91	-0.87
Result on the portfolio	0.32	-2.06
Net result – Group share	5.23	-2.93
<b>Net Asset Value per share</b>		
Revalued Net Asset Value in fair value <sup>2</sup> after distribution of the dividend for financial year 2014	88.66	80.24
Revalued Net Asset Value in investment value <sup>3</sup> after distribution of the dividend for financial year 2014	92.24	84.52
<b>Net Asset Value per share<sup>4</sup></b>		
Diluted revalued Net Asset Value in fair value <sup>2</sup> after distribution of dividend for financial year 2014	88.49 <sup>4</sup>	80.05 <sup>4</sup>
Diluted revalued Net Asset Value in investment value <sup>3</sup> after distribution of dividend for financial year 2014	92.06 <sup>4</sup>	84.33 <sup>4</sup>

## EPRA performance indicators<sup>5</sup>

(in EUR per share)	31.12.2015	31.12.2014
EPRA Net recurring result	6.46 <sup>6</sup>	6.70 <sup>6</sup>
EPRA Net Asset Value (NAV) <sup>7</sup>	93.34 <sup>8</sup>	93.59 <sup>8</sup>
EPRA Adjusted Net Asset Value (NNNAV) <sup>7</sup>	90.93 <sup>8</sup>	88.66 <sup>8</sup>
(in %)	31.12.2015	31.12.2014
EPRA Net Initial Yield (NIY)	6.0%	6.1%
EPRA "Topped-up" NIY	5.9%	6.0%
EPRA Vacancy rate	5.2%	4.9%
EPRA Cost ratio (direct vacancy costs included)	20.1%	18.5%
EPRA Cost ratio (direct vacancy costs excluded)	17.7%	15.9%

<sup>1</sup> Ordinary and preference shares.

<sup>2</sup> Fair value: after deduction of transaction costs (mainly transfer taxes) from the value of investment properties.

<sup>3</sup> Investment value: before deduction of transaction costs.

<sup>4</sup> In accordance with applicable IFRS/IAS rules, the bonds redeemable in shares issued in 2011, and the convertible bonds issued in 2011 and 2013 are not taken into account in the calculation of the diluted revaluated net book value per share at 31.12.2015 and at 31.12.2014, as they would have an earnings-enhancing effect. However, the stock options have been taken into account in the calculation at 31.12.2015 and at 31.12.2014, as they had a dilutive effect.

<sup>5</sup> These data are not compulsory according to the RREC regulation and are not subject to verification by public authorities. The auditor verified whether the "EPRA Earnings", "EPRA NAV" and "EPRA NNNAV" ratios are calculated according to the definitions included in the "EPRA Best Practices Recommendations" and if the financial data used in the calculation of these ratios comply with the accounting data included in the audited consolidated financial statements. EPRA NAV calculations take into account the fair value of finance lease receivables; the 2014 EPRA NAV ratios were modified as a result of this new calculation method.

<sup>6</sup> EPRA diluted Result per share amounts to 6.46 EUR in 2015 and to 6.70 EUR in 2014. Indeed, in accordance with the "EPRA Best Practices Recommendations", the bonds redeemable in shares issued in 2011 and the convertible bonds issued in 2011 and 2013 being out-of-the-money at 31.12.2015 and at 31.12.2014, are not taken into account in the calculation of the EPRA diluted Result of 2015 and 2014.

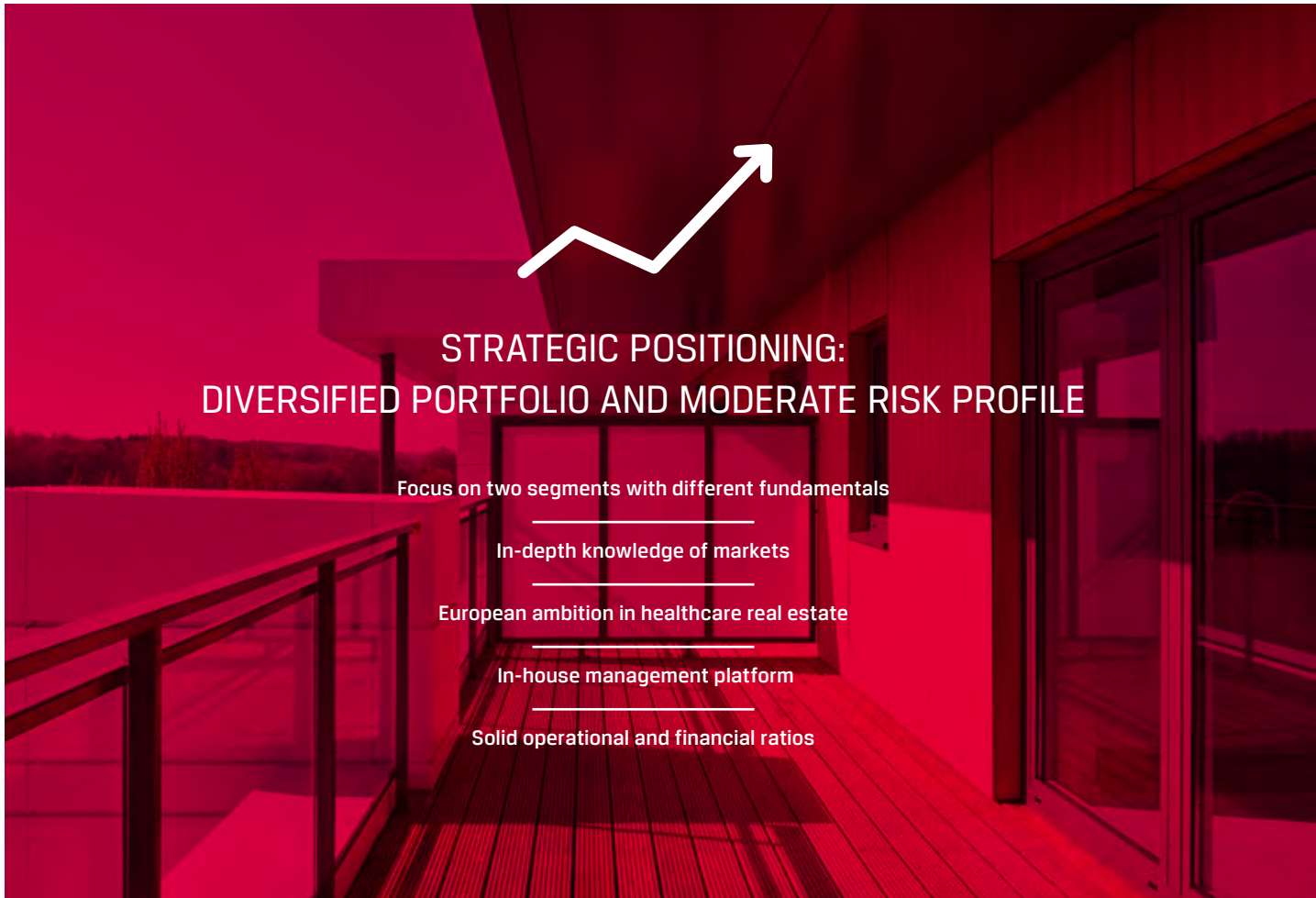
<sup>8</sup> In accordance with the "EPRA Best Practices Recommendations", the bonds redeemable in shares issued in 2011 and the convertible bonds issued in 2011 and 2013 being out-of-the-money at 31.12.2015 and at 31.12.2014, are not taken into account in the calculation of the EPRA VAN and VANNN at these dates.

<sup>7</sup> The calculation of the EPRA NAV and EPRA NNNAV was revised at the end of 2015 to take account of finance lease receivables, in accordance with the "EPRA Best Practices Recommendations". The EPRA NAV and EPRA NNNAV at 31.12.2014 were recalculated to take this item into account.

# STRATEGY

Cofinimmo meets the specific needs of its clients in each of the sectors in which the company operates. Particular attention is paid to sound risk control, whether it involves market risk or financial risks. Using this strategy, Cofinimmo intends to ensure a quality investment and an attractive, steady return for its shareholders.

COFINIMMO'S STRATEGIC PRIORITIES ARE THE CREATION OF LONG-TERM RENTAL INCOME, A SOUND RELATIONSHIP OF TRUST WITH ITS CLIENTS AND A SUSTAINABLE MANAGEMENT OF ITS PORTFOLIO.





## REAL ESTATE ASSET MANAGEMENT: DEMAND FOR SPECIFIC BUILDINGS

Flexible, adjustable offices

---

Mixed-use buildings

---

Modern healthcare establishments



## SUSTAINABLE DEVELOPMENT

Anticipate the needs of future generations

---

Integrate the impact of public health policies

---

Effectively meet environmental and social challenges

---

Maintain an ongoing dialogue with stakeholders

## REAL ESTATE STRATEGY<sup>1</sup>

### Investment criteria

#### Moderate risk profile

Investment decisions are based on rigorous valuation models that use precise financial criteria. The decision to purchase buildings with an investment value within the portfolio average and for which there is no specific financing, is made based on the following criterion:

[Long-term cash flow + Residual value] }  
 based on the weighted average current value of the cost of [capital + debt] }  
 Compared with the purchase price, costs included

Other than when Cofinimmo is not the owner in perpetuity of the property and when the plan is to transfer the property free of charge or at a fixed value to a third party at the expiry of the lease (as, for example, in the majority of Public-Private Partnerships), a conservative estimate is used for the residual value.

For large-scale operations (unit amount greater than 7% of the portfolio value) or those associated with a special financing arrangement, the company also examines the combination of the average accretions over five years of the following items:

- net current result per share;
- revalued net assets per share.

#### Differentiation

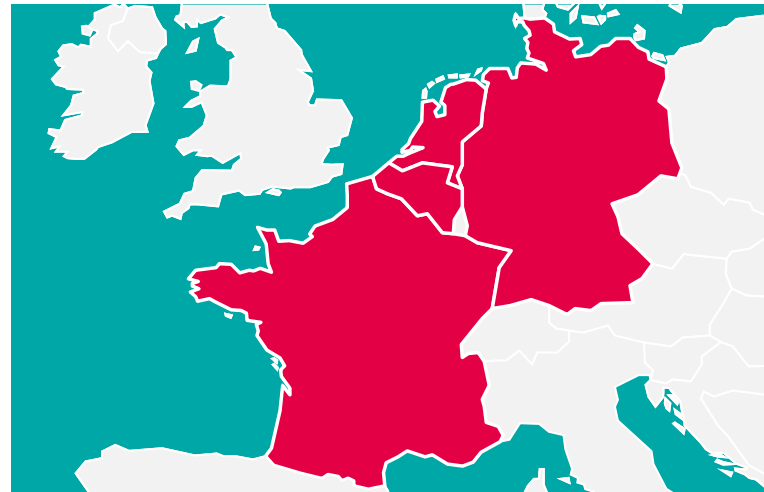
The Group's differentiation strategy allows investors to access portfolios of specific and non-traditional assets, which may not be replicated individually. As such, thanks to the diversification of its portfolio, Cofinimmo offers not only assets in healthcare real estate in four European countries, but also "sale & lease back" transactions and specific assets intended exclusively for public authorities.

#### Architectural and environmental quality

In addition to the routine due diligence inspections, each building under consideration is allocated a score based on various factors:

- intrinsic qualities (for office buildings, this may mean the size and divisibility of the floors, the parking ratio, the ceiling heights, the natural light, etc.; for buildings serving healthcare establishments: the depth of the floors and the vertical circulations, which affect the subsequent conversion into residential);
- the energy performance;
- the location (vehicle access, public transportation, submarket rental activity, level of local taxes, etc.);
- the environment (nearby shops, hotels, nice view, etc.).

"EACH BUILDING IS ALLOCATED A SCORE BASED ON ITS INTRINSIC QUALITIES, ITS ENERGY PERFORMANCE AND ITS ENVIRONMENT."



#### Geographical presence

Operating exclusively in Belgium until 2006, Cofinimmo went on to obtain footholds in the Netherlands in 2007 (part of the Pubstone portfolio) and in France in 2008 (healthcare real estate), in both cases through long-term partnerships with tenant operators. In 2011 and 2012, through the acquisition of the portfolio of MAAF insurance agencies and acute care clinics, the Group strengthened its presence in France and the Netherlands.

Since 2014, the Group has been present in Germany in the healthcare real estate segment.

The group's strategy favours an expansion into Belgium's neighbouring countries with a rate of establishment enabling it to acquire sound knowledge of the foreign property markets it has targeted.

<sup>1</sup> This year's investment strategy also applies to future years.



## Property and operational management

The management of all of Cofinimmo's buildings is almost entirely in-house in order to ensure a lasting relationship with clients. Asset and Property Management of the insurance agencies let to the Covéa Group in France (3.6% of rent received) are subcontracted to the property company ATLAND REIM. In Germany, Property Management has been entrusted to the company Treureal.

Across all of the investment segments, the strategy is implemented thanks to the expertise of the Project and Property Management teams, which work exclusively for the tenant clients.

Thanks to its rigorous management, Cofinimmo has been granted the ISO 14001:2004<sup>1</sup> certification for the global self-managed office portfolio.

The company also has in-house commercial, legal, accounting, financial, human resources and communication teams. All these activities are based on an SAP-integrated IT system and a quality control and internal audit division.

## Responsible and sustainable development portfolio

Cofinimmo makes sure to incorporate societal and environmental aspects into its overall strategy. Beyond its mere legal obligations, Cofinimmo endeavours to adopt a proactive approach to improve its physical environment, particularly by reducing its carbon footprint and favouring social and responsible projects. This approach is concretely reflected in its relations with its clients, suppliers or partners.

In particular, Cofinimmo has set up a "Sustainability Committee" with the role of proposing specific measures for improving the company's environmental performance.

In 2014, in order to improve its understanding of its stakeholders' interests, Cofinimmo began a proactive dialogue with them, leading to the creation of a materiality matrix. The objective was to identify the most significant Corporate Social Responsibility (CSR) issues.

For more information, see the "Sustainable development" chapter in this Annual Financial Report and the 2015 Sustainability Report, available at [www.cofinimmo.com](http://www.cofinimmo.com) from 08.04.2016.

## FINANCIAL STRATEGY

### Financial result

The growth of the Group's profitability and the stable, proactive relationship that it maintains with clients contribute to its financial result, to the benefit of the stakeholders.

Maintaining a good occupancy rate, reducing the costs of having vacant premises and investing in quality projects all allow the Group to achieve reasonably foreseeable operational performances, which in turn serve to boost its operational cash flow. In addition, Cofinimmo guarantees close monitoring of its structural costs.

The economic depreciation on the buildings is not deducted in the calculation of the current results. It is included implicitly in the result on the portfolio since the independent real estate experts, taking into account the age of the buildings and the date of their next renovations, will incorporate their cost into their valuations. At a time when market rents are stagnating, this economic depreciation has a greater impact on the experts' valuations and, consequently, on Cofinimmo's result on the portfolio.

In accordance with the principles governing its status as a "Real Estate Investment Trust" and the RREC regime, Cofinimmo distributes most of its current results to its shareholders in the form of dividends. In this case, the company has no obligation to distribute a dividend for financial year 2015 (see the "Result Appropriation" chapter of this Annual Financial Report).

### Debt ratio

While its RREC status allows a debt ratio of up to 65% (debt to total assets), Cofinimmo's policy, although the banking agreement authorises it to have a rate of 60%, is to keep its debt ratio<sup>2</sup> far below 50% (see the "Management of Financial Resources" chapter of this Annual Financial Report). This choice was not made by chance: in particular, it takes into account the long remaining term of the leases in the portfolio and the high real estate returns from its buildings and is accompanied by prudent interest rate hedging measures.

"THE STRATEGY IS BASED ON A CONSISTENT FINANCIAL PROFILE, HIGH PREDICTABILITY OF CASH FLOWS AND A LOW EXPOSURE TO MARKET RISKS."

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

<sup>2</sup> Financial and other debts divided by total assets of the consolidated balance sheet.

# SUMMARY OF CONSOLIDATED ACCOUNTS

## Consolidated income statement – Analytical form

(x 1,000 EUR)	31.12.2015	31.12.2014
<b>A. NET CURRENT RESULT</b>		
Rental income, net of rental-related expenses	201,903	195,827
Writeback of lease payments sold and discounted (non-cash)	10,214	15,931
Taxes and charges on rented properties not recovered	-3,478	-2,756
Redecoration costs, net of tenant compensation for damages	-1,105	-928
<b>Property result</b>	<b>207,534</b>	<b>208,074</b>
Technical costs	-5,643	-3,802
Commercial costs	-950	-1,137
Taxes and charges on unlet properties	-3,451	-3,922
<b>Property result after direct property costs</b>	<b>197,490</b>	<b>199,213</b>
Property management costs	-15,343	-14,295
<b>Property operating result</b>	<b>182,147</b>	<b>184,918</b>
Corporate management costs	-7,806	-7,176
<b>Operating result (before result on portfolio)</b>	<b>174,341</b>	<b>177,742</b>
Financial income (IAS 39 excluded) <sup>1</sup>	5,735	5,577
Financial charges (IAS 39 excluded) <sup>2</sup>	-42,970	-57,009
Revaluation of derivative financial instruments (IAS 39)	-30,403	-136,143
Share in the result of associated companies and joint ventures	460	1,180
Taxes	-4,209	-2,493
<b>Net current result</b>	<b>102,954</b>	<b>-11,146</b>
Minority interests	-5,248	-4,509
<b>Net current result – Group share</b>	<b>97,706</b>	<b>-15,655</b>
<b>B. RESULT ON THE PORTFOLIO</b>		
Gains or losses on disposals of investment properties and other non-financial assets	22,425	-22,441
Changes in fair value of investment properties	-8,620	-5,455
Share in the result of associated companies and joint ventures		127
Other result on the portfolio	-8,310	-10,378
<b>Result on the portfolio</b>	<b>5,495</b>	<b>-38,147</b>
Minority interests	766	1,131
<b>Result on the portfolio – Group share</b>	<b>6,261</b>	<b>-37,016</b>
<b>C. NET RESULT</b>		
<b>Net result</b>	<b>108,449</b>	<b>-49,293</b>
Minority interests	-4,482	-3,378
<b>Net result – Group share</b>	<b>103,967</b>	<b>-52,671</b>

<sup>1</sup> IAS 39 included, at 31.12.2015 and 31.12.2014, financial income stood at 5,735 thousand EUR and 5,577 thousand EUR, respectively.

<sup>2</sup> IAS 39 included, at 31.12.2015 and 31.12.2014, financial expenses stood at -73,373 thousand EUR and -193,152 thousand EUR respectively.

NUMBER OF SHARES	31.12.2015	31.12.2014
Number of ordinary shares issued (including treasury shares)	20,344,378	17,339,423
Number of ordinary shares outstanding	20,294,264	17,285,009
<b>Number of ordinary shares used to calculate the earnings per share</b>	<b>19,202,531</b>	<b>17,285,009</b>
Number of preference shares issued	685,848	686,485
Number of preference shares outstanding	685,848	686,485
<b>Number of preference shares used to calculate the earnings per share</b>	<b>685,848</b>	<b>686,485</b>
Total number of shares issued (including treasury shares)	21,030,226	18,025,908
Total number of shares outstanding	20,980,112	17,971,494
<b>Total number of shares used to calculate the earnings per share</b>	<b>19,888,379<sup>1</sup></b>	<b>17,971,494</b>

## COMMENTS ON THE CONSOLIDATED INCOME STATEMENT – ANALYTICAL FORM

**Net rental income** amounts to 201.9 million EUR at 31.12.2015, up compared with 31.12.2014 (195.8 million EUR). This improvement is mainly the result of the acquisition of healthcare assets in the Netherlands and Germany. The item "Writeback of lease payments sold and discounted" decreased from 15.9 million EUR at 31.12.2014 to 10.2 million EUR at 31.12.2015, primarily as a result of the sale of the North Galaxy office building on 12.05.2014. The **property result** amounts to 207.5 million EUR at 31.12.2015, compared with 208.1 million EUR at 31.12.2014.

The increase of technical costs is mainly due to stricter technical regulations, to assets acquisition in the Netherlands and Germany, and to the rising demand for smaller office spaces.

Direct and indirect operating costs represent 0.93% of the average value of the assets under management at 31.12.2015, compared with 0.85% at 31.12.2014. The **operating result (before result on portfolio)** was 174.3 million EUR at 31.12.2015, compared with 177.7 million EUR one year earlier.

The **financial result (excluding IAS 39 impact)** amounts to -37.2 million EUR at 31.12.2015, compared with -51.4 million EUR at 31.12.2014. The average cost of debt decreases from 3.4% at 31.12.2014 to 2.9% at 31.12.2015, thanks to the cancellation of COLLARs and refinancing under advantageous conditions. The average debt level amounts to 1,459.0 million EUR at 31.12.2015, compared with 1,593.4 million EUR at 31.12.2014.

The item "**Revaluation of financial instruments**" stands at -30.4 million EUR at 31.12.2015, compared with -136.1 million EUR at 31.12.2014. It includes a charge related to restructuring interest rate hedging

instruments for -19.0 million EUR, the effect of revaluing hedging instruments that have not been restructured for -5.3 million EUR, as well as the effect of revaluing convertible bonds for -6.1 million EUR.

**Taxes** increased from -2.5 million EUR at 31.12.2014 to -4.2 million EUR at 31.12.2015. The 2014 figures were positively affected by the recovery of certain taxes (non-recurring item).

The **net current result – Group share** amounts to 97.7 million EUR at 31.12.2015, compared with -15.7 million EUR at 31.12.2014. Per share, these numbers were 4.91 EUR at 31.12.2015 and -0.87 EUR at 31.12.2014.

Within the result on the portfolio, **gains or losses on disposals of investment properties and other non-financial assets** amount to 22.4 million EUR at 31.12.2015, compared with -22.4 million EUR at 31.12.2014. The 2015 figures reflect the gains realised on the sales of the Group's holdings in Livingstone II and Silverstone. The 2014 figures had been negatively impacted by the accounting loss caused by the registration fees paid as part of the sale of the North Galaxy office building.

The **change in the fair value of investment properties** amounts to -8.6 million EUR at 31.12.2015, compared with -5.4 million EUR at 31.12.2014. The decrease in value of office buildings to be renovated in the near future is partially offset by the improved value of healthcare assets. On a like-for-like basis, the fair value of investment properties slightly decreased since 31.12.2014 (-0.3%).

The **net result – Group share** amounts to 104.0 million EUR at 31.12.2015, compared with -52.7 million EUR at 31.12.2014. Per share, these numbers were 5.23 EUR at 31.12.2015 and -2.93 EUR at 31.12.2014.

<sup>1</sup> Number of shares calculated on a pro rata basis to take account of the fact that the 3,004,318 new ordinary shares issued in May 2015 contribute to the result of financial year 2015 only from 12.05.2015.

## Consolidated balance sheet

(x 1,000 EUR)	31.12.2015	31.12.2014
<b>Non-current assets</b>	<b>3,325,414</b>	<b>3,410,050</b>
Goodwill	111,256	118,356
Intangible assets	565	659
Investment properties	3,131,483	3,195,773
Other tangible assets	364	411
Non-current financial assets	20	10,933
Finance lease receivables	75,652	78,018
Trade receivables and other non-current assets	41	38
Participations in associated companies and joint ventures	6,033	5,862
<b>Current assets</b>	<b>87,066</b>	<b>88,962</b>
Assets held for sale	2,870	3,410
Current financial assets	14	498
Finance lease receivables	1,656	1,618
Trade receivables	19,801	24,781
Tax receivables and other current assets	17,363	17,505
Cash and cash equivalents	22,040	17,117
Accrued charges and deferred income	23,322	24,033
<b>TOTAL ASSETS</b>	<b>3,412,480</b>	<b>3,499,012</b>
<b>Shareholders' equity</b>	<b>1,924,615</b>	<b>1,608,965</b>
<b>Shareholders' equity attributable to shareholders of parent company</b>	<b>1,860,099</b>	<b>1,541,971</b>
Capital	1,124,295	963,067
Share premium account	504,240	384,013
Reserves	127,597	247,562
Net result of the financial year	103,967	-52,671
<b>Minority interests</b>	<b>64,516</b>	<b>66,994</b>
<b>Liabilities</b>	<b>1,487,865</b>	<b>1,890,047</b>
<b>Non-current liabilities</b>	<b>926,891</b>	<b>1,303,250</b>
Provisions	17,636	17,658
Non-current financial debts	809,313	1,148,023
Other non-current financial liabilities	64,656	102,041
Deferred taxes	35,286	35,528
<b>Current liabilities</b>	<b>560,974</b>	<b>586,797</b>
Current financial debts	445,676	473,499
Other current financial liabilities	20,572	24,698
Trade debts and other current debts	62,865	59,850
Accrued charges and deferred income	31,861	28,750
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,412,480</b>	<b>3,499,012</b>

## COMMENTS ON THE CONSOLIDATED BALANCE SHEET

The test of **goodwill** depreciation resulted in a depreciation of 7.1 million EUR on the goodwill of Pubstone Belgium and the Netherlands.

The **investment value** of the property portfolio<sup>1</sup>, as determined by the independent real estate experts, was 3,262.3 million EUR at 31.12.2015, compared with 3,329.2 million EUR at 31.12.2014. Its **fair value**, shown on the consolidated balance sheet, by application of IAS 40, is obtained by deducting transaction costs from the investment value<sup>2</sup>. At 31.12.2015, the fair value was 3,134.4 million EUR, compared with 3,199.2 million EUR at 31.12.2014.

The drop of **non-current financial assets** is explained by the repayment of the long-term debt relating to the reconversion project of the Livingstone I building. The **current financial assets** adopt the value of the current IRS hedging instruments.

The item "**Participations in associated companies and joint ventures**" concerns Cofinimmo's 51% stake in Cofinéa I SAS (medical residences in France). The item "**Minority interests**" includes the mandatory convertible bonds issued by the Cofinimur I SA/NV subsidiary (MAAF/GMF retail network in France), as well as the minority interests of the Pubstone Group, Pubstone and Rheastone subsidiaries.

The decrease of **non-current financial liabilities** is linked to the capital increase of May 2015 resulting in a repayment of a part of the debt.

The decrease of **other non-current financial liabilities** is linked to the restructuring of financial hedging instruments. The drop of reserves is mainly explained by the appropriation of the 2014 result and the dividends paid for the financial year 2014.

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

<sup>2</sup> Since 01.01.2015, the transaction costs upon an acquisition or investment, as well as all variation of the real value of buildings during the current year, are recognised directly in the income statement. The rights accounted before 01.01.2015 according to the old method have not been restated. See also page 160 of this Annual Financial Report.

# SUMMARY OF QUARTERLY CONSOLIDATED ACCOUNTS

## Consolidated global result by quarter<sup>1</sup> (income statement)

(x 1,000 EUR)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2015 <sup>2</sup>
<b>A. NET RESULT</b>					
Rents	50,440	51,022	52,010	52,438	205,909
Cost of rent-free periods	-690	-1,043	-985	-999	-3,718
Client incentives	-140	-145	-110	-171	-567
Indemnities for early termination of rental contracts	-4	122	34	836	988
Writeback of lease payments sold and discounted	2,553	2,553	2,553	2,553	10,214
Rental-related expenses	-15	47	-149	-592	-709
<b>Net rental income</b>	<b>52,144</b>	<b>52,556</b>	<b>53,353</b>	<b>54,065</b>	<b>212,117</b>
Recovery of property charges	-2		-86	417	329
Recovery income of charges and taxes normally payable by the tenant on let properties	20,679	10,973	6,999	2,938	41,588
Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	-244	-184	-388	-618	-1,434
Charges and taxes normally payable by the tenant on let properties	-22,526	-12,197	-7,465	-2,878	-45,066
<b>Property result</b>	<b>50,051</b>	<b>51,147</b>	<b>52,412</b>	<b>53,924</b>	<b>207,534</b>
Technical costs	-655	-863	-805	-3,319	-5,643
Commercial costs	-181	-218	-102	-449	-950
Taxes and charges on unlet properties	-1,875	-425	-576	-575	-3,451
Property management costs	-3,697	-3,223	-3,777	-4,646	-15,343
<b>Property charges</b>	<b>-6,408</b>	<b>-4,730</b>	<b>-5,260</b>	<b>-8,989</b>	<b>-25,387</b>
<b>Property operating result</b>	<b>43,643</b>	<b>46,417</b>	<b>47,152</b>	<b>44,935</b>	<b>182,147</b>
Corporate management costs	-1,976	-1,811	-1,888	-2,131	-7,806
<b>Operating result before result on the portfolio</b>	<b>41,667</b>	<b>44,606</b>	<b>45,264</b>	<b>42,804</b>	<b>174,341</b>
Gains or losses on disposals of investment properties and other non-financial assets	1,159	798	-17	20,484	22,425
Changes in fair value of investment properties	-6,975	-1,765	-1,552	1,672	-8,620
Other result on the portfolio	-447	313	256	-8,680	-8,558
<b>Operating result</b>	<b>35,404</b>	<b>43,952</b>	<b>43,952</b>	<b>56,280</b>	<b>179,588</b>
Financial income	1,557	1,352	1,288	1,538	5,735
Net interest charges	-10,565	-10,922	-10,602	-10,221	-42,310
Other financial charges	23	34	-203	-513	-660
Changes in the fair value of financial assets and liabilities	-29,580	30,998	-13,547	-18,274	-30,403
<b>Financial result</b>	<b>-38,566</b>	<b>21,462</b>	<b>-23,064</b>	<b>-27,470</b>	<b>-67,638</b>
Share in the result of associated companies and joint ventures	118	112	117	113	460

<sup>1</sup> The Group did not publish any quarterly information between 31.12.2015 and the time of writing of this Annual Financial Report.

<sup>2</sup> The half-year and annual figures are verified by the Auditor Deloitte, Company Auditors.

(x1,000 EUR)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2015 <sup>1</sup>
<b>Pre-tax result</b>	<b>-3,044</b>	<b>65,526</b>	<b>21,005</b>	<b>28,924</b>	<b>112,410</b>
Corporate tax	-967	-1,662	-719	-861	-4,209
Exit tax	-103	27	96	228	248
<b>Taxes</b>	<b>-1,069</b>	<b>-1,635</b>	<b>-623</b>	<b>-633</b>	<b>-3,961</b>
<b>Net result</b>	<b>-4,113</b>	<b>63,890</b>	<b>20,382</b>	<b>28,291</b>	<b>108,449</b>
Minority interests	-1,159	-1,551	-1,186	-586	-4,482
<b>NET RESULT - GROUP SHARE</b>	<b>-5,272</b>	<b>62,339</b>	<b>19,196</b>	<b>27,704</b>	<b>103,967</b>
<b>NET CURRENT RESULT - GROUP SHARE</b>	<b>1,038</b>	<b>63,111</b>	<b>20,279</b>	<b>13,278</b>	<b>97,706</b>
<b>RESULT ON THE PORTFOLIO - GROUP SHARE</b>	<b>-6,310</b>	<b>-772</b>	<b>-1,083</b>	<b>14,426</b>	<b>6,261</b>

(x1,000 EUR)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2015 <sup>1</sup>
<b>B. OTHER ELEMENTS OF THE GLOBAL RESULT RECYCLABLE UNDER THE INCOME STATEMENT</b>					
Changes in the effective part of the fair value of authorised cash flow hedge instruments	1,350	1,886	814	-406	3,644
Impact of the restructuring of the hedging instruments which relationship has been terminated	6,426	1,576	1,578	19,985	29,565
<b>Other elements of the global result</b>	<b>7,776</b>	<b>3,462</b>	<b>2,392</b>	<b>19,579</b>	<b>33,209</b>
Minority interests					
<b>OTHER ELEMENTS OF THE GLOBAL RESULT - GROUP SHARE</b>	<b>7,776</b>	<b>3,463</b>	<b>2,392</b>	<b>19,579</b>	<b>33,209</b>

(x1,000 EUR)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2015 <sup>1</sup>
<b>C. GLOBAL RESULT</b>					
<b>Global result</b>	<b>3,662</b>	<b>67,353</b>	<b>22,773</b>	<b>47,870</b>	<b>141,658</b>
Minority interests	-1,159	-1,551	-1,186	-586	-4,482
<b>GLOBAL RESULT - GROUP SHARE</b>	<b>2,503</b>	<b>65,802</b>	<b>21,587</b>	<b>47,284</b>	<b>137,176</b>

<sup>1</sup> The half-year and annual figures are verified by the Auditor Deloitte, Company Auditors.

## Consolidated balance sheet by quarter

(x1,000 EUR)	31.03.2015	30.06.2015	30.09.2015	31.12.2015 <sup>1</sup>
<b>Non-current assets</b>	<b>3,415,036</b>	<b>3,476,610</b>	<b>3,483,112</b>	<b>3,325,414</b>
Goodwill	118,356	118,356	118,356	111,256
Intangible assets	614	605	603	565
Investment properties	3,200,499	3,270,791	3,279,972	3,131,483
Other tangible assets	441	394	367	364
Non-current financial assets	11,626	2,785	136	20
Finance lease receivables	77,483	77,516	77,720	75,652
Trade receivables and other non-current assets	38	38	39	41
Participations in associated companies and joint ventures	5,979	6,125	5,919	6,033
<b>Current assets</b>	<b>97,606</b>	<b>93,426</b>	<b>104,252</b>	<b>87,066</b>
Assets held for sale	3,305	3,305	3,105	2,870
Current financial assets	434	284	169	14
Finance lease receivables	1,654	1,912	1,762	1,656
Trade receivables	23,907	23,271	25,151	19,801
Tax receivables and other current assets	17,259	14,697	26,179	17,363
Cash and cash equivalents	22,345	24,843	22,251	22,040
Accrued charges and deferred income	28,702	25,114	25,635	23,322
<b>TOTAL ASSETS</b>	<b>3,512,642</b>	<b>3,570,036</b>	<b>3,587,364</b>	<b>3,412,480</b>
<b>Shareholders' equity</b>	<b>1,612,593</b>	<b>1,858,598</b>	<b>1,881,342</b>	<b>1,924,615</b>
<b>Shareholders' equity attributable to shareholders of parent company</b>	<b>1,544,492</b>	<b>1,791,343</b>	<b>1,812,974</b>	<b>1,860,099</b>
Capital	963,067	1,124,258	1,124,257	1,124,295
Share premium account	384,013	504,210	504,210	504,240
Reserves	202,684	105,809	108,244	127,597
Net result for the financial year	-5,272	57,066	76,263	103,967
<b>Minority interests</b>	<b>68,101</b>	<b>67,255</b>	<b>68,368</b>	<b>64,516</b>
<b>Liabilities</b>	<b>1,900,049</b>	<b>1,711,438</b>	<b>1,706,022</b>	<b>1,487,865</b>
<b>Non-current liabilities</b>	<b>1,434,212</b>	<b>1,153,113</b>	<b>1,033,771</b>	<b>926,891</b>
Provisions	18,370	17,162	17,104	17,636
Non-current financial debts	1,296,376	1,037,577	903,614	809,313
Other non-current financial liabilities	83,754	62,893	77,601	64,656
Deferred taxes	35,712	35,481	35,452	35,286
<b>Current liabilities</b>	<b>465,837</b>	<b>558,325</b>	<b>672,251</b>	<b>560,974</b>
Current financial debts	328,501	426,245	535,220	445,676
Other current financial liabilities	28,873	24,542	22,836	20,572
Trade debts and other current debts	76,253	88,092	82,247	62,865
Accrued charges and deferred income	32,210	19,446	31,948	31,861
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,512,642</b>	<b>3,570,036</b>	<b>3,587,364</b>	<b>3,412,480</b>

<sup>1</sup> The half-year and annual figures are verified by the Auditor Deloitte, Company Auditors.

# APPROPRIATION OF COMPANY RESULTS

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The Board of Directors proposes to the Ordinary General Shareholders' Meeting of 11.05.2016 to approve the annual statements at 31.12.2015, to appropriate the result as indicated in the table hereafter and to distribute the following dividends:

- 5.50 EUR gross, i.e. 4.015 EUR net per ordinary share;
- 6.37 EUR gross, i.e. 4.650 EUR net per preference share.

The dividend payment dates and terms are mentioned in the shareholder's agenda on page 139. The deduction for withholding taxes stands at 27%.

At 31.12.2015, the Cofinimmo Group held 50,114 ordinary treasury shares.

The Board of Directors proposes to suspend the right to a dividend for financial year 2015 of 40,225 own ordinary shares as part of its stock option plan and to cancel the right to dividend of the remaining 9,889 own shares. The remuneration of the capital is based on the number of ordinary and preference shares outstanding on 31.12.2015. Possible conversions of preference shares into ordinary shares during the conversion period from 22.03.2016 to 31.03.2016, the conversion of convertible bonds into ordinary shares, as well as any sale of ordinary shares held by the Group, might modify the remuneration of the capital.

As a result of the debt decrease between the beginning and the end of financial year 2015 (change of -153.2 million EUR), the company has no obligation to distribute a dividend (see the "Company Accounts" chapter of this Annual Financial Report). However, in accordance with what was proposed in the past, Cofinimmo wishes to remunerate its shareholders on a regular basis and proposes a gross dividend of 5.50 EUR per ordinary share for financial year 2015.

The new shares issued on 12.05.2015 during the capital increase are remunerated on pro rata basis, namely a gross dividend of 3.54 EUR and a net dividend of 2.58 EUR

After the remuneration of the capital of 110.10 million EUR proposed for financial year 2015, the total amount of the reserves and the company result of Cofinimmo SA/NV will stand at 39.08 million EUR, whereas the remaining distributable amount in accordance with the provisions of Article 617 of the Company Code will reach 168.39 million EUR (also see the "Company Accounts" chapter of this Annual Financial Report).

The 2015 consolidated net current result (Group share) stands at 97.71 million EUR and the consolidated net result (Group share) at 103.97 million EUR. The pay-out ratio on the consolidated net current result (IAS 39 excluded) of 128.11 million EUR amounts to 86% (compared with 82% for 2014).



## Appropriations and deductions

(x 1,000 EUR)	31.12.2015	31.12.2014
<b>A. Net result</b>	<b>103,601</b>	<b>-53,639</b>
<b>B. Transfer from/to reserves</b>	<b>6,895</b>	<b>153,430</b>
<b>Transfer to the reserve of the positive balance of changes in the fair value of investment properties</b>	<b>-9,364</b>	<b>-27,969</b>
Financial year	-27,367	-19,508
Previous years	18,003	-8,461
<b>Transfer to the reserve of the negative balance of changes in the fair value of investment properties</b>	<b>18,219</b>	<b>46,252</b>
Financial year	18,129	15,312
Previous years	90	30,940
<b>Transfer to the reserve of the estimated transaction costs and rights resulting from the hypothetical disposal of investment properties</b>	<b>861</b>	<b>488</b>
Financial year	861	488
<b>Transfer to the reserve of the balance of the changes in fair value of authorised hedging instruments qualifying for hedge accounting</b>	<b>846</b>	<b>10,512</b>
Financial year		-1,719
Previous years	846	12,231
<b>Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments not qualifying for hedge accounting</b>	<b>-713</b>	<b>71,579</b>
Financial year	-565	71,581
Previous years	-148	-2
<b>Transfer from/to other reserves</b>	<b>-221</b>	<b>-216</b>
<b>Transfer from the result carried forward of previous years</b>	<b>-2,732</b>	<b>52,784</b>
<b>C. Remuneration of the capital</b>		
Remuneration of the capital provided for in Article 13, § 1, paragraph 1 of the Royal Decree of 13.07.2014		
<b>D. Remuneration for financial year other than capital remuneration</b>	<b>-110,496</b>	<b>-99,791</b>
Dividends	-110,099	-99,440
Profit-sharing scheme	-398	-351
<b>E. Result to be carried forward</b>	<b>296,684</b>	<b>294,364</b>

# TRANSACTIONS AND PERFORMANCES IN 2015

## MAJOR EVENTS IN 2015

In 2015, Cofinimmo took advantage of a favourable economic environment by making use of the equity markets. The capital increase with preferential subscription rights for an amount of 285.4 million EUR allowed Cofinimmo to strengthen its balance sheet structure and finance its future investments. During the year, the Group continued

the active management of its offices, particularly with the finalisation of the redevelopment of the Livingstone site in Brussels. It also sold healthcare assets in Belgium and strengthened its investments in healthcare real estate in the Netherlands and in Germany. Here are the important events of FY 2015:

### March 2015

Private placement of seven-year bonds for 190 million EUR offering a fixed coupon of 1.93%.

### June 2015

Delivery of the work for the Woluwe 34 and Livingstone I office buildings to convert them into residential property and sale of all of the apartments.

### May 2015

Capital increase with preferential subscription rights for 285.4 million EUR.

### June 2015

Acquisition of two luxury sport and well-being centres in Germany for 53.6 million EUR.

"IN 2015, COFINIMMO TOOK ADVANTAGE OF FAVOURABLE FINANCIAL CONDITIONS TO STRENGTHEN ITS BALANCE SHEET STRUCTURE AND ITS INVESTMENT CAPACITY."

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## November 2015

Sale of the company Livingstone II, owner of the office Livingstone II building, for 63.9 million EUR. Realised gain of 13.2 million EUR.



## December 2015

Acquisitions and commitments in healthcare real estate in the Netherlands and Germany for a total of 135.6 million EUR.



## December 2015

Sale of the interest in Silverstone, owner of 20 nursing and care homes in Belgium, for 92.6 million EUR. Realised gain of 10 million EUR. This transaction rebalanced the healthcare real estate segment from a geographical point of view.

## TOTAL PORTFOLIO

At 31.12.2015, the consolidated property portfolio reaches 3,134.4 million EUR in fair value<sup>1</sup> and 3,262.3 million EUR in investment value<sup>2</sup>.

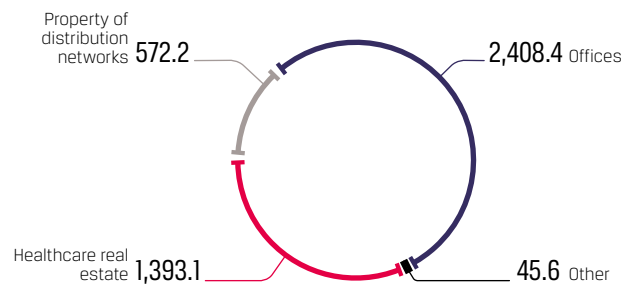
### Evolution of the portfolio since 1996

Since 1996 (date of approval as a Sicafi/Bevak), the Cofinimmo Group has made 4,419.3 million EUR in investments. It has also divested 2,016.4 million EUR, realising (before deduction of intermediaries' remuneration and other various costs) an average net gain of 9.26% compared with the last annual valuations (in investment value) preceding these disposals. During 2015 alone, this average stood at 1.0%. These amounts do not include the realised gains and losses on the sale of shares of companies, being the owners of buildings. These amounts are recognised as gains or losses on disposal of securities.

### Evolution of the consolidated portfolio in 1996-2015<sup>3</sup> (x 1,000,000 EUR)

<b>PORTFOLIO AT 01.01.1996</b>	<b>608.6</b>
Acquisitions	3,697.2
Constructions and renovations	722.1
Net disposal value	-2,164.0
Realised gains and losses compared with the last annual estimated value	147.6
Writeback of lease payments sold - value reconstitution	167.1
Change in the investment value of the portfolio	83.7
<b>PORTFOLIO AT 31.12.2015</b>	<b>3,262.3</b>

### Acquisition prices and investments 1996-2015<sup>4</sup> (x 1,000,000 EUR)



Rijnstate  
polyclinic -  
Arnhem-Zuid  
(NL)

<sup>1</sup> The fair value is obtained by deducting an appropriate rate of transaction costs (mainly transfer taxes) from the investment value.

<sup>2</sup> The investment value, which is established by independent real estate experts, is the most likely value that could reasonably be obtained in normal sales conditions between willing and well-informed parties, before deduction of transaction costs.

<sup>3</sup> In investment value.

<sup>4</sup> The investments include renovations, extensions, and redevelopments.

## Evolution of the portfolio in 2015

### Acquisitions

During 2015, Cofinimmo invested 78.0 million EUR in new acquisitions, including 75.7 million EUR in the healthcare real estate segment, 2.0 million EUR in the MAAF insurance agencies network and 0.3 million EUR in the office segment.

### Extensions and redevelopments

Moreover, Cofinimmo invested 28.2 million EUR in extensions and redevelopments in healthcare real estate.

### Renovations

Cofinimmo also devoted a total of 24.9 million EUR to renovations, mainly in the office and the Pubstone pubs/restaurants portfolios.

### Divestments

Under its strategy of asset rotation, Cofinimmo sold assets, mainly offices and healthcare assets, for a net total price, after deduction of transaction costs and fees, of 205.0 million EUR. Each transaction resulted in a gain or was realised at a price in line with the investment value determined by the expert. Moreover, the overall weighted average gain on these disposals reached 1.0%.

This amount does not include the sale of the shares of the companies Livingstone II SA/NV and Silverstone SA/NV, respectively owner of the buildings Livingstone II and 20 nursing and care homes in Belgium. These sales generated a realised accounting gain of 20.4 million EUR, incorporated into the capital gains and losses on disposals of securities.

### Evolution of the consolidated portfolio in 2015<sup>1</sup> (x 1,000,000 EUR)

<b>PORTFOLIO AT 01.01.2015</b>	<b>3,329.2</b>
Acquisitions	78.0
Constructions and renovations	53.1
Net disposal value	-205.0
Realised gains and losses compared with the last annual estimated value	2.1
Writeback of lease payments sold - value reconstitution	10.2
Change in the investment value of the portfolio	-5.3
<b>PORTFOLIO AT 31.12.2015</b>	<b>3,262.3</b>

### Asset management for third parties

Since 2013, the Cofinimmo Group started an Asset Management activity for third parties (see the "Risk Factors" chapter in this Annual Financial Report).

This activity is carried out on an ancillary basis by the subsidiary Cofinimmo Investment et Services (CIS) and complies with the thresholds imposed by Article 6 of the RREC Act of 12.05.2014:

- the subsidiary's pre-tax result may not exceed 10% of the consolidated pre-tax result and changes in fair value of the buildings and financial assets and liabilities of the public regulated real estate company (i.e. 1% at 31.12.2015);
- total assets under management may not exceed 10% of the Public Regulated Real Estate Company's consolidated assets (i.e. 4% at 31.12.2015).

In addition, its contribution does not exceed the materiality threshold of 10% of revenues and net profits of CIS before tax (i.e. 4% at 31.12.2015).

At 31.12.2015, CIS managed a portfolio of six healthcare assets in Belgium.

<sup>1</sup> In investment value.

## Breakdown of the portfolio

Healthcare real estate represents 42.4% of the portfolio, and offices represent 39.6%. Property of distribution networks, including the Pubstone portfolio (pubs/restaurants let to AB InBev) and the Cofinimur I portfolio (insurance agencies let to MAAF) account for 17.2% of the portfolio. The other business sectors (0.8%) are not significant<sup>1</sup>.

The vast majority of the portfolio is located within the Belgian territory (73.9%).

The buildings located abroad are:

- in France (16.0%): healthcare real estate and the network of insurance branches;
- in the Netherlands (8.0%): the Dutch Pubstone portfolio and healthcare real estate;
- in Germany (2.1%): healthcare real estate.

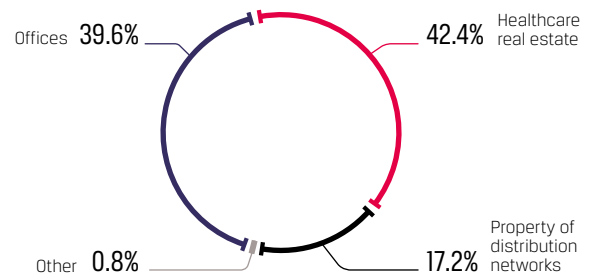
One of the main characteristics of Regulated Real Estate Companies (RREC) lies in the diversification of risk. Cofinimmo's portfolio offers a balanced distribution. The largest building represents only 2.7% of the consolidated portfolio in value.

"WITH A PORTFOLIO OF  
1,328.3 MILLION EUR  
AT 31.12.2015,  
HEALTHCARE REAL  
ESTATE HAS BECOME  
THE NUMBER 1  
SEGMENT OF THE  
GROUP'S PORTFOLIO."

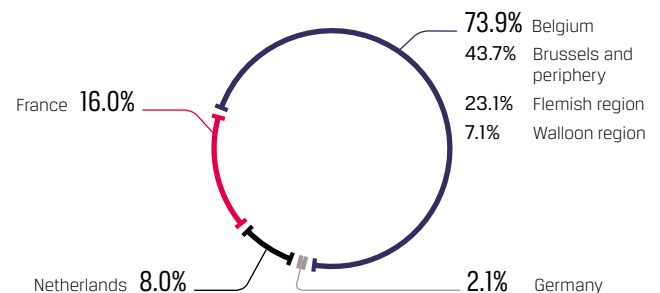
### Relative importance of the main buildings - in fair value (in%)

SOUVERAIN 23-25	2.7%
EGMONT I	2.6%
BOURGET 42	1.6%
GEORGIN 2	1.5%
ALBERT I <sup>er</sup> 4 - CHARLEROI	1.4%
THE GRADIENT (formerly Tervuren 270-272)	1.3%
DAMIAAN - TREMELO	1.2%
SOMBRE 56 - BRUXELLES	1.2%
SERENITAS	1.2%
COCKX 8-10	1.1%
Other	84.2%
<b>TOTAL</b>	<b>100%</b>

### Breakdown by purpose in fair value<sup>2</sup> (in %)



### Geographic breakdown in fair value<sup>3</sup> (in %)



<sup>1</sup> The breakdown of the portfolio is expressed in fair value.

<sup>2</sup> For the company Cofinimmo SA/NV alone, the breakdown is: Offices 59.0%, Healthcare real estate 39.7%, and Other 1.3%.

<sup>3</sup> For the company Cofinimmo SA/NV alone, the breakdown is: Belgium 95.3% and France 4.7%.

## Changes in the fair value of the portfolio

The Cofinimmo portfolio, standing at 3,134.4 million EUR<sup>1</sup> at fair value on 31.12.2015, posted a decrease in fair value of -0.27% over the 12 months of 2015, which corresponds to -8.6 million EUR.

This depreciation is made up as follows:

- the "Office" segment posted a negative change in fair value of -30.9 million EUR;
- the "Healthcare real estate", "Property of distribution networks" and "Other" segments posted a positive change in fair value of 20.2 million EUR, 1.4 million EUR and 0.7 million EUR respectively.

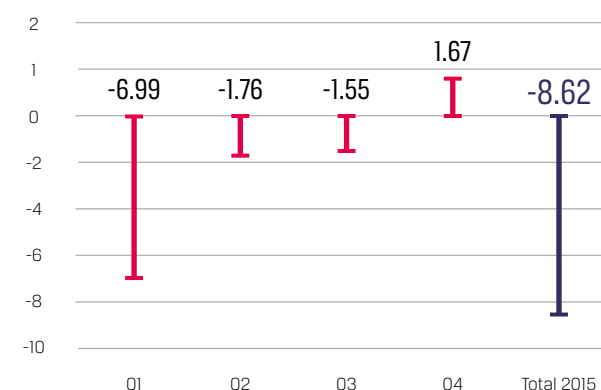
The depreciation of the office portfolio comes from buildings under renovation or requiring a significant renovation in the short term. This is the case for the Souverain 23-25, Bourget 40 and Arts 19H buildings.

At the global portfolio level, this depreciation is partially offset by:

- the indexation of the leases;
- a high occupancy rate: 94.9% at 31.12.2015;
- an average residual lease length which has increased from 6.7 years at the end of 2004 to 8.4 years at the end of 2006, and then to 10.52 years at the end of 2015, an outstanding figure among the European real estate companies.

"A PORTFOLIO'S  
VALUATION HAS  
BEEN OFFSET BY  
A DIVERSIFICATION."

Changes in fair value of investment properties in 2015  
(x 1,000,000 EUR)



Segment	Change in the fair value at 1 year	Geographic distribution by sector
<b>HEALTHCARE REAL ESTATE</b>	<b>1.5%</b>	<b>42.4%</b>
Belgium	1.4%	24.8%
France	0.9%	12.2%
Germany	3.4%	2.1%
Netherlands	4.1%	3.3%
<b>OFFICES</b>	<b>-2.4%</b>	<b>39.6%</b>
Antwerp	0.9%	2.1%
Brussels Centre/Nord	1.5%	3.7%
Brussels Decentralised	-6.0%	16.9%
Brussels Leopold/Louise	1.1%	8.8%
Brussels Periphery & Satellites	-2.0%	4.4%
Other	0.5%	3.7%
<b>PROPERTY OF DISTRIBUTION NETWORKS</b>	<b>0.3%</b>	<b>17.2%</b>
Pubstone Belgium	-0.1%	8.8%
Pubstone Netherlands	-1.9%	4.7%
Cofinimur I - France	4.1%	3.7%
<b>Other</b>	<b>2.6%</b>	<b>0.8%</b>
<b>TOTAL</b>	<b>-0.3%</b>	<b>100%</b>

<sup>1</sup> Including the impact of the investment expenditures capitalised during the year.

<sup>2</sup> For the office portfolio alone, it stands at 4.3 year at the end of 2015.

## RENTAL MANAGEMENT

The commercial and property management teams are constantly working with a view to improve the occupancy rate, the rental conditions and the lease term of the portfolio.

### Rental situation by purpose

In collected rents, healthcare real estate represents 40.3%, offices 40.9%, property of distribution networks 17.9% and other 0.9%. The difference between the rents actually collected and the contractual rents results from the rent-free periods granted at the beginning of certain leases and the prorata temporis vacancy of properties during the past 12 months.

Since the merger of both entities in March 2014, the Korian-Medica Group has become the main tenant of the portfolio. AB InBev, which rents the entire Pubstone portfolio, comes second.

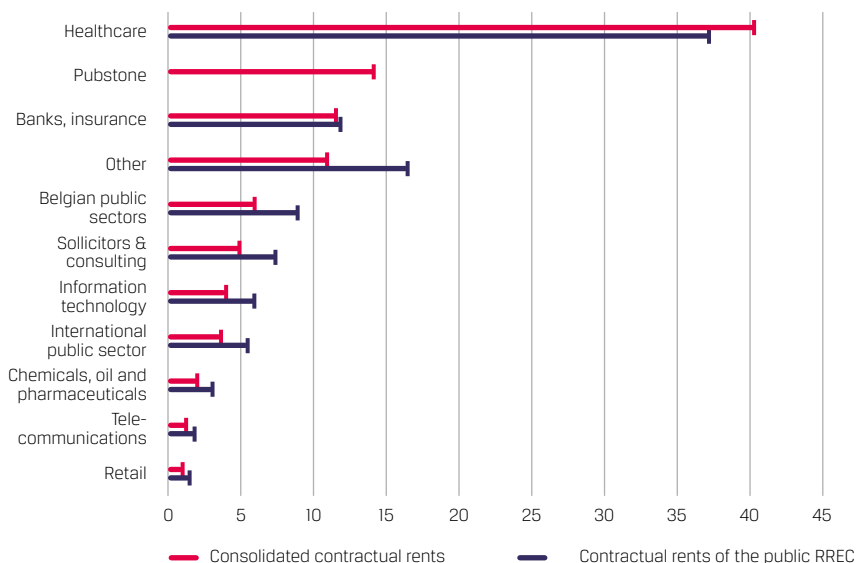
The public sector, both Belgian and international, represents 9.6% of the tenants.

The other tenants in the segment of healthcare real estate are also well-represented, with Armonea, first nursing home operator in Belgium, and ORPEA, one of the foremost European players in the care market.

### Rental situation by purpose

Properties	Superstructure (in m <sup>2</sup> )	Contractual rents (x 1,000 EUR)	Contractual rents (in%)	Occupancy rate (in %)	Rents + ERV <sup>1</sup> on unlet premises (x 1,000 EUR)	ERV <sup>1</sup> (x 1,000 EUR)
Healthcare real estate	660,316	84,728	40.3%	99.2%	85,448	87,202
Offices and writeback of lease payments sold and discounted	607,150	85,922	40.9%	89.7%	95,816	92,826
Pubstone	357,510	29,850	14.2%	98.3%	30,358	27,317
Cofinimur I	59,601	7,766	3.7%	96.8%	8,026	8,303
Other	15,830	1,802	0.9%	100%	1,802	1,636
<b>TOTAL INVESTMENT PROPERTIES &amp; WRITEBACK OF LEASE PAYMENTS SOLD AND DISCOUNTED</b>	<b>1,700,407</b>	<b>210,068</b>	<b>99.9%</b>	<b>94.9%</b>	<b>221,450</b>	<b>217,284</b>
Projects & renovations	28,637	-	-	-	-	-
Land reserve	-	152	0.1%	-	152	176
<b>PORTFOLIO GRAND TOTAL</b>	<b>1,729,044</b>	<b>210,220</b>	<b>100%</b>	<b>94.9%</b>	<b>221,602</b>	<b>217,460</b>

### Breakdown by activity of the tenants - in consolidated contractual rents and contractual rents of the public RREC<sup>2</sup> (in %)



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

Korian-Medica Group	16.1%
AB InBev	14.2%
Armonea	11.1%
Buildings agency (Belgian Federal State)	6.0%
Axa Belgium	5.6%
<b>TOP 5 TENANTS</b>	<b>53.0%</b>
ORPEA	4.4%
MAAF	3.7%
International public sector	3.6%
Aspria	3.0%
IBM Belgium	2.0%
<b>TOP 10 TENANTS</b>	<b>69.7%</b>
<b>TOP 20 TENANTS</b>	<b>78.4%</b>
Other tenants	21.6%
<b>TOTAL</b>	<b>100%</b>

<sup>1</sup> ERV = Estimates Rental Value.

<sup>2</sup> The contractual rents of the public Regulated Real Estate Company pertain to Cofinimmo SA/NV.



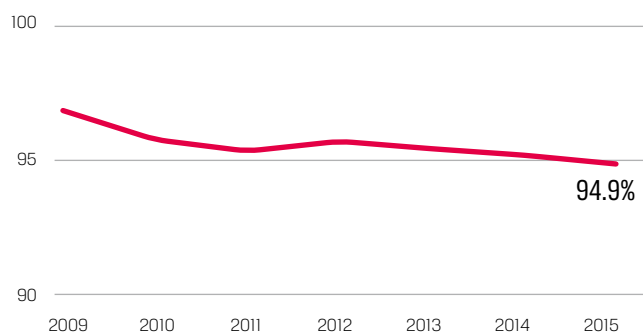
## Occupancy rate and rental vacancy

The diversification within the healthcare real estate sector and the Pubstone and Cofinimur I portfolios, where the occupancy rate reaches 100%, positively impacts the global occupancy rate reaching 94.9% and results in a better risk spread.

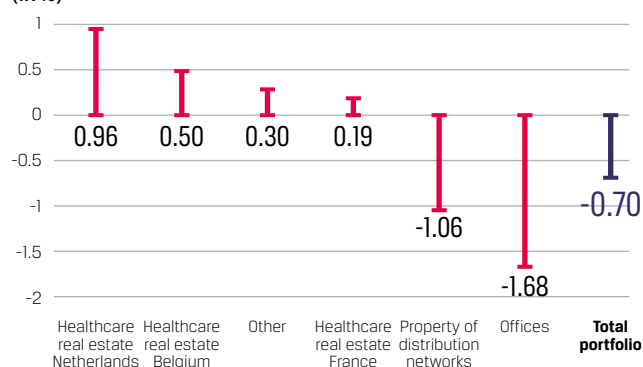
### Occupancy rate of the portfolio (in %)

Healthcare real estate	99.2%
Offices	89.7%
Property of distribution networks	98.0%
Other	100%
<b>GLOBAL PORTFOLIO</b>	<b>94.9%</b>

### Evolution of the occupancy rate of the portfolio (in %)



### Evolution of rental income on a like-for-like basis 2015 vs. 2014 (in %)



On a like-for-like basis, the gross rental income decreased by 0.70% in 2015: the negative effect of departures (-2.05%) and renegotiations (-0.39%) was mitigated by the positive effect of lease indexations (0.45%) and new lettings (1.29%).

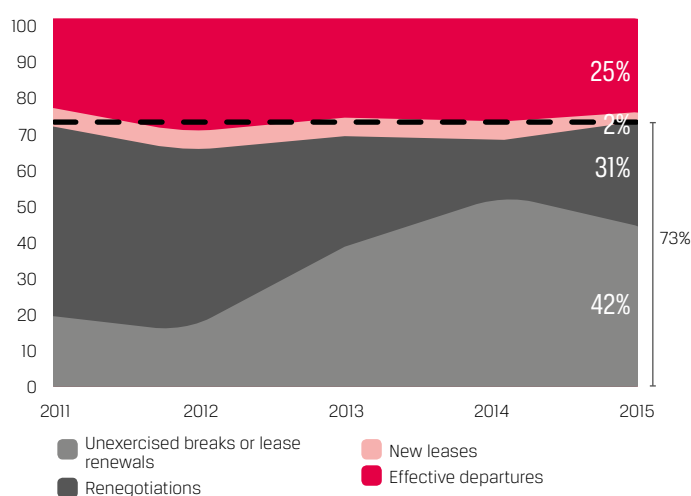
### Office portfolio

The rental vacancy risk faced by Cofinimmo each year represents on average 5% of its overall portfolio and 10 to 15% of its office portfolio alone. The letting team pays special attention to the clients whose leases are considered at risk. The treatment of the rental vacancy risk in 2015 shows that 73% was secured through renegotiations, unexercised breaks and lease renewals. This percentage of tenant retention reaches 75% if the new leases that were signed and took effect during the year are also taken into account.

During the financial year 2015, cofinimmo signed leases for over 67,200 m<sup>2</sup> of office space, representing contractually guaranteed revenues, net of rent-free periods, of 37.7 million EUR.<sup>1</sup> The most important transactions are related to the buildings Bourget 42, Mercurius 30, Guimard 10-12 and The Gradient (formerly Tervuren 270-272).

The occupancy rate<sup>2</sup> remains high at 89.7% (versus 89.9% for the Brussels office market average<sup>3</sup>). This is the result of the commercial strategy based on the relationship of trust with the clients, leading to a favourable evolution of the operating margin.

### Vacancy risk handling of the office portfolio (in %)<sup>4</sup>



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

<sup>2</sup> The occupancy rate is calculated by dividing the contractual rents of the current leases (indexed) by the sum of these contractual rents and the estimated rental values of the vacant premises, the latter being calculated on the basis of the prevailing market rents.

<sup>3</sup> Source: CBRE.

<sup>4</sup> The renegotiations of rental agreements were done at less favourable conditions than the previous agreements for the same spaces.

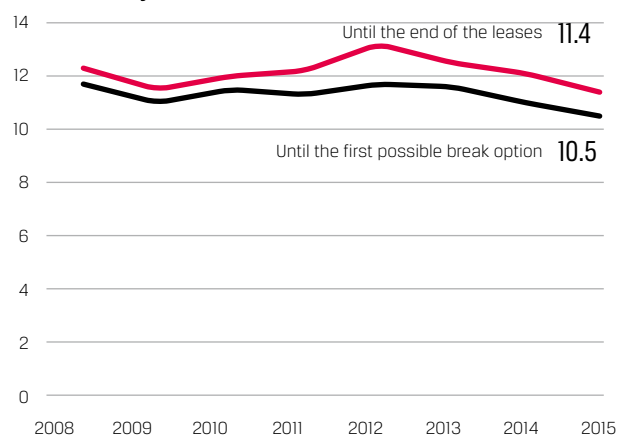
## Maturity of leases

The average remaining term of all leases in effect on 31.12.2015 is 10.5 years, if every tenant were to exercise their first break option. This number increases to 11.4 years in case no break option were to be exercised and all tenants were to remain in their rented space until the contractual end of the leases.

Almost 47.4% of the leases of the global portfolio have a term longer than nine years, of which 28.2% of healthcare real estate alone.

"THE MATURITY OF LEASES IN THE PORTFOLIO IS 10.5 YEARS, AN EXCEPTIONAL LEVEL AMONG EUROPEAN REAL ESTATE COMPANIES."

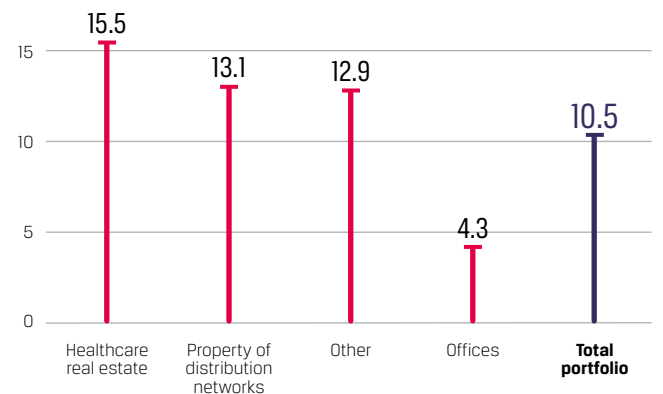
Evolution of the weighted residual lease length (in number of years)<sup>1</sup>



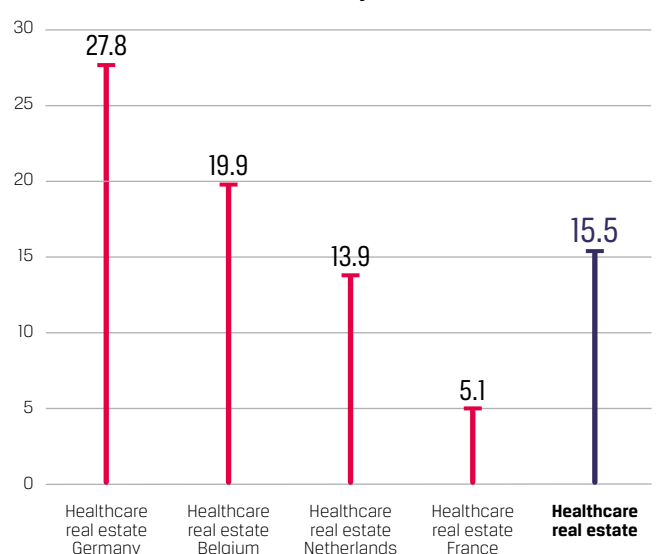
## Maturity of leases (in %)

LEASES > 9 YEARS	47.4%
Healthcare real estate	28.2%
Properties of distribution networks - Pubstone	14.2%
Offices (public sector)	3.8%
Other	0.8%
Offices (private sector)	0.4%
LEASES 6-9 YEARS	10.6%
Offices	5.9%
Healthcare real estate	2.6%
Property of distribution networks - Cofinimur I	2.1%
LEASES < 6 YEARS	42.0%
Offices	30.8%
Healthcare real estate	9.6%
Property of distribution networks - Cofinimur I	1.5%
Other	0.1%

Weighted residual lease length by segment (in number of years)<sup>1</sup>



Weighted residual lease length by country for healthcare real estate (in number of years)<sup>1</sup>



<sup>1</sup> Until the first possible break option.

## Guaranteed rental income

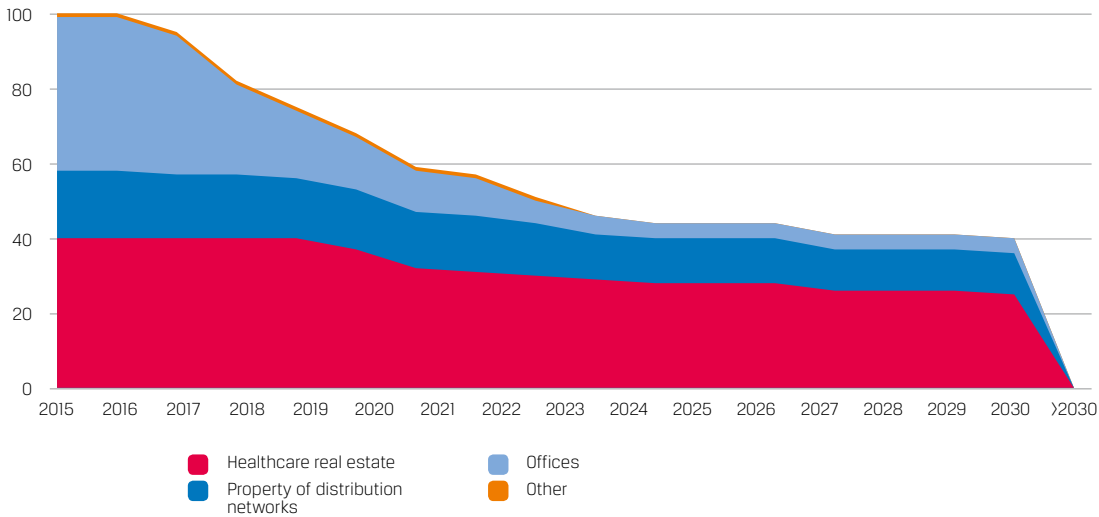
Cofinimmo can secure its long-term revenues thanks to a portfolio diversification strategy.

This is based on long leases and constant work from the letting teams. A minimum of 68% of the rental income is indeed contractually

guaranteed until 2020. This percentage increases to 77% in case no break option is exercised and all tenants remain in their rented premises until the contractual end of the leases.

"MORE THAN 68% OF THE RENTAL INCOME IS CONTRACTUALLY GUARANTEED UNTIL 2020."

Guaranteed rental income<sup>1</sup> - in contractual rents (in %)



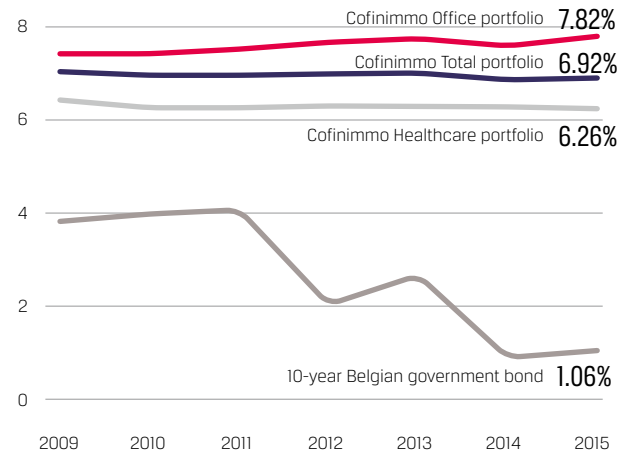
<sup>1</sup> Until the first possible break option.

## RENTAL YIELD

The diversification of the property portfolio guarantees the stability of rental yields over the years.

The gross rental yield of the portfolio, or capitalisation rate of the gross rents applied to the portfolio, increased to 6.92% in 2015 (6.88% in 2014). This represents a 5.86% premium compared with the yield on 10-year Belgian government bonds (OLO).

### Capitalisation rates applied on the Cofinimmo portfolio and yield on Belgian government bonds (in %)



The difference between the gross and net rental yields comes from the direct costs. These mainly consist of technical and commercial costs as well as taxes and charges on unlet properties. In the sector of healthcare real estate, the leases are mainly "triple net", which means that the insurances, taxes and maintenance costs are borne by the tenant. Therefore, in this sector, gross and net yields are almost identical.

### Gross/net rental yields by sector<sup>1</sup> (in %)

	GROSS	NET
Healthcare real estate	6.26%	6.20%
Offices	7.82%	6.73%
Property of distribution networks	6.58%	6.36%
Other	6.99%	6.28%
<b>TOTAL PORTFOLIO</b>	<b>6.92%</b>	<b>6.43%</b>

Office building  
Guimard 10-12 -  
Brussels (BE)

The laying of a wooden roof terrace, equipped with planters and a bench in the shape of Cofinimmo's logo, offers clients an additional outdoor space. This space can be used for relaxation or work.



<sup>1</sup> If the portfolio is 100% let.

## SECTOR INFORMATION

Cofinimmo owns a portfolio of 1,522 properties, with a total rental area of 1,729,044 m<sup>2</sup> in superstructure.

The average age of the entire portfolio amounts to 13 years. The buildings which underwent a large-scale renovation are considered as new. The portfolio of property of distribution networks is taken into account as a single entity in the age range above 15 years.

### Sector information

SEGMENT	Number of buildings	m <sup>2</sup>	Average age (in years)	Fair value (x 1,000,000 EUR)	Fair value (in %)	Contractual rent (x 1,000 EUR)	Contractual rent (in %)
<b>HEALTHCARE REAL ESTATE</b>	<b>124</b>	<b>660,316</b>	<b>11</b>	<b>1,328.3</b>	<b>42.4%</b>	<b>84,752</b>	<b>40.3%</b>
Healthcare real estate Germany	3	22,734	5	67.1	2.1%	4,681	2.2%
Healthcare real estate Belgium	56	376,785	8	772.7	24.7%	48,139	23.0%
Healthcare real estate France	49	210,544	+ 15	383.5	12.2%	24,897	11.8%
Healthcare real estate Netherlands	16	50,253	5	105.0	3.4%	7,035	3.3%
<b>OFFICES</b>	<b>81</b>	<b>635,787</b>	<b>14</b>	<b>1,241.2</b>	<b>39.6%</b>	<b>85,937</b>	<b>40.9%</b>
<b>PROPERTY OF DISTRIBUTION NETWORKS</b>	<b>1,314</b>	<b>417,111</b>	<b>+ 15</b>	<b>538.1</b>	<b>17.2%</b>	<b>37,616</b>	<b>17.9%</b>
Pubstone Belgium	791	309,557	+ 15	274.3	8.8%	19,672	9.4%
Pubstone Netherlands	244	47,953	+ 15	147.1	4.7%	10,178	4.8%
Cofinimur I France	279	59,601	+ 15	116.7	3.7%	7,766	3.7%
<b>OTHER</b>	<b>3</b>	<b>15,830</b>	<b>4</b>	<b>26.8</b>	<b>0.8%</b>	<b>1,915</b>	<b>0.9%</b>
<b>TOTAL PORTFOLIO</b>	<b>1,522</b>	<b>1,729,044</b>	<b>13</b>	<b>3,134.4</b>	<b>100%</b>	<b>210,220</b>	<b>100%</b>

The breakdown of the portfolio by age class is as follows: 19.9% for 0-5 years, 21.8% for 6-10 years, 17.8% for 11-15 years and 40.5% for more than 15 years.

Office building  
Guimard 10-12 - Brussels  
(BE)

A sculpture with aerial curves in Cor-Ten steel by the Belgian artist Damien Moreau, is in perfect harmony with the 70s architecture of this office building, completely renovated in 2015. It occupies the large volume of the lobby and simultaneously creates an animation from the outside.



# EVENTS AFTER 31.12.2015

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The terms for terminating the contract of the client of the asset management activity for third parties have been decided in March 2016 and will take effect on 01.04.2016.

No other major events took place between 31.12.2015 and the time of writing of this Annual Financial Report.

# 2016 FORECAST

## ASSUMPTIONS

### Valuation of assets

The fair value, i.e. the investment value of the properties net of transaction costs, is included on the consolidated balance sheet. For the 2016 provisional balance sheet, this valuation is entered as an overall figure for the entire portfolio, increased by major renovation expenses.

### Maintenance and repairs - Major renovation works

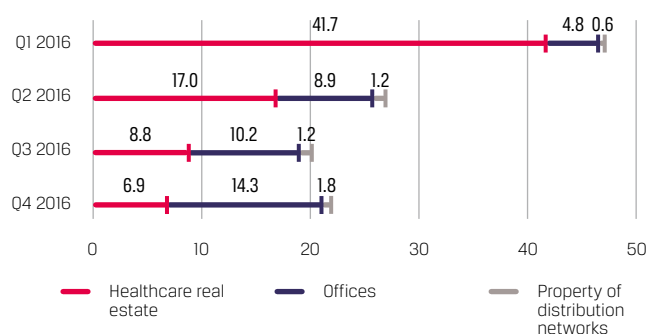
The forecasts, produced by building, include the maintenance and repair expenses, which are entered under operating expenses. They also include the large-scale renovation costs, which are capitalised and met from self-financing or borrowing. The large-scale renovation expenses taken into account in the forecast amount respectively to 38.1 million EUR for the office buildings and 4.8 million EUR for the pubs/restaurants.

### Investments and divestments

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

- the purchase of healthcare real estate in Belgium, France, the Netherlands and Germany for 74.4 million EUR, resulting from the delivery of new units or extensions of existing units for which Cofinimmo is legally committed;
- sale of Pubstone pubs/restaurants for 4.7 million EUR.

2016 Investissement programme (x 1,000,000 EUR)



### Rents

The rent forecast takes into account assumptions for each lease as to tenant departures, analysed on a case-by-case basis. The forecast also includes redecoration costs, a rental vacancy period, rental charges and taxes on unoccupied spaces as well as agency commissions at the time of the relocation that apply if the tenant leaves. Letting forecasts refer to the current market situation, without anticipating either a possible upturn or deterioration in the market.

The property result also incorporates the writeback of lease payments sold and discounted relating to the gradual reconstitution of the full value of buildings of which the leases have been sold to a third party.

A 1.00% positive or negative change in the occupancy rate on the office portfolio leads to a cumulative increase or reduction in the net current result per share and per year of 0.04 EUR. The ongoing contracts are indexed.

### Inflation

The inflation rate used for the evolution of rents ranges from 1.00% to 1.30%, depending on the countries, for the leases being indexed in 2016. The sensitivity of the forecast to changes in the inflation rate is low over the considered period. An expected inflation change of 50 basis points, positive or negative, leads to a cumulative increase or reduction in the net current result per share and per year of 0.05 EUR.

### Financial charges

The calculation of the financial charges is based on the assumption that interest rates will evolve as anticipated by the future rates curve, and on the current bank and bond borrowings. Considering the hedging instruments in place, the estimated cost of debt in 2016 should be less than 3.00% (margins included). No assumption of changes in the value of financial instruments due to the evolution of rates is taken into account in the 2016 forecasts, both on the balance sheet and on the income statement.

### Consolidated income statement

Given the uncertainty of a forward projection of the future market values of the properties, no reliable assessed forecast can be provided for the unrealised result on the portfolio.

This result will depend on trends in the rental market, changes in their capitalisation rates as well as anticipated renovation costs of buildings.

Changes in shareholders' equity will depend on the current result, the result on the portfolio and the dividend distribution.

The shareholders' equity is presented before distribution of the dividends for the financial year.

## Net current result per share

Based on the current expectations and in the absence of major unforeseen events, the company has set an objective for its net current result – Group share (excluding IAS 39 impact) of 6.19 EUR per share for financial year 2016, a 4.2% decrease compared with financial year 2015 (6.46 EUR). The net current result (excluding IAS 39 impact) forecasted for 2016 amounts to 129.8 million EUR, compared with the net current result (excluding IAS 39 impact) of 2015 of 128.5 million EUR. The decline in the net current result (excluding IAS 39 impact) per share is explained mainly by the increase in the number of shares entitled to share in the net result of the financial year (5.5%). Considering these assumptions, the forecasted debt ratio at 31.12.2016 is maintained below 50%.

## Dividend

The Board of Directors intends to propose to the shareholders a gross dividend per ordinary share of 5.50 EUR for financial year 2016, i.e. a consolidated pay-out ratio of 88.9%. The proposed dividend level of 5.50 EUR for financial year 2016 corresponds to a gross yield of 5.53% in relation to the average share price of the ordinary share during financial year 2015, and a gross yield of 6.85% in relation to the net asset value of the share at 31.12.2015 (in fair value). These yields remain

significantly higher than the average yield of European real estate companies.

Unless the company has an obligation to distribute a dividend, this proposal should comply with the requirement of Article 13 of the Royal Decree of 13.07.2014 in that it exceeds the minimal requirement to distribute 80% of the net income of Cofinimmo SA/NV (unconsolidated) projected for 2016. This article foresees an absence of the obligation to distribute a dividend in certain cases. However, Cofinimmo will use the right to do so in these circumstances, when the net result and the stipulation laid down in Article 617 of the Company Code allow it.

## Caveat

The forecasted consolidated balance sheet and income statement are projections, the achievement of which depends namely 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 auditor.

Nevertheless, the Auditor, Deloitte Company Auditors SC s.f.d. SCRL/ BV o.v.v.e. CVBA, represented by Franck Verhaegen, has confirmed that the forecasts have been drawn up properly on the indicated basis and that the accounting basis used for the purposes of this forecast are compliant with the accounting methods employed by Cofinimmo in preparing its consolidated accounts using accounting methods in accordance with IFRS standards as executed by the Belgian Royal Decree of 13.07.2014.

### 2016 projected consolidated income statement – Analytical form

(x 1,000 EUR)	31.12.2015	31.12.2016
<b>NET CURRENT RESULT</b>		
Rental income, net of rental-related expenses	201,903	198,556
Writeback of lease payments sold and discounted (non-cash)	10,214	11,265
Taxes and charges on rented properties not recovered	-3,478	-2,170
Redecoration costs, net of tenant compensation for damages	-1,105	-2,213
<b>Property result</b>	<b>207,534</b>	<b>205,438</b>
Technical costs	-5,643	-7,266
Commercial costs	-950	-1,388
Taxes and charges on unlet properties	-3,451	-3,540
<b>Property result after direct property costs</b>	<b>197,490</b>	<b>193,244</b>
Property management costs	-15,343	-17,498
<b>Property operating result</b>	<b>182,147</b>	<b>175,746</b>
Corporate management costs	-7,806	-7,345
<b>Operating result (before result on portfolio)</b>	<b>174,341</b>	<b>168,401</b>
Financial income (IAS 39 excluded)	5,735	5,105
Financial charges (IAS 39 excluded)	-42,970	-35,862
Revaluation of derivative financial instruments (IAS 39)	-30,403	-5,950
Share in the result of associated companies and joint ventures	460	469
Taxes	-4,209	-3,875
<b>Net current result<sup>1</sup></b>	<b>102,954</b>	<b>128,288</b>
Minority interests	-5,248	-4,284
<b>Net current result – Group share</b>	<b>97,706</b>	<b>124,004</b>
<b>Number of shares entitled to share in the result of the period</b>	<b>19,888,379</b>	<b>20,980,112</b>
<b>Net current result per share – Group share</b>	<b>4.91</b>	<b>5.91</b>
<b>Net current result per share – Group share – excluding IAS39 impact</b>	<b>6.46</b>	<b>6.19</b>

<sup>1</sup> Net income excluding gains or losses on disposals of investment properties, changes in fair value of investment properties and exit tax.



## 2016 forecast consolidated balance sheet

(x 1,000 EUR)	31.12.2015	31.12.2016
<b>Non-current assets</b>	<b>3,325,414</b>	<b>3,407,447</b>
Goodwill	111,256	111,256
Investment property	3,131,483	3,213,799
Finance lease receivables	75,652	74,900
Trade receivables and other non-current assets	990	990
Participations in associated companies and joint ventures	6,033	6,502
<b>Current assets</b>	<b>87,066</b>	<b>87,321</b>
Assets held for sale	2,870	2,870
Finance lease receivables	1,656	1,656
Cash and cash equivalents	22,040	22,040
Other current assets	60,500	60,755
<b>TOTAL ASSETS</b>	<b>3,412,480</b>	<b>3,494,768</b>
<b>Shareholders' equity</b>	<b>1,924,615</b>	<b>1,903,960</b>
Shareholders' equity attributable to shareholders of parent company	1,860,099	1,838,716
Minority interests	64,516	65,244
<b>Liabilities</b>	<b>1,487,865</b>	<b>1,590,808</b>
<b>Non-current liabilities</b>	<b>926,891</b>	<b>1,193,590</b>
Non-current financial debts	809,313	1,076,013
Other non-current financial liabilities	117,578	117,577
<b>Current liabilities</b>	<b>560,974</b>	<b>397,218</b>
Current financial debts	445,676	282,712
Other current financial liabilities	115,298	114,506
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,412,480</b>	<b>3,494,768</b>
<b>Debt ratio</b>	<b>38.62%</b>	<b>40.65%</b>

Where relevant, the company shall comply with the provisions of Article 24 of the Royal Decree of 13.07.2014<sup>1</sup> (see also page 90).

<sup>1</sup> This Article stipulates the obligation to draw up a financial plan accompanied by an execution schedule, detailing the measures taken to prevent the consolidated debt ratio from exceeding 65% of the consolidated assets. This plan must be submitted to the FSMA.

# STATUTORY AUDITOR'S REPORT ON THE FORECASTS

For the attention of the board of directors of Cofinimmo SA/NV  
Boulevard de la Woluwe 58  
1200 Brussels

24 March 2016

Dear Sirs

## Cofinimmo SA/NV

We report on the projected financial information comprising the projected consolidated income statement and consolidated balance sheet of Cofinimmo SA/NV ("the Company") and its subsidiaries (together "the Group") for the year ending 31 December 2016 (the "Projected Financial Information"). The Projected Financial Information, and the material assumptions upon which it is based are set out on pages 43 to 45 of the annual report ("the 2015 Annual Report") issued by the Company dated 24 March 2016. This report is required by Annex XV of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") making reference to Annex I item 13.2 and is given for the purpose of complying with that rule and for no other purpose.

## Responsibilities

It is the responsibility of the directors of the Company (the "Directors") to prepare the Projected Financial Information in accordance with the requirements of the Prospectus Directive Regulation.

It is our responsibility to form an opinion as required by the Prospectus Directive Regulation as to the proper compilation of the Projected Financial Information and to report that opinion to you.

Save for any responsibility arising under art. 61 of the Law of 16 June 2006 to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Annex XV of the Prospectus Directive Regulation making reference to Annex I item 23.1, consenting to its inclusion in the registration document.

## Basis of Preparation of the Projected Financial Information

The Projected Financial Information has been prepared on the basis stated on pages 43 to 45 of the 2015 Annual Report and is based on a forecast for the 12 months to 31 December 2016. The Projected Financial Information is required to be presented on a basis consistent with the accounting policies of the Group.

Deloitte Bedrijfsrevisoren / Réviseurs d'Entreprises  
Burgerlijke Vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /  
Société civile sous forme d'une société coopérative à responsabilité limitée  
Registered Office: Berkenlaan 80, B-1831 Diegem  
VAT BE 0429 053 863 - RPR Brussels/RPM Bruxelles - IBAN BE 17 2000 0465 6121 - BIC GEBABEB0

Member of Deloitte Touche Tohmatsu Limited

### **Basis of opinion**

We conducted our work in accordance with the International Standard on Assurance Engagement 3400 "The Examination of Prospective Financial Information" ("ISAE 3400") issued by the International Auditing and Assurance Standards Board ("IAASB"). Our work included evaluating the basis on which the historical financial information included in the Projected Financial Information has been prepared and considering whether the Projected Financial Information has been accurately computed based upon the disclosed assumptions and the accounting policies of the Group. Whilst the assumptions upon which the Projected Financial Information are based are solely the responsibility of the Directors, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors which, in our opinion, are necessary for a proper understanding of the Projected Financial Information have not been disclosed or if any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Projected Financial Information has been properly compiled on the basis stated.

Since the Projected Financial Information and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Projected Financial Information and differences may be material.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside Belgium, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

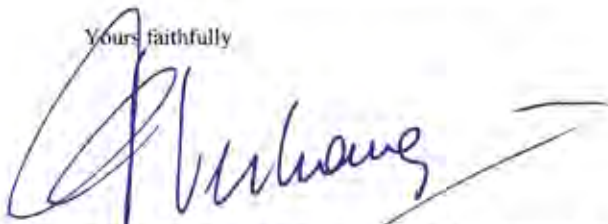
### **Opinion**

In our opinion, the Projected Financial Information has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Group.

### **Declaration**

For the purposes of art. 61 of the Law of 16 June 2006, we are responsible for this report as part of the Registration Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the registration document in compliance with Annex XV of the Prospectus Directive Regulation making reference to Annex I item 13.2.

Yours faithfully



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

# HEALTHCARE REAL ESTATE

---

With a portfolio spread over four countries and 124 properties comprising more than 12,000 beds, Cofinimmo is one of the major healthcare real estate investors in continental Europe.



## PORTFOLIO AT 31.12.2015

At 31.12.2015, Cofinimmo's healthcare real estate portfolio accounted for 42.4% of its total invested portfolio. It comprised 124 properties, with a total above-ground floor area of 660,316 m<sup>2</sup> and a fair value of 1,328.3 million EUR. It includes nursing and care homes, follow-up care and rehabilitation clinics, psychiatric clinic and sport and well-being centres.



# 42%

Percentage of the total portfolio at 31.12.2015

# 99%

Occupancy rate at 31.12.2015

# 1,328 MILLION EUR

Portfolio at fair value at 31.12.2015

## HEALTHCARE REAL ESTATE

In 2015, Cofinimmo continued its growth in the healthcare real estate segment in line with its strategy of diversification by country, by operator and by medical specialty. The company was also able to take advantage of the interest for this type of asset to carry out asset arbitrage.

During 2015, Cofinimmo invested 23.9 million EUR in the Netherlands in new assets or construction projects. In this country, the company is particularly interested in the growing segment of medium-sized private clinics specialising in uncomplicated medical specialisations. The company also expanded its portfolio in Germany through the purchase of two sport and well-being centres in Hanover and Hamburg and a rehabilitation clinic in Bonn for a total of 83.6 million EUR. Several nursing and care homes were also delivered to Belgium for an investment of nearly 26 million EUR.

On certain more mature markets, such as France and Belgium, Cofinimmo initiated a selective arbitrage policy, which consists in selling non-strategic assets and reinvesting the collected funds in other assets that correspond better to the Group's vision. The criteria taken into account in the decision to sell a healthcare asset concern in particular its size, age, location, operational use and the remaining term of the lease. In 2015, Cofinimmo sold therefore its 95% interest in the Silverstone company, owner of 20 nursing and care homes in Belgium, in a transition valorising the properties at 134.5 million EUR, thus permitting a geographical rebalancing of its portfolio.

## MAIN CHARACTERISTICS OF THE SECTOR

### Favourable legal environment

The investment is based on real needs for growth triggered by the demographic evolution and new lifestyles. Some care specialisations are heavily regulated, both at the national and regional levels, which is a significant obstacle to entry.

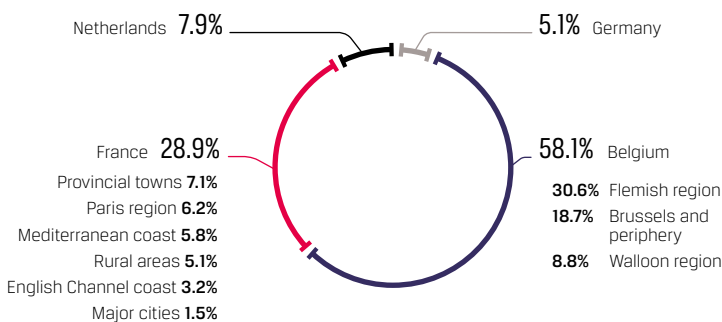
### Long-term lease contracts with operators

These lease contracts generally present an initial fixed term of 27 years in Belgium, 12 years in France, 15 years in the Netherlands and 25 years in Germany. The rents, which are indexed annually, are fixed and are not tied to resident occupancy rates. In addition, almost all lease agreements provide an option to extend the lease for two consecutive periods of nine years in Belgium, nine to 12 years in France and 10 years in the Netherlands.

### Strong growth potential

Faced with the ageing population and changing lifestyles, the requirements in terms of accommodations for dependent or sick elderly people and healthcare are growing. Cofinimmo supports medical facility operators in their growth and helps them renovate or enlarge their property portfolio.

Geographic breakdown – in fair value (in %)



Average residual lease length by country (in number of years)





Weverbos nursing home - Gentbrugge (BE)

"WITH A PORTFOLIO OF MORE THAN  
100 MILLION EUR, COFINIMMO IS AMONG  
THE LEADING INVESTORS IN HEALTHCARE  
REAL ESTATE IN THE NETHERLANDS."

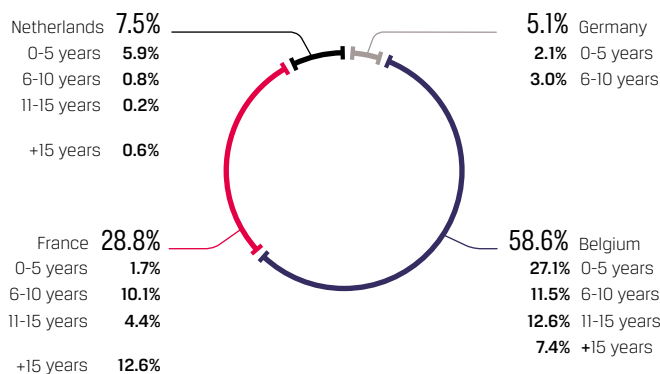
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## HEALTHCARE COMPANIES

Cofinimmo systematically selects operators demonstrating a certain level of experience, a reputation of high quality of care, financial stability, a balanced management team and realistic growth ambitions. The facilities are often leased to operator groups which each manage many sites. The leases are either signed with the parent company of the operator group or guaranteed by it.

Acquisitions in this sector all undergo prior due diligence to analyse not only the profitability of the project but also the solvency of the operators. This solvency analysis is repeated annually, with the operators undertaking to provide regular financial reports on the evolution of the operations.

### Average age of establishments - in number of years (in %)<sup>2</sup>



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

Country	Operator	Percentage
<b>BELGIUM</b>	Armonea	27.2%
	Senior Living Group (Korian-Medica Group)	19.6%
	ORPEA Belgium	4.0%
	Aspria	3.0%
	Other Belgium	3.0%
<b>FRANCE</b>		<b>29.3%</b>
	Korian-Medica Group	20.2%
	ORPEA France	6.8%
	Inicéa	2.2%
	Other France	0.1%
<b>NETHERLANDS</b>		<b>8.4%</b>
	Other Netherlands <sup>1</sup>	4.4%
	Bergman Clinics	1.6%
	European Care Residences	1.2%
	Domus Magnus	1.2%
<b>GERMANY</b>		<b>5.5%</b>
	Aspria	4.5%
	Celenus	1.0%

### Breakdown by type of asset - at fair value (in %)

Country	Asset Type	Percentage
<b>BELGIUM</b>	Nursing and care homes	52.8%
	Sport and well-being centres	3.0%
	Services flats	2.8%
	<b>Total</b>	<b>58.6%</b>
<b>FRANCE</b>	Nursing and care homes	15.1%
	Rehabilitation clinics	11.2%
	Psychiatric clinics	2.5%
	<b>Total</b>	<b>28.8%</b>
<b>NETHERLANDS</b>	Care centres for elderly people	3.5%
	Acute care clinics	2.7%
	Psychiatric clinics	0.8%
	Care centres for disabled people	0.5%
	<b>Total</b>	<b>7.5%</b>
<b>GERMANY</b>		<b>5.1%</b>
	Sport and well-being centres	4.2%
	Psychiatric clinics	0.9%

<sup>1</sup> Including in particular the operators DC Klinieken, Stichting Rijnstate, Stichting Gezondheidszorg Eindhoven (SGE) en Stichting Philadelphia Zorg.

<sup>2</sup> The buildings which underwent a large-scale renovation are considered as new.



## Belgium

### Signing of a long lease for the Woluwe 106-108 office building (Brussels) for conversion into a nursing and care home

On 28.04.2015, Cofinimmo signed a long lease agreement with the Vivalto healthcare company for the building located at Woluwe 106-108 in Brussels. This office building with a surface area of 8,500 m<sup>2</sup>, owned by Cofinimmo since 2000, will be converted into a nursing and care home. Work will start as soon as the permits necessary for the building redevelopment have been issued. The budget is 13 million EUR. The 27-year agreement with Vivalto Home will take effect as from the moment of delivery of the works.

### Delivery of construction/extension/renovation works of four nursing and care homes

During 2015, four sites of construction/extension/renovation of nursing and care homes were delivered. The assets are rented to healthcare operators for a period of 27 years under "triple net" leases. The initial gross rental yield ranges between 6.1% and 6.3%. The rents will be indexed annually.

Property	Operator	Type of works	Number of (additional) beds	Area (additional)	End of works
Den Brem - Rijkevoorsel	Armonea	Extension	+ 36	+ 1,325 m <sup>2</sup>	Q1 2015
Maison Saint-Ignace - Laeken/Laken (Brussels) <sup>1</sup>	Senior Assist	Renovation	142	8,345 m <sup>2</sup>	Q2 2015
Noordduin - Koksijde	Armonea	Construction	87	6,440 m <sup>2</sup>	Q3 2015
Tillens Residence (formerly Suzanna Wesley) - Uccle/Ukkel (Brussels)	Armonea	Construction	87	4,960 m <sup>2</sup>	Q4 2015

### Acquisition of the extension of the nursing and care home De Nieuwe Seigneurie in Rumbeke

In October 2015, Cofinimmo acquired the extension of the nursing and care home De Nieuwe Seigneurie in Rumbeke for 3.1 million EUR. Cofinimmo already owned the main building. The extension, of which the construction works have been delivered in May 2015, has a surface area of 1,688 m<sup>2</sup> and 31 beds. The entire site is operated by the Armonea Group. Cofinimmo leases it under a 27-year "triple net" lease. The rent will be indexed annually based on the consumer price index.

### Sale of the shares of the company Silverstone SA/NV, owner of 20 nursing and care homes in Belgium<sup>2</sup>

On 30.12.2015, Cofinimmo sold its 95% interest in Silverstone to a company of the Senior Assist Group for 92.6 million EUR. Given the assets and liabilities other than the property, this transaction values the properties at 134.5 million EUR, 12.7 million EUR more than their fair value as determined by the independent real estate expert at 31.12.2014. Over the period during which it owned the assets, Cofinimmo realised an average annual internal rate of return (IRR) of 8.5% on Silverstone's portfolio.

Silverstone SA/NV owns 20 nursing and care homes in Belgium, operated by the Senior Assist Group. The facilities represent nearly 75,000 m<sup>2</sup> and offer a total of more than 1,600 beds<sup>2</sup>.



Nursing home Noordduin - Koksijde (BE)

<sup>1</sup> Property of Silverstone SA/NV.

<sup>2</sup> See also our press release dated 04.01.2016, available on the website [www.cofinimmo.com](http://www.cofinimmo.com).

## Netherlands

### Acquisition of two medical centres in Almere and Voorschoten

On 11.02.2015, Cofinimmo, via its Dutch subsidiary Superstone, acquired two medical centres in the Netherlands for a total of 5.7 million EUR.

The assets are located in Almere and Voorschoten and have an above-ground surface area of 2,380 m<sup>2</sup> and 1,320 m<sup>2</sup> respectively. They are operated by the Dutch group DC Groep with which Cofinimmo has signed two "triple net" leases for 15 years. The rents will be indexed annually based on the consumer price index. The initial gross rental yield of this transaction amounts to 7.45%.

### Acquisition of a care centre for disabled people in Lopik

On 25.05.2015, Cofinimmo, via its Dutch subsidiary Superstone, acquired a healthcare centre for disabled people in Lopik for 3.3 million EUR. The asset is one of five development projects for which Cofinimmo signed an agreement with Green Real Estate in December 2014.

Construction work on the centre was completed in May. The facility has 33 apartments and three common rooms on 2,883 m<sup>2</sup>. It is rented to the operator Philadelphia Zorg as part of a "double net" lease for a period of 15 years. The rent will be indexed annually based on the consumer price index. The initial gross yield of this transaction is 6.85%.

### Signing of an agreement relating to the development of parking structures at the Amphia hospital site in Breda

On 27.05.2015, Cofinimmo signed an agreement relating to the development of a parking structure at the site of the Amphia hospital in Breda, the main hospital of the city and region. The construction of this parking structure is part of a redevelopment programme involving the entire site. With five floors above ground, the parking structure will provide 900 parking spaces to patients and visitors of the hospital. The operator Stichting Amphia signed a long lease with Cofinimmo for the land on which the parking structure will be constructed. Cofinimmo will fund the 9.7 million EUR construction work, which is expected to begin in February 2016 and be completed during the third quarter of 2016. Upon delivery of the work, Amphia will sign a 30-year "double net" lease with Cofinimmo. The rent will be indexed annually based on the consumer price index. The initial gross yield of this transaction is 7.51%.

### Delivery of the construction works of a medical centre in Eindhoven

On 20.11.2015, the construction work on a 2,237 m<sup>2</sup> polyclinic located in Eindhoven was delivered. The building is known locally as STRIJP-Z, in reference to an innovation campus in the centre of Eindhoven. As a reminder, Cofinimmo had acquired a plot of land for the construction of this building in December 2014. The acquisition price of the land and the budget for the works total 4.5 million EUR. It is operated by SGE (Stichting Gezondheidscentra Eindhoven), with which Cofinimmo has signed a 25-year "double net" lease. The rent will be indexed annually based on the consumer price index. The initial gross yield of this transaction is 7.50%.

### Acquisition of a revalidation clinic in Heerlen

On 15.12.2015, Cofinimmo acquired the "Plataan" rehabilitation clinic located in Heerlen, near Maastricht, for 3.7 million EUR. The clinic has 127 beds distributed over 14,700 m<sup>2</sup>. The building will undergo major renovation at the beginning of 2016, with a budget of 11.1 million EUR. Upon delivery of the work, scheduled for the first quarter of 2017, the Dutch group operator Sevagram will sign a 15-year "triple net" lease with Cofinimmo, renewable for 10 years. The rent will be indexed annually based on the consumer price index. The initial gross yield of this transaction is 7.03%.

### Acquisition of a healthcare centre in Arnhem-Zuid

On 17.12.2015, Cofinimmo acquired a 4,200 m<sup>2</sup> polyclinic, located in Arnhem-Zuid, for 5.0 million EUR. It is operated by the Dutch foundation Stichting Rijnstate, with which Cofinimmo has signed a 20-year "double net" long lease. The rent will be indexed annually based on the consumer price index. The initial gross yield of this transaction is 8.33%.

### Acquisition of a care centre for disabled people, under development, located in Alphen aan den Rijn

In December 2015, Cofinimmo acquired a care centre for disabled people, located in Alphen aan den Rijn. The acquisition price of the land and the budget for the works amount to 2.5 million EUR. The future facility will offer 24 rooms, spread over 2,000 m<sup>2</sup>, and will be operated by the Stichting Philadelphia Zorg foundation. Upon delivery of the work, expected in October 2016, Cofinimmo will sign a 15-year "double net" lease with Philadelphia Zorg. The rent will be indexed annually based on the consumer price index. The initial gross yield of this transaction is 6.60%.

## Germany

### Acquisition of two sport and well-being centres in Hanover and Hamburg

On 05.06.2015, the Cofinimmo Group acquired two luxury sport and well-being centres in Germany. The Uhlenhorst centre, located within a prestigious residential area of Hamburg and built in 2012, extends over 7,800 m<sup>2</sup>. It is equipped with fitness rooms, swimming pools, a sauna, thermal baths and tennis and hockey courts. The Maschsee centre, located on the edge of a lake in Hanover and built in 2009, represents 10,000 m<sup>2</sup>. It is equipped with fitness rooms, swimming pools, a sauna, thermal baths and a beach volleyball court.

The two facilities are leased for 30 years to the Aspria Group, with which the Cofinimmo Group has signed "double net" lease contracts featuring limited maintenance obligations for Cofinimmo (maintenance of the buildings' structure, façades and roofs). The rents will be indexed annually.

The total initial investment is 53.6 million EUR. The initial gross rental yield of this transaction is 7.60%. In addition, price supplements will be payable in the future, under certain conditions, combined with a rent increase, if applicable. The gross rental yield could then reach 8.00%.

As a reminder, Cofinimmo owns the sport and well-being centre La Rasante at Rue Sombre/Donkerstraat 56 in Brussels, operated by the Aspria Group, since 2007.

### Acquisition of a rehabilitation clinic in Bonn

On 16.12.2015, Cofinimmo acquired Kaiser Karl revalidation clinic in Bonn. This 15,500 m<sup>2</sup> facility, built in 1996 and expanded in 2013, specialises mainly in orthopaedics and offers 150 beds, a swimming pool, thermal baths, a restaurant, as well as underground parking spaces. The total initial investment is 30.0 million EUR<sup>1</sup>.

The facility is let to a subsidiary of the German operating group Eifelhöhen-Klinik AG under a 25-year "double net" lease contract. The rent will be indexed every three years, upwards only. The initial gross rental yield of this transaction is 7.32%.

"IN 2015, COFINIMMO  
CONTINUED ITS GROWTH  
IN HEALTHCARE  
REAL ESTATE IN  
THE NETHERLANDS  
AND GERMANY."



Sport and well-being centre - Uhlenhorst (DE)



Rehabilitation clinic Kaiser Karl - Bonn (DE)

<sup>1</sup> Transaction costs (registration rights, etc.) of 2.5 million EUR included.

## CONSTRUCTION AND RENOVATION PROJECTS

Thanks to its experienced multidisciplinary team dedicated to healthcare real estate, particularly in Project Management, Cofinimmo offers operators a comprehensive solution that includes access to financial, real estate, architectural and ecological expertise.

During projects for both new builds and extensions, opportunities for improving the quality of construction and the sustainability of the buildings are discussed together with the operator. The aim is to opt for more rational energy use when operating the building. This approach is part of Cofinimmo's ISO 14001:2004 environmental

certification for the Project Management of major works and renovations. The result, for example, is better insulation (K-Level) that exceeds the minimum legal requirements or more efficient heating and ventilation systems.

In 2015, the Group delivered and oversaw several major projects in Belgium, France and the Netherlands. Thus, 28.2 million EUR was invested in construction, extensions and renovations in the healthcare real estate sector.

"COFINIMMO SUPPORTS OPERATORS EITHER BY TAKING OVER EXISTING FACILITIES, CONSTRUCTING NEW BUILDINGS OR EXPANDING OR RENOVATING EXISTING BUILDINGS."



In 2015, the Project Management team managed and/or oversaw the following main projects:

#### Belgium

Property	Operator	Type of works	Number of (additional) beds	Area (additional) (in m <sup>2</sup> )	End of works (expected)
Den Brem - Rijkevorsel	Armonea	Extension	+36	+1,325 m <sup>2</sup>	Q1 2015
De Nieuwe Seigneurie - Rumbekke	Armonea	Extension	+31	+1,688 m <sup>2</sup>	Q2 2015
Maison Saint-Ignace - Laeken/Laken (Brussels) <sup>1</sup>	Senior Assist	Renovation	142	8,345 m <sup>2</sup>	Q2 2015
Noordduin - Koksijde	Armonea	New construction	87	6,440 m <sup>2</sup>	Q2 2015
Residence Tillens (formerly Suzanna Wesley) - Uccle/Ukkel (Brussels)	Armonea	New construction	87	4,900 m <sup>2</sup>	Q4 2015

#### France

Property	Operator	Type of works	Number of (additional) beds	Area (additional) (in m <sup>2</sup> )	End of works (expected)
Caux du Littoral - Néville	Handra	Renovation and extension	+ 24	+ 1,939 m <sup>2</sup>	Q1 2016
Les Lubérons - Le Puy Sainte Réparate	Korian-Medica Group	Renovation and extension	+25	+1,400 m <sup>2</sup>	Q1 2016
William Harvey - Saint Martin d'Aubigny	Korian-Medica Group	Renovation and extension	+10	+670 m <sup>2</sup>	Q1 2016

For 2016-2017, excluding the projects that were started but not yet completed in 2015, the main planned construction and renovation projects are the following:

#### Belgium

Property	Operator	Type of works	Number of (additional) beds	Area (additional) (in m <sup>2</sup> )	End of works (expected)
Woluwe 106-108 - Brussels	Vivalto	Conversion of an office building into a nursing home	151	8,422 m <sup>2</sup>	Q3 2017
Pérou 80 - Brussels	Aspria	Construction of a sport and well-being centre	/	15,188 m <sup>2</sup>	Q4 2018

#### Netherlands

Property	Operator	Type of works	Number of (additional) beds	Area (additional) (in m <sup>2</sup> )	End of works (expected)
Alphen aan den Rijn	Philadelphia Zorg	New construction	24	1,976 m <sup>2</sup>	Q3 2016
Amphia parking - Breda	Amphia	New construction	/	24,610 m <sup>2</sup>	Q3 2016
Bavel	Martha Flora	New construction	22	2,198 m <sup>2</sup>	Q4 2016
Plataan - Heerlen	Sevagram	Renovation	133	14,700 m <sup>2</sup>	Q2 2017

"SINCE 2005, COFINIMMO HAS ACQUIRED THOROUGH KNOWLEDGE OF THE PUBLIC HEALTH SYSTEMS AND MANAGEMENT MODELS OF MEDICAL FACILITIES."

<sup>1</sup> Property of Silverstone SA/NV.

# OFFICES

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In the management of its office portfolio, Cofinimmo offers public and private tenants modern, functional spaces under flexible lease contracts.

## PORTFOLIO AT 31.12.2015

At 31.12.2015, Cofinimmo's office portfolio accounted for 39.6% of its total invested portfolio. It comprised 81 properties<sup>1</sup>, with a total above-ground floor area of 635,787 m<sup>2</sup> and a fair value of 1,241.1 million EUR. The buildings are located exclusively in Belgium, mostly in Brussels. The occupancy rate in m<sup>2</sup> remains high (89.7%) compared with the Brussels market. More than 22% of the offices are leased to the Belgian and international public sector.



# 40%

Percentage of the total portfolio at 31.12.2015

# 90%

Occupancy rate at 31.12.2015

# 1,241

## MILLION EUR

Portfolio at fair value at 31.12.2015

<sup>1</sup> Business parks are considered as a single asset but may consist of several buildings.

## OFFICES

During 2015, Cofinimmo pursued its strategy of active rotation of its office portfolio and finalised the redevelopment of the Livingstone site. The company maintained a high occupancy rate thanks to the quality of the buildings, their location, the services offered to tenants and the proactive management of in-house teams.

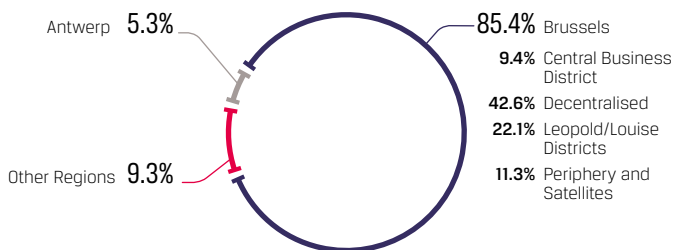
During 2015, Cofinimmo pursued its strategy of active rotation of its office portfolio, encouraged by the volume of transactions on the Brussels office market, which represented 1.5 billion EUR in 2015. On this investment market, there is very high interest among investors for assets under very long-term leases. This situation has led to a decline in yields for this type of "premium" asset, under the 5% mark<sup>1</sup>. Cofinimmo sold its shares of the Livingstone II company, owner of the Livingstone II building, located in Brussels, with a gross yield of 4.28%.

Despite a rental market still under pressure, Cofinimmo successfully continued the active marketing of its office spaces. For 2015, Cofinimmo renewed the leases of existing clients representing 44,193 m<sup>2</sup> and signed leases as well as extensions of spaces for 23,035 m<sup>2</sup>. The occupancy rate remains high at 89.7%. The Colonel Bourg 105 and Guimard 10-12 buildings thus saw their occupancy rates increase considerably to 80% and 88% respectively, driven by the success of the company's commercial policies and its good reputation.

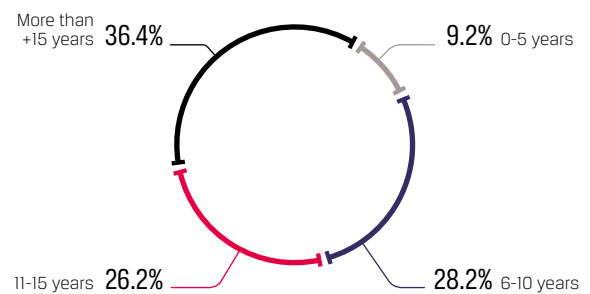
With regard to redevelopment projects, Cofinimmo began renovation work on the Belliard 40 building in 2015, which should be completed in 2017. The building, located in the Leopold District of Brussels, will offer more than 17,000 m<sup>2</sup> of modern, flexible offices, over 13 floors, with excellent architectural and environmental quality. Cofinimmo thus anticipates the scarcity of new developments, particularly category A buildings, in the Leopold District by 2017.

In 2015, the company successfully completed the redevelopment of the Woluwe 34 and Livingstone I sites. The two buildings were converted into apartments, all sold during the year. Population growth in Brussels has led to a significant housing shortage. In response to this demand, the regional authorities are promoting the development of mixed districts, thus facilitating the conversion of unoccupied buildings into housing. In 2015, more than 90,000 m<sup>2</sup> of office buildings were as such converted into housing in Brussels<sup>1</sup>.

Geographic breakdown - at fair value (in %)



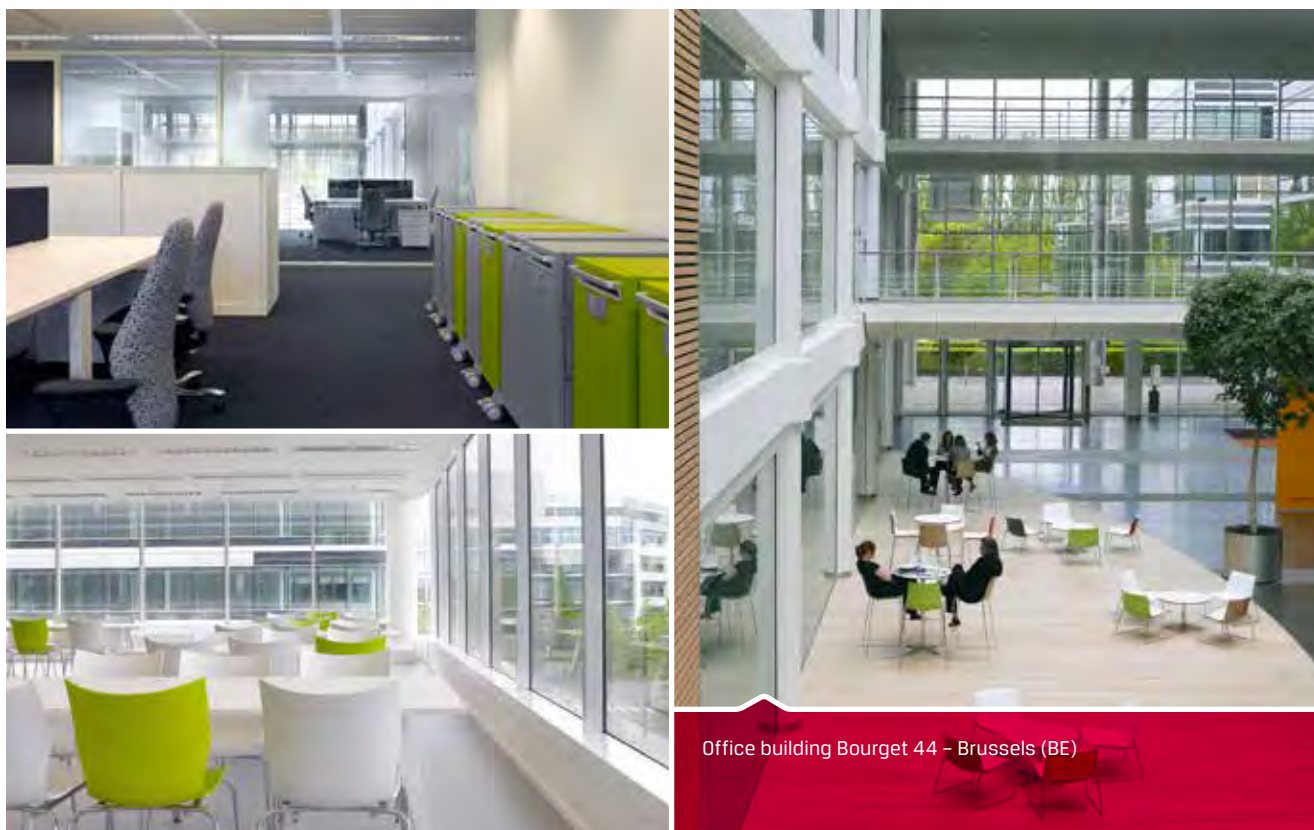
Average age of properties<sup>2</sup> (in %)



<sup>1</sup> Source: Cushman & Wakefield.

<sup>2</sup> The buildings which underwent a large-scale renovation are considered as new.





"FACED WITH NEW METHODS OF WORKING, COFINIMMO FAVOURS FLEXIBLE BUILDINGS MEETING THE DEMANDS OF EXISTING AND FUTURE TENANTS AND DELIVERING ENERGY PERFORMANCES MEETING OR EXCEEDING LEGAL REQUIREMENTS."

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## KEY ACHIEVEMENTS IN 2015

### Delivery of the work for the Woluwe 34 and Livingstone I office buildings to convert them into apartments and sale of all of the apartments

When a portfolio office building is technically obsolete and empty, Cofinimmo considers two scenarios: office renovation or reconversion in and sale of apartments, when suitable.

The work on the office building at Woluwe 34 (Decentralised Brussels) to convert it into apartments was delivered during the first half of 2015. The total budget for the work was 13 million EUR. The sale of the project began once the project started up, i.e. July 2013. All of the apartments were sold by 31.12.2015 for a price of 23.6 million EUR. As the works costed 14.8 million EUR, a gain of 8.8 million EUR has been realised.

The work on the Livingstone I office building (Brussels Leopold) to convert it into apartments was also delivered during the first half of 2015. The risk related to the sale of this project's apartments was transferred to the general contractor Cordeel, which will pay Cofinimmo the fixed price of 24 million EUR as the units are sold. All of the apartments were sold by 31.12.2015.

### Sale of "La Parabole" office building for 5.5 million EUR

Cofinimmo sold the "La Parabole" building located at Rue Philippe Le Bon 2-4, 1000 Brussels in January 2015. This small building, used for seminars and receptions, was part of the Livingstone site occupied by Belfius until the end of 2011. The gross sale price was 5.5 million EUR, higher than the investment value set by the independent real estate expert.

### Sale of shares in the Livingstone II company, owner of the Livingstone II office building<sup>1</sup>

In November 2015, Cofinimmo sold all the shares of the Livingstone II company, owner of the Livingstone II office building, located in the heart of the European District of Brussels. The shares were acquired by the Aberdeen European Balanced Property Fund, managed by Aberdeen Asset Management PLC, for a price of 60.0 million EUR. Given the liabilities and assets other than real estate, this transaction values the building at 63.9 million EUR, an amount of 13.2 million EUR, greater than the investment value of the asset determined by the independent real estate expert at 31.12.2014. The contractual rent in relation to this valuation represents a gross yield of 4.28%.

With the sale of the shares of the Livingstone II company, owner of the Livingstone II office building, Cofinimmo successfully finalised the repositioning of the entire Livingstone site, acquired in 2002, for which it optimised the use and environmental integration after the departure of Belfius Insurance, in late 2011, by making it a mixed-use property. This departure included a compensation equivalent of 21 months of rent.

Office building  
Woluwe 34 -  
Brussels (BE)

This office  
building was  
converted into  
69 modern,  
sustainable  
residential  
units.



<sup>1</sup> See also our press release dated 18.11.2015, available on the website [www.cofinimmo.com](http://www.cofinimmo.com).

### Delivery of the renovation work on the Guimard 10-12 office building

At the end of third quarter 2015, the renovation of the Guimard 10-12 office building, located in the central business district of Brussels, was finalised. The total budget for the work was 14.8 million EUR. At 31.12.2015, more than 90% of the spaces were already rented.

### Property services

The in-house Account Management and Property Management teams, who forge long-lasting relationships with clients and remain in frequent contact with them, pursue the same objective: provide an all-in-one property solution, combining quality buildings, flexibility of occupancy and associated services.

Any fitting-out works are managed directly by the in-house multidisciplinary Project Management team, which is staffed by architects, engineers and "space planners".

In 2015, the Service Desk handled 8,500 requests. Besides promoting client loyalty and increasing their comfort when using the office space, which remain the core objectives of this service activity, Cofinimmo has netted an operating result of almost 60,000 EUR from its property services.

"COFINIMMO HAS A DYNAMIC, CREATIVE IN-HOUSE MANAGEMENT TEAM OF 120 PEOPLE COVERING ALL DISCIPLINES WITHIN THE REAL PROPERTY AND FACILITIES MANAGEMENT."

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

Insurance	19.3%
Belgian public sector	13.1%
Sollicitors & consulting	12.1%
Information technology	9.7%
International public sector	9.0%
Chemicals, oil and pharmaceuticals	5.0%
Retail	2.6%
Telecommunications	2.4%
Other	26.8%
<b>GRAND TOTAL</b>	<b>100%</b>

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

	Rating <sup>1</sup>	Outlook <sup>1</sup>	%
AXA Belgium	A+	POS	13.7%
Buildings agency (Belgian Federal State)	AA	STABLE	13.1%
European Commission	AA+	NEG	8.9%
IBM Belgium (IBM Group)	AA-	STABLE	4.9%
TVI SA/NV (RTL Group)	BBB+	STABLE	3.6%
OVAM	NA	NA	2.6%
CEFIC	NA	NA	2.6%
Bank Degroof Petercam	NA	NA	2.3%
Cleary, Gottlieb, Steen & Hamilton	NA	NA	2.2%
KPMG	NA	NA	1.8%
<b>Total</b>			<b>55.7%</b>
Other			44.3%



Building Livingstone I - Brussels (BE)  
This building has been converted in 122 apartments.

<sup>1</sup> This is the appreciation by the financial rating agency Standard & Poor's of the financial solvency risk of the entity; situation on 31.12.2015.

## RENOVATION PROJECTS

The Project Management team is responsible for managing developments, large-scale renovations and interior design and layout projects for office space. Opting for this in-house management structure allows Cofinimmo to maintain a high-quality property portfolio, used to the best of its potential at all times, and to redevelop it using techniques that offer the greatest protection to the urban environment (also see the "Sustainable Development" chapter of this Annual Financial Report).

In 2015, the Project Management department managed or was in charge of several office projects in Brussels. The total value of the office construction and renovation works managed and accounted for in 2015 was 21.36 million EUR.

### Renovation projects in 2015

Property	Type of works	Area (in m <sup>2</sup> )	End of works (expected)
Guimard 10-12	Renovation	10,800 m <sup>2</sup>	Q3 2015
Souverain 24	Average renovation	3,900 m <sup>2</sup>	Q1 2016
The Gradient (formerly Tervuren 270 - 272)	Rénovation lobby and parkings	550 m <sup>2</sup>	Q2 2016
Belliard 40	Demolition and reconstruction of offices	20,000 m <sup>2</sup>	Q3 2017

In 2016, excluding the projects that were started but not yet completed in 2015, the main projects will be:

### Renovation projects in 2016

Property	Type of works	Area (in m <sup>2</sup> )	End of works (expected)
The Gradient (formerly Tervuren 270-272)	Creation co-working zone	1,050 m <sup>2</sup>	Q4 2016
The Gradient (formerly Tervuren 270-272)	Renovation fourth floor	2,900 m <sup>2</sup>	Q1 2017
Tenreuken	New residential construction	11,800 m <sup>2</sup>	Q2 2018

"THROUGH CONVERSIONS, COFINIMMO IS ABLE TO BETTER MEET BOTH THE DEMAND FOR HOUSING TO ACCOMMODATE A GROWING POPULATION AND THE DESIRE FOR GREATER DIVERSIFICATION IN CERTAIN DISTRICTS."

## OFFICE ENERGY PERFORMANCE

For 33 of its existing office buildings, accounting for 31% of its office space, Cofinimmo has obtained a certificate for Energy Performance of a Building (EPB), stating the energy performance and CO<sub>2</sub> emissions ratings of the building in question. As and when a property is sold or rented, these certificates are produced by an accredited company, in line with the European Energy Performance of Buildings Directive (EPBD), which has been transposed into the national and regional legislation. The energy performance of 97% of these certified buildings is above the current average for buildings in Brussels, which lies midway between D and E (source: IBGE). The certificate has also been mandatory in Wallonia since 2015 and will be mandatory in Flanders in early 2017.

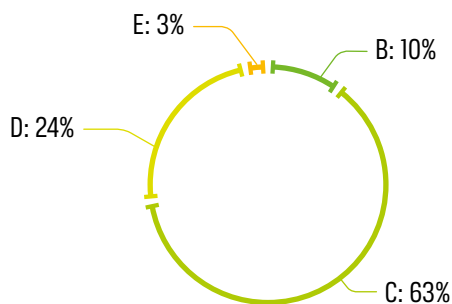
In 2013, Cofinimmo invested in an energy data management software programme to facilitate the identification of potential sources of savings and the impact of investments made. The objective is obviously to reduce consumption. The software collates all the consumption data for all the common areas managed by Cofinimmo, as well as private consumption data provided by tenants on a voluntary basis.

For more information, see the "Sustainable Development" section of this Annual Financial Report.

Cofinimmo also continued the installation of remotely readable meters, which permit real-time checking and better consumption control.

In 2013, a green electricity supply contract was signed again for all common areas managed by the Group. Purchase volumes are around 45 GWh per year, a saving of 20,385 tonnes of CO<sub>2</sub>e, which is the equivalent of nine medium-power wind turbines.

Results of the energy performance certificates of Cofinimmo's offices in Brussels Centre (in %)



## BREEAM IN-USE<sup>1</sup>

In order to add value to its efforts, Cofinimmo is continuing its BREEAM In-Use certification policy, prioritising buildings currently up for sale or lease. The objective of obtaining an environmental certification is two-fold: on the one hand, to improve the commercial competitiveness of its buildings, and, on the other hand, to introduce a process of continuous improvement in the portfolio's environmental performance.

A total of 12,178 m<sup>2</sup> of office space has been certified, i.e. 2% of Cofinimmo's office portfolio. The goal for 2016 is to certify an additional 70,414 m<sup>2</sup>, i.e. 11% of the office portfolio.

### BREEAM In-Use

Property	Asset	Building Management
Souverain 36	Good	Good
Woluwe 58	Good	Very good



Office building Belliard 40 – Brussels (BE)

This project has been awarded the IBGE prize "Exemplary building 2011". Cofinimmo aims to turn it into a landmark building in the European (Leopold) district by creating innovative workspace and stimulating a minimal environmental impact. The objective is to obtain a BREEAM "Excellent" certification for this building.

<sup>1</sup> BREEAM In-Use is a subprogramme of BREEAM (see Glossary) which certifies the sustainability of existing buildings. The areas analysed are not limited to energy performance. They cover the following aspects: energy, water, materials, transport, waste, pollution, health & well-being, management and land use & ecology. Following the certification process, the building and its property management are given a rating (Acceptable, Pass, Good, Very Good, Excellent or Outstanding).

# PROPERTY OF DISTRIBUTION NETWORKS

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Cofinimmo invests in buildings used by companies as networks of direct sales points of products or services to their clients. These assets consist of pubs, restaurants and insurance agencies. They are grouped under the property of distribution networks segment.



## PORTFOLIO AT 31.12.2015

At 31.12.2015, Cofinimmo's portfolio of property of distribution networks accounted for 17.2% of the total invested portfolio, totalling a fair value of 538.1 million EUR.



# 17%

Percentage of the total portfolio at 31.12.2015

# 98%

Occupancy rate at 31.12.2015

# 538 MILLION EUR

Portfolio at fair value at 31.12.2015

## PROPERTY OF DISTRIBUTION NETWORKS: PUBSTONE & COFINIMUR I

In each of these two networks, there is only one tenant company and a long-term lease. The quality of the location of the assets also guarantees an attractive residual value. In-house specialised teams monitor the structural maintenance of the assets of the two networks.

### Main advantages of these networks:

#### "Sale & lease back" transactions

The sale price per square metre requested by the seller is reasonable given that it involves buildings let to their seller, who must therefore bear the rent after the sale.

#### Optimisation of the network of sales points for the activity of the tenant

The buildings are necessary for the tenant's activity because of their location and are under a long-term lease contract.

Therefore, the probability of relocation at the end of the lease is high for most of them.

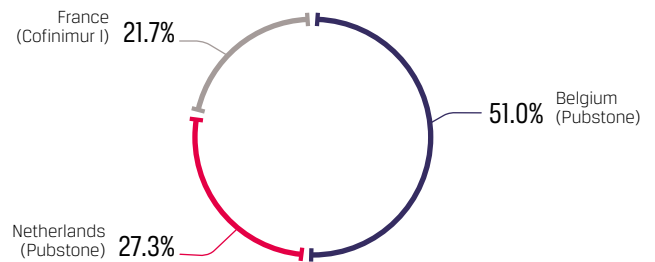
#### Risk granularity

If the tenant leaves, a significant part of these assets may be sold as shops or homes to local professional or non-professional investors, given that the amounts to be invested are often accessible to such investors.

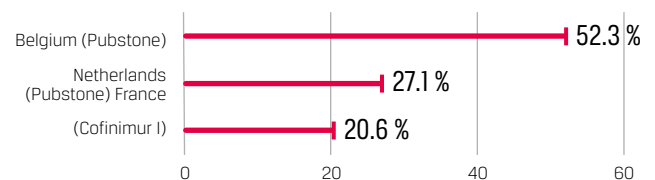
#### Support for the tenant in the management, development and renovation of assets

The tenant company and Cofinimmo maintain an ongoing dialogue in order to develop its geographic sales network. Buildings that have a lease that will not be renewed on expiry or will require renovation in the medium term can thus be identified in advance. Similarly, Cofinimmo may target new properties that the tenant may wish to integrate into its network.

Geographic breakdown - at fair value (in %)



Geographic breakdown by rent - in contractual rents (in %)



Average residual lease length (in number of years)





MAAF insurance agency - Bordeaux (FR)



MAAF insurance agency - Villejuif (FR)



## PUBSTONE: PUBS AND RESTAURANTS

Under the terms of a real estate partnership, Cofinimmo acquired, at the end of 2007, an entire portfolio of pubs and restaurants previously owned by Immobrew SA/NV, a subsidiary of AB InBev and renamed Pubstone SA/NV. The premises were then leased back to AB InBev under a commercial lease for an initial average term of 23 years. However, AB InBev retains an indirect stake of 10% in the Pubstone structure (see the organisational chart on pages 204 and 205). On expiry of the lease, AB InBev has the option of renewing it under the same conditions or of returning the vacated premises.

On 31.12.2015, the Pubstone portfolio consisted of 791 properties in Belgium and 244 properties in the Netherlands, representing a total above-ground surface area of 357,510 m<sup>2</sup> and a fair value of 421.4 million EUR (Belgium: 274.3 million EUR, Netherlands: 147.1 million EUR).

Cofinimmo does not assume any risk from the commercial operation of the pubs and restaurants, since this risk borne exclusively by AB InBev. This brewing group passes it on partially to the individual operators, who are subtenants. However, Cofinimmo is responsible for the structural maintenance of the roofs, walls, façades and external woodwork. Under the partnership, Cofinimmo also continues to assist AB InBev with the dynamic development of this portfolio. In Belgium, the in-house Pubstone team, not including support services, consists of six people involved in the portfolio management (Property and Project Management). In the Netherlands, it consists of two people.

This in-house management guarantees continuous technical and financial supervision of the various properties, as well as the standardisation of the various aspects related to property and urban planning.

### Accomplishments

#### Acquisition of three pubs/restaurants in Belgium

During 2015, Cofinimmo acquired three pubs/restaurants located in Brussels for a total of 1.5 million EUR through its subsidiary Pubstone. The assets are leased to AB InBev through the end of 2030, at the earliest, based on gross initial yields between 5.8% and 8.1%.

#### Sale of 11 pubs/restaurants

In 2015, the Cofinimmo Group sold 11 pubs/restaurants, located in Belgium, for a total gross amount of 2.0 million EUR. This amount is greater than the investment value of the properties as determined by an independent real estate expert at 31.12.2014.

### Renovation projects

In 2015, the operational Property and Project Management teams carried out 405 technical interventions and 247 renovation projects in Belgium. In the Netherlands, they carried out 105 technical interventions and 137 renovations. These mainly involved external paint, wood and roof works.

For 2015, the total investment amount of the renovation projects for the Pubstone portfolio amounted to 3.3 million EUR for the two countries, including 2.5 million EUR in Belgium and 0.8 million EUR in the Netherlands. New renovation projects as well as minor and major works are planned for 2016, for a budget of 4.8 million EUR.

The gradual renovation works on the façades and roofs of the pubs and restaurants will significantly reduce CO<sub>2</sub> emissions. There are currently no compulsory energy efficiency standards applicable to this type of building, except the apartments located above the pubs/restaurants. An energy performance certificate has been produced for 26 of the 77 apartments.

#### Renovation projects in 2015

Property	Type of works
<b>Belgium</b>	
Place du Grand Sablon 42 - 1000 Brussels	Restoration of façades
Langestraat - 8000 Bruges	Exterior painting
<b>Netherlands</b>	
Grote Markt 13 - Bergen Op Zoom	Exterior painting
Vismarkt 2 - Breda	Exterior painting
Vrythof 10 - Maastricht	Foundations



Pub/restaurant 't Speelmanshuis - Bruges (BE)

## COFINIMUR I: INSURANCE AGENCIES

In December 2011, Cofinimmo SA/NV and Fonciere ATLAND acquired, in partnership, a portfolio of the MAAF insurance group for the subsidiary Cofinimur I SA. Consisting of 283 buildings, it includes 265 commercial agencies, 15 office buildings and three mixed-use buildings (retail/offices).

All these buildings have been let for an initial average term of 9.7 years to MAAF, a subsidiary of the French insurance group Covéa. At the head of a global network of 591 agencies, MAAF covers the entire French territory. These agencies are run by MAAF employees.

At 31.12.2015, the Cofinimur I portfolio comprised 279 properties, with a total above-ground floor area of 59,601 m<sup>2</sup> and a fair value of 116.7 million EUR.

Fonciere ATLAND REIM is in charge of the asset and property management of the entire portfolio on behalf of the acquisition structure held jointly by Cofinimmo SA/NV and Fonciere ATLAND.

In order to finance part of the acquisition of the MAAF branches, Cofinimur I issued Mandatory Convertible Bonds (MCB) for a total amount of 52 million EUR. The conditions attached to these bonds are described on page 48 of the 2011 Annual Financial Report.

The energy map of the MAAF branches has been known since their acquisition. Most of the branches are under co-ownership and are managed by a third party, and Cofinimmo's role is limited, where appropriate, to raising awareness. In addition, the tenants themselves are proactive in terms of sustainable development and, for example pay particular attention to accessibility for disabled people.

### Accomplishments

#### Acquisition of an insurance agency

On 28.05.2015, Cofinimmo acquired an insurance agency located in Meyzieu (France) via its French Cofinimur I subsidiary for 0.3 million EUR. The asset is leased to GMF for a fixed period of nine years based on an initial gross yield of 8.5%.

#### Sale of two insurance agencies

During 2015, the Cofinimmo Group sold two insurance agencies of the Cofinimur I portfolio for a total of 0.3 million EUR, in line with the investment value of the asset as determined by the independent real estate expert.

### Renovation projects

In 2015, Fonciere ATLAND REIM took on a number of projects, including:

#### Marketing/Arbitrage

- Development of the existing portfolio through acquisition of agencies leased to the Covéa group (acquisition off plan, known as VEFA<sup>1</sup>, a signed promise and a project under study).
- Sale of estate agent site (Dinan) and promise being negotiated for another site (Pointe-à-Pitre), concerning the acquisition of the last two estate agent sites.
- Relocation of the site vacated by MAAF (Rouen – Le Bretagne).

#### Works

- Completion and follow-up of 19 work files requests "Agency 2010" (as part of the 80 million EUR works envelope agreed with MAAF at acquisition) and control of compliance with protocol.
- Execution and follow-up of extensive renovation works.
- Follow-up of sale transaction before completion (VEFA<sup>1</sup>) signed in 2014 (Oullins).

#### Management

- Update of online database, enabling day-to-day management of 279 sites (General Meetings, state of play, plans, works, etc.).
- Operational follow-up by visiting about 200 agencies.



MAAF insurance agency – Guérande (FR)

<sup>1</sup> VEFA: sale before completion.

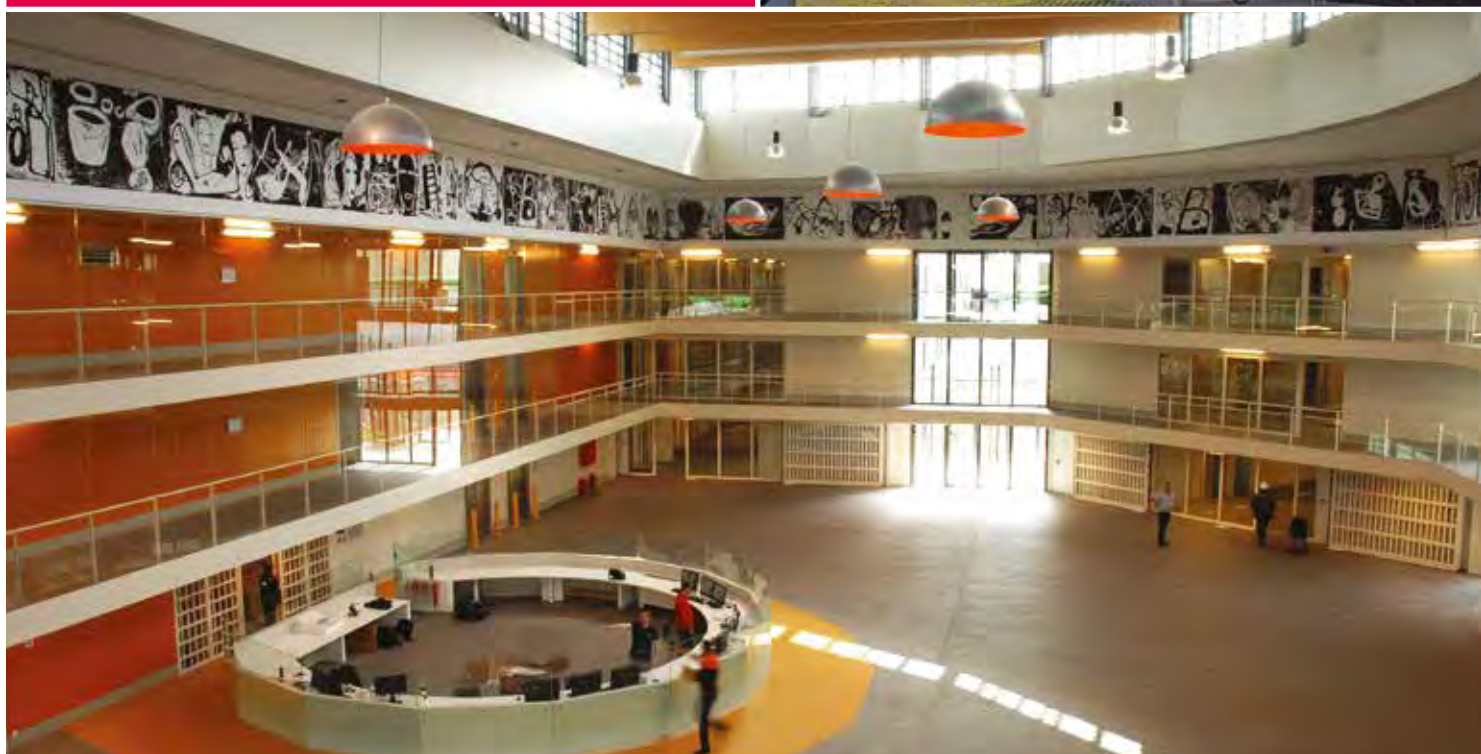
# PUBLIC-PRIVATE PARTNERSHIPS

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Cofinimmo participates in the renovation and improvement of the property portfolio in Belgium, thanks to Public-Private Partnerships (PPP).

# PORTFOLIO AT 31.12.2015

At 31.12.2015, Cofinimmo's PPP portfolio has six assets in operation.



## PUBLIC-PRIVATE PARTNERSHIPS

Cofinimmo participates in the renovation and improvement of the public and parapublic property portfolio in Belgium, thanks to Public-Private Partnerships (PPP). To date, Cofinimmo's PPP portfolio has six assets in operation.

Striving to meet the specific demands of public authorities, Cofinimmo provides its real estate and financial expertise for long-term partnerships, which are the subject of public contracts.

Cofinimmo handles the study of the economic and technical life cycle of the project. This analysis identifies the best compromise between initial investments and future expenses, whether maintenance costs or replacement and repair costs.

The company bears no construction risk in this type of property investment, which remains the responsibility of an appointed general contractor, with which Cofinimmo agrees to a flat fee payable upon delivery of the building.

Cofinimmo supervises the quality and execution of the construction works and is also responsible for the upkeep and maintenance throughout the tenancy, which is usually under a very long-term lease, at the end of which the public authority has an option to purchase the property or sees the ownership transferred free of charge. Cofinimmo therefore does not have perpetual ownership of these properties.

In line with European directives, public authorities are required to set an example in terms of sustainable development. Buildings built as part of public tenders therefore have a high level of energy performance. Cofinimmo provides its expertise during the construction and the operation stages.

To date, Cofinimmo's PPP portfolio has the following assets in operation:

- a court house;
- a fire station;
- two police stations;
- student housing;
- a prison.

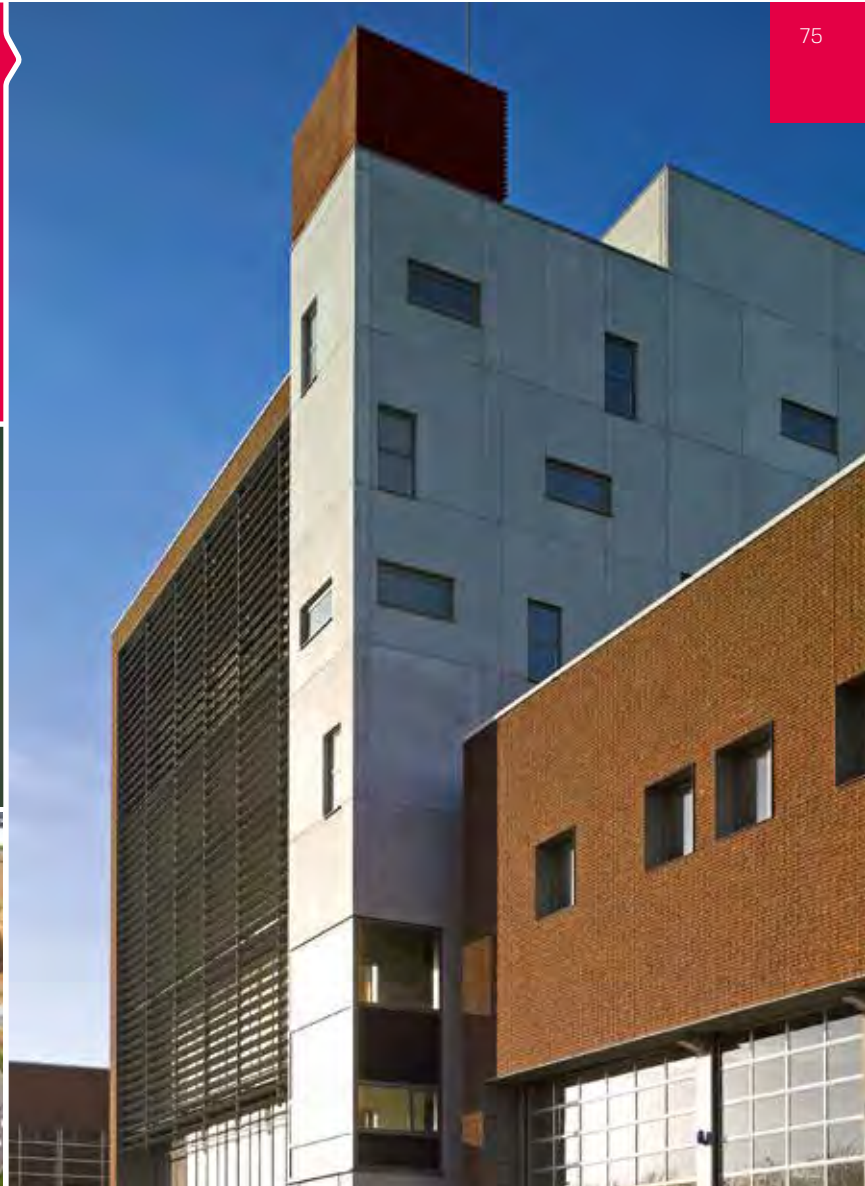
Property	Area (in m <sup>2</sup> )	Major features
Courthouse - Antwerp	72,131	Night cooling; fixed external solar protection; superior insulation
Fire station - Antwerp	23,585	
Police station - Dendermonde	4,805	Passive building; solar panels covering the whole roof; type D ventilation system; water pump; energy recovery systems in lifts; geothermal system
Police station - Hekla zone (Hove, Edegem, Kontich, Lint, Aartselaar)	9,645	
ULB student housing - Brussels	8,088	New high-performance external woodwork; increased façade insulation; rainwater harvesting in 36 units; double flow ventilation with heat recovery; condensing boilers
Prison - Leuze-en-Hainaut	28,316	Type D ventilation system with heat recovery

Police station - Dendermonde (BE)  
 Delivered in 2012, this police station is the first passive building in Cofinimmo's portfolio. The maximum insulation and energy performance levels are significantly higher than the levels required by the Flemish region.



Fire station - Antwerp (BE)

Prison - Leuze-en-Hainaut - Standard cell



# MANAGEMENT OF FINANCIAL RESOURCES

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During 2015, Cofinimmo successfully continued the active management of its financial resources. In particular, the company accessed the capital markets (bond and equity markets) for a total of 475.4 million EUR, thus reducing its debt ratio to 38.6% at 31.12.2015.



Cofinimmo also worked to reduce its average cost of debt to 2.9% and increase the average maturity of financial commitments to 5.3 years, in an environment of low interest rates.



## FINANCIAL RISKS

### Market risks

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

Liquidity and interest rate risks

Cofinimmo's financial policy is characterised namely by:

- the diversification of its financing sources (bank financing and equity markets);
- the sound and enduring relationship forged with banking partners which have good financial ratings;
- a broad spread of loan maturities;
- the refinancing of maturing loans a year in advance at the latest;
- the arrangement of long-term hedging instruments against the interest rate fluctuation risk;

- the full hedging of short-term commercial papers by credit lines available over the long term.

This policy optimises the financing cost and limits the liquidity and counterparty risks. Also, in its general policy, Cofinimmo does not grant mortgages or give any other form of security to its creditors, with the exception of those mentioned on page 199. Neither the company's debt nor the confirmed credit lines are subject to early repayment or margin fluctuation clauses linked to the financial rating of the company. They are generally associated with conditions concerning (i) compliance with the rules governing RREC entities, (ii) compliance with debt ratios and cover of financial charges by cash flow and (iii) the fair value of the property portfolio. These ratios were observed on 31.12.2015 and during the entire financial year 2015.

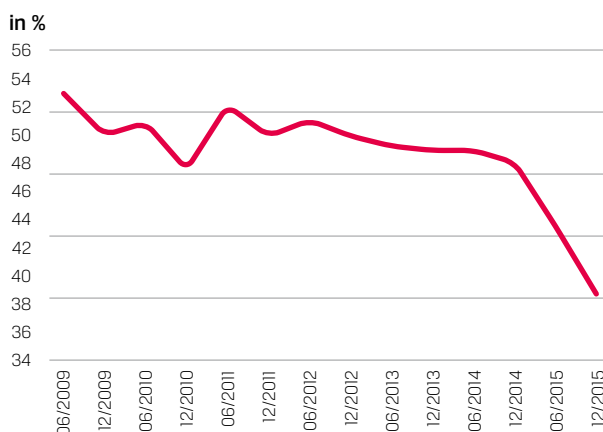
## DEBT STRUCTURE

### Consolidated financial debt

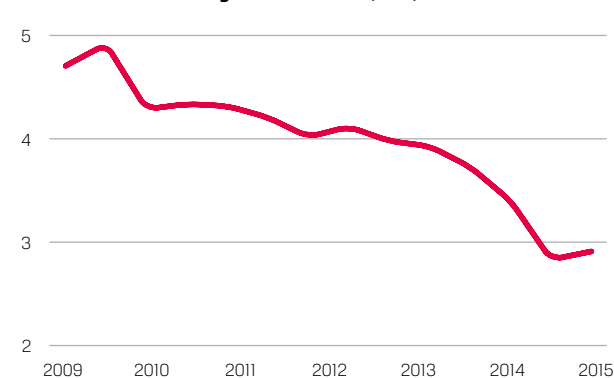
The legally authorised limit on debt for RRECs is 65% (financial and other debts to total assets). In 2015, this limit has been respected. At 31.12.2015, Cofinimmo's debt ratio reached 38.6% vs. 48.1% at 31.12.2014. Cofinimmo's financial policy consists in maintaining a loan-to-value ratio below 50%<sup>1</sup>.

The terms and conditions of some of the bank credit lines allow the Group to take its debt ratio up to 60% maximum. This ratio complies with the legislation regarding RREC and is obtained by dividing financial and other debts by total assets.

Evolution of the debt ratio (in %)



Evolution of the average cost of debt (in %)



<sup>1</sup> In accordance with Article 13 of the Royal Decree of 13.07.2014, once the debt ratio exceeds 50%, Cofinimmo shall draw up a financial plan accompanied by an execution schedule, detailing the measures taken to prevent this debt ratio from exceeding 65% of the consolidated assets. See Note 24.

The Cofinimmo Group's consolidated financial debt, non-current and current, was 1,255.0 million EUR at 31.12.2015. They were composed as follows (see also the schedule on page 81):

## 1) Bond market

Cofinimmo regularly has access to equity markets to finance its investment projects. At 31.12.2015, the funds raised on the equity markets were made up of:

- 380 million EUR in non-convertible bond loans:

Issuer	Nominal amount (x 1,000,000 EUR)	Issue price	Coupon	Issue date	Maturity date
Cofinimmo SA/NV	140.0	100%	3.598%	26.07.2012	07.02.2020
Cofinimmo SA/NV	50.0	100%	2.78%	23.10.2013	23.10.2017
Cofinimmo SA/NV	190.0	100%	1.929%	25.03.2015	25.03.2022

- 387.6 million EUR in bond loans convertible into Cofinimmo shares:

Issuer	Nominal amount (x 1,000,000 EUR)	Issue price	Conversion price <sup>1</sup>	Coupon	Issue date	Maturity date
Cofinimmo SA/NV	173.3	100%	114.284 EUR	3.125%	28.04.2011	28.04.2016
Cofinimmo SA/NV	190.8	100%	100.440 EUR	2.00%	20.06.2013	20.06.2018

These bonds are recognised at their market value in the balance sheet.

- 246.5 million EUR in commercial papers, including 220.5 million EUR for a period of under one year and 26.0 million EUR for an initial period of over three years;
- 3.8 million EUR corresponding to the discounted value of the minimum coupon on the mandatory convertible bonds issued by Cofinimur I in December 2011.

## 2) Bank facilities

Cofinimmo has confirmed long-term credit lines for a total of 2,280.0 million EUR. After deducting debts drawn and commercial papers of a duration of less than a year, a balance of 1,065.0 million EUR remains, which can refinance the maturing credits.

In order to diversify its sources of financing, the Group has access to credit lines signed with 11 first-rate financial institutions.

At 31.12.2015, the debts drawn on the credit lines were made up of:

- 223.7 million EUR in bilateral and syndicated medium- and long-term loans<sup>2</sup>, with original maturity periods of between five and 10 years, taken out with 11 banks;
- 13.4 million EUR in other loans and advances (mainly account debits and rental guarantees received).

"IN 2015, COFINIMMO  
ISSUED A PRIVATE  
PLACEMENT OF  
BONDS FOR A TOTAL  
OF 190 MILLION EUR  
AND A DURATION OF  
SEVEN YEARS."

<sup>1</sup> As a result of the company's capital increase and the detachment of coupons relating to the preferential subscription rights, the 2014 dividend and the 2015 pro rata dividend, the rights of the holders of the convertible bonds issued by Cofinimmo in 2011 and 2013 were adjusted. See also our press release dated 23.04.2015, available at [www.cofinimmo.com](http://www.cofinimmo.com).

<sup>2</sup> Including a "Schuldschein" or debt certificate entered into with two German banks.

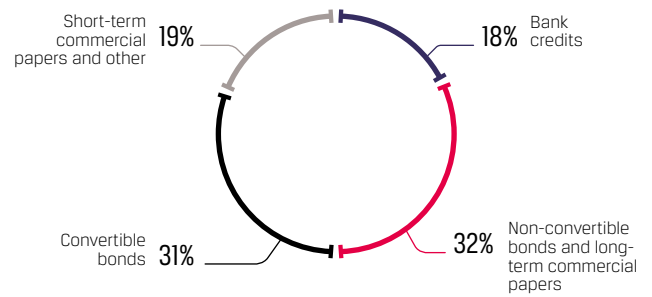
### 3) Current financial debts

At 31.12.2015, Cofinimmo's current financial debts amounted to 445.7 million EUR, including:

- 220.5 million EUR in commercial papers of a duration of less than a year, including 196.0 million EUR for a duration greater than 95 days. Issues of short-term commercial papers are fully covered by confirmed, long-term credit line availability. Cofinimmo thus benefits from the attractive cost of this short-term financing program, while securing its refinancing if the placement of new commercial papers were to become more expensive or impracticable.
- 174.8 million EUR in convertible bonds issued in 2011;
- 43.5 million EUR for drawdowns on credit lines maturing during 2016;
- 6.9 million in other loans (mainly account debits).

The refinancing of debts maturing during 2016 (353.3 million EUR), 2017 (171.0 million EUR) and 2018 (290.8 million EUR) has already been completed, and 71% of the debts maturing in 2019 were also refinanced at the end of 2015.

### Breakdown of debts (in %)



Den Brem nursing home - Rijkevorsel (BE)



Laarsveld nursing home and service flats - Geel (BE)



## Situation of long-term financial commitments

The weighted average maturity of Cofinimmo's financial commitments has increased to 5.3 years at 31.12.2015 versus 3.4 years at the end of 2014. This calculation excludes short-term maturities of commercial papers, which are fully covered by the undrawn portions of long-term credit facilities. The calculation also does not account for maturities for which refinancing is already in place. The long-term confirmed financial credit lines (bank lines, bonds, commercial papers of over one year and capital leases), with outstandings totalling 2,280.0 million EUR on 31.12.2015, have a homogeneously spread maturity profile up to 2022, with a maximum of 26% of these outstandings maturing during the same year, in this case 2020.

## Interest rate hedging

Cofinimmo's average cost of debt, including bank margins, stood at 2.9% during financial year 2015, versus 3.4% during financial year 2014 (also see Note 16).

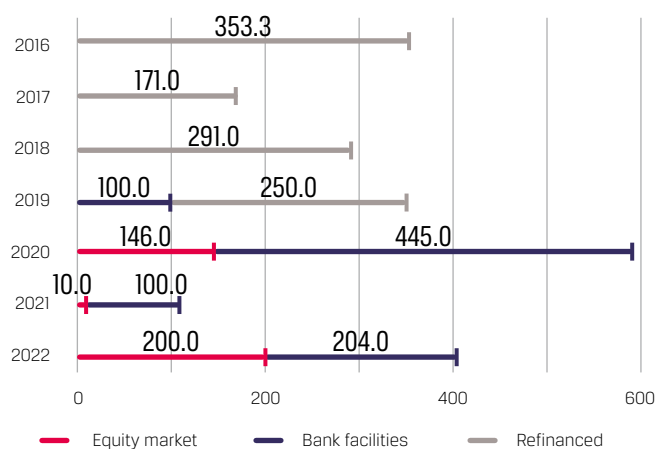
At 31.12.2015, the majority of the debt was at fixed rate. This part is composed of convertible bonds of 387.6 million EUR, including 174.8 million EUR maturing in 2016, and private placements of non-convertible bonds totalling 380 million EUR.

Given that the other part of the debt was at a short-term floating rate, the company is exposed to a risk of a rise in rates, which could have a negative impact on its financial result. That is why Cofinimmo simultaneously uses partial hedging of its global debt through hedging instruments such as Interest Rate Swaps (IRS) – see the "Risk Factors" chapter of this Annual Financial Report on page 8).

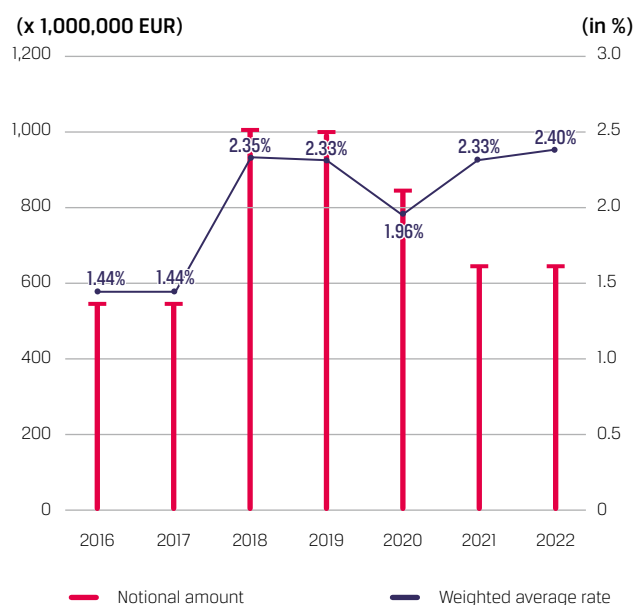
In 2015, Cofinimmo used Interest Rate Swaps to establish new hedges for the 2020-2022 period:

- IRS, covering 2020, for a notional amount of 350 million EUR, with a strike rate of 0.85%;
- IRS, covering 2021, for a notional amount of 150 million EUR, with a strike rate of 1%;
- IRS, covering 2022, for a notional amount of 150 million EUR, with a strike rate of 1.31%.

### Repayment schedule for long-term financial commitments - 2,280 million EUR (x 1,000,000 EUR)



### Situation of interest rate hedging in future years



Between 2009 and 2010, in accordance with its interest rate hedging policy and in an environment of uncertainty about the evolution of short-term rates, Cofinimmo established a partial hedge of its floating-rate debt by purchasing CAP options (with strikes between 3.75% and 5%) combined with the sale of floor options (with strikes between 2.75% and 3.25%) covering a period until 2017.

During 2015, in addition to the hedging positions cancelled in May 2014, following the decline in debt and given the persistence of low interest rates, Cofinimmo deemed it opportune to restructure its hedging positions, as explained below:

- FLOOR options with a strike rate of 3%<sup>1</sup>, for a notional amount of 400 million EUR, were cancelled. These extended until the end of 2017. The total cost of the restructuring was 32.1 million EUR. This cost is spread over 2015, 2016 and 2017.
- CAP options, accompanied by a strike rate of 4.25% and whose notional amount and maturity dates correspond with the characteristics of the FLOORs, were also cancelled. Because the prices were out-of-the-money, the options were cancelled without value.

These transactions helped to reduce the average cost of debt to 2.9% at 31.12.2015 (versus 3.43% at 31.12.2014) and will result in a decline in interest expenses in future years.

In total, at 31.12.2015, at constant debt, the interest rate risk is hedged at over 80% until second quarter 2020.

The situation at 31.12.2015 of interest rate hedging for future years is set out in Note 24. Cofinimmo's result nevertheless remains sensitive to interest rate fluctuations (see the "Risk Factors" chapter of this Annual Financial Report).

## Financial rating

Since 2001, Cofinimmo has a long- and short-term financial rating awarded by the rating agency Standard & Poor's.

On 15.05.2015, the Standard & Poor's agency increased Cofinimmo's financial rating from BBB- to BBB/stable outlook for long-term credit and from A-3 to A-2 for short-term credit. According to S&P, the new financial rating reflects both the significant improvement in the debt level following the capital increase successfully completed on 07.05.2015 and Cofinimmo's goal of keeping its debt ratio below 50%.

"AT 31.12.2015, THE INTEREST RATE RISK IS MORE THAN 80% HEDGED UNTIL 2020."

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"IN 2015, STANDARD & POOR'S RAISED COFINIMMO'S FINANCIAL RATING FROM BBB- TO BBB FOR THE LONG TERM."

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<sup>1</sup> The EURIBOR 3M rate at 31.12.2015 was 0.13%.

## DEPLOYMENT OF THE DEBT FINANCING STRATEGY DURING FINANCIAL YEAR 2015

In 2015, Cofinimmo strongly reinforced its financial resources and the structure of its balance sheet in order to honour its investment commitments. Accordingly, since the beginning of 2015, the company has successively carried out the following transactions:

### Private bond placement of 190 million EUR

On 25.03.2015, Cofinimmo successfully completed a private bond placement for a period of seven years in the amount of 190 million EUR with a fixed coupon of 1.929%. Taking into account a slight issue premium, the average yield of this private placement amounts to 1.92%.

The bonds were placed with a limited number of Belgian and European institutional investors. They are listed on Alternext Brussels<sup>1</sup>.

### Strengthening of shareholders' equity for 285.4 million EUR

Cofinimmo regularly taps into the equity markets to strengthen its financial resources. During the past 10 years, the company raised equity in various forms: issue of shares as part of a contribution in kind, sale of treasury shares, issue of preference shares, and dividends payable in shares.

On 22.04.2015, Cofinimmo launched a capital increase with preferential rights for a gross amount of 285.4 million EUR with the objective of (i) financing its investments already committed for 2015 until 2017 and (ii) strengthening its balance sheet structure to pursue growth in the context of the strategic priorities of the Group. On 12.05.2015, Cofinimmo issued 3,004,318 new shares at a subscription price of 95 EUR, i.e. 285.4 million EUR<sup>2</sup>.

### Renewal of credit lines for 750 million EUR

In 2015, in a volatile financial environment, Cofinimmo took advantage of favourable market conditions to extend nine credit lines with four financial institutions for a total of 450 million EUR. The term of these extensions varies from five to seven years.

In November 2015, a five-year syndicated loan was renewed. At the same time, the loan amount was increased to 300 million EUR. Six banking institutions participated in the transaction.

### Net availability of credit

Cofinimmo's confirmed long-term credit line availability thus reached 1,285.5 million EUR at 31.12.2015. After deducting the full hedging of outstanding short-term treasury bills (220.5 million EUR), the refinancing of the credit lines maturing in 2016 (353.3 million EUR), 2017 (171.0 million EUR) and 2018 (290.8 million EUR) is thus fully covered.

#### Financial debts (x 1,000,000 EUR)

	Financial debt	Long-term commitments
<b>Equity market</b>		
Bonds	379.4	380.0
Convertible bonds	387.6	364.2
Long-term commercial papers	26	26
Short-term commercial papers	220.5	
Other	3.8	3.8
<b>Bank facilities</b>		
Revolving credits	33.5	1,319.0
Term credits	190.7	190.7
Other	13.4	13.4
<b>TOTAL</b>	<b>1,254.9</b>	<b>2,297.1</b>

<sup>1</sup> See also our press release of 19.03.2015, available at [www.cofinimmo.com](http://www.cofinimmo.com)

<sup>2</sup> See also our press releases dated 21.04.2015 and 07.05.2015, available on the website [www.cofinimmo.com](http://www.cofinimmo.com).

# SUSTAINABLE REAL ESTATE STRATEGY

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Over the years, Cofinimmo has gradually incorporated aspects of sustainable development into its culture and corporate strategy. It is aware of its dual role in this respect to behave as a socially responsible company while preserving natural resources affected by its activity as a manager of a large and diverse portfolio of real estate assets.



# "THE CONSTRUCTED SPACES SHOULD RESPOND TO THE REAL NEEDS AND THE WAY OF LIVING OF FUTURE GENERATIONS."

Today, the company is facing challenges represented by climate change, increasing urbanisation, changing working habits and the search for a better work-life balance, but also the ageing of the population. In this context, the requirements for constructed spaces have changed. Cofinimmo intends to position itself as a driver of change, aware of the needs of stakeholders and future generations as much as its own sustainability.

## MISSION AND VISION

Cofinimmo's role as a real-estate company is to offer its tenant clients buildings which are both highly functional for their activities and offer long-term environmental efficiency. This approach ensures shareholders a quality investment and an attractive and steady financial return.

Its diversification strategy has allowed Cofinimmo to develop expertise in the various segments of its portfolio, enabling it to optimise repositioning of its buildings on the date they become technically obsolete.

Each conversion and/or redevelopment of a building improves its energy performance and raises the level of comfort offered. Buildings' long operating cycles encourage Cofinimmo to take sustainability as far as possible within the limits of economic profitability.

The Group's ambition is to remain at the cutting edge of innovation and new technologies in order to offer a long-term response to current and future environmental and societal challenges.

## THE STRENGTH OF CORPORATE VALUES

Cofinimmo pays particular attention to the corporate values which guide its daily functioning. It is essential, at the level of each team and individually, for all employees to be able to live and spread these values on a daily basis.

### CORPORATE VALUES



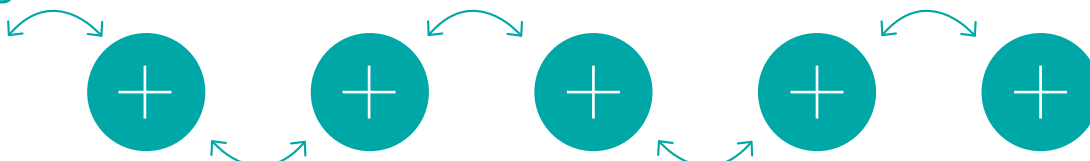
Team spirit

Creativity

Self-discipline

Responsibility

Client orientation



## GOVERNANCE STRUCTURE

To ensure the implementation of its sustainable development policy, in 2010, the Executive Committee created the "Sustainability Committee", whose objective is to continuously identify and assess all the factors that might improve its sustainable development strategy. This Committee is composed of 10 people representing, on the one hand, the departments directly involved in the property management of the Group's portfolio, all business segments combined (Property Management, Project Management, Property Services), and, on the other hand, the legal, communication and human resources departments.

Each member of the "Sustainability Committee" is a true ambassador for Cofinimmo's sustainable development work and contributes to drive the change in the corporate culture for a more sustainable approach to its activities.

## TRANSPARENCY IN COMMUNICATION

Cofinimmo has published all its sustainable development actions and initiatives in a separate report since April 2015. This report follows the guidelines of the GRI G4<sup>1</sup>.

Simultaneously, it posts data relating to electricity, gas and water consumption, environmental certifications, as well as the emission of greenhouse gasses and waste production of its buildings on its website. Cofinimmo establishes key performance indicators based on the EPRA reference system (EPRA SBPR). These are calculated on the basis of information in Cofinimmo's possession (owner), Cofinimmo Services (manager of the properties) and the tenants, and occupants. They concern the spaces used as offices (portfolio of offices and PPP) as well as part of the portfolio of healthcare real estate and pubs/restaurants.

Targets achieved in previous years, as well as in 2015 and future years, are displayed in a dashboard, also published on [www.cofinimmo.com/sustainable-development/performance-data/dashboard](http://www.cofinimmo.com/sustainable-development/performance-data/dashboard).



For more details on performance indicators, environmental targets and the auditor's report concerning environmental indicators, visit <http://www.cofinimmo.com/sustainable-development/>.

Cofinimmo also participates in surveys conducted by independent rating agencies in terms of sustainable development. It focuses on two major surveys, namely the Carbon Disclosure Project and the Global Real Estate Sustainability Benchmark (GRESB).

Cofinimmo's 2015 scores, shown in the table below, were significantly improved, compared to 2014.

	score 2013	score 2014	score 2015	
<b>EPRA</b>	Silver	Gold	<b>Gold</b>	<a href="http://www.epra.com">www.epra.com</a>
<b>GRESB</b>	38	45	<b>57</b>	<a href="http://www.gresb.com">www.gresb.com</a>
<b>CDP</b>	81C	89C	<b>96C</b>	<a href="http://www.cdp.net">www.cdp.net</a>
<b>STANDARD ETHICS</b>			<b>EE+</b>	<a href="http://www.standardethics.eu">www.standardethics.eu</a>

<sup>1</sup> Sustainability reporting guidelines issued by the Global Reporting Initiative ([www.globalreporting.org](http://www.globalreporting.org)).

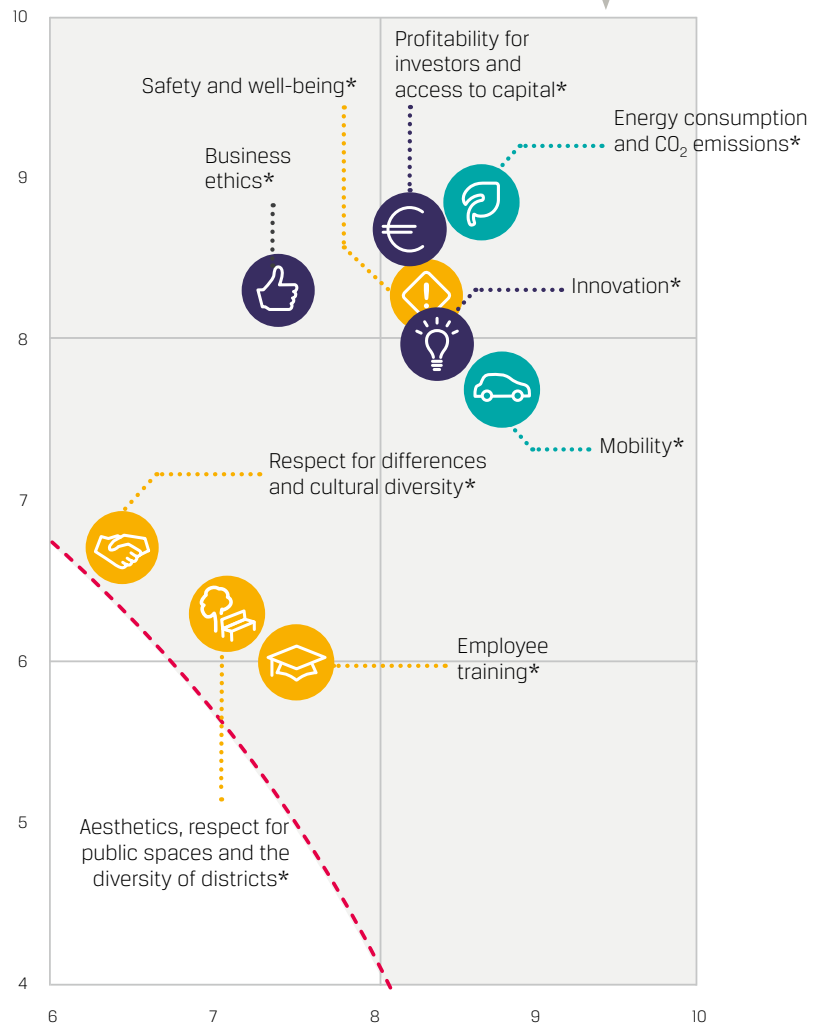
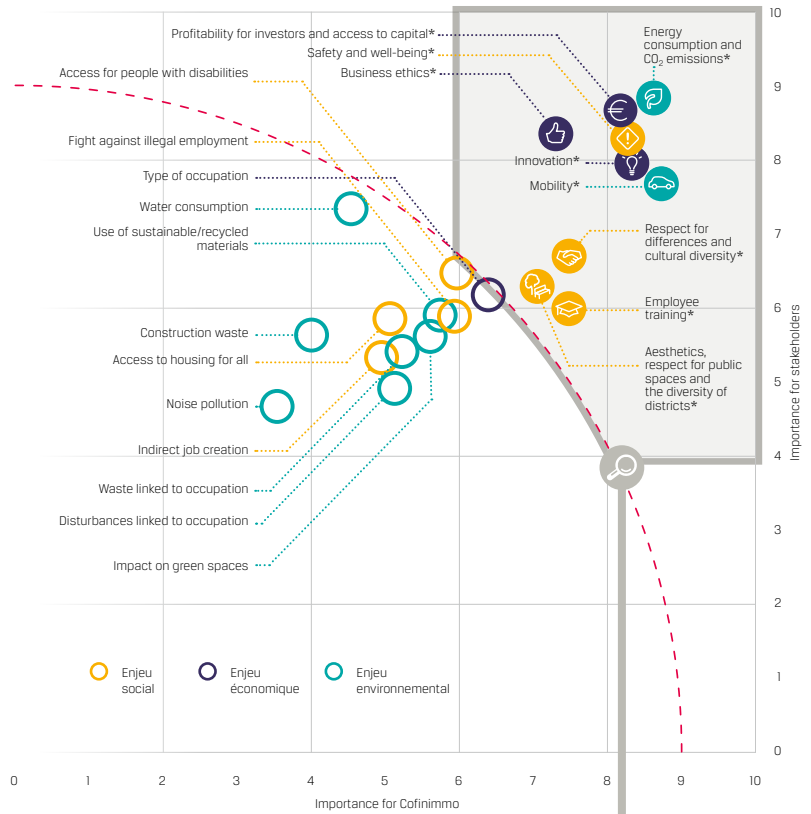
# MATERIALITY MATRIX ANNUALLY REVIEWED

Cofinimmo is both a real-estate company that invests in stone and a financial vehicle allowing as many people as possible to indirectly invest in real-estate. It therefore maintains an ongoing relationship with a wide range of stakeholders, aiming to constantly expand its interaction.

In 2015, it continued the dialogue with its stakeholders that the company had initiated in 2014. Several individual meetings were held covering either Cofinimmo's sustainable development or specific issues such as mobility, sustainability in healthcare real estate, diversity and staff training. Excerpts from these meetings are included in the 2015 Sustainability Report. The full interviews are available at [www.cofinimmo.com/news-and-media/videolibrary](http://www.cofinimmo.com/news-and-media/videolibrary).

In addition, Cofinimmo conducted a survey of all its employees in 2015 to validate the order of priorities of the company's main sustainable development challenges and obtain their support. The in-house survey, with a participation rate of 62%, helped to refine the materiality matrix, established for the first time in 2014 according to the GRI G4 guidelines.

In 2015, Cofinimmo has installed a series of actions linked to three priorities. The following pages in this chapter focus on these three challenges. However, this does not imply the company's lack of interest in other challenges. The realisation of other priority issues is detailed in the 2015 Sustainability Report.





## Energy consumption and CO<sub>2</sub> emissions

**Buildings must achieve optimal energy performances to reduce CO<sub>2</sub> emissions resulting from their use.**



In conducting its business, Cofinimmo believes that it has a duty to actively contribute to the global efforts to reduce greenhouse gases. This is why it signed the open letter of support to the Belgian delegation for the promotion of an ambitious agreement at the COP21 conference in December 2015.

Real estate is an energy consumer. One of Cofinimmo's main objectives is to improve the energy performance of its portfolio and reduce its ecological footprint.

Measuring the energy consumption of buildings makes it possible to control energy costs and take measures to reduce consumption. It is for this reason that it continued to incorporate the consumption data of its buildings into the energy accounting in 2015, while putting an emphasis on healthcare real estate. The consumption of 97% of the office portfolio, 43% of the healthcare real estate portfolio and 1% of the Pubstone portfolio (pubs/restaurants) is now tracked. In 2015, 15 office buildings were equipped with remotely readable meters, increasing the total number of buildings connected to the software to 27 properties connected to energy accounting software.

Cofinimmo also put a building renovation programme in place to improve the commercial competitiveness of its buildings and the environmental performance of its portfolio. Cofinimmo's ISO 14001:2004 certification, renewed during 2015 for rental management of the office portfolio and for major works project management for the overall portfolio. At the same time, the BREEAM In Use certification of the Sovereign 36 and Woluwe 58 office buildings (headquarters) was extended.

The carbon report of Cofinimmo's headquarters was updated during 2015, on the basis of 2014 data. The company's carbon footprint increased over the last five years (from 592 tCO<sub>2</sub>e to 756 tCO<sub>2</sub>e<sup>1</sup>). This is explained mainly by the geographical diversification of the assets. Indeed, the largest share of emissions (55%) comes from travel of employees and visitors, which increased in five years.

<sup>1</sup> tCO<sub>2</sub>e: Tonne of CO<sub>2</sub> equivalent, unit of measurement taking all greenhouse gases into account.



## Innovation

Cofinimmo must assure the economic sustainability of its portfolio, imagine innovative solutions for its clients-tenants, and strive for a better use of its properties.

With this in mind, a think tank, consisting of 13 people from different business lines, started to work in early 2015 and submitted several proposals to reduce the portfolio's rental vacancies, lengthen the buildings' operating cycles or facilitate their operation. Two projects proposed by the think tank were realised in 2015, and two other projects will be finalised in 2016.



### OPTIMISING THE ROOFS AND GARDENS

The laying of a wooden roof terrace, equipped with planters and a bench in the shape of Cofinimmo's logo, offers clients an additional outdoor space. This space can be used for relaxation or meetings and possibly the organisation of events. The pilot project was carried out during the renovation of the Guimard 10-12 building in Brussels. Six other projects of this type are scheduled for 2016 and 2017. Just like the roofs, Cofinimmo wants to optimise the use of gardens and accessibility of its buildings. As such, it enhances spaces that are still underused.



### COFINIMMO LOUNGE

Cofinimmo makes shared, flexible spaces available to its clients and their visitors. These modern, inspiring, well-kept spaces are equipped with furniture and technology necessary to allow clients to work and meet there but also relax, while reflecting a positive image of their company. Cofinimmo thus meets its clients' needs for flexibility and diversity of work spaces. The development of the first Cofinimmo Lounge is currently underway and will be finalised during 2016.



### TEMPORARY USE OF VACANT SPACES

Making certain vacant spaces temporarily available makes it possible to meet the needs of clients in search of spaces for working, living or cultural activities at a reduced cost, cut costs related to the rental vacancies and capture potential future tenants. The first pilot temporary occupancy projects involve apartments of five pubs/restaurants of the Pubstone portfolio and the vacant Woluwe 106-108 building, for which Cofinimmo is awaiting the permits for conversion into a nursing home.



### FLEX CORNER™

This innovative concept offers clients in search of small office spaces the opportunity to rent a private space in a suite of offices equipped with shared common infrastructure (kitchenette, lounge, meeting rooms). The rental is offered at a monthly amount, including rent, taxes and charges. Contracts are concluded based on a duration corresponding to the client's needs (one year, three years, etc.). A rental formula under the principle "Custom your lease" is also possible, allowing the tenant to choose the most suitable rental duration. Two pilots are currently in progress and will be inaugurated during the first quarter of 2016.



## Mobility

**Mobility has a direct impact on accessibility and therefore buildings' appeal. The location of Cofinimmo's buildings, the number of parking spaces available, and the proximity to public transport are often determining factors for tenant-clients.**

In 2015, Cofinimmo's overall office assets were evaluated with regard to accessibility by public transport. This method facilitates the evaluation if accessibility of any new acquisition project.

Cofinimmo makes its head office parking spaces available to local residents outside office hours through a prior enrollment. This principle of shared parking, in partnership with BePark, was put in place in 2012 and extended in 2015 to the Cockx 8-10 building (Omega Court). The number of shared parking spaces increased from 60 to 122.

The installation of electrical vehicle recharging stations was under consideration in 2014. In 2015, three stations were installed. Two are intended for the occupants of the buildings, and the third is added to the network accessible to the public at large. In 2016, additional charging stations will be gradually installed in 16 more properties.

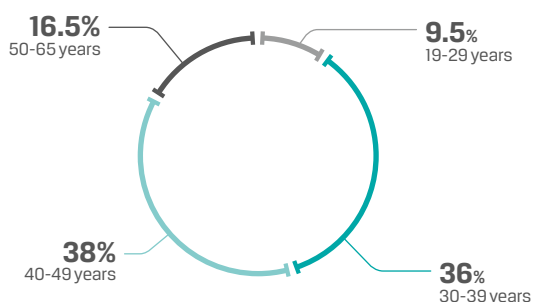
Cofinimmo has also taken measures relating to its vehicle fleet. Travel accounts for 50% of the company's carbon footprint. For this reason, Cofinimmo remains very attentive to reducing its vehicle fleet's average CO<sub>2</sub> emissions. It raises awareness among its employees by publishing fuel consumptions and emphasising travel alternatives, such as carpooling, the use of a shared vehicle and public transport. In 2016, Cofinimmo's company vehicle policy will evolve towards a policy of mobility, giving its employees the possibility of making the choice of combined mobility: car-bike or car-public transport. The promotion of carpooling is already done through a dedicated site specific to the company.

Beyond the objectives for 2016, included in the 2015 Sustainability Report, Cofinimmo remains attentive to any new mobility solution. It maintains regular contacts with major players in the mobility sector, such as ZenCar<sup>1</sup> and the company for Brussels intercommunal transport STIB.

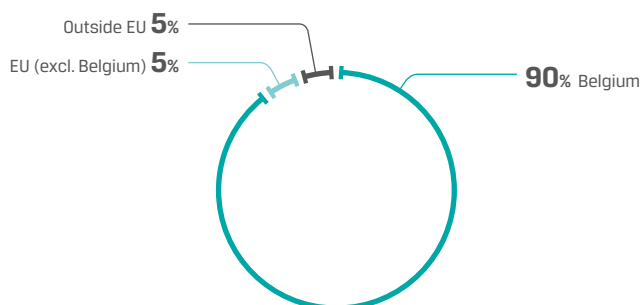


<sup>1</sup> [www.zencar.eu](http://www.zencar.eu).

### Staff members by age group



### Nationalities of employees



## CORPORATE SOCIAL RESPONSIBILITY

Cofinimmo undertakes actions to support local authorities through concrete actions in which employees are invited to participate. The group also promotes architectural conservation and heritage through its affiliation with associations active in these fields. It also supports medical research, particularly to help elderly people or support social projects related to its own activity.

In 2015, Cofinimmo decided to devote almost its entire sponsorship budget to a single year-end philanthropic initiative and to give its financial support to Convivial, a non-governmental organisation supported by the

King Baudouin Foundation, whose mission is to support migrants and asylum seekers in their integration in Belgium: search for housing, language education and professional orientation.

## REMUNERATION

The remuneration packages offered by Cofinimmo to its employees are consistent with the market levels for similar positions. Salaries are based on identical criteria for each employee and take objective job classifications into account. It includes a retirement benefit plan, a profit-sharing scheme and, since 2009, a non-recurrent bonus linked to the results of the company. The profit-sharing scheme amounted to 409,150 EUR in 2015. The members of the Group's Executive Committee and Management also benefit from a stock option plan. In 2015, stock options were granted representing a fair value of 69,800 EUR (see Note 44).



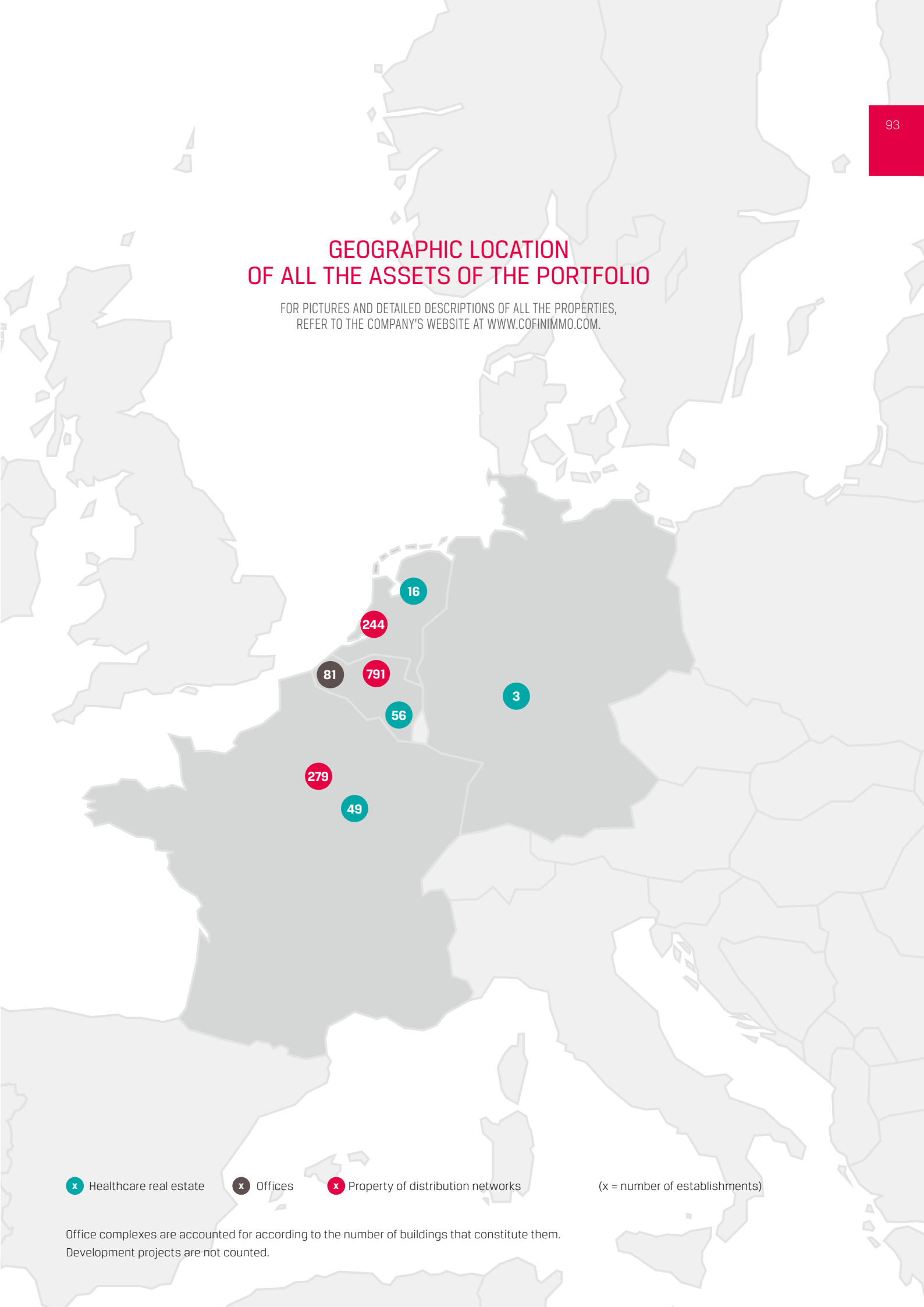
# PROPERTY REPORT

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## GEOGRAPHIC LOCATION OF ALL THE ASSETS OF THE PORTFOLIO

FOR PICTURES AND DETAILED DESCRIPTIONS OF ALL THE PROPERTIES, REFER TO THE COMPANY'S WEBSITE AT [WWW.COFINIMMO.COM](http://WWW.COFINIMMO.COM).



Healthcare real estate    Offices    Property of distribution networks    (x = number of establishments)

Office complexes are accounted for according to the number of buildings that constitute them. Development projects are not counted.

## MARKET CHARACTERISTICS

### Healthcare real estate in Germany, Belgium, France and the Netherlands

Sources: Cushman & Wakefield, E&Y, Healthcare Property.

#### Population trends in Europe

The ageing of the population is a growing trend in most European countries. In Europe, people over age 80 are expected to represent approximately 10% of the total population in 2050. Although the number of independent seniors is up within this category, the ageing of the population will be accompanied by a considerable increase in the number of dependent elderly persons. This situation will simultaneously generate a growing need for specialised accommodation establishments and, consequently, beds.

In Belgium, the growth is estimated at 45,000 additional beds by 2025-2030. In France, the same trend is seen with estimated growth of 36,000 additional beds. In addition to these beds, more than 110,000 obsolete beds will need to be reconstructed.

At the same time, spending in the healthcare sector represents a growing share of GDP: in Belgium, France, the Netherlands and Germany, this share is between 10% and 12% depending on the country. In a context of budgetary restrictions, private players must increasingly often take over from the public sector. There is also a tendency to redirect long-term patients or less complex cases to less technical, less expensive institutions. In the Netherlands, the segment of "Zelfstandige BehandelCentra", or private clinics specialising in uncomplicated medical disciplines (dermatology, ophthalmology, orthopaedics, etc.), is booming in the Netherlands.

#### Operators in the healthcare sector

There are three types of operators in the healthcare sector: public operators, non-profit operators and private operators. The breakdown of market shares among these different types of players varies from one country to another. In the nursing and care home segment, Belgium offers the most balanced situation: each type of operator represents one-third of its market. Conversely, in the Netherlands, the non-profit sector has a near-monopoly position. The situations of Germany and France lie in the middle.

In the private sector, there is significant fragmentation, with many players operating a single establishment. However, in Belgium and France, there is a trend towards consolidation. The most emblematic example is the 2014 merger of Korian and Medica, two French operators together operating more than 57,000 beds across 600 sites in four countries. Consolidation ensures that the operators have better risk distribution, easier access to financing, a more frequent relationship with the public authorities and certain economies of scale. In 2015, this trend towards consolidation was confirmed particularly on the Belgian market with Armonéa's acquisition of the healthcare operator Soprimat, manager of around 15 healthcare establishments.

#### Healthcare investment property

More than 13 billion EUR was invested in healthcare real estate in Europe between 2007 and 2014. However, this trend is on the rise with significant differences in price and yield depending on the observed countries. Investment funds account for 39% of these investments, listed real estate companies 25% and insurance companies and pension funds 13%. In addition, although most of the investors are located in Belgium, foreign investors from France and Germany are also showing interest in this sector.

In Benelux, the vast majority of investments in healthcare real estate have focused on nursing and care homes. In Germany and France, other healthcare assets (rehabilitation clinics, psychiatric clinics, hospitals, etc.) represent the largest share of investments.

The breakdown between "sale and leaseback" transactions and traditional investments has changed over the past seven years: in 2007, the two transaction types accounted for equal shares of the investment market, whereas in 2013, 80% of the transactions were "traditional investments".

### The Brussels office market

Sources: CBRE, Cushman & Wakefield, JonesLangLasalle.

#### Sub-segments of the Brussels office market

The Brussels office market breaks down into several sub-segments. The first four are often grouped together under the name "Central Business District" ("CBD").

**Brussels Centre:** historical heart of the city.

Occupants: Belgian public authorities and medium/large-sized Belgian private companies.

**Leopold District:** European district of the city.

Occupants: European institutions and delegations or organisations working with them.

**Brussels North District:** business area.

Occupants: Belgian and regional public authorities, semi-public companies and large private companies.

**Louise District:** prestigious district.

Occupants: law firms, embassies and medium-sized private companies.

**Decentralised Brussels:** the rest of the territory of the 19 municipalities of the Brussels Capital Region.

Occupants: medium/large-sized private companies.

**Brussels Periphery & Satellites:** area located in the immediate vicinity of the Brussels Capital Region and the Ring.

Occupants: private companies of all sizes.

## The office rental market in Brussels

### Demand

Despite some timid signs of recovery, rental demand on the Brussels real estate market reached 325,577 m<sup>2</sup> in 2015, down compared with 2014.

The absence of significant transactions (no transactions above 20,000 m<sup>2</sup> recorded) and a longer decision-making process within European institutions weighed on letting in 2015. The year's two largest transactions are the letting by KPMG of 13,000 m<sup>2</sup> in the PassPort building and by CPAS de Schaerbeek of 10,000 m<sup>2</sup> in the Silver Building.

The breakdown of rental demand in 2015 was 45% in the CBD, 20% in Decentralised Brussels and 35% in the Brussels Periphery.

### Supply

During financial year 2015, 64,074 m<sup>2</sup> in new office space was delivered on the Brussels market. There were few speculative investments, which confirms the trend observed since 2011 of an extremely low volume of "risky" deliveries.

In 2016, 134,000 m<sup>2</sup> of space is expected on the market, including 100,000 m<sup>2</sup> already pre-let.

### Vacancy

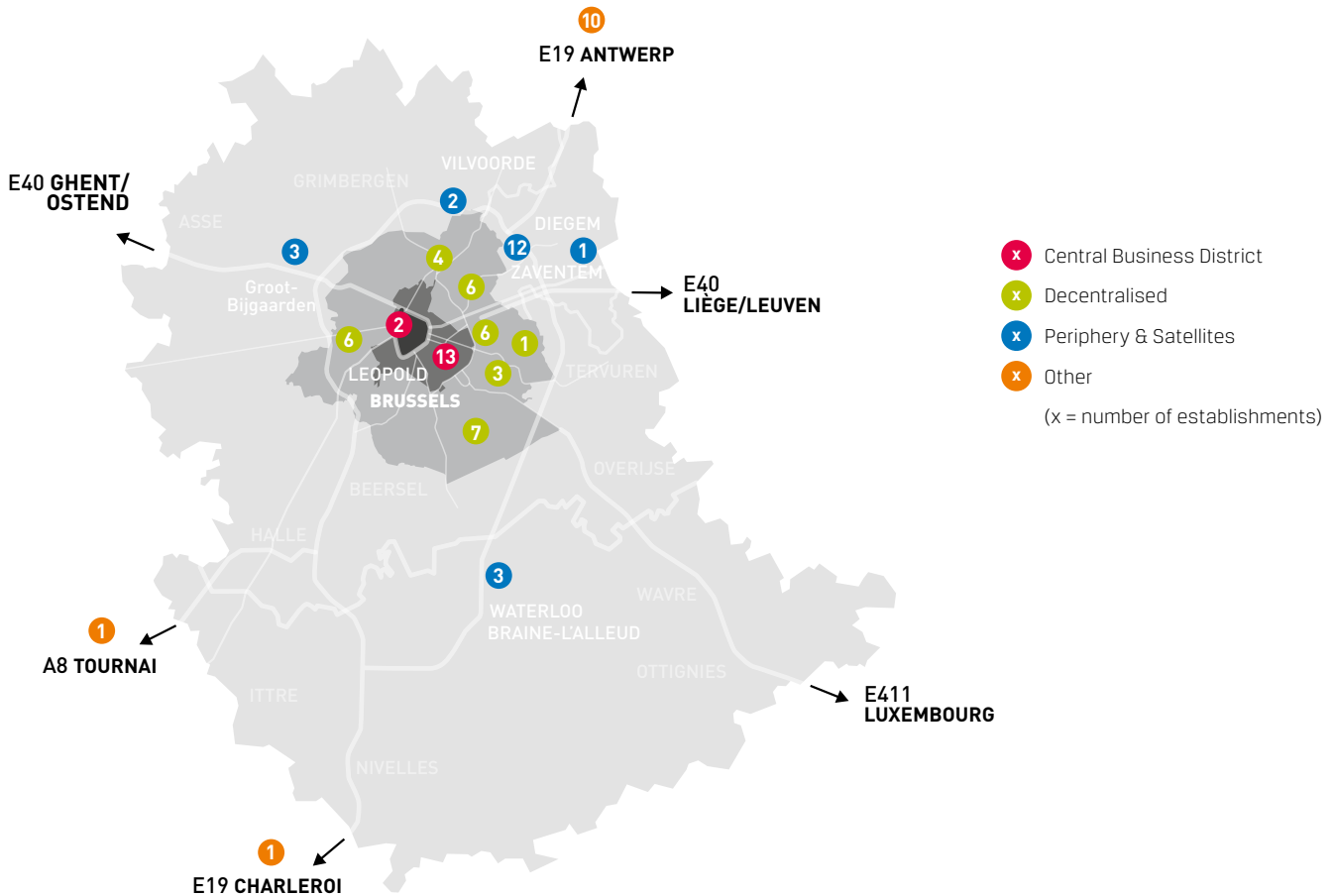
In 2015, the rental vacancy on the Brussels office market decreased slightly, from 10.6% at 31.12.2014 to 10.1% at 31.12.2015. This decline is explained by the small quantity of new speculative buildings placed on the market and the conversion of office buildings to other uses (residential, hotel, nursing home, etc.).

The disparities between districts are significant. The CBD has a "stable" vacancy rate of 6.9%, whereas the periphery struggles to reduce its vacancy rate, which is still 16%. Furthermore, there are also disparities between building types, with "Grade A"<sup>1</sup> buildings being the most in demand.

### The Brussels office property investment market

In 2015, 1.1 billion EUR was invested in the office segment in Brussels.

Prime yields for offices in Brussels remain under pressure: at the end of 2015, they amounted to 5.25% for assets let under a 3/6/9 lease and below 5% for assets under long-term leases.



<sup>1</sup> Grade A: new development or renovation according to the latest standards, including sublet spaces in new/renovated buildings which have not been previously occupied.

## Property of distribution networks

Cofinimmo's portfolio of property of distribution networks consists of a portfolio of pubs/restaurants let to the brewing group AB InBev and a portfolio of financial service agencies let to the insurance company

MAAF (Covéa group). These portfolios were acquired as part of "sale and leaseback" transactions. Since they are let under a master lease, the assets that make up these portfolios cannot be treated as traditional commercial assets. There is no "market" strictly speaking for this type of portfolio acquired as part of "sale and leaseback" transactions.

## CONSOLIDATED REAL ESTATE PORTFOLIO

The table illustrated on the following pages includes:

- the properties for which Cofinimmo receives rents;
- the properties with rents assigned in whole or in part to a third party, with Cofinimmo retaining the ownership and the residual value. For these properties, the item "Contractual rents" comprises the reconstitution of lease payments sold and discounted and, where appropriate, the share of unsold rents<sup>1</sup>;
- the various projects and renovations in progress.

It does not include the buildings held by subsidiaries of the Group accounted for under the equity method. This involves EHPAD Les Musiciens, acquired as part of a joint-venture between Cofinimmo and

ORPEA.

All the properties of the consolidated portfolio are held by Cofinimmo SA/NV, with the exception of those asterisked (\*) which are held (wholly or partially) by one of its subsidiaries (see Note 43).

The rental situation of buildings not under a finance lease contract for which the lessees benefit from a purchase option at the end of the lease is described on the next page.

All the properties of the consolidated portfolio are held by Cofinimmo SA/NV, with the exception of those asterisked (\*) which are held (wholly or partially) by one of its subsidiaries (see Note 43).



Pub/restaurant Korenmarkt – Mechelen (BE)

The façade is made available to the urban artist Gijs Vanhee in the context of "Mechelen Buurt", a project bringing art to public spaces.

Pub/restaurant Martelarenplein 6 – Leuven (BE)

Despite constraints linked to the renovation of an historic building, the renovation of the façades and roofs made it possible to improve the building's energy performance.



<sup>1</sup> See also Note 21.

## Inventory of buildings excluding investment properties

Property	Superstructure (in m <sup>2</sup> )	Contractual rent <sup>1</sup> (x 1,000 EUR)	Occupancy rate	Tenant
<b>FINANCIAL ASSETS UNDER FINANCE LEASES</b>				
Courthouse - Antwerp	72,132	1,389	100%	Buildings Agency (Belgian Federal State)
Fire station - Antwerp	23,323	193	100%	City of Antwerp
Police station - Hekla zone	3,800	647	100%	Federal Police
Depage student housing residence - Brussels	3,196	81	100%	Université Libre de Brussels (ULB – Brussels University)
Nelson Mandela student housing residence - Brussels	8,088	1,200	100%	Université Libre de Brussels (ULB – Brussels University)
Prison - Leuze-en-Hainaut (Belgium)	28,316	756	100%	Buildings Agency (Belgian Federal State)
<b>ASSETS HELD IN JOINT VENTURES</b>				
EHPAD Les Musiciens - France	4,264	1,340	100%	ORPEA

## Inventory of property assets

Segment	Acquisition price (x 1,000,000 EUR)	Insured value <sup>2</sup> (x 1,000,000 EUR)	Fair value (x 1,000,000 EUR)	Gross rental yield (in %)
Healthcare real estate	1,116	115	1,328	6.26%
Offices	1,538	1,467	1,241	7.82%
Property of distribution networks	534	36	538	6.58%
Other	21	21	27	6.99%
<b>TOTAL</b>	<b>3,209</b>	<b>1,639</b>	<b>3,134</b>	<b>6.92%</b>

## Overview of the consolidated property portfolio

The assumptions used for the estimation of the rental value are based on rental transactions observed on the market taking into account the location and the type of asset.

Address	Address	Year of construction (last renovation)	Superstructure (in m <sup>2</sup> )	Contractually collected rents (x 1,000 EUR)	Occupancy rate <sup>3</sup>	Estimated Rental Value (ERV) <sup>4</sup> (x 1,000 EUR)
SOUVERAIN 23-25	Boulevard du Souverain/ Vorstlaan 23-25 - 1170 Brussels	S25: 1970 S23: 1987	56,891	11,644	100%	11,521
EGMONT I	Rue du Pépin/Pepijnstraat 36 - 1000 Brussels	1997	36,616	3,144 <sup>5</sup>	100%	3,144
BOURGET 42	Avenue du Bourget/ Bourgetlaan 42 - 1130 Brussels	2001	25,756	3,988	83%	4,003
GEORGIN 2	Avenue Jacques Georjin/J. Georjinlaan 2 - 1030 Brussels	2007	17,439	3,135	100%	2,976
ALBERT 1 <sup>er</sup> 4 - CHARLEROI	Rue Albert 1 <sup>er</sup> 4 - 6000 Charleroi	1967 (2005)	19,189	2,706	100%	2,712
THE GRADIENT (formerly Tervuren 270-272)	Avenue de Tervuren/ Tervurenlaan 270-272 - 1150 Brussels	1976 (2013)	19,579	2,348	64%	3,503
DAMIAAN - TREMELO	Pater Damiaanstraat 39 - 3120 Tremelo	2003 (2014)	20,274	2,463	100%	2,210
SOMBRE 56	Rue Sombre/Donkerstraat 56 - 1200 Brussels	2004 (2012)	7,196	2,506	100%	2,506
SERENITAS	Avenue Van Nieuwenhuysse/ Van Nieuwenhuyselaan 2-6 - 1160 Brussels	1995	19,823	3,467	94%	3,172
COCKX 8-10 (Omega Court)	Rue J. Cockx/J. Cockxstraat 8-10 - 1160 Brussels	2008	16,557	1,466	54%	2,629
Other			1,489,724	173,353	96%	179,084
<b>TOTAL</b>			<b>1,729,044</b>	<b>210,220</b>	<b>95%</b>	<b>217,460</b>

<sup>1</sup> Non-assigned part of the rents, which varies between 4.0% and 100%.

<sup>2</sup> Excluding for vacant buildings, this amount does not include the insurances taken during works, nor those that are borne by the occupant as stated in the contract (i.e. for the nursing homes in Belgium and in France, the pubs of the Pubstone portfolio as well as some office buildings), nor those related to lease finance contracts. Furthermore, this amount does not include the MAAF buildings-related insurances (first rank insurance on all the freehold properties and second rank insurance on the co-owned properties) which are covered for the value of their reconstruction.

<sup>3</sup> The occupancy rate is calculated as follows: contractual rents divided by contractual rents + ERV (Estimated Rental Value) on unlet spaces.

<sup>4</sup> The determination of the Estimated Rental Value takes into account market data, the property's location, its quality, the number of beds for healthcare assets and, if available, the tenant's financial data (EBITDAR).

<sup>5</sup> Writeback of lease payments sold and discounted.

## Overview of the property portfolio on an individual basis

Property	Year of construction/ last renovation (extension)	Superstructure (in m <sup>2</sup> )	A Contractual rents (x 1,000 EUR)	C=A/B <sup>1</sup> occupancy rate	B Rents + ERV on unlet premises (x 1,000 EUR)	Estimated rental value <sup>2</sup> (x 1,000 EUR)
<b>HEALTHCARE REAL ESTATE</b>		<b>660,316</b>	<b>84,728</b>	<b>99%</b>	<b>85,448</b>	<b>87,203</b>
<b>Belgium</b>		<b>376,785</b>	<b>48,115</b>	<b>100%</b>	<b>48,115</b>	<b>46,495</b>
<b>Operator: Anima Care</b>		<b>6,752</b>	<b>693</b>	<b>100%</b>	<b>693</b>	<b>693</b>
ZEVENBRONNEN - WALSHOUTEM	2001 (2012)	6,752	693	100%	693	693
<b>Operator: Armonea</b>		<b>196,402</b>	<b>23,080</b>	<b>100%</b>	<b>23,080</b>	<b>23,078</b>
BINNENHOF - MERKSPLAS	2008	3,775	426	100%	426	426
DAGERAAD - ANTWERP	2013	5,020	832	100%	832	832
DE WYNGAERT - ROTSELAAR	2008 (2010)	6,878	764	100%	764	764
DEN BREM - RIJKEVORSEL	2006 (2015)	5,408	722	100%	722	722
DOMEIN WOMMELGHEEM - WOMMELGEM	2002	6,836	756	100%	756	756
DOUCE QUIETUDE - AYE	2007	4,635	441	100%	441	441
EUROSTER - MESSANCY	2004	6,392	1,160	100%	1,160	1,160
HEIBERG - BEERSE	2006 (2011)	13,568	1,378	100%	1,378	1,378
HEMELRIJK - MOL	2009	9,362	997	100%	997	997
HENRI DUNANT (formerly Vishay) - EVERE (BRUSSELS)	2014	8,570	1,167	100%	1,167	1,167
HEYDEHOF - HOBOKEN	2009	2,751	346	100%	346	346
HOF TER DENNEN - VOSSelaar*	1982 (2008)	3,279	448	100%	448	448
LA CLAIRIERE - WARNETON	1998	2,533	260	100%	260	260
LAARSVELD - GEEL	2006 (2009)	5,591	837	100%	837	837
LAARSVELD SERVICEFLATS - GEEL	2009	809	58	100%	58	58
LAKENDAL - AALST*	2014	7,894	783	100%	783	819
LE CASTEL - JETTE (BRUSSELS)	2005	5,893	480	100%	480	480
LE MENIL - BRAINE L'ALLEUD	1991	5,430	575	100%	575	575
LES TROIS COURONNES - ESNEUX	2005	4,519	537	100%	537	537
L'ORCHIDEE - ITTRE	2003 (2013)	3,634	562	100%	562	562
L'OREE DU BOIS - WARNETON	2004	5,387	564	100%	564	564
MILLEGHEM - RANST	2009 (2010)	6,943	755	100%	755	755
NIEUWE SEIGNEURIE - RUMBEKE*	2011 (2015)	5,079	721	100%	721	721
NETHEHOF - BALEN	2004	6,471	622	100%	622	622
NOORDDUIN - KOKSIJDE	2015	6,440	824	100%	824	822
RÉSIDENCE DU PARC - BIEZ	1977 (2013)	12,039	637	100%	637	637
SEBRECHTS - MOLENBEEK-ST-JEAN/ST-JANS MOLENBEEK (BRUSSELS)	1992	8,148	1,045	100%	1,045	1,045
T'SMEEDESHOF - OUD-TURNHOUT	2003 (2012)	15,191	1,886	100%	1,886	1,886
TILENS (formerly SUZANNA WESLEY) - UCCLE/UKKEL (BRUSSELS)	2015	4,960	1,022	100%	1,022	986
VOGELZANG - HERENTALS	2009 (2010)	8,044	940	100%	940	940
VONDELHOF - BOUTERSEM	2005 (2009)	4,923	535	100%	535	535
<b>Operator: Aspria</b>		<b>7,196</b>	<b>2,506</b>	<b>100%</b>	<b>2,506</b>	<b>2,506</b>
SOMBRE 56 - BRUSSELS	2004 (2012)	7,196	2,506	100%	2,506	2,506
<b>Operator: Calidus</b>		<b>6,063</b>	<b>719</b>	<b>100%</b>	<b>719</b>	<b>719</b>
WEVERBOS - GENTBRUGGE	2011	6,063	719	100%	719	719
<b>Operator: Le Noble Age</b>		<b>6,891</b>	<b>1,130</b>	<b>100%</b>	<b>1,130</b>	<b>1,021</b>
PARKSIDE - LAEKEN/LAKEN (BRUSSELS)	1990 (2013)	6,891	1,130	100%	1,130	1,021
<b>Operator: Orpea Belgique</b>		<b>24,775</b>	<b>3,387</b>	<b>100%</b>	<b>3,387</b>	<b>2,943</b>
L'ADRET - GOSSELIES	1980	4,800	453	100%	453	385
LINTHOUT - SCHAARBEEK/SCHAARBEEK (BRUSSELS)	1992	2,837	447	100%	447	404
LUCIE LAMBERT - BUIZINGEN	2004	8,314	1,425	100%	1,425	1,160
RINSDELLE - ETTERBEEK (BRUSSELS)	2001	3,054	537	100%	537	484
TOP SENIOR - TUBIZE	1989	3,570	355	100%	355	355
VIGNERON - RANSART	1989	2,200	170	100%	170	155

<sup>1</sup> The occupancy rate is calculated as follows: contractual rents divided by rents + ERV on unlet spaces.

<sup>2</sup> The determination of the estimated rental value takes into account market data, the property's location, its quality, the number of beds for healthcare assets and, if available, the tenant's financial data (EBITDAR).

Property	Year of construction/ last renovation (extension)	Superstructure (in m <sup>2</sup> )	A Contractual rents (x 1,000EUR)	C=A/B <sup>1</sup> occupancy rate	B Rents + ERV on unlet premises (x 1,000EUR)	Estimated rental value <sup>2</sup> (x 1,000EUR)
<b>Operator: Senior Living Group (Korian-Medica Group)</b>		<b>128,706</b>	<b>16,600</b>	<b>100%</b>	<b>16,600</b>	<b>15,535</b>
ARCUS - BERCHEM-ST-AGATHE/ST-AGATHA-BERCHEM (BRUSSELS)	2008 (2009)	10,719	1,737	100%	1,737	1,576
BETHANIE - SAINT SERVAIS	2005	4,780	478	100%	478	422
DAMIAAN - TREMELO	2003 (2014)	20,274	2,463	100%	2,463	2,210
LA CAMBRE - WATERMAEL-BOITSFORT/WATERMAAL BOSVOORDE (BRUSSELS)	1982	13,023	1,848	100%	1,848	1,694
NOOTELAER - KERBERGEN	1998 (2011)	1,528	214	100%	214	194
PALOKE - MOLENBEEK-ST-JEAN/ST-JANS-MOLENBEEK (BRUSSELS)	2001	11,262	1,277	100%	1,277	1,183
PRINSENPARK - GENK	2006 (2013)	11,035	1,330	100%	1,330	1,346
PROGRES - LA LOUVIERE*	2000	4,852	481	100%	481	434
ROMANA - LAEKEN/LAKEN (BRUSSELS)	1995	4,375	843	100%	843	816
SEIGNEURIE DU VAL - MOUSCRON	1995 (2008)	6,797	1,108	100%	1,108	972
TEN PRINS - ANDERLECHT (BRUSSELS)	1972 (2011)	3,342	503	100%	503	476
VAN ZANDE - MOLENBEEK-ST-JEAN/ST-JANS-MOLENBEEK (BRUSSELS)	2008	3,463	399	100%	399	353
ZONNETIJ - AARTSELAAR	2006 (2013)	7,817	793	100%	793	785
ZONNEWEELDE - KEERBERGEN	1998 (2012)	6,106	732	100%	732	715
ZONNEWEELDE - RIJMENAM	2002	9,644	1,377	100%	1,377	1,331
ZONNEWENDE - AARTSELAAR	1978 (2013)	9,689	1,017	100%	1,017	1,028
<b>France</b>		<b>210,544</b>	<b>24,897</b>	<b>97%</b>	<b>25,597</b>	<b>29,368</b>
<b>Operator: Inicéa</b>		<b>18,336</b>	<b>1,885</b>	<b>100%</b>	<b>1,885</b>	<b>2,475</b>
CHAMPGAULT - ESVRES-SUR-INDRE*	1972 (1982)	2,200	169	100%	169	150
DOMAINES DE VONTES - EVRES SUR INDRE*	1967	6,352	210	100%	210	750
HORIZON 33 - CAMBES*	1972 (2009)	3,288	347	100%	347	375
PAYS DE SEINE - BOIS LE ROY*	2004 (2010)	6,496	1,159	100%	1,159	1,200
<b>Operator: Korian-Medica</b>		<b>151,226</b>	<b>17,177</b>	<b>96%</b>	<b>17,817</b>	<b>21,643</b>
ASTREE - SAINT-ETIENNE*	2006	3,936	418	100%	418	500
AUTOMNE - REIMS*	1990	4,203	621	100%	621	621
AUTOMNE - SARZEAU*	1994	2,482	425	100%	425	425
AUTOMNE - VILLARS LES DOMBES*	1992	2,889	393	100%	393	393
BROCELIANDE - CAEN*	2003	4,914	686	100%	686	700
BRUYERES - LETRA*	2009	5,374	717	100%	717	717
CANAL DE L'OURCQ - PARIS*	2004	4,550	871	100%	871	925
CENTRE DE SOINS DE SUITE - SARTROUVILLE*	1960	3,546	359	100%	359	900
CHATEAU DE LA VERNEDE-CONQUES SUR ORBIEL*	1992 (1998)	3,789	494	100%	494	900
DEBUSSY - CARNOUX EN PROVENCE*	1996	3,591	355	100%	355	355
ESTRAIN - SIOUVILLE-HAGUE*	1976 (2004)	8,750	655	100%	655	1,650
FRONTENAC - BRAM*	1990 (2014)	3,730	294	100%	294	325
GLETEINS - JASSANS RIOTTIER*	1990 (1994)	2,500	256	100%	256	350
GRAND MAISON - L'UNION*	1992 (2009)	6,338	736	100%	736	750
L'ERMITAGE - LOUVIER*	2007	4,013	461	100%	461	425
LE CLOS DU MURIER - FONDETTES*	2008	4,510	559	100%	559	500
LE JARDIN DES PLANTES - ROUEN*	2004	3,000	258	100%	258	460
LES AMARANTES - TOURS*	1996	4,208	463	100%	463	600
LES HAUTS D'ANDILLY - ANDILLY*	2008	3,069	476	100%	476	400
LES HAUTS DE JARDY - VAUCRESSON*	2008	4,373	695	100%	695	950
LES HAUTS DE L'ABBAYE - MONTVILLIERS*	2008	4,572	506	100%	506	550
LES JARDINS DE L'ANDELLE - PERRIERS SUR ANDELLE*	2009	3,348	429	100%	429	350
LES LUBERONS - LE PUY SAINTE REPARADE*	1990	4,217	460	100%	460	475
LES OLIVIERS - LE PUY SAINTE REPARADE*	1990	4,130	457	100%	457	520
MEUNIERES - LUNEL*	1988	4,275	694	100%	694	475
MONTPRIBAT - MONFORT EN CHALOSSE*	1972 (1999)	5,364	606	100%	606	580

<sup>1</sup> The occupancy rate is calculated as follows: contractual rents divided by rents + ERV on unlet spaces.

<sup>2</sup> The determination of the estimated rental value takes into account market data, the property's location, its quality, the number of beds for healthcare assets and, if available, the tenant's financial data (EBITDAR).

Property	Year of construction/ last renovation (extension)	Superstructure (in m <sup>2</sup> )	A Contractual rents (x 1,000EUR)	C=A/B <sup>1</sup> occupancy rate	B Rents + ERV on unlet premises (x 1,000EUR)	Estimated rental value <sup>2</sup> (x 1,000EUR)
OLIVIERS - CANNES LA BOCCA*	2004	3,114	407	100%	407	407
POMPIGNANE - MONTPELLIER*	1972	6,201	830	100%	830	940
PONT - BEZONS*	1988 (1999)	2,500	205	100%	205	650
ROUGEMONT - LE MANS*	2006	5,986	401	100%	401	650
SAINT GABRIEL - GRADIGNAN*	2008	6,274	738	100%	738	800
SAINTE BAUME - NANS LES PINS*	1970 (2002)	5,100	0	0%	700	700
VILLA EYRAS - HYERES*	1991	7,636	647	100%	647	700
WILLIAM HARVEY - SAINT MARTIN D'AUBIGNY*	1989	4,744	545	100%	545	1,000
<b>Operator: Mutualité de la Vienne</b>		<b>1,286</b>	<b>114</b>	<b>100%</b>	<b>114</b>	<b>95</b>
LAC - MONCONTOUR*	1991	1,286	114	100%	114	95
<b>Operator: ORPEA France</b>		<b>39,696</b>	<b>5,781</b>	<b>100%</b>	<b>5,781</b>	<b>5,155</b>
BELLOY - BELLOY*	1991 (2009)	2,559	446	100%	446	350
CUXAC - CUXAC CABARDES*	1989	2,803	393	100%	393	170
HAUT CLUZEAU - CHASSENEUIL*	2007	2,512	395	100%	395	340
HELIO MARIN - HYERES*	1975	12,957	1,725	100%	1,725	1,450
LA JONCHERE - RUEIL MALMAISON*	2007	3,731	760	100%	760	860
LA RAVINE - LOUVIERS*	2000 (2010)	3,600	632	100%	632	550
LA SALETTE - MARSEILLE*	1956	3,582	598	100%	598	525
LAS PEYRERES - SIMORRE*	1969	1,895	154	100%	154	100
LE CLOS SAINT SÉBASTIEN - SAINT SÉBASTIEN SUR LOIRE*	2005	3,697	550	100%	550	650
VILLA NAPOLI - JURANCON*	1950	2,360	128	100%	128	160
<b>Netherlands</b>		<b>50,253</b>	<b>7,035</b>	<b>100%</b>	<b>7,055</b>	<b>6,659</b>
<b>Operator: Bergman Clinics</b>		<b>10,612</b>	<b>1,385</b>	<b>100%</b>	<b>1,385</b>	<b>1,276</b>
BRAILLELAAN 5 - RIJSWIJK*	2013	2,133	242	100%	242	218
RIJKSWEWEG 69 et 69A - NAARDEN*	2010	5,821	871	100%	871	788
RUBENSSTRAAT 165-173 - EDE*	1991 (2014)	2,658	272	100%	272	271
<b>Operator: DC Klinieken</b>		<b>3,152</b>	<b>425</b>	<b>100%</b>	<b>425</b>	<b>409</b>
KRIMKADE 20 - VOORSCHOTEN*	1992	1,181	198	100%	198	191
LOUIS ARMSTRONGWEG 28 - ALMERE*	2000	1,971	228	100%	228	217
<b>Operator: Domus Magnus</b>		<b>3,342</b>	<b>988</b>	<b>100%</b>	<b>988</b>	<b>856</b>
LAURIERSGRACHT - AMSTERDAM*	1968	3,342	988	100%	988	856
<b>Operator: European Care Residences</b>		<b>6,778</b>	<b>1,008</b>	<b>100%</b>	<b>1,008</b>	<b>931</b>
KEIZERHOF - UTRECHT*	1968 (2009)	6,778	1,008	100%	1,008	931
<b>Operator: Stichting ASVZ</b>		<b>1,686</b>	<b>176</b>	<b>90%</b>	<b>196</b>	<b>173</b>
GANTELWEG - SLIEDRECHT*	2011	1,686	176	90%	196	173
<b>Operator: Stichting Elisabeth</b>		<b>6,061</b>	<b>691</b>	<b>100%</b>	<b>691</b>	<b>685</b>
TWEESPRONG - OOSTERHOUT*	2014	6,061	691	100%	691	685
<b>Operator: SGE</b>		<b>2,434</b>	<b>336</b>	<b>100%</b>	<b>336</b>	<b>336</b>
TILBURGSEWEG-WEST 100 - EINDHOVEN*	2015	2,434	336	100%	336	336
<b>Operator: Stichting JP van den Bent</b>		<b>1,576</b>	<b>199</b>	<b>100%</b>	<b>199</b>	<b>200</b>
HOF VAN ARKEL - TIEL*	2012	1,576	199	100%	199	200
<b>Operator: Stichting Leger des Heils</b>		<b>1,177</b>	<b>149</b>	<b>100%</b>	<b>149</b>	<b>103</b>
NIEUWE STATIONSTRAAT - EDE*	1985	1,177	149	100%	149	103
<b>Operator: Philadelphia Zorg</b>		<b>2,883</b>	<b>226</b>	<b>100%</b>	<b>226</b>	<b>226</b>
CHURCHILLAAN - LOPIK*	2015	2,883	226	100%	226	226
<b>Operator: Rijnstate</b>		<b>3,591</b>	<b>413</b>	<b>100%</b>	<b>413</b>	<b>413</b>
MARGA KLOMPELAAN 6 - ARNHEM*	1994	3,591	413	100%	413	413
<b>Opérateurs: Stichting Sozorg &amp; Martha Flora</b>		<b>3,074</b>	<b>474</b>	<b>100%</b>	<b>474</b>	<b>492</b>
DE RIDDERVELDEN - GOUDA*	2014	3,074	474	100%	474	492
<b>Operator: Stichting Zorggroep Noordwest-Veluwe</b>		<b>3,887</b>	<b>565</b>	<b>100%</b>	<b>565</b>	<b>560</b>
ARCADE NW - ERMELO *	2014	3,887	565	100%	565	560
<b>Germany</b>		<b>22,734</b>	<b>4,681</b>	<b>100%</b>	<b>4,681</b>	<b>4,681</b>
<b>Operator: Aspria</b>		<b>18,028</b>	<b>3,848</b>	<b>100%</b>	<b>3,848</b>	<b>3,848</b>

<sup>1</sup> The occupancy rate is calculated as follows: contractual rents divided by rents + ERV on unlet spaces.

<sup>2</sup> The determination of the estimated rental value takes into account market data, the property's location, its quality, the number of beds for healthcare assets and, if available, the tenant's financial data (EBITDAR).



Property	Year of construction/ last renovation (extension)	Superstructure (in m <sup>2</sup> )	A Contractual rents (x 1,000EUR)	C=A/B <sup>1</sup> occupancy rate	B Rents + ERV on unlet premises (x 1,000EUR)	Estimated rental value <sup>2</sup> (x 1,000EUR)
MASCHSEE CLUB - HANOVER*	2009	10,228	2,043	100%	2,043	2,043
UHLENHORST CLUB - HAMBURG*	2012	7,800	1,805	100%	1,805	1,805
<b>Operator: Celenus (ORPEA Group)</b>		<b>4,706</b>	<b>833</b>	<b>100%</b>	<b>833</b>	<b>833</b>
NEXUS KLINIK - BADEN-BADEN*	2005	4,706	833	100%	833	833
<b>OFFICES</b>		<b>504,425</b>	<b>74,850</b>	<b>88%</b>	<b>84,736</b>	<b>81,746</b>
<b>Brussels Leopold &amp; Louise districts</b>		<b>65,005</b>	<b>13,575</b>	<b>95%</b>	<b>14,229</b>	<b>14,112</b>
ARTS 19H	1973 (1998)	11,099	2,214	100%	2,214	2,410
ARTS 47-49	1977 (2009)	6,915	1,425	100%	1,431	1,180
AUDERGHEM 22-28	2004	5,853	1,227	90%	1,358	1,345
GUIMARD 10-12	1980 (1995)	10,410	2,082	88%	2,375	2,369
LOI 57	2001	10,279	1,930	100%	1,930	2,097
LOI 227	1976 (2009)	5,885	1,422	89%	1,597	1,454
MEEÛS 23	2000	8,807	2,075	98%	2,121	2,121
TRÔNE 98	1986	5,757	1,200	100%	1,203	1,136
<b>Decentralised Brussels</b>		<b>269,031</b>	<b>40,114</b>	<b>88%</b>	<b>45,818</b>	<b>43,582</b>
BOURGET 40*	1998	14,260	1,517	82%	1,853	2,071
BOURGET 42	2001	25,756	3,987	83%	4,801	4,003
BOURGET 44	2001	14,085	2,298	100%	2,299	2,190
BOURGET 50	1998	5,134	744	92%	809	779
BRAND WHITLOCK 87/93	1991	6,066	919	94%	980	979
COCKX 8-10 (Omega Court)*	2008	16,557	1,466	54%	2,733	2,629
COLONEL BOURG 105	1978 (2001)	2,634	248	80%	311	316
COLONEL BOURG 122	1988 (2006)	4,129	589	94%	625	612
CORNER BUILDING	1996 (2011)	3,440	295	55%	534	524
GEORGIN 2	2007	17,439	3,135	100%	3,135	2,976
HERRMANN DEBROUX 44-46	1992	9,666	1,492	96%	1,560	1,429
MOULIN A PAPIER 55	1968 (2009)	3,499	493	94%	523	458
PAEPSEM business park	1992	26,520	1,858	71%	2,603	2,500
SERENITAS	1995	19,823	3,467	94%	3,673	3,172
SOUVERAIN 23-25	S25: 1970/S23: 1987	56,891	11,644	100%	11,644	11,521
SOUVERAIN 36	1998	8,310	957	69%	1,381	1,459
THE GRADIENT (formerly Tervuren 270-272)	1976 (2013)	19,579	2,348	64%	3,683	3,503
WOLUWE 102	1985 (2009)	8,090	1,418	100%	1,421	1,295
WOLUWE 58 (+ St-Lambert parking)	1986 (2001)	3,868	750	99%	754	690
WOLUWE 62	1988 (1997)	3,285	489	99%	496	476
<b>Brussels Periphery</b>		<b>77,685</b>	<b>7,988</b>	<b>75%</b>	<b>10,668</b>	<b>10,501</b>
LEUVENSESTEENWEG 325	1975 (2006)	6,292	364	67%	543	507
NOORDKUSTLAAN 16 A-B-C (West-End)	2009	10,022	1,453	84%	1,733	1,694
PARK LANE	2000	35,480	4,188	78%	5,358	5,323
PARK HILL*	2000	16,675	1,236	55%	2,266	2,223
WOLUWE 151	1997	9,216	747	97%	768	754
<b>Brussels Satellites</b>		<b>8,232</b>	<b>808</b>	<b>67%</b>	<b>1,204</b>	<b>1,238</b>
WATERLOO OFFICE PARK I	1995 (2004)	2,360	260	71%	368	358
WATERLOO OFFICE PARK J	1995 (2004)	2,360	186	58%	322	352
WATERLOO OFFICE PARK L	1995 (2004)	3,512	362	70%	514	528
<b>Antwerp Periphery</b>		<b>36,575</b>	<b>5,075</b>	<b>92%</b>	<b>5,512</b>	<b>5,214</b>
AMCA - AVENUE BUILDING	2010	9,403	1,506	97%	1,558	1,555
AMCA - LONDON TOWER	2010	3,530	566	98%	575	543
GARDEN SQUARE	1989	7,464	864	87%	999	912
PRINS BOUDEWIJNLAAN 41	1989	6,014	756	83%	911	885
PRINS BOUDEWIJNLAAN 43	1980	6,007	823	91%	908	819
VELDKANT 35	1998	4,157	560	100%	561	500
<b>Other regions</b>		<b>47,897</b>	<b>7,290</b>	<b>100%</b>	<b>7,305</b>	<b>7,099</b>

<sup>1</sup> The occupancy rate is calculated as follows: contractual rents divided by rents + ERV on unlet spaces.

<sup>2</sup> The determination of the estimated rental value takes into account market data, the property's location, its quality, the number of beds for healthcare assets and, if available, the tenant's financial data (EBITDAR).

Property	Year of construction/ last renovation (extension)	Superstructure (in m <sup>2</sup> )	A Contractual rents (x 1,000EUR)	C=A/B <sup>1</sup> occupancy rate	B Rents + ERV on unlet premises (x 1,000EUR)	Estimated rental value <sup>2</sup> (x 1,000EUR)
ALBERT I <sup>er</sup> 4 - CHARLEROI	1967 (2005)	19,189	2,706	100%	2,706	2,712
MECHELEN STATION - MECHELEN	2002	28,708	4,584	100%	4,599	4,387
<b>OFFICE BUILDINGS WITH SOLD RECEIVABLES</b>		<b>102,725</b>	<b>11,072</b>	<b>100%</b>	<b>11,080</b>	<b>11,080</b>
<b>Central Business District (CBD)</b>		<b>52,878</b>	<b>4,443</b>	<b>100%</b>	<b>4,443</b>	<b>4,443</b>
EGMONT I*	1997	36,616	3,144	100%	3,144	3,144
EGMONT II*	2006	16,262	1,299	100%	1,299	1,299
<b>Decentralised Brussels</b>		<b>20,199</b>	<b>2,075</b>	<b>100%</b>	<b>2,076</b>	<b>2,076</b>
COLONEL BOURG 124*	1988 (2009)	4,137	234	99%	235	235
EVEREGREEN	1992 (2006)	16,062	1,841	100%	1,841	1,841
<b>Brussels Leopold &amp; Louise districts</b>		<b>26,188</b>	<b>3,885</b>	<b>100%</b>	<b>3,892</b>	<b>3,892</b>
LOI 56	2008	9,484	1,472	100%	1,478	1,478
LUXEMBOURG 40	2007	7,522	895	100%	895	895
NERVIENS 105	1980 (2008)	9,182	1,425	100%	1,425	1,425
MEEÛS 23 (+ parking)	2010		93	98%	95	95
<b>Other regions</b>		<b>3,460</b>	<b>669</b>	<b>100%</b>	<b>669</b>	<b>669</b>
MAIRE 19 - TOURNAI*	1997	3,460	669	100%	669	669
<b>PROPERTY OF DISTRIBUTION NETWORKS</b>		<b>417,111</b>	<b>37,616</b>	<b>98%</b>	<b>38,384</b>	<b>35,620</b>
<b>Pubstone</b>		<b>357,510</b>	<b>29,850</b>	<b>98%</b>	<b>30,358</b>	<b>27,317</b>
<b>Pubstone Belgium (791 buildings)*</b>		<b>309,557</b>	<b>19,672</b>	<b>99%</b>	<b>19,944</b>	<b>18,225</b>
Brussels		41,609	3,644	99%	3,674	3,454
Flanders		193,166	11,609	99%	11,769	11,146
Wallonia		74,782	4,419	98%	4,501	3,625
<b>Pubstone Pays-Bas (244 buildings)*</b>		<b>47,953</b>	<b>10,178</b>	<b>98%</b>	<b>10,414</b>	<b>9,092</b>
<b>Cofinimur I (279 buildings)*</b>		<b>59,601</b>	<b>7,766</b>	<b>97%</b>	<b>8,026</b>	<b>8,303</b>
<b>OTHER</b>		<b>15,830</b>	<b>1,802</b>	<b>100%</b>	<b>1,802</b>	<b>1,636</b>
<b>Antwerp Periphery</b>		<b>61</b>	<b>7</b>	<b>100%</b>	<b>7</b>	<b>8</b>
AMCA - LONDON TOWER	2010	61	7	100%	7	8
<b>Brussels Periphery</b>		<b>6,124</b>	<b>528</b>	<b>100%</b>	<b>528</b>	<b>398</b>
MERCURIUS 30	2001	6,124	528	100%	528	398
<b>Other regions</b>		<b>9,645</b>	<b>1,267</b>	<b>100%</b>	<b>1,267</b>	<b>1,230</b>
KROONVELDLAAN 30 - DENDERMONDE	2012	9,645	1,267	100%	1,267	1,230
<b>TOTAL INVESTMENT PROPERTIES AND WRITEBACK OF LEASE PAYMENTS SOLD AND DISCOUNTED</b>		<b>1,700,407</b>	<b>210,068</b>	<b>95%</b>	<b>221,450</b>	<b>217,285</b>
<b>HEALTHCARE REAL ESTATE PROJECTS AND RENOVATIONS</b>			<b>2</b>		<b>2</b>	<b>2</b>
<b>Belgium</b>			<b>2</b>		<b>2</b>	<b>2</b>
DIAMANT - SCHAARBEEK/SCHAARBEEK (BRUSSELS)			2		2	2
<b>France</b>						
CAUX DU LITTORAL - NEVILLE*						
<b>Netherlands</b>						
DE PLATAAN - HEERLEN*						
MOERBEILAAN-ALPHEN AN DEN RIJN*						
<b>OFFICE PROJECTS AND RENOVATIONS</b>		<b>28,637</b>				
BELLIARD 40		17,722				
SOUVERAIN 24		3,897				
WOLUWE 106-108		7,018				
<b>LAND RESERVE HEALTHCARE REAL ESTATE</b>			<b>22</b>		<b>22</b>	<b>22</b>

<sup>1</sup> The occupancy rate is calculated as follows: contractual rents divided by rents + ERV on unlet spaces.

<sup>2</sup> The determination of the estimated rental value takes into account market data, the property's location, its quality, the number of beds for healthcare assets and, if available, the tenant's financial data (EBITDAR).

Property	Year of construction/ last renovation/ (extension)	Superstructure (in m <sup>2</sup> )	A Contractual rents (x 1,000EUR)	C=A/B <sup>1</sup> occupancy rate	B Rents + ERV on unlet premises (x 1,000EUR)	Estimated rental value <sup>2</sup> (x 1,000EUR)
L'OREE DU BOIS - WARNETON			22		22	22
<b>LAND RESERVE OFFICES</b>			<b>128</b>		<b>128</b>	<b>151</b>
<b>Brussels Centre &amp; North</b>			<b>3</b>		<b>3</b>	<b>3</b>
DE LIGNE			3		3	3
MEIBOOM 16-18			0		0	0
<b>Brussels Leopold &amp; Louise districts</b>			<b>2</b>		<b>2</b>	<b>2</b>
LOUISE 140			0		0	0
MONTOYER 14			2		2	2
MONTOYER 40			0		0	0
<b>Decentralised Brussels</b>			<b>5</b>		<b>5</b>	<b>5</b>
TWIN HOUSE			3		3	3
WOLUWE 34			2		2	2
<b>Brussels Periphery</b>			<b>113</b>		<b>113</b>	<b>136</b>
KEIBERG PARK			0		0	0
KOUTERVELD 6			113		113	136
WOLUWE GARDEN 26-30			0		0	0
<b>Antwerp Periphery</b>			<b>3</b>		<b>3</b>	<b>3</b>
PRINS BOUDEWIJNLAAN 24A			3		3	3
<b>Antwerp Singel</b>			<b>2</b>		<b>2</b>	<b>2</b>
LEMANSTRAAT 27			1		1	1
PLANTIN & MORETUS			0		0	0
QUINTEN			0		0	0
REGENT			0		0	0
ROYAL HOUSE			0		0	0
UITBREIDINGSTRAAT 2-8			1		1	1
UITBREIDINGSTRAAT 10-16			0		0	0
<b>PORTFOLIO GRAND TOTAL</b>		<b>1,729,044</b>	<b>210,220</b>		<b>221,602</b>	<b>217,460</b>



Nursing home  
La Cambre/Terkameren -  
Brussels (BE)

<sup>1</sup> The occupancy rate is calculated as follows: contractual rents divided by rents + ERV on unlet spaces.

<sup>2</sup> The determination of the estimated rental value takes into account market data, the property's location, its quality, the number of beds for healthcare assets and, if available, the tenant's financial data (EBITDAR).

# REPORT BY THE REAL ESTATE EXPERTS

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## CONTEXT

We have been engaged by Cofinimmo to value its real estate assets as of 31 December 2015 with a view to finalising its financial statements at that date.

Cushman & Wakefield (C&W), PwC Entreprise Advisory cvba/scri (PwC) and JLL sprl/bvba have each separately valued a part of the portfolio of offices and other properties<sup>1</sup>.

C&W and PwC have each separately valued part of the portfolio of nursing homes in Belgium. C&W and JLL France have each separately valued part of the portfolio of nursing homes and other care facilities in France.

The portfolio of clinics in The Netherlands has been valued by PwC Netherlands.

The healthcare portfolio in Germany is valued by PwC Germany.

The portfolios of pubs in Belgium and the Netherlands have been valued by C&W.

The portfolio of insurance agencies in France has been valued by C&W. C&W, PwC and JLL have in-depth knowledge of the real estate markets in which Cofinimmo is active and have the necessary, recognised professional qualifications to perform this assessment. In conducting this assessment, they have acted with complete independence.

As is customary, our assignment has been carried out on the basis of information provided by Cofinimmo regarding tenancy schedules, charges and taxes borne by the landlord, works to be carried out and all other factors that could affect property values. We assume that the information provided is complete and accurate. Our valuation reports do not in any way constitute an assessment of the structural or technical quality of the buildings or an in-depth analysis of their energy efficiency or of the potential presence of harmful substances. This information is well known to Cofinimmo, which manages its properties in a professional way and performs technical and legal due diligence before acquiring each property.

## THE OFFICE MARKET

The share of Cofinimmo's portfolio in the office sector stood at 39.6% of the overall portfolio in 2015. For the first time, the share of health real estate was therefore higher than that of office real estate; this reflects the strategy advocated by the regulated investment company (SIR).

In 2015, the Belgian office market posted a take-up of less than 500,000 sq m (leases, extensions, owner-occupier acquisitions). This represents a fall in activity of close to 20% compared with 2014.

There were marked differences in activity between the various markets and regions as well as in the main ratios that are used to assess activity in the office real estate market. Flanders posted a take-up of 160,000 sq m in 2015, a 10% increase over the previous year; this was mainly driven by activity in Ghent and Antwerp. Ghent was also the most active office market in the country; take-up in this market increased, the vacancy rate is low and the level of prime rent is rising.

In Wallonia, activity also increased by 17% compared with 2014. However, in absolute terms, this upturn only equates to a 4,000 sq m increase in take-up. The Walloon market is limited by smaller markets and activity mainly driven by public occupiers. However, cities such as Liège have a vacancy rate of close to 0% for the most recent buildings;

a number of projects are being developed to offset this lack of supply as demand does exist.

In terms of the level of rent, the same trend is seen across the country as a whole with stability in the marketplace since 2010. Increases or reductions in values have been limited. Prime rents stand at around € 130 per sq m per year and € 150 per sq m per year in regional markets.

In Brussels (including suburbs), the situation is different. In fact, the level of take-up stands at a historic low of only 300,000 sq m, representing a fall of almost 30% compared with 2014. The lack of transactions for spaces over 20,000 sq m and delays by public authorities in their selection processes weighed heavily on office real estate activity in Brussels in 2015.

However, the vacancy rate has been in continuous decline since 2010 and stood at less than 10% by the end of the year. Substantial disparities are still seen between districts and availability is rising for the oldest buildings, raising some major challenges for their future occupation. Given this context, it is worth noting that the process of converting offices into residential or retirement homes appears to

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

have peaked in 2013 (around 140,000 sq m of converted office space). Since, the trend has started to decline, even including the remaining 90,000 sq m of office space due to come off the market for alternative use over the next few years.

Many projects, both pre-let and speculative, are due for delivery in the Brussels market over the next two years. The latter will have a significant impact on the Brussels office landscape, particularly after a number of large corporates move into their new headquarters (AXA, Deloitte, KPMG in particular).

The Brussels office market should see strong activity at the beginning of 2016, led by strong demand from public authorities which was not able to be satisfied by the end of 2015. However, corporate demand is set to remain at relatively low levels. The Brussels market must therefore expect to have to overcome some significant challenges over the coming months and years.

It is also worth noting that in investment market, this trend is reversed. Volumes are high with over € 1.5 billion invested in 2015, the vast majority of which was in Brussels. The investment market should remain active in 2016 with high levels of capital from Asia and the United States and a growing appetite for both secured assets as well as those with a higher degree of risk. A number of major transactions are already in the pipeline and are indicative of 2016 exceeding the investment volume recorded in 2015.

This appetite and growing competition for office assets combined with historically low interest rates is leading to substantial yield compression. Yields now stand at around 4.25% (compared with 5% 12 months ago) for the most recent office assets offering long-term secured revenues and at around 5.5% (compared with 6.15% 12 months ago) for the most recent buildings in the best locations. And compression is set to continue in 2016.

## HEALTHCARE REAL ESTATE

Cofinimmo is the investor who did the largest transaction in the Healthcare sector in 2015 in Belgium. It was not about an acquisition but rather the sale of the Silverstone portfolio to healthcare operator Senior Assist for an amount of 134,5 million euros; this is to demonstrate, if need be, that arbitrage transactions are also possible in this sector.

The value of Cofinimmo's portfolio in the healthcare sector represents henceforth 42,4% of the total; it is the first time that it exceeds the share of offices (39,6%). This relative increase is mainly due to investments in extensions and in redevelopments performed by Cofinimmo

in Belgium (€ 26 million), and by acquisitions made in The Netherlands, Germany, and in France (€ 78 million); and by disinvestments in offices (€ 88 million).

The Belgian market has pursued its growth with more than 350 million invested in 2015, compared to approximately € 240 million in 2014, and € 100 million in 2013 (€ 260 million in 2012). Long term leases continue to attract investors looking for long-term returns, encouraged by interest rates ever lower and by uncertainties cleared with the application of the sixth State reform to the healthcare sector.

## DISTRIBUTION NETWORK – REAL ESTATE (PUBSTONE & COFINIMUR I)

Cofinimmo's holding in distribution network real estate was estimated at 17.2% as at 31 December 2015. The subsidiaries (Pubstone for the café/restaurant sector located in Belgium and the Netherlands and Cofinimur I for retail/local agencies in France) have a very diverse risk profile, both in terms of geography and their particular nature which spans both retail real estate and investment buildings that also have future redevelopment potential.

Overall, the value of these two portfolios has remained broadly stable since 2014 and the fair value of these distribution network real estate assets stands at € 538 million.

Improvements in the economic climate and the return of consumer confidence in Europe could contribute to improvements in this distribution network sector, although a high level of volatility has been

seen, mainly in the café/restaurant sector. Depending on the location, variations are expected to be very different with secondary towns and areas suffering more than others. It is also worth noting that the Paris attacks and the threat of terrorism in Belgium only had a limited impact on the sector towards the end of 2015.

Arbitrations in this portfolio are ongoing, Cofinimmo's investments are characterised by a requirement for security (long-term leases with single tenants with a sound financial background), relatively low rental levels and relatively attractive acquisition prices per sq m. Sale and leaseback deals for well-located assets in attractive locations that allow for a wide range of future uses are particularly favoured. In addition, this section of the portfolio can also offer 'one-off' sales opportunities to local investors.

## OPINION

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

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

## VALUATION METHODOLOGY

The valuation methodology adopted is mainly based on the following methods:

### Method of estimated rental value capitalisation (ERV capitalisation)

This method consists in capitalising the estimated rental value of the property by using a capitalisation rate ('yield') in line with the investment market. The choice of the capitalisation rate used is linked to the capitalisation rates applied in the real estate investment market, which takes into account the property location, the quality of the buildings and that of the tenant, and the quality and duration of the lease at the valuation date. The rate corresponds to the rate anticipated by potential investors at the valuation date. To determine the estimated rental value, one takes into account the market data, the location of the property and the quality of the building.

The resulting value must be adjusted if the passing rent generates operational income higher or lower than the estimated market value used for capitalisation. The valuation takes into consideration the charges that will need to be incurred in the near future.

### Discounted cash flow method (DCF)

Under this method, it is required to assess the net rental income generated by the property on a yearly basis for a specific period and discounted at today's value. The projection period generally varies between 10 and 18 years. At the end of the period, a residual value is calculated using a capitalisation rate that takes into account the anticipated condition of the building at the end of the projection period, discounted at today's value.

### Residual value method

The value of a project is determined by defining the development potential on site. This implies that the intended use of the project is known or foreseeable in a qualitative (planning) and quantitative manner (number of square metres that can be developed, future rents, etc.). The value is obtained by deducting the costs upon completion of the project from its anticipated value.

### Approach by market comparables

This method is based on the principle that a potential purchaser will not pay more for the acquisition of a property than the price recently paid on the market for similar properties.

## TRANSACTION COSTS

In theory, the disposal of properties is subject to a transfer tax charged by the Government and paid by the acquirer, which represent substantially all transaction costs. For properties situated in Belgium, the amount of this tax mainly depends on the mode of transfer, the capacity in which the acquirer acts and the property's location. The first two variables, and therefore the amount of tax payable, are only known once the sale is contracted. Based on a study from independent real estate experts dated 8 February 2006 and periodically reviewed, the "average" transaction cost for properties over EUR 2,500,000 is assessed at 2.5%.

The fair value (as defined under IFRS 13 and by the BEAMA's (Belgian Asset Managers Association) press release of 8 February 2006) for

properties over EUR 2,500,000 can therefore be obtained by deducting 2.5% of "average" transaction cost from their investment value. This 2.5% figure will be reviewed periodically and adjusted if on the institutional investment transaction market a change of at least +/- 0.5% in the effectively "average" transaction cost is observed.

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

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

## ASSETS SUBJECT TO A SALE OF RECEIVABLES

Cofinimmo is owner of several buildings of which the rents have been sold in the past to a third party. The valuers have valued those properties as freehold (before sale of receivables). At the request of Cofinimmo, the values mentioned below represent for these buildings the freehold value net of the rents still due (residual value), as

calculated by Cofinimmo. This calculation by Cofinimmo has not been analysed in depth by the valuers. In the forthcoming quarters, the residual value will evolve in such a way as to be, at the maturity of the sale of the receivables, equivalent to the freehold value.

## INVESTMENT VALUE AND SALE VALUE (FAIR VALUE)

**Taking into account the three opinions, the investment value (transaction costs not deducted) of Cofinimmo's total real estate portfolio as of 31 December 2015 is estimated at EUR 3,262,343,000.**

**Taking into account the three opinions, the fair value, after the deduction of the "transaction" transfer costs, of Cofinimmo's total real estate portfolio as of 31 December 2015, corresponding to the fair investment value under IAS/IFRS, is estimated at EUR 3,134,353,000.**

On this basis, the yield on rent, received or contracted, including from assets that form the object of an assignment of receivables, but excluding projects, land and buildings undergoing refurbishment, and after the application of imputed rent to the premises occupied by

Cofinimmo, amounts to 6,57% of the investment value.

If the properties were to be let in full, the yield would increase to 6,92%.

Investment properties have an occupancy rate of 94,86%.

The contractually passing rent and the estimated rental value on the empty spaces (excluding projects, buildings undergoing refurbishment and assets that form the object of an assignment of receivables) for let space plus the estimated rental value for vacant space is 2,04% above the estimated fair rental value for the whole portfolio at this date. This difference results mainly from the inflation indexation of contractual rents since the inception of the in-place leases.

The assets are broken down as follows:

	Investment value	Fair Value	% Fair Value
Offices	1,272,178,000	1,241,149,000	39.6%
Healthcare	1,377,766,000	1,328,287,000	42.4%
Distribution prop. net.	584,937,000	538,124,000	17.2%
Other	27,462,000	26,793,000	0.8%
<b>TOTAL</b>	<b>3,262,343,000</b>	<b>3,134,353,000</b>	<b>100%</b>

### PWC OPINION

The investment value of the part of Cofinimmo's real estate portfolio valued by PwC is estimated as of 31 December 2015 at EUR 832,344,000 and the fair value (after the deduction of the transaction costs) is estimated at EUR 812,200,000.

Jean-Paul DUCARME FRICS  
Director PwC



Ann SMOLDERS  
Partner PwC



### JLL OPINION

The investment value of the part of Cofinimmo's real estate portfolio valued by JLL in Belgium is estimated as of 31 December 2015 at EUR 322,935,000 and the fair value (after the deduction of transaction costs) is estimated at EUR 315,059,000.

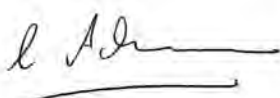
Roderick Scrivener, FRICS  
JLL Director



### C&W OPINION

The investment value of the part of Cofinimmo's real estate portfolio valued by C&W and by JLL in France is estimated as of 31 December 2015 at EUR 2,107,064,000 and the fair value (after deduction of transaction costs) at EUR 2,007,094,000.

Christophe Ackermans, MRICS  
C&W Director



# CORPORATE GOVERNANCE STATEMENT

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In terms of corporate governance, Cofinimmo seeks to maintain the highest standards and continuously assesses its methods in relation to principles, practices and requirements in force in this field.

## REFERENCE CODE

This corporate governance declaration is covered by the provisions of the Belgian 2009 Corporate Governance Code ("2009 Code") as well as the Law of 06.04.2010 amending the Company Code. The Royal Decree of 06.06.2010 recognised the 2009 Code as the only applicable code. The Code is available on the website of the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad), as well as on the website [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be).

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

The company's Corporate Governance Charter can be viewed on its website [www.cofinimmo.com](http://www.cofinimmo.com). It was last amended on 24.03.2016.

## INTERNAL AUDIT AND RISK MANAGEMENT

In accordance with the Corporate Governance rules and with the several laws applicable to Regulated Real Estate Companies, Cofinimmo has set up a risk management and internal control procedure.

To do so, the company has chosen as reference procedure the Enterprise Risk Management (ERM) model developed by COSO (Committee of Sponsoring Organisations of the Treadway Commission). COSO ([www.coso.org](http://www.coso.org)) is an organisation that stems from the private sector and whose purpose is to promote the improvement of the quality of financial reporting through the application of business ethics rules, an effective internal control system and corporate governance rules.

The ERM model has six components:

- internal environment;
- setting of objectives and risk appetite;
- identification, analysis and control of risks;
- control activities;
- information and internal communication;
- surveillance and monitoring.

### Internal environment

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

At Cofinimmo, the business culture incorporates risk management at various levels, based on:

- corporate governance rules and the existence of an Audit Committee, Nomination, Remuneration and Corporate Governance Committee entirely composed of Independent Directors within the meaning of Article 526ter of the Company Code, an Internal Auditor, Risk Manager, Management Controller and Compliance Officer;
- the Executive Committee's integration of the notion of risk for any investment, transaction or commitment with a significant impact on the company's objectives;
- the existence of a Code of Conduct dealing with conflicts of interest, professional secrecy, rules governing the buying and selling of shares, prevention of misuse of corporate funds, acceptance of business gifts, communication and respect for individuals;
- adherence to task separation principles and the application of rules regarding delegation of powers clearly established at all levels of the company;
- the application of strict criteria in relation to management of human resources, particularly selection, staff recruitment rules, the training policy, the periodic performance assessment procedure and the setting of annual targets;
- the monitoring of procedures and the formalisation of processes.

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

## Setting of objectives and risk appetite

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

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

## Identification, analysis and control of risks

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

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

Furthermore, each major project undergoes an analysis of specific risks according to an organised framework, improving the quality of information in the decision-making process.

## Control activities

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

- at a financial level: the difference between the estimated budget and the realised result are reviewed quarterly by the Executive Committee, the Audit Committee and the Board of Directors;
- at a credit risk level: the solvency of the most important clients, i.e. those that do not have a financial rating, is analysed annually by the financial department. Moreover, the amounts and validity of the rental guarantees established by all tenants are checked quarterly by the operational teams;
- at a rental level: half-yearly analysis of rental vacancy, lease terms and risks and opportunities in terms of rental revenue;

- at an accounting level: the use of an ERP (Enterprise Resource Planning, an integrated management software), i.e. SAP, includes a number of automatic checks. SAP includes all the accounting and financial aspects, as well as all aspects linked to the real estate business (i.e. monitoring of rental contracts, rent invoices, statements of charges, orders, purchases, financial follow-up of works, etc.);
- at treasury level: the use of different sources of financing and banks and the spreading of maturities limits the refinancing concentration risk;
- the risk linked to the interest rate is limited by the application of a hedging policy for a minimum of 50% of the notional amount borrowed on a sliding scale of minimum three years;
- the use of a treasury software facilitates the day-to-day follow-up of cash flow positions and cash-pooling operations;
- the dual signature principle is applied within the limits of delegations of power regarding any commitment in respect of a third party, whether this involves asset acquisition, rental transactions, orders of any type, approvals of invoices and payments;
- the use of a workflow software in the different stages of the sales business (rental activity), stepping up controls at the process' key stages;
- the register and movements of COFB, COFPI and COFP2 registered shares is recorded in a secure IT application (the Capitrack programme), developed and supplied by Belgium's central depository Euroclear.

## Information and internal communication

Information and communication between the various levels of the company are based on work meetings and on reporting:

- the Management Report, drawn up quarterly by the Consolidation & Reporting entity, details the situation of the income statement, the key performance indicators, the acquisitions/sales situation and their impact on the results. It also includes an inventory of assets, project progress and cash-flow positions. It is distributed to management, heads of department and key individuals. It is discussed in detail by the Executive Committee, the Audit Committee and the Board of Directors;
- similarly, each department periodically draws up specific reports regarding its own activities;
- the Executive Committee, composed of the four members of the Executive Committee and the heads of the operational departments, meets every week to discuss property investments and divestments, constructions and rentals;
- the Executive Committee also meets weekly. It systematically reviews the important points of the company's operations and business (investments/divestments, cash flow, staff, etc.).

Minutes are drawn up for each meeting with, if necessary, an action plan for the implementation of the decisions taken at the meeting.

## Surveillance and monitoring

Closing is carried out each quarter, according to the same procedures as at the end of the financial year. Consolidated accounts are drawn up at the same time. Key indicators are calculated and analysed. These data are collected in the above-mentioned Management Report. All data is discussed and analysed by the Executive Committee and Board of Directors. Similarly, each department collects pertinent information at its own level, which is analysed quarterly and compared with the objectives set for the year.

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

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

## Shareholder structure<sup>1</sup> (at 31.12.2015)

	Number of ordinary shares	%	Number of preference shares	%	Total number of shares (voting rights)	%
<b>Number of shares issued</b>	20,344,378	100.00	685,848	100.00	21,030,226	100.00
<b>Cofinimmo Group (own shares)<sup>2</sup></b>	50,114	0.25	0	0.00	50,114	0.24
<b>Free Float<sup>3</sup></b>	20,294,264	99.75	685,848	100.00	20,980,112	99.76

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

Office building Belliard 40 - Brussels (BE)

Office building Belliard 40 - Brussels (BE)



<sup>1</sup> Situation based on transparency declarations received under the Law of 02.05.2007. Any changes communicated since 31.12.2015 have been published in accordance with the provisions of this same Law and can be consulted on the company's website [www.cofinimmo.com](http://www.cofinimmo.com).

<sup>2</sup> The voting rights attached to own shares held by the Cofinimmo Group are suspended.

<sup>3</sup> This calculation of the free float, generally used by Euronext, includes all shareholders individually holding less than 5% of the capital.

## DECISION-MAKING BODIES

### Board of Directors

#### Current composition

According to the general principles relating to the composition of the Board, as adopted on a proposal by the Nomination, Remuneration and Corporate Governance Committee, the Board currently comprises 13 Directors, including (i) nine Non-Executive Directors, seven of whom are independent within the meaning of Article 526ter of the Company Code, two representing shareholders, and (ii) four Executive Directors (members of the Executive Committee).

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

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

The Board meets a minimum of eight times a year. Exceptional circumstances may require that the Board hold one or more additional meetings. During 2015, the Board met on eight occasions.

Before the meeting, each Board member receives the documents containing the proposals of the Executive Committee on which he/she must decide. In the event of a vote, decisions are adopted by simple majority. In the event of a tie, the Chairman has the casting vote.

As part of the Law of 28.07.2011 to ensure gender diversity within Boards of Directors of listed companies, the Board of Directors examined the future evolution of its composition. The objective is to achieve a ratio of at least one-third of the members of the Board whose sex is different from that of the other members, as provided by this Law.

The Board of Directors established a very concrete action plan concerning the renewal of the terms of office in order to ensure the appointment of at least one additional woman to the Board before the end of 2017. At the next Ordinary General Meeting, the Board of Directors will propose the appointment of Mrs. Diana Monissen as independent director within the meaning of Article 526ter of the Company Code. If approved by the General Meeting, the number of women on the Board of Directors would increase from three to four. In accordance with Article 518 bis § 1 of the Company Code, which stipulates that at least one-third of the members of the Board of Directors must be of a different sex, and that for the application of this provision, the minimum required number is rounded to the nearest whole number, the company will therefore be in compliance with the Law (which will take effect at 01.01.2018).

Furthermore, Cofinimmo directly and indirectly sponsors the activity of the non-profit organisation Women on Board, which aims to promote women's presence on Boards of Directors. Françoise Roels, a member of Cofinimmo's Executive Committee, is also one of the founding members of this association.

#### Renewal and appointment of Directors

The Ordinary General Meeting of 13.05.2015 approved the appointment of (i) Mrs. Kathleen Van den Eynde as Independent Director within the meaning of Article 526ter of the Company Code and (ii) Mr. Jérôme Descamps as Executive Director. Their terms of office will run until 08.05.2019. The Ordinary General Meeting of 13.05.2015 also decided to renew the term of Mr. Xavier Denis as Executive Administrator, whose term of office will run until 08.05.2019.

Subject to approval by the FSMA, the Board of Directors will propose to the Ordinary General Shareholders' Meeting of 11.05.2016:

- the renewal of the term of office of Mr. Jean-Edouard Carbonnelle as Executive Director and Member of the Executive Committee, whose term of office will run until 09.05.2018 if approved;
- the renewal of the term of office of Mr. Xavier de Walque as Independent Director, within the meaning of Article 526ter of the Company Code, whose term of office will run until 13.05.2020 if approved;
- the renewal of the term of office of Mr. Christophe Demain as Independent Director, within the meaning of Article 526ter of the Company Code, whose term of office will run until 10.05.2017 if approved;
- the appointment of Mrs. Diana Monissen as Independent Director, within the meaning of Article 526ter of the Company Code, whose term of office will run until 13.05.2020 if approved;
- the appointment of Mr. Olivier Chapelle as Independent Director, within the meaning of Article 526ter of the Company Code, whose term of office will run until 13.05.2020 if approved;
- the proposal to appoint Mr. Maurice Gauchot as Independent Director, within the meaning of Article 526ter of the Company Code, whose term of office will run until 13.05.2020 if approved.

Mr. Chevalier Vincent Doumier, Mr. Gaëtan Hannecart and Mr. Baudouin Velge carried out three successive terms and, pursuant to article 526ter 2° of the Company Code, their office can no longer be renewed. The Board of Directors warmly thanks them for their contribution and development of the company.

<sup>1</sup> The company plans to reduce the number of Directors to 12 in the near future.

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

Name Function	Birth year	Gender	Nationality	Beginning of mandate	Last renewal	End of mandate
<b>André Bergen</b> <ul style="list-style-type: none"> <li>Chairman of the Board of Directors</li> <li>Independent Director within the meaning of Article 526ter of the Company Code</li> <li>Member of the Nomination, Remuneration and Corporate Governance Committee</li> </ul>	1950	M	Belgian	30.04.2010	08.05.2013	10.05.2017
<b>Jean-Edouard Carbonnelle</b> <ul style="list-style-type: none"> <li>Managing Director</li> </ul>	1953	M	Belgian	30.04.1999	27.04.2012	11.05.2016
<b>Christophe Demain</b> <ul style="list-style-type: none"> <li>Director (representing the shareholder Belfius Insurance)</li> </ul>	1966	M	Belgian	14.05.2014	-/-	11.05.2016
<b>Xavier Denis</b> <ul style="list-style-type: none"> <li>Executive Director</li> </ul>	1972	M	Belgian	29.04.2011	13.05.2015	08.05.2019
<b>Jérôme Descamps</b> <ul style="list-style-type: none"> <li>Executive Director</li> </ul>	1967	M	French	13.05.2015	-/-	08.05.2019
<b>Xavier de Walque</b> <ul style="list-style-type: none"> <li>Independent Director within the meaning of Article 526ter of the Company Code</li> <li>Chairman of the Audit Committee</li> </ul>	1965	M	Belgian	24.04.2009	27.04.2012	11.05.2016
<b>Chevalier Vincent Doumier</b> <ul style="list-style-type: none"> <li>Independent Director within the meaning of Article 526ter of the Company Code</li> <li>Member of the Audit Committee</li> </ul>	1955	M	Belgian	28.04.2006	27.04.2012	11.05.2016
<b>Robert Franssen (End of term on 13.05.2015)</b> <ul style="list-style-type: none"> <li>Director (representing the shareholder Allianz Benelux SA)</li> </ul>	1955	M	Belgian	19.02.2004	29.04.2011	13.05.2015
<b>Gaëtan Hannecart</b> <ul style="list-style-type: none"> <li>Independent Director within the meaning of Article 526ter of the Company Code</li> <li>Chairman of the Nomination, Remuneration and Corporate Governance Committee</li> </ul>	1964	M	Belgian	28.04.2006	27.04.2012	11.05.2016
<b>Inès Reinmann-Toper</b> <ul style="list-style-type: none"> <li>Independent Director within the meaning of Article 526ter of the Company Code</li> <li>Member of the Audit Committee</li> </ul>	1957	F	French	08.05.2013	-/-	10.05.2017
<b>Françoise Roels</b> <ul style="list-style-type: none"> <li>Executive Director</li> </ul>	1961	F	Belgian	27.04.2007	08.05.2013	10.05.2017
<b>Alain Schockert</b> <ul style="list-style-type: none"> <li>Director (representing the shareholder Bank Degroof Petercam)</li> </ul>	1950	M	Belgian	27.04.2007	08.05.2013	10.05.2017
<b>Kathleen Van den Eynde (Start of term on 13.05.2015)</b> <ul style="list-style-type: none"> <li>Independent Director within the meaning of Article 526ter of the Company Code</li> </ul>	1962	F	Belgian	13.05.2015	-/-	08.05.2019
<b>Baudouin Velge</b> <ul style="list-style-type: none"> <li>Independent Director within the meaning of Article 526ter of the Company Code</li> <li>Member of the Nomination, Remuneration and Corporate Governance Committee</li> </ul>	1955	M	Belgian	28.04.2006	27.04.2012	11.05.2016



KATHLEEN VAN DEN EYNDE

CHEVALIER VINCENT DOUMIER

JEAN-EDOUARD CARBONNELLE

JÉRÔME DESCAMPS

ALAIN SCHOCKERT

FRANÇOISE ROELS

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

##### ANDRÉ BERGEN

- Current function: Director of companies
- Current offices: Delta Lloyd (Netherlands), Sapient Investment Managers (Cyprus), Festival de Flandre (Ghent), as well as various subsidiaries of the Cofinimmo Group
- Previous offices: Zuhair Fayez Partners (Saudi Arabia), Euronext SA/NV (Netherlands), Recticel SA/NV, Vlaams Netwerk van Ondernemingen (VOKA), KBC Group, NYSE Euronext (USA), Ahlers SA/NV, NIBC Bank (Netherlands)

##### JEAN-EDOUARD CARBONNELLE

- Current function: Chief Executive Officer (CEO) of Cofinimmo SA/NV (Boulevard de la Woluwe/Woluwedael 58, 1200 Brussels)
- Current offices: various offices in Cofinimmo Group subsidiaries, Société d'Habitations de Tournai SA/NV, European Public Real Estate Association (EPRA), EPRA Taxation Committee, Union Professionnelle du Secteur Immobilier (UPSI), Société Royale d'Économie Politique de Belgique ASBL/VZW
- Previous offices: -/-

##### CHRISTOPHE DEMAÏN

- Current function: Chief Investment Officer of Belfius Insurance SA/NV (Avenue Gallée/Galileelaan 5, 1210 Brussels)
- Current offices: Retail Estates SA/NV, LFB, Legros-Renier - Les Amarantes Seigneurie de Loverval SA/NV, Coquelets SA/NV, Auxipar SA/NV, Elantis SA/NV, Immo Malvoz SPRL/BVBA, Immo Zeedrift SA/NV, First Retail International SA/NV
- Previous offices: Banque Transatlantique Belgium, AXA Private Management (Private Banking subsidiary of AXA in Belgium)

##### XAVIER DENIS

- Current function: Chief Operating Officer (COO) of Cofinimmo SA/NV (Boulevard de la Woluwe/Woluwedael 58, 1200 Brussels)

- Current offices: various offices in Cofinimmo Group subsidiaries, Denis Intérieur SA, European Quarter Area Management Association (EQUAMA)
- Previous offices: -/-

##### JÉRÔME DESCAMPS

- Current function: Chief Financial Officer (CFO) of Cofinimmo SA/NV (Boulevard de la Woluwe/Woluwedael 58, 1200 Brussels)
- Current offices: various subsidiaries of the Cofinimmo Group
- Previous offices: Altraplan Luxembourg, Private Estate Life, Saphir II, Société de la Tour Eiffel

##### XAVIER DE WALQUE

- Current function: Member of the Executive Committee and Chief Financial Officer of Cobepa SA/NV (Rue de la Chancellerie/Kanselarijstraat 2/1, 1000 Brussels)
- Current offices: various offices in Cobepa Group subsidiaries (Cobepa Nederland, Groupement Financier Liégeois, Ibel, Mascagna, Mosane, Regio, Sofiréal, Sophielux 1, Sophielux 2, Sophinvest, Ubran), JF Hillebrand AG, AG Insurance, SGG Holdings, Kanelium, Sapec, Degroof Equity, DSDC
- Previous offices: Cobsos, Dexia Bank Belgium SA/NV, Dexia Insurance Belgium, Dexia Investment Company, BeCapital Investment Advisor, Maison de la Radio Flagey SA/NV, Financial Security Assurances

##### CHEVALIER VINCENT DOUMIER

- Current function: Company director.
- Current offices: BDG & Associés Inc. Montréal (Canada), Codic International SA/NV, Cofir SA/NV, Comensia SCRL/CVBA, Food Impact SA/NV, Sopartec SA/NV, CIT Bleton SA/NV, Seneq SA/NV, Belgian Land SA/NV, Les Petits Riens/Spullenhulp ASBL/VZW
- Previous offices: Compagnie du Bois Sauvage SA/NV, Neuhaus Holding, Ceran ILC, Ter Beke SA/NV, Bank Degroof SA/NV, Recticel SA/NV, Compagnie Financière du Château SA/NV, Fauchon Group, Trade Credit Re Insurance Company (TCRÉ) SA, Nanocyl SA, Centre Interdiocésain ASBL/VZW, John Berenberg Gossler & Co KG (Germany)



ANDRÉ BERGEN

GAËTAN HANNECART

XAVIER DE WALQUE

INÈS REINMANN-TOPER

XAVIER DENIS

BAUDOÏN VELGE

CHRISTOPHE DEMAIN

#### ROBERT FRANSSSEN (until 13.05.2015)

- Current function: Regional CEO Allianz Benelux (Rue de Laeken/ Lakenstraat 35, 1000 Brussels)
- Current offices: various offices in Allianz Group subsidiaries (Allianz Benelux SA/NV, Allianz Life Lux, AGCS, ANAM)
- Previous offices: various offices in Allianz Group subsidiaries (AGF Benelux, Mondial Assistance Europe), Anpi ASBL, Assuralia Association Professionnelle, Portima Société Coopérative, Assurcard SA, Union des Entreprises de Brussels

#### GAËTAN HANNECART

- Current function: Managing Director and Chairman of the Executive Committee of Matexi SA/NV (Franklin Rooseveltlaan 180, 8790 Waregem)
- Current offices: various offices in subsidiaries of the Matexi Group (Ankor Invest SA/NV, Matexi Real Estate Finance SA/NV, De Burkel SA/NV, Duro Home Holding SA/NV, Entro SA/NV, Familo SA/NV, Hooglatem S/NV, Immo Vilvo SA/NV, Matexi SA/NV, Matexi Brabant Wallon SA/NV, Matexi Brussels SA/NV, Matexi Group SA/NV, Matexi Luxembourg SA/NV, Matexi Projects SA/NV, Matexi Vlaams-Brabant SA/NV, Matexi Antwerpen SA/NV, Matexi Hainaut SA/NV, Matexi Liège SA/NV, Matexi Limburg SA/NV, Matexi Namur SA/NV, Matexi Oost-Vlaanderen SA/NV, Matexi West-Vlaanderen SA/NV, Renoplan SA, Quaerocq SCRL/CVBA, SDM SA/NV, Sibomat SA/NV, Tradiplan SA/NV, Matexi City Development SA/NV, Wilma Project Development Holding SA/NV, Zennebroeck SA/NV, Zenneveen SA/NV, Nimmobo SA/NV, Vauban SA, Campagne du Petit Baulers SA, Coogee SA, Galerie des Carmes SA/NV, Vilvoorde Development SA/NV; I-Dyle SA/NV, I-Dyle Construct SA/NV, Real Dolmen SA/NV, Group Louis Delhaize, N-Side, Union Professionnelle du Secteur Immobilier (UPS), YouthStart, Itinera Institute ASBL/ VZW, Vicinia ASBL/VZW, KUL Senat, Harvard Business School Alumni, Guberna
- Previous offices: Kempense Bouwwerken SA/NV, Home Invest Belgium SA/NV, Advisory Board of the Flemish government in urban planning

#### INÈS REINMANN-TOPER

- Current function: Partner in Edmond de Rothschild Corporate Finance SA (Rue du Faubourg Saint Honoré 47, 75401 Paris cedex 08, France)
- Current offices: Aina Investment Fund (LU) and Orox Asset Management SA (CH), two entities of the Edmond de Rothschild group, Gecina SA (FR), Lapillus OPCI
- Previous offices: Segro PLC SA (UK), Axcior Immo, and Axcior Corporate Finance SA (FR)

#### FRANÇOISE ROELS

- Current function: Secretary General & Group Counsel of Cofinimmo SA/NV (Boulevard de la Woluwe/Woluwedal 58, 1200 Brussels)
- Current offices: various offices in Cofinimmo Group subsidiaries, EPRA Regulatory Committee, Women on Board ASBL
- Previous offices: Institut des Juristes d'Entreprise/Instituut voor Bedrijfsjuristen

#### ALAIN SCHOCKERT

- Current function: Managing Director of Bank Degroof Petercam SA/NV (Rue de l'Industrie/Industriestraat 44, 1040 Brussels)
- Current offices: various subsidiaries of Degroof (Bank Degroof Petercam SA/NV, Bank Degroof Petercam Luxembourg SA, BD Square Invest SA/NV, Degroof Petercam Corporate Finance SA/NV, Degroof Petercam Structured Finance SA/NV, Industrie Invest SA/NV, Société Immobilière & Financière Industrie Guimard SA/NV)
- Previous offices: Guimard Finance SA, Bank Degroof 2005 Pension Fund, Bank Degroof Pension Fund, Brocsa SA/NV

#### KATHLEEN NAV DEN EYNDE (term started on 13.05.2015)

- Current function: Director, Member of the Executive Committee of Allianz Benelux SA/NV and CIO of Technical Life & Health (Rue de Laeken/Lakenstraat 35, 1000 Brussels)
- Current offices: various subsidiaries of the Allianz group in the Netherlands (Allianz Nederland Groep SA/NV, Allianz Nederland Levensverzekering SA/NV, Allianz Nederland Asset Management BV)
- Previous offices: AZ Benelux SA/NV

#### BAUDOÏN VELGE

- Current function: Managing Partner of Interel SA/NV (Rue du Luxembourg/Luxemburgstraat 22-24, 1000 Brussels)
- Current offices: Bekaert SA/NV, BECI, Medirect Bank, Fondation Bernhein, École pour le Management (EPM) SA/NV, Brussels Metropolitan Region
- Previous offices: BT Belux SA/NV, EuroCommerce AISBL, FEDIS ASBL/ VZW, VBO ASBL/VZW.

## Role of the Board of Directors

The role of the Board of Directors is to:

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

### Activity report of the Board of Directors

Apart from the recurrent subjects dealt with by the Board, it has in 2015 also taken decisions on various matters, including the following:

- review of the finance plan;
- review, examination and selection of guidelines for Cofinimmo's strategy, development and diversification;
- review of the Risk Management reference framework, the Risk Assessment of the Cofinimmo Group and the various assignments of the Internal Auditor;
- analysis and approval of investment, divestment and (re) development projects;
- capital increase by public subscription in cash with preferential right as part of the authorised capital;
- review of the portfolio plans;
- opening of an office in France;
- Tenreuken development project;
- review of the asset management activity for third parties;
- acquisition of a portfolio of healthcare real estate in France;
- sale of the shares of Livingstone II SA/NV;
- sale of the shares of Silverstone SA/NV;
- takeover of W34 SA/NV under the regime of Articles 676, 719 et seq. of the Company Code;
- proposal to appoint Mrs. Kathleen Van den Eynde as Independent Director within the meaning of Article 526ter of the Company Code;
- proposed renewal of the term of office of Mr. Xavier Denis as Executive Director and Member of the Executive Committee;
- its own assessment.

## Audit Committee

### Current composition

The Audit Committee is made up of three Directors, all independent within the meaning of Article 526ter of the Company Code. They are Xavier De Walque (Chairman), Chevalier Vincent Doumier and Inès Reinmann-Topper. The Chairman of the Board of Directors and the members of the Executive Committee do not form part of the Audit Committee, but they attend meetings without taking part in votes.

Through their professional experience, the members of the Audit Committee have the necessary competence in accounting and auditing – both individually and collectively – to guarantee the effective working of the Committee.

## Role of the Audit Committee

The role of the Audit Committee is mainly to examine:

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

The current composition of the Audit Committee and the tasks assigned to it are in compliance with the provisions of the Law of 17.12.2008 concerning the creation of an Audit Committee in listed and financial companies. The Audit Committee's operating rules are detailed in the charter of the Audit Committee, which can be viewed on the website [www.cofinimmo.com](http://www.cofinimmo.com).

### Activity report of the Audit Committee

During 2015, the Audit Committee met on five occasions. It addressed matters that fall within its mission as defined in the Audit Committee Charter and the Law of 17.12.2008, to guarantee the accuracy and truthfulness of the reporting of Cofinimmo's annual and half-yearly accounts, the quality of the internal and external audit and the information provided to the shareholders. The Audit Committee also addressed the following points:

- review of the recommendations made by the auditor concerning internal audit procedures;
- assessment of the Cofinimmo Group's Risk Management framework;
- review of the interest rate hedging policy;
- the review of the internal valuation of the portfolio;
- the review of sources of refinancing;
- the review of the whistleblowing procedure;
- the reports of the Internal Auditor's audit on internal control and public-private partnerships;
- its own assessment.

## Nomination, Remuneration and Corporate Governance Committee

### Current composition

The Nomination, Remuneration and Corporate Governance Committee is made up of three Directors, all independent within the meaning of Article 526ter of the Company Code. These are Gaëtan Hannecart (Chairman), André Bergen and Baudouin Velge. The members of the Executive Committee are not members of the Nomination, Remuneration and Corporate Governance Committee.



## Role of the Nomination, Remuneration and Corporate Governance Committee

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

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

The current composition of the Nomination, Remuneration and Corporate Governance Committee and the tasks assigned to it fulfil the conditions imposed by the Law of 06.04.2010, inserting an Article 526quater in the Company Code. The Nomination, Remuneration and Corporate Governance Committee's operating rules can be viewed in its charter. It can be consulted at [www.cofinimmo.com](http://www.cofinimmo.com).

## Activity report of the Nomination, Remuneration and Corporate Governance Committee

During 2015, the Committee met on seven occasions. The main matters considered were:

### Concerning remuneration:

- review of the remuneration policy for the members of the Executive Committee including the introduction of a stock bonus plan;
- the determination of the fees for the Executive Directors in keeping with the market and the responsibilities that they assume;
- the company's remuneration policy;
- drawing up of the remuneration report;

### Concerning the composition of the Board of Directors:

- the review of "High Potentials" and the succession plan;
- the action plan for the presence of at least a third of women on the Board of Directors;
- the process to search for three new non-executive Directors with the analysis of the skills present within the Board and those to be filled. On the basis of this analysis, three specific profiles were defined and sought: a profile in healthcare real estate in the Netherlands, a profile in general real estate and a profile in general management;
- the proposal to appoint Mr. Jérôme Descamps as Executive Director and member of the Executive Committee;
- the proposed renewal of the term of office of Mr. Xavier Denis as Executive Director and Member of the Executive Committee;
- the proposal to appoint Mrs. Kathleen Van den Eynde as Independent Director within the meaning of Article 526ter of the Company Code;

### Concerning its functioning:

- its own assessment.

## Executive Committee

The Executive Committee, in accordance with Article 524bis of the Company Code, is composed of, apart from its Chairman Mr. Jean-Edouard Carbonnelle (CEO), three Executive Directors, Mr. Xavier Denis (COO), Mr. Jérôme Descamps (CFO) and Mrs. Françoise Roels (Secretary General & Group Counsel).

Each member of the Executive Committee has a specific area of responsibility. The Committee meets weekly. It is responsible for the company's operational management.

The Executive Committee is responsible for the company's operational management.



In accordance with Article 14 of the Law of 12.05.2014 concerning Regulated Real Estate Companies, the members of the Executive Committee are effective directors within the meaning of this Article and are also responsible for the day-to-day running of the company.

The Executive Committee's operating rules can be viewed in its charter. It can be consulted at [www.cofinimmo.com](http://www.cofinimmo.com).

### Role of the Executive Committee

Its role is to:

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

### Current composition

#### Jean-Edouard Carbonnelle

##### Chief Executive Officer

Jean-Edouard Carbonnelle joined Cofinimmo in November 1998 as Chief Financial Officer and was appointed Chief Executive Officer in 2012. Before that, he worked in the Groupe de la Société Générale de Belgique, first in this holding company itself and subsequently as Director and Chief Financial Officer of the Diamant Boart Group (abrasive tools) and lastly, briefly, as Investor Relations Manager at Union Minière (non-ferrous metals). He began his professional career in the department of industrial and mining projects at the World Bank. He is a graduate in Commercial Engineering (Solvay Business School - ULB 1976) and holds a Master of Business Administration (Wharton School - University of Pennsylvania 1977).

#### Xavier Denis

##### Chief Operating Officer

Xavier Denis joined Cofinimmo in 2002 as Head of Project Development and Area Manager. Before coming to Cofinimmo, he was an architect in London between 1996 and 2001 at Chapman Taylor and HOK Sport, which became Populous. He has 15 years of experience in technical, financial and commercial management of projects and property portfolios. He is a Civil Engineer/Architect (UCL 1996) and holds a Master of Business Administration (INSEAD 2002).

#### Jérôme Descamps

##### Chief Financial Officer

Jérôme Descamps joined Cofinimmo in October 2014. He previously worked as Chief Financial Officer for Société de la Tour Eiffel, a SIC (Société d'Investissement Immobilier Cotée) listed on Euronext Paris. Before that, he worked as Chief Financial Officer at the Awon Group (Soros Real Estate) and as Management Controller for ISM (a real estate company owned by GDF Suez, then by General Electric Capital). He is MRICS certified (member of the Royal Institute of Chartered Surveyors) and a graduate of the Ecole Supérieure de Gestion de Paris (Finances).

#### Françoise Roels

##### Secretary General & Group Counsel

Françoise Roels joined Cofinimmo in August 2004. She heads up the legal department and is in charge of the Company's General Secretariat. She is responsible for Cofinimmo's compliance and risk management functions. She is also in charge of matters related to share ownership and interactions with the Belgian financial control authorities. She also supervises the company's Human Resources and Tax departments. Before coming to Cofinimmo, Françoise Roels worked for the law firm Loyens, for Euroclear/JP Morgan and for the Belgacom Group. She was responsible for tax affairs and Corporate Governance.

She holds a law degree (RUG 1984), a bachelor's degree in philosophy (RUG 1984), and a master's degree in taxation (Ecole Supérieure des Sciences Fiscales 1986).

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

Under the direction of its Chairman, the Board of Directors conducts regular evaluations, at least every two or three years, of its size, composition, performance and that of its committees as well as its interaction with the Executive Committee. The four objectives of this analysis are to:

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

The last assessment of the Board of Directors and its committees occurred in 2015 as part of a process established by the Chairman of the Board, the Secretary General and the Nomination, Remuneration and Corporate Governance Committee. The assessment of the Board was conducted with the assistance of the firm ACCORD, the objective being to perform a more thorough study of the following themes: the decision-making process, risk management, performance, composition, operation, skills and abilities of the Board, as well as its relations with the committees. In connection with this, a detailed report highlighted the areas to be built upon as well as the areas to be improved. An action plan was put in place and is monitored by the Nomination, Remuneration and Corporate Governance Committee.

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

On each office renewal, the Board evaluates the Director in question, under the guidance and with the contribution of the Nomination, Remuneration and Corporate Governance Committee. On this occasion, the Nomination, Remuneration and Corporate Governance Committee reviews the Board members' skills/ experience grid and ensures that its composition continues to be appropriate. The Nomination, Remuneration and Corporate Governance Committee then makes its recommendations regarding the terms of office that are about to expire to the Board of Directors, who then decides to submit them to the General Shareholders' Meeting.

The non-executive Directors carry out an annual evaluation of their interaction with the Executive Committee. This evaluation is put on the agenda of a restricted Board of Directors meeting, in the absence of the members of the Executive Committee.

## MANAGEMENT

The Executive Committee is assisted by a team of managers. Each manager reports directly to one of the members of the Executive Committee and assumes the responsibility in a specific managerial domain.

Name	Function	Name	Function
1 Sébastien Berden	Head of Healthcare	12 Dirk Huysmans	Head of Offices Belgium
2 Yeliz Bicici	Head of Development	13 Valérie Kibieta	Head of External Communication & Investor Relations
3 Chantal Cabuy	Head of Human Resources & Internal Communication	14 Stéphanie Lempereur	Head of Corporate Finance & Control
4 Hanna De Groote	Environmental Manager	15 Pascale Minet	Head of Accounting
5 Valérie De Vos	Head of Document Lifecycle Organisation	16 Valéry Smeers	Head of Tax
6 Ingrid Daerden	Head of Treasury & Project Financing	17 Domien Szekér	Head of Project Management
7 Steve Deraedt	Head of Information Technology	18 Jean Van Buggenhout	Head of Property Services & Corporate Social Responsibility
8 Andrée Doucet	Sr Corporate Legal Officer	19 Caroline Vanstraelen	Corporate Legal Officer
9 Aline Etienne	Corporate Legal Officer	20 Sophie Wattiaux	Corporate Legal Officer
10 Ellen Grauls	Investor Relations Manager		
11 Jimmy Gysels	Head of Business Unit Pubstone		

## RULES AND PROCEDURES

### Rules concerning conflicts of interest

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

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

- regarding the Directors appointed on a proposal by Bank Degroof Petercam and Belfius Insurance: if transactions arise between these respective companies and Cofinimmo for which these companies have an opposing interest to that of Cofinimmo;
- regarding Mr. Gaëtan Hannecart: if transactions arise between Cofinimmo and the Matexi Group of which Gaëtan Hannecart is Managing Director and for which the Matexi Group would have an opposing interest to that of Cofinimmo.

In view of the absence of any conflict of interest, the Board of Directors did not draw up any report for 2015, in application of Articles 523 and 524 of the Company Code.

Article 37 of the Law of 14.05.2014 relating to Regulated Real Estate Companies states special provisions where one of the persons referred to in this Article (Director or shareholder of a subsidiary of the public or institutional RREC) acts as counterparty in an operation with the RREC or a company it controls.

The company applied Article 37 of the Law of 14.05.2014 relating to Regulated Real Estate Companies on two occasions:

- as part of the acquisition of the shares of the SPRL/BVBA Terra 13, since the main shareholder of this company was the Senior Assist group, a company that held at the time a 5% interest in the capital of Silverstone, an institutional Regulated Real Estate Company, and,
- as part of the sale of Cofinimmo's entire interest in SA/NV Silverstone (95% representing all of the category A shares), an institutional Regulated Real Estate Company, to the SARL/BVBA, MRE-Silverstone-B, whose controlling shareholders are identical to those of the Senior Assist Group, which held at the time a 5% interest in the capital of the SA/NV Silverstone, referred to above;

### Code of Conduct

Cofinimmo'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.

### Whistleblowing policy

Cofinimmo provides for a whistleblowing procedure to cover situations in which a person within the company and in general all persons performing work on behalf of the company raises a concern about an irregularity that he or she observes affecting or likely to affect third parties, such as clients, suppliers, other members of the company, the company itself (its portfolio and its results, as well as its reputation), its subsidiaries or the general interest.

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

In accordance with the principles and values of the company, Cofinimmo has inserted in its Code of Conduct the rules (Dealing Code) to be followed by Directors and Designated Persons wishing to negotiate financial instruments issued by Cofinimmo and its subsidiaries. In particular, this Dealing Code prohibits them from buying and selling Cofinimmo shares during a period starting the day after each quarterly closing and the day (included) of the publication of the yearly, half-yearly or quarterly results. With respect to the implementation of the Belgian Corporate Governance Code within Cofinimmo, the rules of the Code of Conduct are in line with the Royal Decree of 05.03.2006 relating to insider trading, the fair presentation of investment recommendations and the indication of conflicts of interest.

## Judicial and arbitration procedures

The Executive Committee of Cofinimmo SA/NV declares that there exists no government intervention, proceeding or arbitration procedure that may exercise a significant influence, or may have had exercised such an influence in the recent past, on the financial position or profitability of the RREC. Similarly, to the knowledge of the Executive Committee, there are no situations or facts that could give rise to such government intervention, proceeding or arbitration procedure.

## Compliance Officer and risk management

Françoise Roels, Secretary General & Group Counsel, is the Compliance Officer of Cofinimmo. Her duties involve ensuring that the Code of Conduct as well as, more generally, all prevailing laws and regulations are observed. She also assures the function of Risk Manager within the Executive Committee, being responsible for identifying and managing risk events likely to affect the organisation.

## Internal Audit

Sophie Wattiaux is in charge of the Internal Audit function. Her duties involve examining and assessing the smooth running, efficiency and relevance of the internal control system.

## Research and Development

The Cofinimmo Group did not carry out any research and development activity during 2015, except for the construction and large-scale renovation projects which are mentioned in the "Transactions and performances in 2015" sub-chapter.

## Power of representation

Article 17 of the Articles of Association stipulate that the company must be represented, in all its acts, by two Directors or, within the limits of the powers conferred to the Executive Committee, by two members of that committee acting jointly. The following persons may therefore 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 two of them:

- Mr. Jean Edouard Carbonnelle, Managing Director, Chairman of the Executive Committee;
- Mr. Xavier Denis, Executive Director, member of the Executive Committee;
- Mr. Jérôme Descamps, Executive Director, member of the Executive Committee;
- Mrs. Françoise Roels, Executive Director, member of the Executive Committee.

A specific delegation of powers is also organised by the Executive Committee under the notarial act of 23.02.2015, published in the Belgian Official Gazette (Moniteur belge/Belgisch Staatsblad) of 17.03.2015 under the numbers 45579 and 45580, for the leases, works, loans, borrowings, credit facilities and collaterals, information and communication technologies, human resources, tax management, hedging operations, fund transfer operations and insurance operations.

## Cofinimmo's Articles of Association

Extracts from the Cofinimmo articles of association are published on pages 223 to 227 of this Annual Financial Report. Their most recent revisions date from the Extraordinary General Meeting of 06.01.2016 and from the Board of Directors' meetings of 12.01.2015, 14.04.2015, 12.05.2015, 02.07.2015, 06.10.2015, and 12.01.2016.

## INFORMATION REQUIRED UNDER ARTICLE 34 OF THE ROYAL DECREE OF 14.11.2007<sup>1</sup>

### Capital structure<sup>2</sup>

Shares	Number	Capital (in EUR)	%
Ordinary (COFB)	20,344,378	1,090,240,903.18	96.74
Preference (COFP1)	395,048	21,187,232.76	1.88
Preference (COFP2)	290,800	15,552,330.44	1.38
<b>TOTAL</b>	<b>21,030,226</b>	<b>1,126,980,466.38</b>	<b>100.00</b>

The share capital stands at 1,126,980,466.38 EUR and is divided into 21,030,226 fully paid-up shares, each of which represents an equal share, of which 20,344,378 ordinary shares without par value, and 685,848 preference shares without par value, that is a series of 395,048 P1 preference shares and a series of 290,800 P2 preference shares. Each preference share carries a dividend payable by priority over the dividends payable on the ordinary shares. The gross annual amount of the priority dividend is 6.37 EUR per preference share.

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

- during the 10 final calendar days of each calendar quarter;
- 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.

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

The subscription or acquisition of preference shares implies a commitment to sell such shares to a third party designated by the company (call option) dating from the 15th year(2019) following their issue, subject to the conditions and in accordance with the procedure defined in Article 8 of the Articles of Association. Finally, the preference share has priority in the case of liquidation.

On 28.04.2011, the company issued **bonds convertible** into ordinary shares of the company, expiring on 28.04.2016. The issue relates to 1,486,379 convertible bonds with a nominal value of 116.60 EUR

representing a total amount of 173,311,791.40 EUR. The convertible bonds allow the holder to receive Cofinimmo ordinary shares at a rate of one for one. The exchange parity will be adjusted according to the anti-dilution provisions customary for this type of issue. The conversion period is open, at any time, from 08.06.2011 until the first of the following two dates: (i) seven working days before the maturity date, or (ii) if the bonds have been called for redemption prior to the maturity date, seven working days before the redemption date.

Unless the convertible bonds have previously been bought and cancelled, redeemed or converted in accordance with the basic issue requirements, they will be repaid at their principal amount at the final maturity date at 28.04.2016.

All terms on the conversion option, conversion period, and useful information relating to the maturity of the 2011 bond loan can be consulted on the company website under the "prospectus" section.

On 20.06.2013, the company issued **bonds convertible** into ordinary shares of the company, expiring on 20.06.2018. The issue relates to 1,764,268 convertible bonds with a nominal value of 108.17 EUR representing a total amount of 190,840,869.56 EUR. The convertible bonds allow the holder to receive Cofinimmo ordinary shares at a rate of one for one. At the time of the conversion, however, the company shall have a choice between providing the new and/or existing shares, a cash payment, or a combination thereof. The exchange parity will be adjusted according to the anti-dilution provisions customary for this type of issue. The conversion period is open, at any time, from 20.06.2013 until the first of the following two dates: (i) seven working days before the maturity date, or (ii) if the bonds have been called for redemption prior to the maturity date, seven working days before the redemption date.

A bondholder may exercise his conversion right relating to a convertible bond by submitting a duly completed notification of conversion together with the convertible bond to convert. The notification form is available from the paying, conversion and domiciliary agent, i.e. BNP Paribas Securities Services. Each bondholder has been informed of the procedure in the transaction memo issued for this purpose. This can be consulted on the company's website [www.cofinimmo.com](http://www.cofinimmo.com).

A total of 3,250,600 bonds convertible into ordinary shares currently exist, 1,486,332 of which were issued on 28.04.2011 and 1,764,268 issued on 20.06.2013. If all bonds in circulation were converted, it would create a maximum of 3,416,501 ordinary shares, conferring the same number of voting rights.

There are no other restrictions on the transfer of securities and the exercise of the voting right, other than those stipulated in the law.

<sup>1</sup> In relation to the obligations of issuers of financial instruments admitted for trading on a regulated market – see also the Law of 01.04.2007 relating to takeover bids.

<sup>2</sup> At the time of writing of this Annual Financial Report.

## Stock option plan

The members of the Executive Committee and the Management benefit from a share option plan as explained on page 125 of this Annual Financial Report. In the event of a merger, (partial) demerger or division of shares of 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 exchange rate applied to the existing company shares. In that case, the Cofinimmo Board of Directors will determine the precise conditions for this adaptation. In the event of a change in control, the accepted options are deemed to be immediately and fully acquired and become exercisable with immediate effect.

## Authorised capital

At 31.12.2015, the Board of Directors was authorised to increase the share capital in one or more tranches up to a maximum amount of 799,000,000.00 EUR 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 was granted for a period of five years from 11.04.2011, the date of publication in the annexes of the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) of the minutes of the Extraordinary General Shareholders' Meeting of 29.03.2011. This Meeting expressly authorised the Board of Directors to carry out one or more capital increases in the event of a take-over 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.

At 31.12.2015, the Board of Directors has used this option in the context of:

- the definitive placement of a bond offering dated 28.04.2011 for a maximum capital increase of 79,652,977.11 EUR;
- the share capital increase through a contribution in kind of dividend rights of 17,697,422.45 EUR decided on 24.05.2011;
- the share capital increase through a contribution in kind of dividend rights of 20,941,247.88 EUR decided on 25.05.2012;
- the share capital increase through a contribution in kind of dividend rights of 28,367,771.12 EUR decided on 06.06.2013;
- the final realisation of the issue of a convertible bond loan dated 20.06.2013 for a maximum amount of 94,544,660.97 EUR;
- the share capital increase through a contribution in kind of dividend rights of 20,536,439.56 EUR decided on 05.06.2014;
- the capital increase by subscription in cash decided on 20.04.2015 for 160,997,210.59 EUR.

This means that the amount by which the Board of Directors could increase the subscribed capital under the authorised capital was 376,262,270.32 EUR.

With this authorisation expiring on 28.04.2016, the Extraordinary General Meeting of 06.01.2016 conferred on the Board of Directors a new authorisation for five years from the date of the publication of 03.02.2016 in the annexes of the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) of the minutes of the Extraordinary General Meeting of 06.01.2016.

The Board of Directors is thus authorised to increase the share capital at one or more times up to a maximum amount of:

- 1°) 1,100,000,000.00 EUR, if the capital increase to be performed is a capital increase by subscription in cash with the possibility of exercising the preferential subscription right of the company's shareholders;
- 2°) 220,000,000.00 EUR for all other forms of capital increase not referred to in point 1°) above.

It being understood that in any case, the share capital may never be increased as part of the authorised capital beyond 1,100,000,000.00 EUR in total.

## Decision-making bodies

Directors may be ad nutum dismissed from their offices. In the event that one or more offices are not filled, the remaining Directors, at a meeting of the Board, will be empowered provisionally to designate a replacement for the period until the next General Shareholders' Meeting which will hold the final election. For the purposes of modifying the Articles of Association, there are no rules other than those laid down by the Company Code.

## Repurchase of shares

The Board of Directors is specially authorised, for a period of five years from the date of publication of 10.01.2014 of the minutes of the Extraordinary General Shareholders' Meeting of 05.12.2013, to acquire, pledge or dispose of (even off-exchange), on behalf of Cofinimmo, own shares of the company at a unit price that cannot be lower than 85% of the closing share price on the day before the transaction date (acquisition, disposal or pledge) and that cannot exceed 115% of the closing share price on the day before the transaction date (acquisition, pledge), without Cofinimmo owning more than 10% of the total number of issued shares at any time. At 31.12.2015, Cofinimmo SA/NV held 50,114 own shares.

## Contractual terms of the members of the Executive Committee

The contractual terms of the Directors who are members of the Executive Committee are described on page 127 of this Annual Financial Report.

## Change of control

The Ordinary General Meeting of 13.05.2015 approved the control clause related to the bond of 19.03.2015 produced as part of a private placement.

# REMUNERATION REPORT DRAWN UP BY THE NOMINATION, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE

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

## Internal Procedures

### Non-Executive Directors

The principle of continuity with the past has been maintained. The policy adopted by shareholders at the Ordinary General Meeting on 28.04.2006 on the proposal of the Board of Directors and the Nomination, Remuneration and Corporate Governance Committee remains applicable.

In 2015, the Nomination, Remuneration and Corporate Governance Committee carried out a comparison with the remuneration of the non-executive Directors of other listed Belgian companies of similar size. The aim was to ensure that the remuneration is always appropriate and in line with market practice taking into account the company's size, its financial situation and its position within the Belgian economic environment, and the level of responsibility assumed by the Directors. The Board of Directors, on the basis of a recommendation by the Nomination, Remuneration and Corporate Governance Committee, decided that the policy adopted by shareholders at the Ordinary General Meeting on 28.04.2006 may be maintained.

On proposal of the Nomination, Remuneration and Corporate Governance Committee, the Board of Directors decided to grant a lump sum of 1,000 EUR to the Non-Executive Directors residing abroad to travel to participate in a Board and/or Committee meeting. This amount is intended to cover their travel expenses and the extra time that they devote to their office in relation to the time that a Director residing in Belgium devotes. For ease of reference, stated that travel expenses will continue to be reimbursed upon presentation of proof of these expenses. This proposal must be subject to approbation by the next Ordinary general Assembly of Stakeholders.

### Members of the Executive Committee

The service contracts concluded (i) in 2007 with the Secretary General and the current Chief Executive Officer, (ii) in 2011 with the Chief Operating Officer, and (iii) in 2014 with the Chief Financial Officer, were applied.

The remuneration of the members of the Executive Committee is determined by the Board of Directors on the basis of the recommendations of the Nomination, Remuneration and Corporate Governance Committee. This Committee annually analyses the remuneration policy applicable to members of the Executive Committee and checks whether it needs to be changed in order to attract, retain and motivate them, within reasonable boundaries given the size of the company. The overall remuneration level as well as the breakdown of its various components and their terms and conditions are analysed. This analysis is accompanied by a comparison with the remuneration policy applicable to members of the Executive Committee of other listed and unlisted real-estate companies, as well as other non-real-estate companies of a similar size.

Other Board members' experience in this field was also taken into consideration. In 2013, the Nomination, Remuneration and Corporate Governance Committee carried out a summary comparison concerning

the overall level of remuneration. According to this analysis, the remuneration of the members of the Executive Committee is in line with market practices.

The Nomination, Remuneration and Corporate Governance Committee also sees that the target setting procedure determining variable remuneration is in line with the company's risk appetite. The Nomination, Remuneration and Corporate Governance Committee submit the result of its analysis and any reasoned recommendations to the Board of Directors for it to take a decision.

### Remuneration of the non-executive Directors

The remuneration of the non-executive Directors is determined by the General Meeting on the proposal of the Board of Directors and according to the recommendation of the Nomination, Remuneration and Corporate Governance Committee. In accordance with the decision of the General Meeting of 28.04.2006, the remuneration for 2015 is:

- firstly, a basic remuneration of 20,000 EUR for membership of the Board of Directors, 6,250 EUR for membership of a Committee and 12,500 EUR for chairing a Committee;
- and, secondly, Directors' attendance fees of 2,500 EUR per session for participating at the meetings of the Board of Directors, and 700 EUR per session for participating at the meetings of the Committees of the Board;

The remuneration of the Chairman of the Board is set at 100,000 EUR per year for all his responsibilities, both on the Board of Directors and on the Committees of the Board.

The non-executive Directors do not receive remuneration tied to performance.

In order to align the interest of the non-executive Directors with those of the shareholders, a mechanism of ownership, by Directors - not possessing Cofinimmo shares - during their entire term, of a certain number of shares, has been agreed at the Board of Directors' meeting of 24.03.2016. This mechanism consists of awarding part of the remuneration in company shares. This compensation includes the first 20,000 EUR owed to the new non-executive Director embarking upon a first term of his/her office or, to incumbent non-executive Directors for the financial year 2016.

The number of shares will be determined by dividing the amount of 20,000 EUR by the average ordinary share price of the 30 days preceeding the General Assembly, which will proceed to nominate the new non-executive, and by the average ordinary share price of the 30 days preceeding the General Assembly of 11.05.2016 for the incumbent non-executive Directors. The shares will be registered in the name of each non-executive Director and will be subject to an unavailability commitment until the end of the latest term. The allocated dividends during the unavailability period (starting on January 1<sup>st</sup> of the year of the General Assembly following the inscription in the register) will be paid at the same time as for other shareholders. As this unavailability commitment does not fit with the scope of Article 554 of the Company Code (it does not concern a variable remuneration, nor a compensation increase, but a way of payment, which is constraining and restrictive for the non-executive Directors), there is no reason to submit it for approval to the General Assembly of Shareholders.

## Attendance and remuneration of the non-executive Directors

	Attendance at Board meetings	Attendance at Nomination, Remuneration and Corporate Governance Committee meetings	Attendance at Audit Committee meetings	Total remuneration (in EUR)	Number of shares held at 31.12.2015
André Bergen	8/8	4/4	3/5	100,000 (fixed remuneration)	0
Christophe Demain	4/8	-/-	-/-	30,000	0
Xavier de Walque	8/8	-/-	5/5	56,000	0
Chevalier Vincent Doumier	8/8	-/-	5/5	49,750	257
Robert Franssen (end of term on 13.05.2015)	2/4	-/-	-/-	15,000	350
Gaëtan Hannecart	6/8	4/4	-/-	50,300	0
Inès Reinmann-Topper	7/8	-/-	5/5	47,250	0
Alain Schockert	6/8	-/-	-/-	35,000	0
Kathleen Van den Eynde (start of term on 13.05.2015)	4/4	-/-	-/-	21,666	0
Baudouin Velge	8/8	4/4	-/-	49,050	0

## Remuneration of the Executive Directors

The remuneration package of the members of the Executive Committee comprises the following elements:

- fixed remuneration;
- variable compensation, including variable remuneration in cash, and the bonus share plan;
- the stock options plan;
- the savings and provident scheme, the pension promises and other benefits.

### Fixed remuneration

The fixed remuneration of the members of the Executive Committee is determined according to their individual duties and skills. It is allocated independently of any result and is not indexed. It covers their services as members of the Board of Directors and their attendance at the various committee meetings. Mr. Jean-Edouard Carbonnelle, Mr. Xavier Denis, Mr. Jérôme Descamps and Mrs. Françoise Roels attend meetings of the Audit Committee, and Françoise Roels attends meetings of the Nomination, Remuneration and Corporate Governance Committee, although they are not members of those committees.

### Variable remuneration

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

Remuneration and Corporate Governance Committee. In principle, "target" variable remuneration is 50% of the fixed annual remuneration, but can be higher without ever exceeding 75%. The variable remuneration is only paid once the budget has been attained up to at least 80%.

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

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

For financial year 2015, the performance assessment criteria were:

- net current result per share (25%);
- debt management (20%);
- operational management of large projects (15%);
- office portfolio occupancy rate (10%);
- cost/income ratio (10%);
- other (20%).



The Nomination, Remuneration and Corporate Governance Committee has assessed the achievement of the 2015 objectives of the members of the Executive Committee and proposed to the Board of Directors a variable remuneration of 60% of the fixed annual remuneration. This proposal was accepted by the Board of Directors.

From financial year 2013, and in strict application of the Law of 06.04.2010, the Board of Directors decided to grant half of variable remuneration in cash and the other half in the form of a "phantom stock unit plan" bonus spread over time. This plan consists in liquidating in cash and over three years the exchange value of Cofinimmo ordinary shares subject to a phantom free award.

During its meeting of 04.02.2016, the Board of Directors decided (i) to spread the awarding of the remuneration for 2015 over a period of three years, and (ii) for half of the variable remuneration, to determine the final amount which will be awarded in 2017 and 2018 based on the evolution of the ordinary Cofinimmo share price from the provisional attribution date of 04.02.2016.

This variable remuneration will therefore be spread over three years with a 50% share of variable remuneration paid in 2016, 25% definitively allocated in February 2017 and the final 25% definitively allocated in February 2018.

In order to be able to determine the amount of the variable remuneration to definitively allocate in 2017 and 2018, half of the variable remuneration as determined on 04.02.2016 is notionally converted into a number of ordinary shares (stock units) by dividing it by the market fair value of the share on that date.

These units will be converted into a cash amount at the time of definitive allocation. This amount is determined by multiplying the predetermined number of shares by the market fair value of the share in the company on the definitive allocation date, increased by the gross dividend allocated since the provisional allocation date.

A detailed description of the bonus share plan can be seen in Appendix I of the Corporate Governance charter, which is available at the company's website ([www.cofinimmo.com](http://www.cofinimmo.com)).

For financial year 2016, the granting of the variable remuneration will depend on the achievement of the following key objectives:

- net current result (25%);
- operational management of large-scale projects (25%);
- occupancy rate of the office portfolio (15%);
- cost/income ratio (10%);
- other (25%).

### Stock Option Plan

The stock option plan was offered for the first time in 2006. Its main objective is to encourage the maximisation of Cofinimmo's long-term value by linking management's interests to those of the shareholders and to strengthen the long-term outlook.

Stock options are granted in a discretionary manner to the members of the Executive Committee. No goal is set in this respect. The Board of Directors deems that this remuneration is therefore not to be considered as a variable remuneration within the meaning of the Law of 06.04.2010. An option's exercise period amounts to 10 years from the date of the offer.

On the recommendation of the Nomination, Remuneration and Corporate Governance Committee, the Board of Directors decided during its session on 11.06.2009 to extend the period of exercise of options granted in 2006, 2007 and 2008 by five years, in application of the Economic Stimulus Law (Loi de Relance Économique) of 27.03.2009.

Stock options can only be exercised after the expiry of the third calendar year following the year of granting and can therefore only be exercised after the civil maturity following the year of granting. If the options have not been exercised at the end of the exercise period, they become null and void ipso facto. In the event of voluntary or involuntary departure (excluding premature termination for serious reasons) of a beneficiary, the stock options accepted and vested may be exercised until the initial end date of the plan. Retirement is an exception, however. Options which have not been vested are cancelled. In the event of the involuntary departure of a beneficiary for serious reasons, all stock options accepted but not exercised, whether vested or not, are cancelled.

These conditions governing acquiring and exercising options in the event of departure, whether voluntary or involuntary, shall apply without prejudice to the powers of the Board of Directors to apply waivers to these provisions in favour of the beneficiary, based on objective and relevant criteria. The shares which may be acquired in connection with the exercise of the options are listed on Euronext Brussels. They are of the same type and carry the same rights as the Cofinimmo ordinary shares existing at the time of the offering. The shares are registered.

A detailed description of the stock options plan can be viewed in Appendix I of the Corporate Governance charter, available on the company website ([www.cofinimmo.com](http://www.cofinimmo.com)). Cofinimmo applies IFRS 2 by recognising the fair value of stock options on the date when they were granted (i.e. three years) according to the progressive acquisition method as vesting occurs. The annual cost of the progressive vesting is recognised under the item "Personnel charges" on the income statement.

Stock options	Exercise deadline	Exercise price	Fair value on date granted
Plan 2006	13.06.2021	129.27 EUR	26.92 EUR
Plan 2007	12.06.2022	143.66 EUR	35.79 EUR
Plan 2008	12.06.2023	122.92 EUR	52.47 EUR
Plan 2009	11.06.2019	86.06 EUR	51.62 EUR
Plan 2010	13.06.2020	93.45 EUR	44.50 EUR
Plan 2011	13.06.2021	97.45 EUR	45.29 EUR
Plan 2012	13.06.2022	84.85 EUR	41.07 EUR
Plan 2013	16.06.2023	88.12 EUR	49.59 EUR
Plan 2014	16.06.2024	88.75 EUR	34.33 EUR
Plan 2015	30.06.2025	95.03 EUR	30.68 EUR

### Savings and Provident Scheme

The savings and provident scheme aims to reduce as much as possible the gap between the resources available to the beneficiaries before their retirement and those that will be available to them after. Supplementary pensions are financed exclusively from Cofinimmo contributions. The members of the Executive Committee benefit from a defined-contribution group insurance plan with an insurance company.

The group insurance provides for (i) payment of a lump sum benefit to the insured person on reaching retirement age, (ii) payment of a lump sum death benefit, in the event that the insured person dies before retirement age, to the beneficiaries of the insured person (plus an additional sum in the case of death due to accident), (iii) payment of invalidity benefit in the case of accident or illness (other than work related), and (iv) exemption from insurance premiums in the case of accident or illness.

The group insurance takes the form of a life policy and "1 year term life" cover. This is recalculated annually and guarantees a death benefit equal to, at the choice of the beneficiary, 0, 0.5, 1, 1.8, 2.7, 3.6 or 4.5 times the reference remuneration (i.e. the total sum of the fixed remuneration allocated regularly plus an end-of-year bonus). The overall annual budget is firstly assigned to the "Death" component and the outstanding amount to the "Retirement" component. Liquidation at term may take place, at the discretion of the beneficiary, in the form of a lump sum or annuity.

In addition, the members of the Executive Committee have access to an "Individual pension commitment" insurance plan intended exclusively to pay a life insurance benefit or death benefit.

### Other benefits

The annual costs of medical cover come to 4,107 EUR for the CEO and 7,037 EUR for the other members of the Executive Committee. Cofinimmo provides them with a company vehicle whose annual cost for the company does not exceed 15000 EUR (excluding fuel). The company reimburses them for all professional expenses they incur in the context of their function. The members of the Executive Committee also have a mobile phone at their disposal. The remuneration allocated in this way to the members of the Executive Committee covers all the benefits received within the Cofinimmo Group.

## Remuneration of the Executive Directors for financial year 2015 (in EUR)

	CEO <sup>1</sup>	Other members of the Executive Committee <sup>2</sup>
Fixed remuneration	349,300	760,000
Variable remuneration for the financial year		
Total amount	209,580	468,000
in cash/in pension promises	104,790	234,000
in stock units	104,790	234,000
Savings and provident scheme	62,000	186,000
Other benefits <sup>3</sup>	30,676	92,560
<b>TOTAL REMUNERATION</b>	<b>651,556</b>	<b>1,506,560</b>

Stock options granted and accepted <sup>4</sup>	Plan 2015	Plan 2014	Plan 2013	Plan 2012	Plan 2011	Plan 2010	Plan 2009	Plan 2008	Plan 2007	Plan 2006
Jean-Edouard Carbonnelle	2,050	2,050	1,600	1,600	1,350	1,350	1,350	1,350	1,350	1,350
Xavier Denis	0	0	0	-/-	-/-	-/-	-/-	-/-	-/-	-/-
Jérôme Descamps	1,600	-/-	-/-	-/-	-/-	-/-	-/-	-/-	-/-	-/-
Françoise Roels	1,600	0	0	1,600	1,350	1,000	1,000	1,000	1,000	1,000

<sup>1</sup> -/- indicates that the concerned person being not any more, or not yet, member of the Executive Committee on the day of granting of the bonus shares.

<sup>2</sup> The fair value of the ordinary share as at the provisional allocation date of 04.02.2016 being 96.53 EUR.

<sup>3</sup> The fair value of the ordinary share as at the provisional allocation date of 05.02.2015 being 104.74 EUR, and the fair value of the ordinary share as at the final allocation date of 01.03.2016, being 97.70 EUR; the 2016 payable amount is increased with the gross dividend attributed since the provisional allocation date.

<sup>4</sup> The fair value of the ordinary share at the provisional allocation date of 06.02.2014 being 87.28 EUR, and the fair value of the ordinary share as at the final allocation dates of 01.03.2015 and 01.03.2016 being respectively 109.16 EUR and 97.70 EUR. The in 2015 and 2016 payable amounts are increased with the gross dividend attributed since the provisional allocation date.

<sup>5</sup> Beginning 01.10.2014.

Phantom stock unit plan <sup>1</sup>	Plan 2015 <sup>2</sup>	Plan 2014 <sup>3</sup>	Plan 2013 <sup>4</sup>			
	Number of stock units	Number of stock units	Amount payable in 2016	Number of stock units	Amount payable in 2015	Amount payable in 2016
Jean-Edouard Carbonnelle	1,086	917	47,323	900	51,849 EUR	49,165
Xavier Denis	824	643	33,192	580	33,398 EUR	31,670
Jérôme Descamps	746	158 <sup>5</sup>	8,129	-/-	-/-	-/-
Françoise Roels	855	709	36,579	683	39,336 EUR	37,300

#### Number of shares held at 31.12.2015

Jean-Edouard Carbonnelle	679
Xavier Denis	800
Jérôme Descamps	0
Françoise Roels	0

## Contractual terms of the members of the Executive Committee

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

As regards the contract entered into with Jean Edouard Carbonnelle and Françoise Roels respectively, this contract may be terminated subject to advance notice of 24 months where the company initiates the termination or advance notice of three 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 five-year period dating from this takeover, their contract is terminated or the scope of their responsibilities reduced, Cofinimmo will pay them an indemnity equivalent to 36 months of remuneration. Article 9 of the Law of 06.04.2010 indicates that this indemnity should be limited to 12 or, in some cases, 18 months. However, the Nomination, Remuneration and Corporate Governance Committee notes that these terms were fixed in the management agreements signed with the above-mentioned Directors members of the Executive Committee in 2007. Shareholders' approval is therefore not required on this point, in accordance with the same Article.

The service contracts entered into in June 2011 with Mr. Xavier Denis and in August 2014 with Mr. Jérôme Descamps are in line with the provisions of the Law of 06.04.2010. They stipulate that this contract may be terminated subject to a 12-month advance notice in the event that the company initiates the termination or to a three-month advance notice in the event that Mr. Xavier Denis or Mr. Jérôme Descamps initiates the termination, or else by payment of an equivalent indemnity calculated on the basis of the emoluments prevailing at the time of the termination.

If the Directors who are members of the Executive Committee are unable to carry out their duties for reasons of incapacity (illness or accident), Cofinimmo will continue to pay them the fixed portion of their emoluments for a period of two months dating from the first day of incapacity. Afterwards, they will receive an incapacity allowance (paid by an insurance company) equivalent to 70% of their total remuneration.

## OTHER PARTIES INVOLVED

### Certification of the accounts

An auditor appointed by the General Shareholders' Meeting must:

- certify the annual accounts and review the half-yearly accounts, as for any limited liability company;
- this being an RREC, prepare special reports at the request of the Financial Services and Markets Authority (FSMA).

The auditor is SC s.f.d SCRL Deloitte, Company Auditors, represented by Frank Verhaegen, auditor certified by the FSMA, with registered offices located in 1831 Diegem, Berkenlaan 8B.

The fixed remuneration of the auditor for reviewing and certifying Cofinimmo's company and consolidated accounts amounted to 121,700 EUR (excluding VAT). Its fees for certifying the company accounts of Cofinimmo's subsidiaries came to 111,770 EUR (excluding VAT), this amount including the remuneration of the auditor for certifying the accounts of the Group's French subsidiaries. The fees of the Deloitte Group for its fiscal research and support assignments amounted to 179,000 EUR (excluding VAT) during the financial year. They mainly concern verifying the economic and financial data relating to acquisitions within the meaning of Article 133 § 7 of the Company Code. The auditor confirms respecting the "one-to-one" rule for the year 2015.

### Real estate expertise

The real estate experts designated by the Group to certify the overall value of its property portfolio are:

- Cushman & Wakefield;
- PricewaterhouseCoopers;
- Jones Lang LaSalle.

#### Terms of office of the real estate experts at 01.01.2016

##### Cushman & Wakefield

Segment	Number of assets under mandate	Location	Physical persons	Beginning of mandate	End of mandate
Offices	48	Belgium	Christophe Ackermans	01.01.2014	31.12.2016
Healthcare real estate	44	Belgium	Christophe Ackermans	01.01.2014	31.12.2016
Healthcare real estate	43	France	Jean-Philippe Carmarans	01.01.2014	31.12.2016
Property of distribution networks - Cofinimur I	280	France	Jean-Philippe Carmarans	01.01.2015	31.12.2017
Property of distribution networks - Pubstone	245	Netherlands	Christophe Ackermans	01.01.2014	31.12.2016
Property of distribution networks - Pubstone	800	Belgium	Christophe Ackermans	01.01.2014	31.12.2016

##### PricewaterhouseCoopers

Segment	Number of assets under mandate	Location	Physical persons	Beginning of mandate	End of mandate
Offices	11	Belgium	Ann Smolders & Jean-Paul Ducarme	01.01.2014	31.12.2016
Healthcare real estate	29	Belgium	Ann Smolders & Jean-Paul Ducarme	01.01.2014	31.12.2016
Healthcare real estate	11	Netherlands	J. H. Elink Schuurman	01.01.2015	31.12.2016
Healthcare real estate	1	Germany	Dirk Hennig	01.01.2015	31.12.2016

##### Jones Lang LaSalle

Segment	Number of assets under mandate	Location	Physical persons	Beginning of mandate	End of mandate
Offices	9	Belgium	Rod Scrivener	01.01.2014	31.12.2016
Healthcare real estate	6	France	Marie Martins	01.01.2014	31.12.2016

The **Cushman & Wakefield** Group, through its subsidiaries in Belgium, in France and in the Netherlands, is responsible for the property valuation of the most important share of the portfolio.

In Belgium, the valuation is entrusted to the company Cushman & Wakefield SA/NV (with registered offices located at Chaussée de La Hulpe/Terhulpsessesteenweg 166, 1170 Brussels). It is registered with the Register of Legal Entities of Brussels under the number 0422 118 165 and is represented by Mr. Christophe Ackermans.

In France, the valuation is entrusted to Cushman & Wakefield DTZ Valuation France SA (with registered offices located 8 rue de l'Hôtel de Ville, 92200 Neuilly-sur-Seine, France). It is registered with the Trade and Companies Register of Nanterre under the number 332 11 574 and is represented by Mr. Jean-Philippe Carmarans, Mr. Philippe Dorion and Mr. Jérôme Salomon, depending on the valued portfolio.

In the Netherlands, the valuation is entrusted to DTZ Zadelhoff BV (with registered offices located at Apollolaan 150, 1077 BG Amsterdam, Netherlands). It is registered under the number NL 006 645 628 B01 and is represented by Mr. Christophe Ackermans and Mr. Jean-Philippe Carmarans, depending on the valued portfolio.

**PricewaterhouseCoopers** is responsible for valuing offices and healthcare real estate.

In Belgium, valuation is carried out by PricewaterhouseCoopers Enterprise Advisory SCRL (whose registered office is located at Woluwedal 18, 1932 Sint-Stevens-Woluwe, Belgium). It is registered under the Register of Legal Entities of Brussels under the number 0415 622 333 and is represented by Mrs. Ann Smolders and Mr. Jean-Paul Ducarme.

In the Netherlands, valuation is carried out by PricewaterhouseCoopers Belastingadviseurs NV (whose registered office is located at Thomas R. Malthusstraat 5, 1066 JR Amsterdam, Netherlands). It is registered under No. NL 34180284 and is represented by Mr. J.H. Elink Schuurman.

In Germany, valuation is carried out by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (whose registered office is located at Lise-Meitner-Straße 1, 10589 Berlin, Germany). It is registered under No. HRB 44845 and is represented by Mr. Dirk Hennig.

**Jones Lang LaSalle** is responsible for the property valuation of offices in Belgium and healthcare real estate in France.

In Belgium, the valuation is entrusted to Jones Lang LaSalle SPRL/BVBA (with registered offices located Avenue Marnix/Marnixlaan 23, 1000 Brussels). It is registered under the Register of Legal Entities of Brussels under the number 0403 376 874 and is represented by Mr. Rod Scrivener.

In France, the valuation is entrusted to Jones Lang LaSalle Expertises SAS (with registered offices located 40-42 rue La Boétie, 75008 Paris, France). It is registered with the Trade and Companies Register of Paris under the number 444 628 150 and is represented by Mrs. Marie Martins.

In accordance with Article 47 of the Royal Decree of 12.05.2014 relating to RRECs, the real-estate experts carry out a valuation of all the properties in the portfolio of the public RREC and its subsidiaries at the end of each financial year. The valuation determines the carrying value of the property assets on the balance sheet. Furthermore, at the end of each of the first three quarters of the year, the experts update the overall valuation made at the end of the previous financial year, by

reference to market developments and the nature of the properties concerned. Finally, in accordance with the provisions of Article 47 of the same Royal Decree, any property which is to be acquired or disposed of by the RREC (or a company which it controls) is valued by the experts before the transaction. This transaction must be carried out at the value determined by the experts where the other party is a financial sponsor of the RREC (Cofinimmo does not have such a financial sponsor), the depository bank or any company with which the public RREC is linked by participating interests or where any of the above-mentioned parties gains any advantage during the transaction.

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

The fair value, within the meaning of the IAS/IFRS accounting principles, can be obtained by deducting from the investment value an appropriate share of the registration duties and/or VAT.

Transactions other than sales may lead to the mobilisation of the portfolio, or a portion thereof, as shown by the operations carried out by Cofinimmo since it acquired the status of RREC (formerly Sicafi/Bevak).

The experts' valuation depends in particular on:

- the location;
- the age and type of building;
- the state of repair and level of comfort;
- the architectural aspect;
- the gross/net surface areas;
- the number of parking spaces;
- the rental conditions;
- and, for healthcare real estate, the ratio of the rents on the operating cash flow before rents.

The remuneration of the real estate experts, calculated quarterly on the basis of a fixed lump sum plus a fixed fee, amounted to 1,062,846 EUR (including VAT) in 2015.

# COFINIMMO ON THE STOCK MARKET

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# COFINIMMO OFFERS FOUR INSTRUMENTS LISTED ON THE STOCK EXCHANGE WITH DIFFERENT RISK, LIQUIDITY AND YIELD PROFILES.

## ORDINARY SHARE

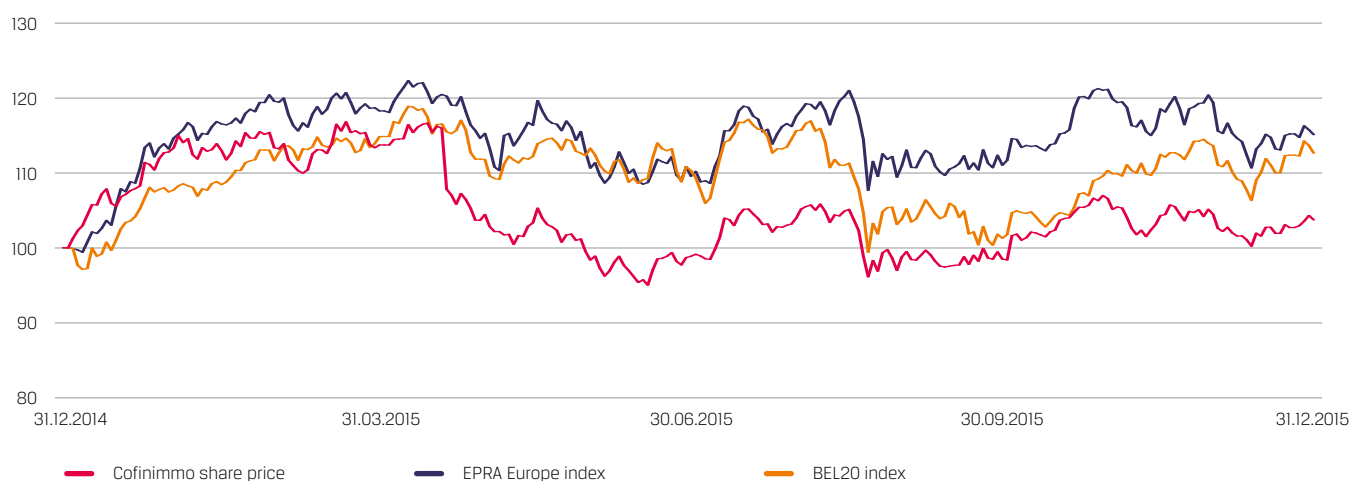
The Cofinimmo ordinary share has been listed on NYSE Euronext Brussels (ticker: COFB) since 1994. Cofinimmo is the foremost real estate investment company of the BEL20. Cofinimmo's ordinary share is also included in the Euronext 150 index and in the EPRA Europe and GPR250 real estate indexes. At 31.12.2015, Cofinimmo's market capitalisation amounted to 2.0 billion EUR.

### Stock market context and trend in the Cofinimmo share

In an environment of historically low interest rates and search for yield, listed property companies experienced great stock market success in 2015. For information purposes, the EPRA Europe index ended the year up 15.1% versus a 12.6% increase for the BEL20 index.

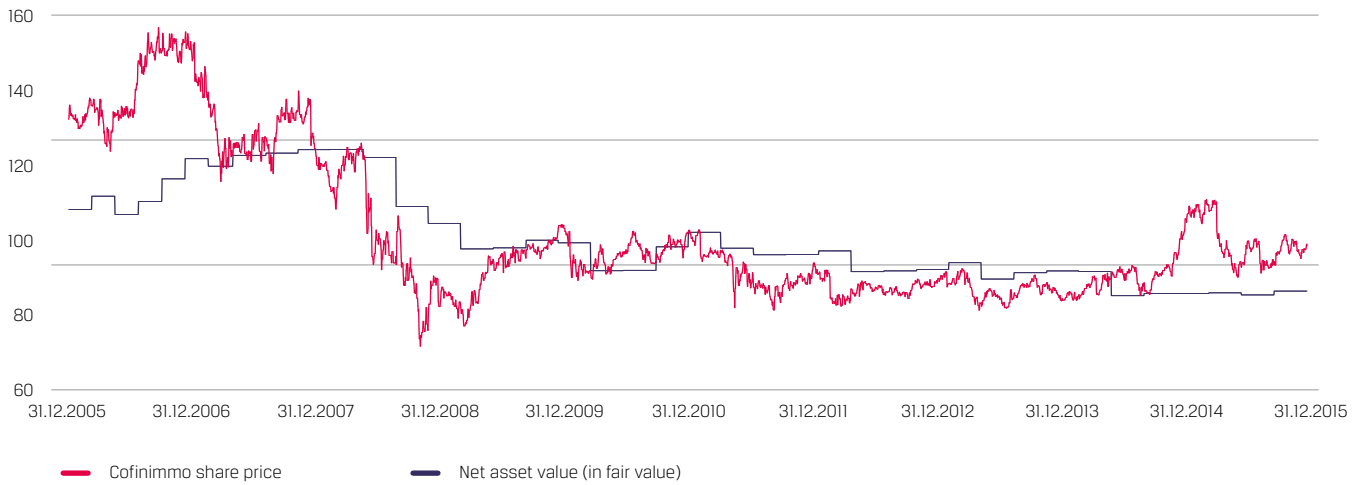
The graph below illustrates the Cofinimmo share performance in 2015 (without applying any adjustment on the 2014 dividend payment date) in relation to the BEL20 and EPRA Europe indexes. Cofinimmo's stock price fluctuated between 90.15 EUR and 110.83 EUR, with an annual average of 99.52 EUR. The closing price at 31.12.2015 was 98.41 EUR, a 2.5% improvement compared with the previous year.

Stock market performance (base 100 at 31.12.2014)



The graph below shows the market price of the Cofinimmo share in relation to its intrinsic value (in fair value) over the last 10 years. The share shows an average premium of 1.3% over 10 years and an average premium of 15.9% over 2015.

#### Comparison of share price vs. revalued net assets per share (in EUR)



#### Total return (in %)

The total return for the shareholder is measured by reference to the evolution of the share price and includes the distribution of the dividend or any other distribution realised or paid by the company. Assuming the reinvestment of the 2014 dividend made available for payment in June 2015, the Cofinimmo share posted a total return of 11.2% over 2015.

The graph below illustrates the stock market performances of the Cofinimmo share compared with the BEL20 and EPRA Europe indexes over the past 10 years, dividend return included. During this period, the Cofinimmo share generated a total return of 43.1%, i.e. an annual average return of 4.3%. The BEL20 and EPRA Europe indexes posted total variations of 50.6% and 61.0% respectively, which corresponds to average annual yields of 5.1% and 6.1%.

#### Total yields (base 100 at 31.12.2005)





## Shareholders/Investor's profile

Cofinimmo has a wide range of investors with varied profiles. They include individual shareholders, located mainly in Belgium, and a broad base of institutional investors particularly in Belgium, Germany, France, Luxembourg, the Netherlands, the United Kingdom, Switzerland and North America.

At 31.12.2015, no shareholder crossed the holding threshold of 5% requiring notification of crossing the threshold.

## Liquidity of the Cofinimmo share

In 2015, Cofinimmo continued its efforts to enhance the liquidity of its share. The company participated in approximately 30 roadshows and conferences throughout the year. Cofinimmo also invested in campaigns aimed at strengthening its reputation among both institutional and individual investors.

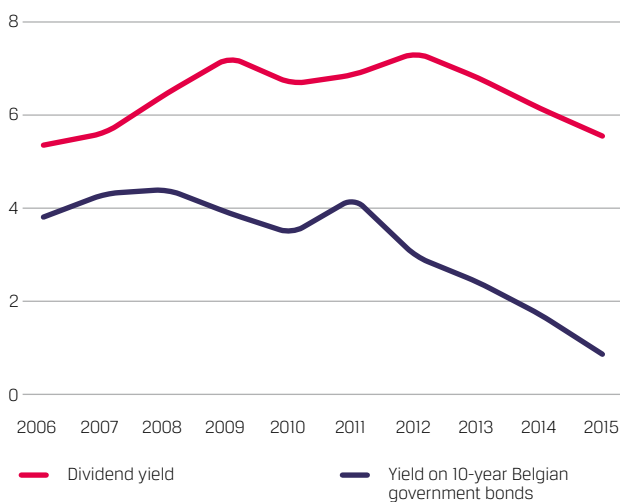
With a market capitalisation of its ordinary shares standing at 2.0 billion EUR and an average daily volume of 4.7 million EUR or just over 46,900 shares, Cofinimmo's liquidity level is sufficient to capture the attention of major institutional investors.

## Dividend

At the Ordinary General Shareholders' Meeting of 11.05.2016, the Board of Directors will propose a dividend in line with the forecast published in the 2014 Annual Financial Report, i.e. 5.50 EUR gross per ordinary share. This dividend corresponds to a gross yield of 5.5% in relation to the average share price of the ordinary share during financial year 2015 (vs. a gross yield of 6.1% in 2014).

The graph below illustrates the dividend yield of the Cofinimmo share compared with the 10-year OLO rate during the past 10 years. Over this period, the Cofinimmo share offered an average dividend yield of 6.4% versus an average 10-year OLO rate of 3.2%.

Comparison of dividend yield and OLO rate over 10 years (in %)



- Listed on the stock market since 1994
- Market capitalisation of 2.0 billion EUR at 31.12.2015
- Average daily volume of 46,900 securities

## Increase of capital

In May 2015, Cofinimmo carried out a capital increase of 285 million EUR, with preferential subscription rights in the proportion of one new share for six existing shares. It was highly successful with a take-up rate of 84.5% among existing shareholders. The remaining balance has been placed using a bookbuilding procedure with institutional investors.

The issued price of the new shares was 95 EUR, i.e. a 7% discount to the market price, the night just before the operation was launched, being corrected to allow any variance with the date from which attendant rights come into effect between existing and new securities.

An optional stock dividend has not been proposed to the shareholders.

## Withholding tax

Since 01.01.2016, the applicable withholding tax on distributed dividends amounts to 27%.

However, Belgian law provides for exemptions. In order to be eligible for them, the beneficiaries of dividends must meet certain conditions. Moreover, the agreements to prevent double taxation provide for reductions of withholdings at source on dividends.

ISIN BE0003593044	2015	2014	2013
<b>Stock price (in EUR)</b>			
Highest	110.83	97.83	93.50
Lowest	90.15	84.74	82.23
At close	98.41	95.97	89.75
Average	99.52	89.76	88.26
<b>Dividend yield<sup>1</sup></b>	<b>5.5%</b>	<b>6.7%</b>	<b>7.4%</b>
<b>Gross return<sup>2</sup> (over 12 months)</b>	<b>11.2%</b>	<b>14.3%</b>	<b>7.5%</b>
<b>Dividend<sup>3</sup> (in EUR)</b>			
Gross	5.50 <sup>4</sup>	5.50	6.00
Net	4.02 <sup>4</sup>	4.13	4.50
<b>Volume</b>			
Average daily volume	46,900	33,883	37,975
Annual volume	12,006,493	8,844,025	9,911,464
<b>Number of shares entitled to share in the consolidated results of the financial year</b>	<b>20,344,378</b>	<b>17,339,423</b>	<b>16,954,002</b>
<b>Market capitalisation at the end of the period (x 1,000 EUR)</b>	<b>2,002,090</b>	<b>1,664,064</b>	<b>1,521,570</b>
<b>Free float zone<sup>5</sup></b>	<b>90.0%</b>	<b>90.0%</b>	<b>90.0%</b>
<b>Velocity<sup>5</sup></b>	<b>59.0%</b>	<b>49.0%</b>	<b>58.5%</b>
<b>Adjusted velocity<sup>5</sup></b>	<b>65.6%</b>	<b>56.7%</b>	<b>65.0%</b>
<b>Pay-out ratio<sup>6</sup></b>	<b>85.1%</b>	<b>82.1%</b>	<b>88.5%</b>



Henri Dunant nursing home - Brussels (BE)

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

<sup>2</sup> Appreciation of the share price + dividend yield.

<sup>3</sup> Dividends are subject to a 27% withholding tax.

<sup>4</sup> Forecast.

<sup>5</sup> According to the Euronext method.

<sup>6</sup> In the net current result - Group share, excluding IAS 39 impact.

## PREFERENCE SHARE

The preference shares are listed on NYSE Euronext Brussels (tickers: COFP1 for the series issued on 30.04.2004 and COFP2 for the series issued on 26.05.2004). These are registered shares with a voting right. They are also convertible into ordinary shares since 01.05.2009, at a rate of one for one. During financial year 2015, 637 preference shares were converted into ordinary shares. At 31.12.2015, 685,848 unconverted preference shares are still outstanding.

In 2019, Cofinimmo will have the possibility to purchase the non-converted shares at their issue price (also see the section "Information required under Article 34 of the Royal Decree of 14.11.2007" in the "Corporate Governance Statement" chapter of this Annual Financial Report).

In accordance with the Articles of Association of the company, the dividend of the preference shares is fixed at 6.37 EUR gross (see also the "Standing Document" chapter of this Annual Financial report).

	COFP1		COFP2	
ISIN BE0003811289 (COFP1) / ISIN BE0003813301 (COFP2)	2015	2014	2015	2014
<b>Stock price (in EUR)</b>				
At close	126.40	95.00	99.00	90.78
Average	115.85	94.80	96.75	86.22
<b>Dividend yield<sup>1</sup></b>	<b>5.5%</b>	<b>6.7%</b>	<b>6.6%</b>	<b>7.4%</b>
<b>Gross return<sup>2</sup> (over 12 months)</b>	<b>38.6%</b>	<b>6.7%</b>	<b>15.6%</b>	<b>23.8%</b>
<b>Dividend<sup>3</sup> (ei EUR)</b>				
Gross	6.37 <sup>4</sup>	6.37	6.37 <sup>4</sup>	6.37
Net	4.65 <sup>4</sup>	4.78	4.65 <sup>4</sup>	4.78
<b>Volume</b>				
Average daily volume <sup>5</sup>	16	9	361	48
Annual volume	16	9	11,546	871
<b>Number of shares</b>	<b>395,048</b>	<b>395,048</b>	<b>290,800</b>	<b>291,437</b>
<b>Market capitalisation at the end of the period (x 1,000 EUR)</b>	<b>49,934</b>	<b>37,530</b>	<b>28,789</b>	<b>26,457</b>



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

<sup>2</sup> Appreciation of the share price + dividend yield.

<sup>3</sup> Dividends are subject to a 27% withholding tax, since 01.01.2016.

<sup>4</sup> Forecast.

<sup>5</sup> Average calculated based on the number of trading days during which a volume was recorded.

## CONVERTIBLE BONDS

Cofinimmo issued two convertible bonds.

ISIN BE0002176429 (Cofinimmo SA/NV 2011-2016)	2015	2014	2013
<b>Market price (in %)</b>			
At close	100.85	103.10	102.75
Average	102.79	103.63	102.92
<b>Average yield to maturity (12-month average)</b>	<b>0.5%</b>	<b>0.4%</b>	<b>0.5%</b>
<b>Effective yield at issue</b>	<b>3.1%</b>	<b>3.1%</b>	<b>3.1%</b>
<b>Interest coupon (in %)</b>			
Gross (per 116.60 EUR)	3.13	3.13	3.13
Net (per 116.60 EUR)	2.28	2.34	2.34
<b>Number of securities</b>	<b>1,486,332</b>	<b>1,486,332</b>	<b>1,486,332</b>
<b>Conversion price (in EUR)</b>	<b>114.28</b>	<b>116.60</b>	<b>116.60</b>
<b>ISIN BE6254178062 (Cofinimmo SA/NV 2013-2018)</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Market price (in EUR)</b>			
At close	120.61	114.90	110.56
Average	120.75	113.14	109.59
<b>Average yield to maturity (12-month average)</b>	<b>-2.6%</b>	<b>0.5%</b>	<b>1.5%</b>
<b>Effective yield at issue</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
<b>Interest coupon (in %)</b>			
Gross (per 108.17 EUR)	2.00	2.00	2.00
Net (per 108.17 EUR)	1.46	1.50	1.50
<b>Number of securities</b>	<b>1,764,268</b>	<b>1,764,268</b>	<b>1,764,268</b>
<b>Conversion price (in EUR)</b>	<b>100.44</b>	<b>104.23</b>	<b>108.17</b>

Park Hill office buildings – Diegem (BE)

As part of its environmental challenge "Innovation", Cofinimmo has initiated redevelopment works of the site's gardens. All of the work will be finalised in 2016.

The Gradient office building (formerly Tervuren 270-272) – Brussels (BE)

The multiple phase office renovation will significantly improve its energy performance.



## NON-CONVERTIBLE BONDS

Cofinimmo issued three non-convertible bonds.

ISIN BE6241505401 (Cofinimmo SA/NV 2012-2020)	2015	2014	2013
<b>Market price (in %)</b>			
At close	105.92	106.86	100.13
Average	106.52	104.27	100.33
<b>Average yield to maturity (over 12-month average)</b>	<b>2.0%</b>	<b>2.6%</b>	<b>3.5%</b>
<b>Effective yield at issue</b>	<b>3.6%</b>	<b>3.6%</b>	<b>3.6%</b>
<b>Interest coupon (in %)</b>			
Gross (per 100,000 EUR)	3.55	3.55	3.55
Net (per 100,000 EUR)	2.59	2.66	2.66
<b>Number of securities</b>	<b>1,400</b>	<b>1,400</b>	<b>1,400</b>
<b>ISIN BE6258604675 (Cofinimmo SA/NV 2013-2017)</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Market price (in %)</b>			
At close	102.36	102.27	99.90
Average	102.43	101.74	99.94
<b>Average yield to maturity (over 12-month average)</b>	<b>1.4%</b>	<b>2.1%</b>	<b>2.8%</b>
<b>Effective yield at issue</b>	<b>2.8%</b>	<b>2.8%</b>	<b>2.8%</b>
<b>Interest coupon (in %)</b>			
Gross (per 100,000 EUR)	2.78	2.78	2.78
Net (per 100,000 EUR)	2.03	2.09	2.09
<b>Number of securities</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>ISIN BE0002224906 (Cofinimmo SA/NV 2015-2022)</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Market price (in %)</b>			
At close	99.94	NA	NA
Average	100.08	NA	NA
<b>Average yield to maturity (over 12-month average)</b>	<b>1.9%</b>	<b>NA</b>	<b>NA</b>
<b>Effective yield at issue</b>	<b>1.9%</b>	<b>NA</b>	<b>NA</b>
<b>Interest coupon (in %)</b>			
Gross (per 100,000 EUR)	1.92	NA	NA
Net (per 100,000 EUR)	1.40	NA	NA
<b>Number of securities</b>	<b>1,900</b>	<b>NA</b>	<b>NA</b>

## SHAREHOLDER STRUCTURE (AT 31.12.2015)<sup>1</sup>

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

Société	Nombre d'ac- tions ordinaires	%	Nombre d'actions priviliées	%	Nombre total d'actions (droit de vote)	%
Groupe Cofinimmo (actions propres)	50,114	0.2%		0.0%	50,114	0.2%
Free float	20,294,264	99.8%	685,848	100.0%	20,980,112	99.8%
<b>NOMBRE D'ACTIONS ÉMISES</b>	<b>20,344,378</b>	<b>100.0%</b>	<b>685,848</b>	<b>100.0%</b>	<b>21,030,226</b>	<b>100.0%</b>



Office building Guimard 10-12  
Brussels (BE)

<sup>1</sup> Situation based on transparency declarations received under the Law of 02.05.2007. Any changes communicated since 31.12.2015 have been published in accordance with the provisions of this same Law and can be consulted on the company website ([www.cofinimmo.com](http://www.cofinimmo.com)).

## SHAREHOLDERS' CALENDAR

<b>Interim announcement: results at 31.03.2016</b>	28.04.2016
<b>Ordinary General Meeting relating to 2015</b>	11.05.2016
<b>Payment of the dividend relating to the period from 01.01.2015 to 11.05.2015 (ordinary shares)<sup>1</sup></b>	
Coupon	No. 27
Coupon detachment date (Ex-date) <sup>2</sup>	22.04.2015
Record date <sup>3</sup>	23.04.2015
Dividend payment date	As from 17.05.2015
<b>Payment of the dividend relating to the period from 12.05.2015 at 31.12.2015 (ordinary shares)<sup>1</sup></b>	
Coupon	No. 28
Coupon detachment date (Ex-date) <sup>2</sup>	13.05.2016
Record date <sup>3</sup>	16.05.2016
Dividend payment date	As from 17.05.2016
<b>2015 dividend payment date (preference shares)<sup>1</sup></b>	
Coupon	No. 16 (COFP1) and No. 15 (COFP2)
Coupon detachment date (Ex-date) <sup>2</sup>	13.05.2016
Record date <sup>3</sup>	16.05.2016
Dividend payment date	As from 17.05.2016
<b>Half-yearly Financial Report: results at 30.06.2016</b>	28.07.2016
<b>Interim announcement: results at 30.09.2016</b>	10.11.2016
<b>Annual press release: results at 31.12.2016</b>	09.02.2017



Office building Souverain 23-25 - Brussels (BE)

<sup>1</sup> Subject to the approval of the Ordinary General Meeting of 11.05.2016.

<sup>2</sup> Date from which the stock exchange trading takes place without any entitlement to the future dividend payment.

<sup>3</sup> Date on which positions are recorded in order to identify shareholders entitled to the dividend.

# DATA ACCORDING TO THE EPRA PRINCIPLES<sup>1</sup>

## EPRA performance indicators

			31.12.2015		31.12.2014	
		Definition	(x 1,000 EUR)	EUR/share	(x 1,000 EUR)	EUR/share
1	EPRA Earnings	Current result from strategic operational activities.	128,518	6.46	120,479	6.70
2	EPRA NAV	Net Asset Value (NAV) adjusted to include the investment properties at their fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.	1,960,777	93.34	1,684,024	93.59
3	EPRA NNAV	EPRA NAV adjusted to include the fair value of (i) financial instruments, (ii) debt and (iii) deferred taxes.	1,910,128	90.93	1,595,358	88.66
			31.12.2015		31.12.2014	
		Definition		in %		in %
4	(i) EPRA Net Initial Yield (NIY)	Annualised gross rental income based on the passing rents at the closing date, less property charges, divided by the market value of the portfolio, increased with estimated transaction costs resulting from the hypothetical disposal of investment properties.		5.98%		6.06%
	(ii) EPRA "Topped-up" NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods and other incentives.		5.92%		6.04%
5	EPRA Vacancy rate	Estimated Rental Value (ERV) of vacant space divided by the ERV of the total portfolio		5.23%		4.93%
6	EPRA Cost ratio (direct vacancy costs included)	Administrative/operational expenses per IFRS income statement, including the direct costs of vacant buildings, divided by the gross rental income, less ground rent costs.		20.13%		18.54%
7	EPRA Cost ratio (direct vacancy costs excluded)	Administrative/operational expenses per IFRS income statement, less the direct costs of vacant buildings, divided by the gross rental income, less ground rent costs.		17.68%		15.93%

<sup>1</sup> These data are not compulsory according to the RREC regulation and are not subject to verification by public authorities. The auditor verified whether the EPRA Earnings, EPRA NAV, EPRA NNAV and EPRA cost ratios are calculated according to the definitions included in the "EPRA Best Practices Recommendations" and whether the financial data used in the calculation of these figures comply with the accounting data included in the audited consolidated financial statements.



## EPRA Earnings and EPRA Earnings per share<sup>1</sup>

(x 1,000 EUR)	2015	2014
<b>IFRS earnings per financial statements</b>	<b>103,967</b>	<b>-52,671</b>
<b>Adjustments to calculate EPRA Earnings, to exclude:</b>	<b>24,551</b>	<b>173,150</b>
(i) Changes in fair value of investment properties and properties held for sale	8,620	5,455
(ii) Gains or losses on disposal of investment properties	-22,424	22,441
(v) Goodwill impairment	7,100	11,000
(vi) Changes in fair value of financial instruments (IAS 39)	30,403	136,143
(vii) Costs & interest on acquisitions and joint ventures	1,458	176
(viii) Deferred taxes in respect of EPRA adjustments	-248	-926
(x) Minority interests in respect of the above adjustments	<b>-357</b>	<b>-1,140</b>
<b>EPRA Earnings</b>	<b>128,518</b>	<b>120,479</b>
Number of shares	19,888,379	17,971,494
<b>EPRA EARNINGS PER SHARE (IN EUR)</b>	<b>6.46<sup>2</sup></b>	<b>6.70<sup>2</sup></b>

## EPRA Net Asset Value (NAV)

(x 1,000 EUR)	2015	2014
<b>NAV per financial statements</b>	<b>1,860,098</b>	<b>1,541,972</b>
<b>NAV per share per financial statements</b>	<b>88.66</b>	<b>85.80</b>
Effect of the exercise of options, convertible debts or other equity instruments	0 <sup>3</sup>	0 <sup>3</sup>
<b>Diluted NAV, after the exercise of options, convertible debts and other equity instruments</b>	<b>1,860,098</b>	<b>1,541,972</b>
To include:		
(i) Revaluation at fair value of finance lease receivables <sup>4</sup>	50,030	53,387
To exclude:		
(i) Fair value of the financial instruments	85,097	125,164
(ii) Deferred taxes	35,900	36,149
(iii) Goodwill as a result of deferred taxes	-70,348	-72,648
<b>EPRA NAV</b>	<b>1,960,777</b>	<b>1,684,024</b>
Number of shares	21,006,682 <sup>3</sup>	17,993,679 <sup>3</sup>
<b>EPRA NAV PER SHARE (IN EUR)</b>	<b>34<sup>2</sup></b>	<b>59<sup>2</sup></b>

## EPRA Triple Net Asset Value (NNNAV)

(x 1,000 EUR)	2015	2014
<b>EPRA NAV</b>	<b>1,960,777</b>	<b>1,684,024</b>
To include:		
(i) Fair value of the financial instruments	-85,097	-125,164
(iii) Deferred taxes	34,448	36,498
<b>EPRA NNNAV</b>	<b>1,910,128</b>	<b>1,595,358</b>
Number of shares	21,006,682 <sup>3</sup>	17,993,679 <sup>3</sup>
<b>EPRA NNNAV PER SHARE (IN EUR)</b>	<b>90.93</b>	<b>88.66</b>

<sup>1</sup> The summary and the comments on the consolidated income statements are on page 22 and 23 of the current Annual Financial Report.

<sup>2</sup> The EPRA diluted Result per share amounts to 6.46 EUR in 2015 and to 6.70 in 2014. Indeed, in accordance with the "EPRA Best Practices Recommendations", the bonds redeemable in shares issued in 2011 and the convertible bonds issued in 2011 and 2013 being out-of-the-money at 31.12.2015 and at 31.12.2014, are not taken into account in the calculation of the EPRA diluted Result of 2015 and 2014.

<sup>3</sup> In accordance with the "EPRA Best Practices Recommendations", the bonds redeemable in shares issued in 2011 and the convertible bonds issued in 2011 and 2013 being out-of-the-money at 31.12.2015 and at 31.12.2014, are not taken into account in the calculation of the EPRA VAN and VANNN at these dates.

<sup>4</sup> The EPRA VAN and VANNN calculation has been reviewed at the end of 2015, in order to consider the fair value of the receivables from finance leases, in accordance with the "EPRA Best Practices Recommendations". The EPRA VAN and VANNN on 31.12.2014 have been calculated, in order to take this element into account.

EPRA Net Initial Yield (NIY) and EPRA "topped-up" NIY<sup>1</sup>

	(x 1,000,000 EUR)									
	2015									
	Healthcare real estate				Offices	Property of distribution networks			Other	TOTAL
	Belgium	France	Netherlands	Germany		Belgium	Netherlands	France		
Investment properties at fair value	772.7	383.5	105.1	67.1	1,241.1	274.3	147.1	116.7	26.8	3,134.4
Assets held for sale	-	-2.2	-	-	-	-	-	-0.7	-	-2.9
Development projects	-2.3	-4.7	-5.7	-	-45.5	-1.0	-	-0.7	-1.7	-61.6
<b>Properties available for lease</b>	<b>770.4</b>	<b>376.6</b>	<b>99.4</b>	<b>67.1</b>	<b>1,195.6</b>	<b>273.3</b>	<b>147.1</b>	<b>115.3</b>	<b>25.1</b>	<b>3,069.9</b>
Estimated transaction costs and rights resulting from the hypothetical disposal of investment property	19.3	25.7	0.9	3.2	29.9	30.0	8.8	7.8	0.6	126.2
<b>Gross up completed property portfolio valuation</b>	<b>789.7</b>	<b>402.3</b>	<b>100.3</b>	<b>70.3</b>	<b>1,225.5</b>	<b>303.3</b>	<b>155.9</b>	<b>123.1</b>	<b>25.7</b>	<b>3,196.1</b>
Annualised gross rental income	48.1	24.9	7.0	4.7	85.9	19.7	10.2	7.8	1.8	210.1
Property charges	-0.4	-0.2	-0.2	-0.1	-16.7	-0.6	-0.3	-0.2	-0.2	-18.9
<b>Annualised net rental income</b>	<b>47.7</b>	<b>24.7</b>	<b>6.8</b>	<b>4.6</b>	<b>69.2</b>	<b>19.1</b>	<b>9.9</b>	<b>7.6</b>	<b>1.6</b>	<b>191.2</b>
Rent-free periods expiring within 12 months and other lease incentives	-	-	-	-	-1.9	-	-	-	-	-1.9
<b>Topped-up net annualised rental income</b>	<b>47.7</b>	<b>24.7</b>	<b>6.8</b>	<b>4.6</b>	<b>67.3</b>	<b>19.1</b>	<b>9.9</b>	<b>7.6</b>	<b>1.6</b>	<b>189.3</b>
<b>EPRA NIY</b>	<b>6.05%</b>	<b>6.14%</b>	<b>6.84%</b>	<b>6.51%</b>	<b>5.49%</b>	<b>6.28%</b>	<b>6.31%</b>	<b>6.12%</b>	<b>6.29%</b>	<b>5.98%</b>
<b>EPRA "TOPPED-UP" NIY</b>	<b>6.05%</b>	<b>6.14%</b>	<b>6.84%</b>	<b>6.51%</b>	<b>5.49%</b>	<b>6.28%</b>	<b>6.31%</b>	<b>6.12%</b>	<b>6.29%</b>	<b>5.92%</b>

EPRA Vacancy Rate<sup>2</sup>

	(x 1,000,000 EUR)									
	2015									
	Healthcare real estate				Offices	Property of distribution networks			Other	TOTAL
	Belgium	France	Netherlands	Germany		Belgium	Netherlands	France		
Rental space (in m <sup>2</sup> )	376,785	210,544	50,253	22,734	635,787	309,557	47,953	59,601	15,830	1,729,044
ERV <sup>3</sup> of vacant space	-	700	20	-	9,895	271	236	260	-	11,382
ERV <sup>3</sup> of the total portfolio	46,519	29,368	6,658	4,681	92,842	18,225	9,092	8,303	1,772	217,460
<b>EPRA VACANCY RATE</b>	<b>0.00%</b>	<b>2.38%</b>	<b>0.31%</b>	<b>0.00%</b>	<b>10.66%</b>	<b>1.49%</b>	<b>2.60%</b>	<b>3.13%</b>	<b>0.00%</b>	<b>5.23%</b>

<sup>1</sup> For more details on the rental vacancy rate, refer to the property report on page 97.

<sup>2</sup> For more details on the sectoral information, refer to Note 5.

<sup>3</sup> ERV = Estimated Rental Value.

## 2014

Healthcare real estate				Offices	Property of distribution networks			Other	TOTAL
Belgium	France	Netherlands	Germany		Belgium	Netherlands	France		
821.3	379.4	77	11.4	1,312.0	272.2	149.4	111.9	64.6	3,199.2
-	-2.4	-	-	-	-	-	-0.9	-	-3.3
-16.3	-4	-1.1	-	-65.7	-	-	-0.2	-1.6	-88.9
<b>805</b>	<b>373</b>	<b>75.9</b>	<b>11.4</b>	<b>1,246.3</b>	<b>272.2</b>	<b>149.4</b>	<b>110.8</b>	<b>63</b>	<b>3,107.0</b>
20.5	25.3	1.9	0.6	31.1	29.9	9	7.4	1.5	127.2
<b>825.5</b>	<b>398.3</b>	<b>77.8</b>	<b>12</b>	<b>1,277.4</b>	<b>302.1</b>	<b>158.4</b>	<b>118.2</b>	<b>64.5</b>	<b>3,234.2</b>
50.9	24.9	5.6	0.8	87.8	19.6	10.3	7.7	4.3	211.9
-0.2	-0.2	0	0	-14.3	-0.6	-0.3	-0.2	-0.2	-16
<b>50.7</b>	<b>24.7</b>	<b>5.6</b>	<b>0.8</b>	<b>73.5</b>	<b>19</b>	<b>10</b>	<b>7.5</b>	<b>4.1</b>	<b>195.9</b>
-	-	-	-	-0.6	-	-	-	-	-0.6
<b>50.7</b>	<b>24.7</b>	<b>5.6</b>	<b>0.8</b>	<b>72.9</b>	<b>19</b>	<b>10</b>	<b>7.5</b>	<b>4.1</b>	<b>195.3</b>
<b>6.14%</b>	<b>6.20%</b>	<b>7.15%</b>	<b>6.95%</b>	<b>5.75%</b>	<b>6.30%</b>	<b>6.27%</b>	<b>6.41%</b>	<b>6.38%</b>	<b>6.06%</b>
<b>6.14%</b>	<b>6.20%</b>	<b>7.15%</b>	<b>6.95%</b>	<b>5.70%</b>	<b>6.30%</b>	<b>6.27%</b>	<b>6.41%</b>	<b>6.38%</b>	<b>6.04%</b>

## EPRA - Evolution of gross rental income

Segment	2014 Gross rental income <sup>1</sup>	2015						Gross rental income <sup>1</sup> - At current scope
		Gross rental income - At comparable scope vs. 2014	Acquisitions	Disposals	Other	Regularisation of rental income related to previous periods		
<b>Healthcare real estate</b>	<b>79,730</b>	<b>80,105</b>	<b>10,973</b>	<b>-2,082</b>	<b>-</b>	<b>-54</b>	<b>88,942</b>	
Healthcare real estate Belgium	51,403	51,660	2,631	-44	-	-	54,247	
Healthcare real estate France	26,796	26,900	89	-2,038	-	-54	24,897	
Healthcare real estate Netherlands	1,462	1,476	5,254	-	-	-	6,730	
Healthcare real estate Germany	69	69	2,999	-	-	-	3,068	
<b>Offices</b>	<b>93,763</b>	<b>86,744</b>	<b>-</b>	<b>150</b>	<b>-13</b>	<b>-5</b>	<b>86,876</b>	
<b>Property of distribution networks</b>	<b>38,084</b>	<b>37,679</b>	<b>33</b>	<b>-145</b>	<b>-</b>	<b>-</b>	<b>37,567</b>	
Pubstone Belgium	19,856	19,761	14	-145	-	-	19,630	
Pubstone Netherlands	10,255	10,218	-	-	-	-	10,218	
Cofinimur I France	7,973	7,700	19	-	-	-	7,719	
<b>Other</b>	<b>2,025</b>	<b>2,031</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,031</b>	
<b>TOTAL PORTFOLIO</b>	<b>213,602</b>	<b>206,559</b>	<b>11,006</b>	<b>-2,077</b>	<b>-13</b>	<b>-59</b>	<b>215,416</b>	

<sup>1</sup> Writeback of lease payments sold and discounted included.

Investment properties - Rental data<sup>1</sup>

Segment	2015					
	Gross rental income for the period <sup>2</sup>	Net rental income for the period	Available rental space (in m <sup>2</sup> )	Passing rent at the end of the period	ERV <sup>3</sup> at the end of the period	Vacancy rate at the end of the period
<b>Healthcare real estate</b>	<b>88,942</b>	<b>88,468</b>	<b>660,316</b>	<b>84,752</b>	<b>87,226</b>	<b>0.83%</b>
Healthcare real estate Belgium	54,247	53,786	376,785	48,139	46,519	0.00%
Healthcare real estate France	24,897	24,895	210,544	24,897	29,368	2.38%
Healthcare real estate Netherlands	6,730	6,719	50,253	7,035	6,658	0.31%
Healthcare real estate Germany	3,068	3,068	22,734	4,681	4,681	0.00%
<b>Offices</b>	<b>86,876</b>	<b>83,134</b>	<b>635,787</b>	<b>85,937</b>	<b>92,842</b>	<b>10.66%</b>
<b>Property of distribution networks</b>	<b>37,567</b>	<b>37,566</b>	<b>417,111</b>	<b>37,616</b>	<b>35,620</b>	<b>2.15%</b>
Pubstone Belgium	19,630	19,629	309,557	19,672	18,225	1.49%
Pubstone Netherlands	10,218	10,218	47,953	10,178	9,092	2.60%
Cofinimur I France	7,719	7,719	59,601	7,766	8,303	3.13%
<b>Other</b>	<b>2,031</b>	<b>1,961</b>	<b>15,830</b>	<b>1,915</b>	<b>1,772</b>	<b>0.00%</b>
<b>TOTAL PORTFOLIO</b>	<b>215,416</b>	<b>211,129</b>	<b>1,729,044</b>	<b>210,220</b>	<b>217,460</b>	<b>5.23%</b>

Investment properties - valuation data<sup>4</sup>

Segment	2015			
	Fair value of the portfolio	Changes in the fair value over the period	EPRA Net Initial Yield	Changes in fair value over the period (%)
<b>Healthcare real estate Belgium</b>	<b>1,315,567</b>	<b>20,485</b>	<b>6.16%</b>	<b>1.59%</b>
Healthcare real estate Belgium	770,419	10,733	6.05%	1.41%
Healthcare real estate France	378,825	3,354	6.14%	0.89%
Healthcare real estate Netherlands	99,242	4,258	6.84%	4.50%
Healthcare real estate Germany	67,081	2,140	6.51%	3.43%
<b>Offices</b>	<b>1,195,625</b>	<b>-30,201</b>	<b>5.65%</b>	<b>-2.46%</b>
<b>Property of distribution networks</b>	<b>536,476</b>	<b>1,229</b>	<b>6.25%</b>	<b>0.23%</b>
Pubstone Belgium	273,326	-418	6.28%	-0.15%
Pubstone Netherlands	147,117	-2,783	6.31%	-1.86%
Cofinimur I France	116,033	4,430	6.12%	3.97%
<b>Other</b>	<b>25,141</b>	<b>655</b>	<b>6.29%</b>	<b>2.67%</b>
<b>TOTAL PORTFOLIO</b>	<b>3,072,809</b>	<b>-7,832</b>	<b>5.98%</b>	<b>-0.25%</b>

## Reconciliation with IFRS consolidated income statement

Investment properties under development	61,544	-788
<b>TOTAL</b>	<b>3,134,353</b>	<b>-8,620</b>

<sup>1</sup> For more details on the rental data, refer to the property report on page 97.

<sup>2</sup> Writeback of lease payments sold and discounted included.

<sup>3</sup> ERV = estimated rental value.

<sup>4</sup> For more details on the valuation data, refer to the management report in the "Healthcare Real Estate" section on page 48, the "Offices" section on page 58 and the "Property of Distribution Networks" section on page 66.

## 2014

Gross rental income for the period <sup>2</sup>	Net rental income for the period	Available rental space (in m <sup>2</sup> )	Passing rent at the end of the period	ERV <sup>3</sup> at the end of the period	Vacancy rate at the end of the period
<b>77,253</b>	<b>77,220</b>	<b>682,461</b>	<b>82,257</b>	<b>83,351</b>	<b>0.86%</b>
48,926	48,894	429,087	50,950	49,152	0.00%
26,796	26,795	210,544	24,880	28,112	2.49%
1,462	1,462	38,193	5,594	5,254	0.39%
69	69	4,637	833	833	0.00%
<b>93,763</b>	<b>90,355</b>	<b>654,115</b>	<b>87,814</b>	<b>94,130</b>	<b>9.96%</b>
<b>38,084</b>	<b>38,084</b>	<b>420,755</b>	<b>37,585</b>	<b>35,717</b>	<b>1.71%</b>
19,856	19,856	312,811	19,583	18,229	1.06%
10,255	10,255	48,076	10,271	9,177	1.29%
7,973	7,973	59,868	7,731	8,311	3.60%
<b>4,502</b>	<b>4,452</b>	<b>23,026</b>	<b>4,411</b>	<b>4,237</b>	<b>0.18%</b>
<b>213,602</b>	<b>210,111</b>	<b>1,780,357</b>	<b>212,065</b>	<b>217,435</b>	<b>4.93%</b>

## 2014

Fair value of the portfolio	Changes in the fair value over the period	EPRA Net Initial Yield	Changes in fair value over the period (%)
<b>1,267,662</b>	<b>9,748</b>	<b>6.22%</b>	<b>0.78%</b>
804,955	6,672	6.14%	0.84%
375,417	454	6.20%	0.12%
75,890	1,754	7.15%	2.37%
11,400	868	6.95%	8.25%
<b>1,246,275</b>	<b>-12,826</b>	<b>5.75%</b>	<b>-1.02%</b>
<b>533,338</b>	<b>-1,270</b>	<b>6.31%</b>	<b>-0.24%</b>
272,202	-508	6.30%	-0.19%
149,396	-1,899	6.27%	-1.26%
111,740	1,137	6.41%	1.03%
<b>62,943</b>	<b>3,727</b>	<b>6.38%</b>	<b>6.29%</b>
<b>3,110,218</b>	<b>-621</b>	<b>6.06%</b>	<b>-0.02%</b>
88,965	-4,834		
<b>3,199,183</b>	<b>-5,455</b>		

## Investment properties - lease data

	(x 1,000 EUR)							
	Figures depending on the lease ends							
	Average lease length (in years)		Passing rents of the leases maturing in			ERV <sup>1</sup> of the leases maturing in		
	Until the break <sup>2</sup>	Until the end of the lease	Year 1	Year 2	Years 3-5	Year 1	Year 2	Years 3-5
<b>Healthcare real estate</b>	<b>15.5</b>	<b>15.6</b>	<b>14</b>	<b>-</b>	<b>16,897</b>	<b>14</b>	<b>-</b>	<b>20,753</b>
Healthcare real estate Belgium	19.9	19.9	14	-	-	14	-	-
Healthcare real estate France	5.1	5.2	-	-	16,748	-	-	20,650
Healthcare real estate Netherlands	13.9	14.9	-	-	149	-	-	103
Healthcare real estate Germany	27.8	27.8	-	-	-	-	-	-
<b>Offices</b>	<b>4.3</b>	<b>5.1</b>	<b>5,912</b>	<b>21,589</b>	<b>21,709</b>	<b>5,111</b>	<b>21,431</b>	<b>20,029</b>
<b>Property of distribution networks</b>	<b>13.1</b>	<b>16.3</b>	<b>-</b>	<b>897</b>	<b>2,260</b>	<b>-</b>	<b>971</b>	<b>2,270</b>
Pubstone Belgium	14.8	18.8	-	-	-	-	-	-
Pubstone Netherlands	14.8	18.8	-	-	-	-	-	-
Cofinimur I France	6.3	6.4	-	897	2,260	-	971	2,270
<b>Other</b>	<b>12.9</b>	<b>12.9</b>	<b>113</b>	<b>-</b>	<b>-</b>	<b>137</b>	<b>-</b>	<b>-</b>
<b>TOTAL PORTFOLIO</b>	<b>10.5</b>	<b>11.4</b>	<b>6,039</b>	<b>22,486</b>	<b>40,866</b>	<b>5,262</b>	<b>22,402</b>	<b>43,052</b>

	(x 1,000 EUR)						
	Lease figures according to their revision date (break)						
	Passing rents of the leases subject to revision in			ERV <sup>1</sup> of the leases subject to revision in			
	Year 1	Year 2	Years 3-5	Year 1	Year 2	Years 3-5	
<b>Healthcare real estate</b>	<b>620</b>	<b>-</b>	<b>16,897</b>	<b>594</b>	<b>-</b>	<b>20,753</b>	
Healthcare real estate Belgium	14	-	-	14	-	-	
Healthcare real estate France	606	-	16,748	580	-	20,650	
Healthcare real estate Netherlands	-	-	149	-	-	103	
Healthcare real estate Germany	-	-	-	-	-	-	
<b>Offices</b>	<b>7,612</b>	<b>27,223</b>	<b>26,992</b>	<b>6,774</b>	<b>26,811</b>	<b>25,513</b>	
<b>Property of distribution networks</b>	<b>47</b>	<b>950</b>	<b>2,326</b>	<b>47</b>	<b>1,021</b>	<b>2,300</b>	
Pubstone Belgium	-	-	-	-	-	-	
Pubstone Netherlands	-	-	-	-	-	-	
Cofinimur I France	47	950	2,326	47	1,021	2,300	
<b>Other</b>	<b>113</b>	<b>-</b>	<b>-</b>	<b>137</b>	<b>-</b>	<b>-</b>	
<b>TOTAL PORTFOLIO</b>	<b>8,392</b>	<b>28,173</b>	<b>46,215</b>	<b>7,552</b>	<b>27,832</b>	<b>48,566</b>	

<sup>1</sup> ERV = Estimated rental value.

<sup>2</sup> First break option for the tenant.

## EPRA Cost ratios

(x 1,000 EUR)	31.12.2015	31.12.2014
<b>(I) Administrative/operational expenses per IFRS income statement</b>	<b>-41,494</b>	<b>-36,955</b>
Cost of rent-free periods	-3,718	-2,932
Charges and taxes not recovered from the tenant on let properties	-3,478	-2,513
Net redecoration expenses	-1,105	-928
Technical costs	-5,643	-3,802
Commercial costs	-950	-1,138
Taxes and charges on unlet properties	-3,451	-3,922
Property management costs	-15,343	-14,544
Corporate management costs	-7,806	-7,176
<b>(V) Share of joint venture expenses</b>	<b>-31</b>	<b>-32</b>
<b>EPRA COST RATIO (DIRECT VACANCY COSTS INCLUDED) (A)</b>	<b>-41,525</b>	<b>-36,987</b>
<b>(IX) Direct vacancy costs</b>	<b>5,059</b>	<b>5,219</b>
<b>EPRA COSTS (DIRECT VACANCY COSTS EXCLUDED) (B)</b>	<b>-36,466</b>	<b>-31,768</b>
<b>(X) Gross rental income less ground rent costs</b>	<b>205,622</b>	<b>198,759</b>
<b>(XII) Share of joint venture gross rental income</b>	<b>691</b>	<b>689</b>
<b>GROSS RENTAL INCOME (C)</b>	<b>206,313</b>	<b>199,448</b>
<b>EPRA cost ratio (direct vacancy costs included) (A/C)</b>	<b>20.13%</b>	<b>18.54%</b>
<b>EPRA cost ratio (direct vacancy costs excluded) (B/C)</b>	<b>17.68%</b>	<b>15.93%</b>
* Overhead and operational expenses capitalised (including share of joint ventures)	1,887	2,269

Cofinimmo capitalises overhead costs and operational expenses (legal fees, project management fees, capitalised interests, etc.) directly linked to development projects.

### Development projects

During 2015, Cofinimmo has done multiple renovation works. For more details on ongoing and future works, see page 56 of the Healthcare real estate section, page 62 of the Offices section, and page 70 of the Distribution networks section.





# ANNUAL ACCOUNTS

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# Annual Accounts

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# Consolidated accounts

## CONSOLIDATED GLOBAL RESULT (INCOME STATEMENT)

(x 1,000 EUR)

Notes 2015 2014

### A. NET RESULT

Rental income	6	202,612	195,918
Writeback of lease payments sold and discounted	6	10,214	15,931
Rental-related expenses	6	-709	-91
<b>Net rental income</b>	5, 6	<b>212,117</b>	<b>211,758</b>
Recovery of property charges	7	329	612
Recovery income of charges and taxes normally payable by the tenant on let properties	8	41,588	44,756
Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	7	-1,434	-1,540
Charges and taxes normally payable by the tenant on let properties	8	-45,066	-47,512
<b>Property result</b>		<b>207,534</b>	<b>208,074</b>
Technical costs	9	-5,643	-3,802
Commercial costs	10	-950	-1,137
Taxes and charges on unlet properties		-3,451	-3,922
Property management costs	11	-15,343	-14,295
<b>Property charges</b>		<b>-25,387</b>	<b>-23,156</b>
<b>Property operating result</b>		<b>182,147</b>	<b>184,918</b>
Corporate management costs	11	-7,806	-7,176
<b>Operating result before result on the portfolio</b>		<b>174,341</b>	<b>177,742</b>
Gains or losses on disposals of investment properties	5, 12	2,029	1,949
Gains or losses on disposal of other non-financial assets	5, 12	20,396	-24,390
Changes in fair value of investment properties	5, 13, 22	-8,620	-5,455
Other result on the portfolio	5, 14	-8,558	-11,304
<b>Operating result</b>		<b>179,588</b>	<b>138,542</b>
Financial income	15	5,735	5,577
Net interest charges	16	-42,310	-54,700
Other financial charges	17	-660	-2,309
Changes in the fair value of financial assets and liabilities	18	-30,403	-136,143
<b>Financial result</b>		<b>-67,638</b>	<b>-187,575</b>
Share in the result of associated companies and joint ventures	43	460	1,307
<b>Pre-tax result</b>		<b>112,410</b>	<b>-47,726</b>
Corporate tax	19	-4,209	-2,493
Exit tax	19	248	926
<b>Taxes</b>		<b>-3,961</b>	<b>-1,567</b>
<b>Net result</b>		<b>108,449</b>	<b>-49,293</b>
Minority interests	43	-4,482	-3,378
<b>NET RESULT - GROUP SHARE</b>	32	<b>103,967</b>	<b>-52,671</b>
<b>NET CURRENT RESULT - GROUP SHARE<sup>1</sup></b>	32	<b>97,706</b>	<b>-15,655</b>
<b>RESULT ON THE PORTFOLIO - GROUP SHARE<sup>2</sup></b>	32	<b>6,261</b>	<b>-37,016</b>

<sup>1</sup> The net current result - Group share corresponds to the net result excluding "Gains or losses on disposals of investment properties", "Gains or losses on disposal of other non-financial assets", "Changes in the fair value of investment properties", "Other result on the portfolio", as well as "Exit tax" minus (-) "Share in result of associated companies and joint ventures" related to the result on the portfolio and minus (-) "Minority interests" related to the first five elements.

<sup>2</sup> The result on the portfolio - Group share corresponds to the "Gains or losses on disposals of investment properties", "Gains or losses on disposal of other non-financial assets", "Changes in the fair value of investment properties", "Other result on the portfolio", as well as "Exit tax", and "Share in result of associated companies and joint ventures" related to the result on the portfolio, minus (-) "Minority interests" related to the first five elements.

**CONSOLIDATED GLOBAL RESULT (INCOME STATEMENT)**

(x 1,000 EUR)	Notes	2015	2014
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**B. Other elements of the global result recyclable on the income statement**

Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties			1,777
Changes in the effective part of the fair value of authorised cash flow hedging instruments	24	3,644	-4,716
Impact of the recycling on the income statement of hedging instruments which relationship with the hedged risk was terminated	18	29,565	56,515
<b>Other elements of the global result</b>		<b>33,209</b>	<b>53,576</b>
Minority interests			18
<b>OTHER ELEMENTS OF THE GLOBAL RESULT - GROUP SHARE</b>		<b>33,209</b>	<b>53,594</b>

(x 1,000 EUR)	Notes	2015	2014
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**C. Global result**

<b>Résultat global</b>		<b>141,658</b>	<b>4,283</b>
Minority interests	43	-4,482	-3,360
<b>GLOBAL RESULT - GROUP SHARE</b>		<b>137,176</b>	<b>923</b>

**Result per share - Group share**

(in EUR)	Notes	2015	2014
----------	-------	------	------

Net current result	32	4.91	-0.87
Result on the portfolio	32	0.32	-2.06
Net result	32	5.23	-2.93

**CONSOLIDATED FINANCIAL POSITION (BALANCE SHEET)**

(x 1,000 EUR)	Notes	31.12.2015	31.12.2014
<b>Non-current assets</b>		<b>3,325,414</b>	<b>3,410,050</b>
Goodwill	5, 20	111,256	118,356
Intangible assets	23	565	659
Investment property	5, 21	3,131,483	3,195,773
Other tangible assets	23	364	411
Non-current financial assets	24	20	10,933
Finance lease receivables	25	75,652	78,018
Trade receivables and other non-current assets		41	38
Participations in associated companies and joint ventures	43	6,033	5,862
<b>Current assets</b>		<b>87,066</b>	<b>88,962</b>
Assets held for sale	5, 26	2,870	3,410
Current financial assets	24	14	498
Finance lease receivables	25	1,656	1,618
Trade receivables	27	19,801	24,781
Tax receivables and other current assets	28	17,363	17,505
Cash and cash equivalents		22,040	17,117
Accrued charges and deferred income	29	23,322	24,033
<b>TOTAL ASSETS</b>		<b>3,412,480</b>	<b>3,499,012</b>
<b>Shareholders' equity</b>		<b>1,924,615</b>	<b>1,608,965</b>
<b>Shareholders' equity attributable to shareholders of parent company</b>		<b>1,860,099</b>	<b>1,541,971</b>
Capital	30	1,124,295	963,067
Share premium account	30	504,240	384,013
Reserves	31	127,597	247,562
Net result for the financial year	32	103,967	-52,671
<b>Minority interests</b>	43	<b>64,516</b>	<b>66,994</b>
<b>Liabilities</b>		<b>1,487,865</b>	<b>1,890,047</b>
<b>Non-current liabilities</b>		<b>926,891</b>	<b>1,303,250</b>
Provisions	34	17,636	17,658
Non-current financial debts	24	809,313	1,148,023
Banks	24	180,229	565,420
Other	24	629,084	582,603
Other non-current financial liabilities	24	64,656	102,041
Deferred taxes	35	35,286	35,528
Exit tax	35		734
Other	35	35,286	34,794
<b>Current liabilities</b>		<b>560,974</b>	<b>586,797</b>
Current financial debts	24	445,676	473,499
Banks	24	270,852	473,469
Other	24	174,824	30
Other current financial liabilities	24	20,572	24,698
Trade debts and other current debts	36	62,865	59,850
Exit tax	36	614	621
Other	36	62,251	59,229
Accrued charges and deferred income	37	31,861	28,750
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>3,412,480</b>	<b>3,499,012</b>

**Calculation of debt ratio**

(x 1,000 EUR)		2015	2014
Non-current financial debts		809,313	1,148,023
Other non-current financial liabilities (except for hedging instruments)	+	97	76
Current financial debts	+	445,676	473,500
Trade debts and other current debts	+	62,865	59,850
<b>Total debt</b>	=	<b>1,317,951</b>	<b>1,681,448</b>
Total assets		3,412,480	3,499,012
Hedging instruments	-	34	1,500
<b>Total assets (except hedging instruments)</b>	/	<b>3,412,446</b>	<b>3,497,513</b>
<b>DEBT RATIO</b>	=	<b>38.62%</b>	<b>48.08%</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

(x 1,000 EUR)	Notes	2015	2014
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<b>17,117</b>	<b>15,969</b>
<b>Operating activities</b>			
Net result for the period		103,967	-52,671
Adjustments for interest charges and income		37,304	45,896
Adjustments for gains and losses on disposal of property assets		-22,424	22,441
Adjustments for non-cash charges and income	38	40,560	138,453
Changes in working capital requirements	39	10,579	-5,037
<b>CASH FLOW RESULTING FROM OPERATING ACTIVITIES</b>		<b>169,985</b>	<b>149,082</b>
<b>Investment activities</b>			
Investments in intangible assets and other tangible assets		-297	-107
Acquisitions of investment properties	40	-21,361	-73,022
Extensions of investment properties	40	-32,524	-38,392
Investments in investment properties	40	-23,527	-28,197
Acquisitions of subsidiaries	4	-13,863	-1,802
Disposals of investment properties	40	18,276	70,546
Disposals of assets held for sale	40	268	5,417
Disposals of consolidated subsidiaries	12	139,799	197,983
Payment of exit tax		-626	151
Finance lease receivables		3,627	82,724
Other cash flows from investment activities		18,127	2,121
<b>CASH FLOW RESULTING FROM INVESTMENT ACTIVITIES</b>		<b>87,899</b>	<b>217,422</b>
<b>Financing activities</b>			
Acquisitions/disposals of own shares		399	-532
Dividends paid to shareholders		-99,882	-73,386
Capital increase		281,056	
Coupons paid to minority shareholders	43	-744	-319
Coupons paid to mandatory convertible bond (MCB)-holders	43	-2,904	-2,703
Increase of financial debts		360,316	221,262
Decrease of financial debts		-722,068	-407,470
Financial income received		5,658	5,449
Financial charges paid		-42,650	-51,347
Other cash flows from financing activities		-32,142 <sup>1</sup>	-56,310 <sup>1</sup>
<b>CASH FLOW RESULTING FROM FINANCING ACTIVITIES</b>		<b>-252,961</b>	<b>-365,356</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>		<b>22,040</b>	<b>17,117</b>

<sup>1</sup> This amount mainly comprises the total cost of the restructuring of the interest rate hedging scheme. For more details, see the "Management of Financial Resources" chapter of this Annual Financial Report.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(x 1,000 EUR)

	Capital	Share premium account	Reserves <sup>1</sup>	Net result for the financial year	Equity – Parent company	Minority interests	Shareholders' equity
<b>AT 01.01.2014</b>	<b>942,825</b>	<b>372,110</b>	<b>241,265</b>	<b>58,737</b>	<b>1,614,937</b>	<b>66,525</b>	<b>1,681,462</b>
Appropriation of the 2013 net result			58,737	-58,737			
Elements recognised in the global result			51,589	-52,671	-1,082	3,360	2,278
Cash flow hedging <sup>2</sup>			51,799		51,799		51,799
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties			-210		-210	-18	-228
Result of the period				-52,671	-52,671	3,378	-49,293
Other			2,046		2,046	131	2,177
<b>SUBTOTAL</b>	<b>942,825</b>	<b>372,110</b>	<b>353,637</b>	<b>-52,671</b>	<b>1,615,901</b>	<b>70,016</b>	<b>1,685,917</b>
Issue of new shares <sup>3</sup>	20,536	12,229			32,765		32,765
Acquisitions/disposals of own shares	-294	-326	89		-531		-531
Dividends/Coupons			-106,164		-106,164	-3,022	-109,186
<b>AT 31.12.2014</b>	<b>963,067</b>	<b>384,013</b>	<b>247,562</b>	<b>-52,671</b>	<b>1,541,971</b>	<b>66,994</b>	<b>1,608,965</b>
Appropriation of the 2014 net result			-52,671	52,671			
Elements recognised in the global result			33,209	103,967	137,176	4,482	141,658
Cash flow hedging <sup>2</sup>			33,209		33,209		33,209
Result of the period				103,967	103,967	4,482	108,449
Minority acquisitions						763	763
Minority disposals						-4,386	-4,386
Other			-621		-621	312	-309
<b>SUBTOTAL</b>	<b>963,067</b>	<b>384,013</b>	<b>227,479</b>	<b>103,967</b>	<b>1,678,526</b>	<b>68,165</b>	<b>1,746,691</b>
Issue of shares <sup>3</sup>	160,997	120,059			281,056		281,056
Acquisitions/disposals of own shares	231	168			399		399
Dividends/Coupons			-99,882		-99,882	-3,649	-103,531
<b>AT 31.12.2015</b>	<b>1,124,295</b>	<b>504,240</b>	<b>127,597</b>	<b>103,967</b>	<b>1,860,099</b>	<b>64,516</b>	<b>1,924,615</b>

<sup>1</sup> See Note 31.<sup>2</sup> Recycling on the income statement included.<sup>3</sup> Shares (capital + share premiums) issued in the context of intragroup mergers, without shares being awarded to third parties outside the Group, are directly eliminated during consolidation. The issued shares listed here are related to the optional dividend.

**DETAIL OF THE RESERVES**

(x 1,000 EUR)

	Reserve for the positive/ negative balance of changes in the fair value of properties	Reserve for the estimated transaction costs resulting from the hypothetical disposal of investment properties	Reserve for the balance of changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS
<b>AT 01.01.2014</b>	<b>-144,422</b>	<b>-75,715</b>	<b>-88,745</b>
Appropriation of the 2013 net result	16,570	-3,086	4,576
Elements directly recognised in the global result		-210	51,799
Cash flow hedging			51,799
Impact on fair value of estimated transaction costs and duties resulting from hypothetical disposal of investment properties		-210	
Other	1	5,317	
<b>SUBTOTAL</b>	<b>-127,851</b>	<b>-73,694</b>	<b>-32,370</b>
Acquisitions/disposals of own shares			
Dividends			
<b>AT 31.12.2014</b>	<b>-127,851</b>	<b>-73,694</b>	<b>-32,370</b>
Appropriation of the 2014 net result	-29,391	-3,260	-10,512
Elements directly recognised in the global result		5,285	33,209
Cash flow hedging			33,209
Impact on fair value of estimated transaction costs and duties resulting from hypothetical disposal of investment properties		5,285	
Other	-18,575	-56	
<b>SUBTOTAL</b>	<b>-175,817</b>	<b>-71,725</b>	<b>-9,673</b>
Acquisitions/disposals of own shares			
Dividends			
<b>AT 31.12.2015</b>	<b>-175,817</b>	<b>-71,725</b>	<b>-9,673</b>



Reserve for the balance of changes in the fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	Distributable reserve	Non-distributable reserve	Legal reserve <sup>1</sup>	Total reserves
-37,553	582,928	3,037	1,735	241,265
23,702	16,734	241		58,737
				51,589
				51,799
				-210
	-3,312	1,775	-1,735	2,046
-13,851	596,350	5,053		353,637
	89			89
	-106,164			-106,164
-13,851	490,275	5,053		247,562
-71,324	61,504	312		-52,671
	-5,285			33,209
				33,209
	-5,285			
	18,163	-153		-621
-85,175	564,657	5,212		227,479
	-99,882			-99,882
-85,175	464,775	5,212		127,597

<sup>1</sup> The legal reserve was reclassified to non-distributable reserve.

# Notes to the consolidated accounts

## NOTE 1. GENERAL INFORMATION

Cofinimmo SA/NV (the "Company") is a public RREC (Regulated Real Estate Company) organised under Belgian law with registered offices at boulevard de la Woluwe/Woluwedal 58, 1200 Brussels. The consolidated financial statements of the company for the financial year ended 31.12.2015 comprise the Company and its subsidiaries (together referred to as the "Group"). The consolidation scope has evolved since 31.12.2014. In addition to the disposal of two subsidiaries, Cofinimmo acquired the shares of three companies and created two new subsidiaries during the year. Moreover, the Extraordinary General Meetings of subsidiaries of 22.09.2015 and 18.11.2015 respectively approved the mergers by absorption of a subsidiary and two French subsidiaries

aiming to simplify the Group's organisation. The consolidation scope at 31.12.2015 is presented in Note 43 of this Annual Financial Report.

The consolidated statutory financial statements were adopted by the Board of Directors on 04.02.2016 and will be submitted to the General Shareholders' Meeting of 11.05.2016.

The accounting principles and methods adopted for the preparation of the financial statements are identical to those used for the annual financial statements for the financial year 2014, except for what is mentioned in Note 2.

## 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 Belgian Royal Decree of 13.07.2014 concerning Regulated Real Estate Companies.

In 2015, the Group applied the following new standard: IFRIC 21. There is no significant impact from the application of this standard on the financial statements on 31.12.2015.

Moreover, the Group has chosen not to anticipate the application of the following main standards and interpretations<sup>1</sup>, or their modifications, issued before the authorisation date of publication of the annual accounts but not in force at the closing date: IFRS 9 and IFRS 15. However, the Group is not entitled to anticipate these two standards given that they are not yet adopted in Europe.

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

### B. Basis of preparation

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

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

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

### C. Basis of consolidation

#### I Subsidiaries

These consolidated financial statements include the financial statements of the company and the financial statements of the entities (including the structured entities) that it controls and its subsidiaries. The company has control when it:

- holds power over the issuing entity;
- is exposed or entitled to variable returns because of its ties with the issuing entity;
- has the ability to exercise its power so as to affect the amount of the returns that it receives.

The company must reassess whether it controls the issuing entity when the facts and circumstances indicate that one or more of the three elements of control listed above have changed.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that the control commences until the date that the control ceases.

Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group. The subsidiaries' financial statements cover the same accounting period as that of the company.

Changes in the Group's participations in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The book value of the participations in subsidiaries, held by the Group or by third parties, is adjusted to reflect the changes in the respective levels of participation. Any difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is recognised directly under equity.

#### II Joint ventures

A joint venture is a joint agreement whereby the parties who exercise joint control have rights over the net assets of the agreement. Under the equity accounting method, the consolidated income statement includes the Group's share in the result of joint ventures. This share is calculated from the date on which the joint control commences until the date on which the joint control ceases. The jointly controlled entities' financial statements cover the same accounting period as that of the company.

<sup>1</sup> The Group is in the possible impact analysis following the application of these standards.

### III Transactions eliminated on consolidation

Intragroup balances and transactions and any gains arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Gains arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the entities. Losses are eliminated in the same way as gains, but only to the extent that there is no evidence of impairment.

A list of the Group companies is included in Note 43 to the consolidated financial accounts.

### D. Goodwill and business combinations

When the Group takes control of an integrated combination of activities and assets corresponding to the definition of a business according to IFRS 3 - "Business combinations", the assets, liabilities and contingent liabilities of the business acquired are recorded at their fair value at the acquisition date. The goodwill represents the positive difference between the acquisition costs (excluding acquisition-related costs), plus any minority interests, and the fair value of the acquired net assets. If this difference is negative ("negative goodwill"), it is immediately recorded on the income statement 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 on 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 on the income statement and first allocated in reduction of the possible goodwill and then to the other assets of the unit, proportionally to their book value. An impairment booked on goodwill is not written back during a subsequent year.

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

In the event of the disposal of a cash-generating unit, the amount of goodwill that is allocated to this unit is included in the determination of the gain or loss on 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 at the closing date.

#### II Foreign currency transactions

Foreign currency transactions are recognised initially at exchange rates prevailing at the date of the transaction. 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 on the income statement as financial income or financial charges.

### F. Derivative financial instruments

The Group uses derivative financial instruments (Interest Rate Swaps, purchase of CAP options, sale of FLOOR options) to hedge its exposure to interest rate risks arising from its operational, financing and investment activities. For more details about derivative financial instruments, see Note 24.

Derivative financial instruments are recognised initially at cost and are revalued at their fair value at subsequent reporting dates.

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

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

The accounting treatment depends on 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 truly effective in offsetting changes in the fair value or the cash flows attributable to the hedged risks;
- the effectiveness of the hedge can be reliably measured;
- the hedge is assessed on an ongoing basis and is 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 the fair value of a recognised asset or liability or a unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment that is attributable to a particular risk, any resulting gain or loss on the hedging instrument is recognised on the income statement. The hedged item is also stated at its fair value for the risk being hedged, with any gain or loss being recognised on the income statement.

#### II Cash flow hedges

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

When the firm commitment or the forecasted transaction subsequently results in the recognition of a financial asset or liability, the associated gains or losses that were recognised directly under equity are reclassified on the 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 (partially) terminated, the cumulative gain or loss at that point is (partially) recycled on the income statement.

### G. Investment properties

Investment properties are properties which are held to earn rental income for the long term. In accordance with IAS 40, investment properties are stated at fair value.

External independent real estate experts determine the valuation of the property portfolio every three months. Any gain or loss arising, after the acquisition of a property, from a change in its fair value is recognised on the income statement. Rental income from investment properties is accounted for as described under R. The real estate experts carry out the valuation on the basis of the method of calculating the present value of the rental income in accordance with the "International Valuation Standards/RICS Valuation Standards", established by the International Valuation Standards Committee/Royal Institute of Chartered Surveyors, as set out in the corresponding report. This value, referred to hereafter as the "investment value", corresponds to the price that a third-party investor would be prepared to pay in order to acquire each of the properties making up the portfolio of assets and in order to benefit from their rental income while assuming the related charges, without deduction of transfer taxes.

The disposal of an investment property is usually subject to the payment to the public authorities of transfer taxes or VAT. A share of transfer taxes is deducted by the experts from the investment value of the investment properties to establish the fair value of the investment properties, as evidenced in their valuation report (see Note 21).

When an acquisition or investment is made, the transaction costs to be incurred during a subsequent theoretical sale are recognised directly on the income statement; any change in the fair value of a building during the financial year is also recognised on the income statements. These two movements are allocated to the reserve during the appropriation of the result for the financial year.<sup>1</sup>

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

## H. Development projects

Properties that are being built, renovated, developed or redeveloped for future use as investment properties are classified as development projects until the completion of the works and stated at their fair value. This concerns nursing homes under construction or development (extensions) and empty office buildings that are or will be under renovation or redevelopment. At the time of completion of the works, the properties are transferred from the development project category to the properties available for rental category or to properties held for sale if they are put up for sale. The fair value of the office buildings which will undergo a renovation or redevelopment decreases as the end of the lease and the beginning of the works approaches.

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

## I Properties leased for long periods

### I Types of long leases

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

- long ordinary leases: the lessor's obligations are essentially those under any lease: for instance, to ensure that space in a state of being occupied is available to the lessee during the entire term of the lease. This obligation is met by the lessor by bearing the maintenance costs (other than rental) and the insurance costs against fire and other damages;
- long leases which involve the assignment of a real right by the assignor to the assignee: in this case, the ownership passes temporarily to the assignee who will bear namely maintenance (other than rental) and insurance costs. Three contract types fall under this category: (a) the long lease ("bail emphytéotique/erfpachtovereenkomst") which must last a minimum of 27 years and a maximum of 99 years and can apply to land and/or constructions; (b) the building lease ("droit de superficie/recht van opstal") which may not exceed 50 years but has no minimum duration and (c) the usufruct right ("droit d'usufruit/recht van vruchtgebruik") which may not exceed 30 years and has no minimum duration and can apply to land with a construction or bare land. Under all these contracts, the assignor keeps a residual right in that it will recover the full ownership of the property at the end of the term of the assignment, including the ownership of the constructions erected by the assignee, with or without indemnity for these constructions, depending on the 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 leases qualifying as finance leases

Provided these leases meet the criteria of a finance lease under IAS 17 § 10, the Group as assignor will present them at their inception as a receivable for an amount equal to the net investment in the lease agreement. The difference between this 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 on the income statement for 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 for the Group.

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

Conversely, if Cofinimmo is assignee in a financial lease as defined under IAS 17, it will recognise an asset at an amount equal to the fair value of the leased property or, if lower, at the discounted value of the minimum lease payments, the corresponding amount being recorded as a financial debt. Collected rents from tenants will be recorded under rental income. The subsequent effective payments to the assignor during the term of the lease will be partially recorded under financial charges and partially as 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 passing of time being recorded under the item "Changes in the fair value of investment properties" on the income statement.

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

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 (hereafter "reduced value"). Indeed, pursuant to Article 1690 of the Belgian Civil Code, a third party that would buy the properties, is deprived of the right of receiving rental revenues.

The progressive reconstitution of the lease payments sold will be recognised under the item "Writeback of lease payments sold and discounted" on the income statement. This gradual constitution of the non-reduced value relies on the basis of the interest rates and inflation (indexation) conditions applied at the time of transfer and implied in the price obtained by the Group at the moment from the transferee for the sold receivables.

The changes in the fair value of the non-reduced property (i.e. as if future rents were not transferred and as established at each close by the independent experts in function of the real estate market conditions) will be recorded separately under the item "Changes in the fair value of investment properties" on the income statement to a proportion equal to the quotient of the reduced value (resulting from what is stated in the two previous paragraphs) by the non-reduced value, such as these two values apply at the end of the period.

<sup>1</sup> Following an adaptation of the treatment of transaction fees and costs in 2015, future hypothetical transaction fees and costs are no longer charged directly to equity when buildings are acquired.

## J. Other fixed assets

### I Assets held for own use

In accordance with the alternative method allowed by IAS 16 § 31, the part of the property used by the company itself as headquarters is stated at its fair value. It appears under the heading "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 of the property. All other expenditure is recorded as costs on the income statement (see S II).

### III Depreciation

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

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

### IV Assets held for sale

Assets held for sale (investment properties) are presented separately on the balance sheet at a value corresponding to their fair value.

### V Impairment

The other assets are subject to an impairment test only if there is an indication showing that their book value will not be recoverable by their use or disposal.

## K. Finance lease receivables and real estate public-private partnerships

### I Finance lease receivables

Finance lease receivables are valued based on their discounted value at the interest rate prevailing at the time of their issue. If they are indexed to an inflation index, this is not taken into account in the determination of the discounted value. If a derivative financial instrument provides hedging, the market interest rate for this instrument will serve as a reference rate for calculating the market value of the receivable at the close of each accounting period. In this case, the entire unrealised gain generated by the valuation at market value of the receivable is limited to the unrealised loss relating to the valuation at market value (see F I) of the hedging instrument. Conversely, any unrealised loss generated by the receivable will be entirely recorded on the income statement.

### II Real estate public-private partnerships

With the exception of the police station in Dendermonde, considered as operational leasing and therefore recognised as investment property, Public-Private Partnerships are classified as a finance lease receivable and are subject to IFRIC 12. For the bookings, see point K I.

## L. Cash and cash equivalents

Cash and cash equivalents comprise current accounts, cash and short-term investments.

## M. Shareholders' equity

### I Ordinary shares

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

### II Preference shares and mandatory convertible bonds

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

### III Repurchase of shares

When own shares are repurchased by the Group, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are presented as a deduction from the headings "Capital" and "Share premium account". The proceeds on sales of own shares are directly included under equity without impacting the income statement.

### IV Dividends

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

## N. Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to their initial recognition, interest-bearing borrowings are stated at their amortised cost, with any difference between cost and redemption value being recognised on the income statement over the period of the borrowings on an effective interest rate 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 cost. If, however, interest on a fixed-rate borrowing is swapped into a floating rate by virtue of a matching Interest Rate Swap derivative contract, in conformity with fair value hedge accounting (IAS 39 § 86), the unamortised balance of the fixed-rate borrowing is stated at market value as is the derivative itself (see F I).

The convertible borrowings are stated at their fair value at the closing date.

## O. Employee benefits

Contributions paid under the retirement pension defined contribution system are recorded as charges insofar as employees provided the services giving them the right to such contributions.

In Belgium, certain retirement pension systems based on defined contributions, are subject to a legally guaranteed minimal return by the employer and are therefore qualified as retirement pension systems with defined benefit (see Note 11).

The cost of the retirement pension system with defined benefit is determined by means of the projected credit units method and actuarial evaluations are made at the end of each period when the financial information is presented. The revaluations, comprising the actuarial differences and return of the system's assets (excluding interests) are directly recorded in the statement of the financial position, resulting in a debit or credit in the other elements of the global result during the financial year in which they occur. The revaluation under the other elements of the global result are directly recorded in the retained earnings and will not be reclassified to net income.

Costs of past services are recognised in net income in the period in which a system change occurs.

The net interest calculation is carried out by multiplying the net liabilities of the accrued net benefits at the beginning of the period by the actualisation rate.

The costs of the defined benefits are classified under the following categories:

- cost of services (cost of services rendered during the period, cost of passed services, as well as gains and losses arising from reductions and liquidations);
- net interests (charges);
- revaluations.

The Group presents the first two components of the defined benefits costs in the net result under "Personnel Cost".

The accrued benefit obligations recorded in the consolidated statement of the financial position represents the actual amount of the deficit of the defined benefits systems of the Group.

## P. Provisions

A provision is recognised on the balance sheet when the Group has a legal or contractual obligation resulting from a past event, and if it is likely that resources will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the market rate reflecting, where appropriate, the risk specific to the liability.

## Q. Trade debts and other debts

Trade debts and other debts are stated at cost.

## R. Operating revenues

Operating revenues include revenues from lease contracts on buildings and revenues from real estate services.

Revenues from lease contracts are recorded under the rental income item. Some lease contracts allow for a period of free occupancy followed by a period during which the agreed rent is due by the tenant. In this case, the total amount of the contractual rent to be collected until the first break option for the tenant is recognised on the income statement (item "rental income") pro rata temporis over the length of the lease contract, beginning at the start of the occupancy and ending at the first break option (i.e. the firm term of the lease). More accurately, the contractual rent expressed in annual amount is first recognised as revenue and the rent-free period spread over the firm term of the lease is then booked as an expense. Hence, an accrued income account is debited at the start of the lease for an amount corresponding to the rental income (net of the cost of rent-free periods) already earned but not yet expired.

When real estate experts make an estimation of the value of the buildings based on the discounted value of future cash flows method, they include in these values the total rents yet to be collected. Hence, the accrued income account referred to above is redundant with the part of the buildings representing rents already earned and recognised on the income statement but not yet due. Therefore, in order to avoid this redundancy, which would wrongfully swell the total of the balance sheet and of the shareholders' equity, the amount under the accrued income account is reversed against a charge booked under the item "Other result on the portfolio". Once the date of the first break option is passed, no charge is to be recorded on the income statement, as would have been the case without this reverse booking.

As a result, the operating result before result on the portfolio (and thus the current income of the analytical form) reflects the rents spread over the firm term of the lease, whereas the net result reflects the rents to date and as they are cashed.

The concessions granted to tenants are, on their part, booked as charges over the firm term of the lease. They refer to incentives consisting of the financing by the landlord of certain expenses the tenant is normally responsible for, such as the cost of the fitting works of private surfaces for example.

## S. Operating expenses

### I Service costs

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

### II Works carried out on properties

Works carried out that are the responsibility of the building owner are recorded in the accounts in three different ways, depending on the type of works:

- expenditure on maintenance and repairs that does not add any extra functionality to or does not increase the standard of comfort of the building is considered as current expenditure for the period, and as property costs;
- extensive renovation works: these are normally undertaken at intervals of 25 to 35 years and involve virtually rebuilding the building whereby, in most cases, the existing carcass work is re-used and state-of-the-art building techniques are applied; on completion of such renovation works, the property can be considered as new and expenditure is 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 insofar as the expert normally recognises a corresponding appreciation in the value of the property. Example: installation of an air conditioning system where one did not previously exist.

Works that generate expenses to be activated are identified taking into account the previous criteria during the preparation of the budgets. The capitalised expenses are related to materials, engineering works, technical studies, internal costs, architect fees and interests during the construction.

### III Commissions paid to letting agents and other transaction costs

Commissions relating to property lettings are entered under current expenditure for the year, under the item "commercial costs". 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 disposal price obtained to determine the gain or loss made.

Property valuation costs and technical valuation costs are always entered under current expenditure.

### IV Financial result

Net financing costs comprise interest payable on borrowings, calculated using the effective interest rate method, and gains and losses on hedging instruments that are recognised on the income statement (see F).

Interest income is recognised on the income statement as it accrues, taking into account the effective yield on the asset. Dividend income is recognised on the income statement on the date that the dividend is declared.

## T. Income tax

The income tax of the financial year comprises the current tax. The income tax is recognised on the income statement except to the extent that it relates to items recognised directly under equity. The current tax is the expected tax payable on the taxable income of the past year, using the tax rate enacted at the closing date, and any adjustment to taxes payable in respect of previous years.

## U. Exit tax and deferred taxes

The exit tax is the tax on the gain that arises upon approval of a Belgian non-RREC as an RREC or merger of a non-RREC with an RREC. When the non-RREC, which is eligible for this regime, first enters the consolidation scope of the Group, a provision for an 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 date of merger or approval. Any subsequent adjustment to this exit tax liability is recognised on the income statement. When the approval or merger takes place, the provision becomes a debt and any difference is also recognised on the income statement.

The same treatment is applied *mutatis mutandis* to French companies eligible for the SIIC regime and to Dutch companies eligible for the FBI regime.

When companies not eligible for the RREC, SIIC or FBI regimes are acquired, a deferred tax is recognised on the unrealised gain of the investment property.

## V. Stock options

Equity-settled share-based payments to employees and executive committee members are measured at the fair value of the equity instruments at the date of granting. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 44.

## W. Estimates, judgments and main sources of concern

### I Fair value of the property portfolio

Cofinimmo's portfolio is valued quarterly by real estate experts. This valuation by real estate experts is intended to determine the market value of a property at a certain date, taking into account the market evolution and the characteristics of the property. In parallel to the work of the real estate experts, Cofinimmo proceeds with its own valuation of its assets with a view on their long-term operation by its teams. The portfolio is recorded at the fair value established by the real estate experts in the Group's consolidated accounts.

### II Financial instruments

The fair value of the Group's financial instruments is calculated on the basis of the market values in the Bloomberg software<sup>1</sup>. These fair values are compared with the quarterly estimations received from the banks, and major variations are analysed.

More details are given in Note 24.

### III Goodwill

Goodwill is calculated at the acquisition date as the positive difference between the acquisition cost and Cofinimmo's share in the net asset acquired. Such goodwill is then the subject of an impairment test by comparing the net book value of the groups of buildings with their value in use. The calculation of the value in use is based on assumptions of future cash flows, indexation rates, cash flow years and residual values.

More details are given in Note 20.

### IV Transactions

When acquiring a portfolio through the purchase of company shares, the Group takes into account the percentage of shares held and the authority to appoint Directors for determining joint or overall control.

When a property portfolio meets the definition of a business combination as defined under IFRS 3, the Group restates the assets and liabilities acquired in the context of the business combination at their fair value. The fair value of the property assets of the business combination is determined based on the value given by the real estate experts.

More details are given in Note 43.

<sup>1</sup> The data provided by Bloomberg result from price observations relating to actual transactions and the application to these observations of valuation models developed in the scientific literature ([www.bloomberg.com](http://www.bloomberg.com)).

### NOTE 3. MANAGEMENT OF OPERATIONAL RISK

By operating risk, Cofinimmo means the risk of losses due to inadequacies in the company's procedures or failures in its management.

The Group actively manages its client base in order to minimise vacancies and tenant turnover in the office segment. The Property Management team is responsible for swiftly resolving tenant complaints, while the letting team maintains regular contact with them so as to offer alternative solutions from within the portfolio should tenants require more or less space. Although this activity is fundamental to protect rental income, it has little impact on the price at which a vacant property can be let, as that price depends on the prevailing market conditions. Most of the lease contracts include a provision whereby rents are annually indexed. Before accepting a new client, a credit risk analysis is requested from an outside rating agency. An advance deposit or bank guarantee corresponding to six months' rent is generally requested from private sector tenants.

With a few exceptions, rents are payable in advance, on a monthly, quarterly or yearly basis. A quarterly provision covering property charges and taxes incurred by the Group but contractually rechargeable to tenants is also requested. The level of rental defaults recorded net of recoveries represents 0.065% of the total turnover over the period 1996-2015. An important deterioration in the general economic situation is likely to magnify losses on lease receivables, particularly in the office sector. The possible insolvency of a major tenant can represent a significant loss for Cofinimmo, as well as an unexpected vacancy or even having to rent out the vacant space at a price significantly lower than the level of the terminated contract.

Direct operating costs, on the other hand, are driven essentially by two factors:

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

The buildings for healthcare and accommodation of elderly people and the buildings of the distribution networks are almost occupied at 100%. The former are rented to operator groups whose solvency is analysed annually. The latter are let to large companies. The reletting or reconversion scenarios at the end of the lease are cautiously analysed and prepared in due time. The smaller buildings included in the distribution networks are sold when the tenant leaves.

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

The risk of buildings being destroyed by fire or other disastrous events is insured for a total reconstruction value of 1,639.06 million EUR<sup>1</sup>, compared with a fair value of the investment properties of 1,408.73 million EUR at 31.12.2015, including the value of the land. Cover has also been taken against vacancies resulting from these events. Moreover, Cofinimmo has insurance for its public liability as the building owner or project supervisor.

Details of the Group's financial risk are provided in Note 24.

<sup>1</sup> This amount does not include the insurances taken during works, nor those that are contractually borne by the occupant (i.e. for healthcare real estate, the pubs/restaurants of the Pubstone portfolio as well as certain office buildings), nor those related to lease finance contracts. Furthermore, this amount does not include the insurances relating to buildings rented to MAAF (first-rank insurance on all the freehold properties and second-rank insurance on the co-owned properties), which are covered for the value of their reconstruction.



## NOTE 4. ACQUISITIONS OF SUBSIDIARIES AND JOINT VENTURES

### Aspria Maschsee and Aspria Uhlenhorst

On 06.06.2015, the Cofinimmo Group purchased 94.9% of the shares of Aspria Maschsee and Aspria Uhlenhorst. These two companies group together two sport and well-being centres in Germany, in Hamburg and Hanover.

Since this date, Cofinimmo has exclusive control over the two companies and incorporates them into its accounts according to the full consolidation method.

### Terra 13

On 05.11.2015, Cofinimmo acquired, through its subsidiary Rheastone, SPRL/BVBA Terra 13, the owner of the extension of an existing nursing home and already belonging to Rheastone. The net purchase price was -80 K EUR, which corresponds to a paid price of 156 K EUR for 236 K EUR in cash in the accounts.

This company was merged into Rheastone on 22.01.2016. This acquisition is considered immaterial for the group.

### General information

Company	Aspria Maschsee	Aspria Uhlenhorst
Segment	Healthcare real estate - Germany	Healthcare real estate - Germany
Country	Netherlands	Netherlands
% held by the Cofinimmo group at 31.12.2015 - full consolidation	94.9%	94.9%
% held by Aspria Estates BV at 31.12.2015	5.1%	
% held by Aspria Properties BV at 31.12.2015		5.1%
<b>Net amount paid during acquisition (x 1,000EUR)</b>		
Price paid by Cofinimmo for the buyback of shares	10,262	4,408
Cash from the acquisition balance sheet	528	199
Net cash outflow	9,734	4,209
<b>Assets and liabilities taken over during the acquisition (x 1,000EUR)</b>		
Non-current assets	28,124	25,446
Current assets	1,216	222
Non-current liabilities	18,518	20,983
Current liabilities	322	234

These acquisitions were not considered business combinations, as defined within the cope of IFRS 3, because they do not concern acquisitions of "business" as such, defined as an integrated combination of activities and assets.

## NOTE 5. SECTOR INFORMATION

In fair value, offices represent 39.6% of the portfolio, healthcare real estate 39.6%, property of distribution networks 42.4% and the other business sectors 0.8%.

The different property segments are described on pages 48 to 75.

Three clients represent more than 10% of the contractual rent: Korian-Medica and Armonia, both tenants in the nursing home segment, for 34 million EUR and 23 million EUR respectively; AB InBev, tenant in the property of distribution networks segment for an amount of 30 million EUR.

(x 1,000 EUR)	OFFICES										HEALTHCARE	
	Brussels CBD <sup>1</sup>		Decentralised Brussels		Brussels Periphery		Antwerp		Other Regions		Belgium	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<b>INCOME STATEMENT</b>												
<b>Net rental income</b>	22,436	27,258	40,508	42,305	8,709	10,061	4,594	4,240	7,686	7,831	53,787	48,893
<b>Property result after direct property costs</b>	19,083	24,031	34,259	37,049	6,749	8,519	3,974	3,739	7,138	7,517	53,757	48,690
Property management costs												
Corporate management costs												
Gains or losses on disposals of investment properties and other non-financial assets	10,064	-23,550	826	620							11,431	
Changes in fair value of investment properties	4,803	13,785	-33,951	-32,358	-2,861	-1,741	562	1,183	588	1,332	10,682	6,486
Other result on the portfolio												
<b>Operating result</b>												
<b>Financial result</b>												
<b>Share in the result of associated companies and joint ventures</b>												
<b>Taxes</b>		-114										
<b>NET RESULT</b>												
<b>NET RESULT - GROUP SHARE</b>												
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<b>BALANCE SHEET</b>												
<b>Assets</b>												
Goodwill												
Investment property of which:	391,313	426,669	529,268	603,032	139,186	142,043	66,123	65,410	115,261	113,278	772,719	821,235
Development projects	27,068	47,751	17,611	17,144	358	341	488	464			2,300	16,280
Assets held for own use			8,625	8,875								
Assets held for sale												
Other assets												
<b>TOTAL ASSETS</b>												
<b>Shareholders' equity and liabilities</b>												
Shareholders' equity												
Shareholders' equity attributable to shareholders of parent company												
Minority interests												
Liabilities												
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>												

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

REAL ESTATE						PROPERTY OF DISTRIBUTION NETWORKS						OTHER		AMOUNTS NOT ALLOCATED		TOTAL	
France		Netherlands		Germany		Pubstone Belgium		Pubstone Netherlands		Cofinimur I France							
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
25,087	27,095	6,719	1,462	3,068	69	19,629	19,856	10,218	10,255	7,720	7,981	1,956	4,452			212,117	211,758
24,851	26,921	6,530	1,439	2,952	69	18,954	19,301	9,854	9,917	7,473	7,829	1,917	4,192			197,491	199,213
														-15,343	-14,295	-15,343	-14,295
														-7,806	-7,176	-7,806	-7,176
						249	489	-98		-47						22,425	-22,441
3,306	969	4,073	1,774	2,140	868	-400	-508	-2,783	-1,899	4,543	1,231	678	3,423			-8,620	-5,455
-351	-1,990			-863		-4,800	-11,000	-1,830	251					-714	1,435	-8,558	-11,304
																179,588	138,542
														-67,638	-187,575	-67,638	-187,575
460	573												734			460	1,307
-3	703							251	336					-4,209	-2,492	-3,961	-1,567
																108,449	-49,293
																103,967	-52,671
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
26,929	26,929					50,977	55,777	33,350	35,650							111,256	118,356
381,334	377,017	104,972	77,020	67,081	11,400	274,299	272,202	147,117	149,396	116,018	110,960	26,792	26,111			3,131,483	3,195,773
4,690	4,030	5,730	1,130			973				675	201	1,651	1,625			61,544	88,966
																8,625	8,875
2,180	2,430									690	980					2,870	3,410
														166,871	181,473	166,871	181,473
																3,412,480	3,499,012
														1,924,615	1,608,965	1,924,615	1,608,965
														1,860,099	1,541,971	1,860,099	1,541,971
														64,516	66,994	64,516	66,994
														1,487,865	1,890,047	1,487,865	1,890,047
																3,412,480	3,499,012

**NOTE 6. RENTAL INCOME AND RENTAL-RELATED EXPENSES**

(x 1,000 EUR)	2015	2014
<b>Rental income</b>	<b>202,612</b>	<b>195,918</b>
Rents	205,909	197,761
Gross potential income <sup>1</sup>	216,027	209,112
Vacancy <sup>2</sup>	-10,118	-11,351
Cost of rent-free periods	-3,718	-2,933
Concessions granted to tenants	-567	-558
Indemnities for early termination of rental contracts <sup>3</sup>	988	1,648
<b>Writeback of lease payments sold and discounted</b>	<b>10,214</b>	<b>15,931</b>
<b>Rental-related expenses</b>	<b>-709</b>	<b>-91</b>
Rent payable on rented premises	-174	-88
Writedowns on trade receivables	-535	-44
Writeback of writedowns on trade receivables	0	41
<b>TOTAL</b>	<b>212,117</b>	<b>211,758</b>

Except in some rare cases, the leases contracted by the Group are subject to indexation.

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

The amount under the item "Writeback of lease payments sold and discounted" represents the difference between the discounted value, at the beginning and at the end of the year, of the future inflation-linked payments on the lease contracts which receivables have been sold. The writeback through the income statement allows for a gradual reconstitution of the gross initial value of the concerned buildings at the end of the lease. It is a recurring and non-cash income item. (See Note 2: "Significant accounting methods under I Properties leased for long periods; III sale of future lease payments under a long lease not qualifying as a finance lease").

The change in the fair value of these buildings is determined by the independent real estate expert and is taken as profit or loss under the item "Changes in the fair value of investment properties". This time, it is a non-recurring item as it depends on the expert's assumptions as to future market conditions.

**Total rental income**

When a lease is classified as a finance lease, the property is considered to be disposed of, and the Group is considered to have an interest in a finance lease instead. Payments received on the finance leases are split between "capital" and "interests": the capital element is taken to the balance sheet and offset against the Group's finance lease receivable and the interest element to the income statement. Hence, only the part of the rents relating to interests flows through the income statement.

**Total income generated from the Group's properties, through operating and finance leases**

(x 1,000 EUR)	2015	2014
Rental income from operating leases	202,612	195,918
Interest income in respect of finance leases	4,699	4,040
Capital receipts in respect of finance leases	3,374	1,652
<b>TOTAL</b>	<b>210,685</b>	<b>201,610</b>

**Total minimum future rental receivables under non-cancellable operating leases and finance leases in effect at December 31<sup>st</sup>**

(x 1,000 EUR)	2015	2014
<b>Operating lease</b>	<b>2,375,282</b>	<b>2,342,313</b>
Less than one year	212,527	208,942
Between one and five years	536,613	531,266
More than five years	1,626,142	1,602,105
<b>Finance lease</b>	<b>77,308</b>	<b>79,636</b>
Less than one year	1,656	1,618
Between one and five years	23,086	21,467
More than five years	52,566	56,551
<b>TOTAL</b>	<b>2,452,590</b>	<b>2,421,949</b>

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

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

<sup>3</sup> Early termination compensations are recognised directly in full on the income statement.

## NOTE 7. NET REDECORATION EXPENSES<sup>1</sup>

(x 1,000 EUR)	2015	2014
Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	1,434	1,540
Recovery of property charges	-329	-612
<b>TOTAL</b>	<b>1,105</b>	<b>928</b>

The recovery of property charges exclusively comprises indemnities on rental damage.

## NOTE 8. TAXES AND CHARGES ON RENTED PROPERTIES NOT RECOVERED FROM TENANTS

(x 1,000 EUR)	2015	2014
<b>Recovery income of charges and taxes normally payable by the tenant on let properties</b>	<b>41,588</b>	<b>44,756</b>
Rebiling of rental charges invoiced to the landlord	16,916	16,971
Rebiling of withholding taxes and other taxes on let properties	24,672	27,785
<b>Charges and taxes normally payable by the tenant on let properties</b>	<b>-45,066</b>	<b>-47,512</b>
Rental charges invoiced to the landlord	-17,570	-17,334
Withholding taxes and other taxes on let properties	-27,496	-30,178
<b>TOTAL</b>	<b>-3,478</b>	<b>-2,756</b>

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

The charges and taxes not recovered at 31.12.2015 mainly include the taxes of 1.4 million EUR not recovered on the vacant Woluwe 106-108 and Belliard 40 buildings under construction.

## NOTE 9. TECHNICAL COSTS

(x 1,000 EUR)	2015	2014
<b>Recurrent technical costs</b>	<b>5,316</b>	<b>3,601</b>
Repairs	5,058	3,208
Insurance premiums	258	393
<b>Non-recurrent technical costs</b>	<b>327</b>	<b>201</b>
Major repairs (building companies, architects, engineering offices, etc.) <sup>2</sup>	302	268
Damage expenses	25	-67
Losses providing from disasters and subject to insurance cover	450	213
Insurance compensation for losses providing from disasters	-425	-280
<b>TOTAL</b>	<b>5,643</b>	<b>3,802</b>

## NOTE 10. COMMERCIAL COSTS

(x 1,000 EUR)	2015	2014
Letting fees paid to real estate brokers	634	740
Advertising	118	85
Fees paid to experts	198	312
<b>TOTAL</b>	<b>950</b>	<b>1,137</b>

<sup>1</sup> According to Annex C of the Royal Decree of 13.07.2014, the exact terminology is "Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease" and "Recovery of property charges".

<sup>2</sup> Except for capital expenditures.

## NOTE 11. MANAGEMENT COSTS

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

### Property management costs

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

The portfolio is managed in-house, except for the MAAF insurance agencies portfolio and the health real estate properties in Germany. The internal costs of property management are divided as follows:

(x 1,000 EUR)	2015	2014
<b>Office charges</b>	<b>1,828</b>	<b>1,606</b>
IT	811	789
Other	1,017	817
<b>Fees paid to third parties</b>	<b>4,853</b>	<b>3,195</b>
Recurrent	3,067	2,650
Real estate experts	1,063	988
Lawyers	125	62
Property management	461	327
Other	1,418	1,273
Non-recurrent	1,786	545
Mergers and acquisitions (other than business combinations)	1,786	545
<b>Public relations, communication and advertising</b>	<b>529</b>	<b>572</b>
<b>Personnel expenses</b>	<b>11,128</b>	<b>10,916</b>
Salaries	8,433	8,228
Social security	1,651	1,633
Pensions and other benefits	1,044	1,055
<b>Fees earned</b>	<b>-3,609</b>	<b>-2,555</b>
Management fees related to the lease contracts <sup>1</sup>	-3,369	-2,284
Fees for additional services	-240	-271
<b>Taxes and regulatory fees</b>	<b>533</b>	<b>427</b>
<b>Depreciation charges on office furniture</b>	<b>81</b>	<b>134</b>
<b>TOTAL</b>	<b>15,343</b>	<b>14,295</b>

The fees of the real estate experts amounted to 1,190,690 EUR for 2015, this figure including both recurrent and non-recurrent fees. These emoluments are calculated partially based on a fixed amount per square metre and partially based on a fixed amount per property.

### Corporate management costs

The corporate management costs cover the overhead costs of the company as a legal entity listed on the stock exchange and as an RREC. These expenses are incurred in order to provide complete and continued information, economic comparability with other types of investment and liquidity for the shareholders who invest indirectly in a property portfolio. Certain costs of studies relating to the Group's expansion also come under this category.

<sup>1</sup> Management fees related to the lease contracts include rebillings of the management costs of the buildings to the tenants.

(x 1,000 EUR)	2015	2014
<b>Office charges</b>	<b>392</b>	<b>405</b>
IT	156	160
Other	236	245
<b>Fees paid to third parties</b>	<b>1,025</b>	<b>889</b>
Recurrent	741	574
Lawyers	129	-9
Auditors	309	382
Other	303	201
Non-recurrent	284	315
<b>Public relations, communication and advertising</b>	<b>637</b>	<b>702</b>
<b>Personnel expenses</b>	<b>4,180</b>	<b>3,524</b>
Salaries	3,418	2,801
Social security	406	356
Pensions and other benefits	356	367
<b>Taxes and regulatory fees</b>	<b>1,572</b>	<b>1,656</b>
<b>TOTAL</b>	<b>7,806</b>	<b>7,176</b>

### Group insurance

The group insurance subscribed by Cofinimmo for its employees and the members of its Executive Committee has the following objectives:

- payment of a "Life" benefit to the affiliate at retirement;
- payment of a "Death" benefit to the beneficiaries of the affiliate in case of death before retirement;
- payment of a disability pension in case of accident or long-term illness other than professional;
- waiver of premiums in the same cases.

In order to protect workers, the Law of 18.12.2015 to ensure the sustainability and the social nature of supplementary pensions and to strengthen the supplementary nature in relation to retirement pensions provides that Cofinimmo's employees must be guaranteed a minimum return on the "Life" portion of the premiums.

This minimum return amounts to 3.75% of the gross premiums for the personal contributions and to 3.25% of the premiums for the employer's contributions until 31.12.2015. For future contributions, the minimum return is 1.75%.

The rate guaranteed by the insurer is 1% in 2015 (2013 and 2014: 2.25%).

Cofinimmo must therefore cover part of the rates guaranteed by the Law. If necessary, additional amounts must be brought under the reserves to reach the guaranteed returns for the services given. A provision of 27,406 EUR was funded at 31.12.2015.

### Emoluments of the Auditor

The fixed emoluments of Deloitte, Company Auditors for reviewing and certifying Cofinimmo's company and consolidated accounts amounted to 121,700 EUR (excluding VAT). Its emoluments for certifying the company accounts of Cofinimmo's subsidiaries amounted to 111,770 EUR (excluding VAT) and are calculated per company based on their effective performances.

The fees of the Degroof Petercam Bank as financial service provider for the payment of the dividend are to be found under the item "Other" of "Fees paid to third parties". It is a fixed amount for their annual services.

(x 1,000 EUR)	2015	2014
<b>Emoluments of the Auditor</b>	<b>366</b>	<b>318</b>
Emoluments for the execution of a mandate of company Auditor	233	248
Emoluments for exceptional services or special assignments within the Group	133	70
Other certification assignments	19	55
Other assignments external to the auditing duties	114	15
<b>Emoluments of people with whom the Auditor is connected</b>	<b>46</b>	<b>124</b>
Emoluments for exceptional services or special assignments within the Group	46	124
Other certification assignments		15
Tax advisory duties	18	106
Other assignments external to the auditing duties	28	3
<b>TOTAL</b>	<b>412</b>	<b>442</b>

The emoluments of the company Auditors, other than Deloitte, appointed for the Group's French companies amounted to 18 K EUR (excluding VAT) in 2015.

## NOTE 12. RESULT ON DISPOSALS OF INVESTMENT PROPERTIES AND OTHER NON-FINANCIAL ASSETS

(x 1,000 EUR)	2015	2014
<b>Disposal of investment properties</b>		
(A) Net disposal of properties (selling price - transaction costs)	26,383	75,351
(B) Book value of properties sold (fair value of assets sold)	-24,363	-70,855
(C) Investment value of assets sold	1	-74,014
Writeback of the impact on fair value of estimated transaction costs and rights resulting from hypothetical disposal of investment properties	1	3,159
Other	9	612
<b>SUBTOTAL</b>	<b>2,029</b>	<b>1,949</b>
<b>Disposal of other non-financial assets</b>		
Net disposals of other non-financial assets	20,396	6,530
Book value of other non-financial assets sold		-19,953
Other		-10,967 <sup>2</sup>
<b>SUBTOTAL</b>	<b>20,396</b>	<b>-24,390</b>
<b>TOTAL</b>	<b>22,425</b>	<b>-22,441</b>

Since 2015, future hypothetical transaction fees and costs are charged directly to the income statement when properties are acquired (and no longer to shareholders' equity as previously – see Note 2 for more details). When the properties are sold, this amount therefore must not be deducted from the difference between the price obtained and the book value of these properties in order to calculate the gain or loss effectively made. Costs are already recognised on the income statement at acquisition.

Given the adaptation of the treatment of transfer fees and costs, gains or losses on disposals of investment properties are calculated in 2015 by comparing the net sale of buildings (A) at their fair value (B). In 2014, the gains or losses on disposals of investment properties were calculated by comparing the net sale of properties (A) with their investment value (C).

The added value on the sale of other non-financial assets is related to the sale of all the shares of Livingstone II SA/NV and Silverstone SA/NV. The sale price of the shares of these two companies was 139.8 million EUR; the difference between this and the agreed value of the buildings mainly consisted of debts taken over by the buyers.

These transactions allowed Cofinimmo to realise an accounting gain of 20,396 K EUR, which results mainly from the difference between the price received by Cofinimmo for the shares of the two companies and their book values.

As a reminder, the capital loss of 24,390 K EUR realised in 2014 is related to the sale of all the shares of Galaxy Properties SA/NV, owner of the North Galaxy building.

## NOTE 13. CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

(x 1,000 EUR)	2015	2014
Positive changes in the fair value of investment properties	39,848	55,806
Negative changes in the fair value of investment properties	-48,468	-61,261
<b>TOTAL</b>	<b>-8,620</b>	<b>-5,455</b>

The breakdown of the changes in fair value of properties is presented in Note 22.

## NOTE 14. OTHER RESULT ON THE PORTFOLIO

(x 1,000 EUR)	2015	2014
Changes in the deferred taxes <sup>3</sup>	-744	-1,739
Writeback of rents already earned but not expired	-550	505
Goodwill impairment <sup>4</sup>	-7,100	-11,000
Other	-164	930
<b>TOTAL</b>	<b>-8,558</b>	<b>-11,304</b>

The writeback of already earned rents not expired, recognised during the period, results from the application of the accounting method detailed in Note 2, paragraph R.

<sup>1</sup> As the accounting method has been adapted on 01.01.2015, the split between investment value of assets sold and writeback of the impact on fair value of estimated transaction costs and taxes resulting from hypothetical disposal of investment properties is no longer relevant.

<sup>2</sup> In 2014, the amount of 10,967 K EUR corresponded to the capital loss realised during the transfer of the subsoil of the North Galaxy from Cofinimmo SA/NV to Galaxy Properties SA/NV as well as the cancellation of the reconstitution of the lease payments sold and discounted recorded since 01.01.2014.

<sup>3</sup> See Note 35.

<sup>4</sup> See Note 20.



## NOTE 15. FINANCIAL INCOME

(x 1,000 EUR)	2015	2014
Interests and dividends received <sup>1</sup>	1,149	1,537
Interest receipts from finance leases and similar receivables	4,586	4,040
<b>TOTAL</b>	<b>5,735</b>	<b>5,577</b>

## NOTE 16. NET INTEREST CHARGES

(x 1,000 EUR)	2015	2014
<b>Nominal interest on borrowings</b>	<b>24,698</b>	<b>32,194</b>
Bilateral loans - floating rate	4,479	7,623
Commercial papers - floating rate	1,150	926
Investment credits - floating or fixed rate	606	634
Bonds - fixed rate	9,230	13,778
Convertible bonds	9,233	9,233
<b>Reconstitution of the nominal value of financial debts</b>	<b>1,167</b>	<b>721</b>
<b>Charges relating to authorised hedging instruments</b>	<b>17,066</b>	<b>31,738</b>
Authorised hedging instruments qualifying for hedge accounting under IFRS	6,043	21,644
Authorised hedging instruments not qualifying for hedge accounting under IFRS	11,023	10,094
<b>Income relating to authorised hedging instruments</b>	<b>-3,758</b>	<b>-13,283</b>
Authorised hedging instruments qualifying for hedge accounting under IFRS	-54	-9,203
Authorised hedging instruments not qualifying for hedge accounting under IFRS	-3,704	-4,080
<b>Other interest charges<sup>2</sup></b>	<b>3,137</b>	<b>3,304</b>
<b>TOTAL</b>	<b>42,310</b>	<b>54,700</b>

The effective interest charges on loans correspond to an average effective interest rate on loans of 2.90% (2014: 3.43%). The effective charge without taking into account the hedging instruments stands

at 1.99%. This percentage can be split up between 2.54% for the borrowings at fair value and 1.81% for the borrowings measured at amortised cost<sup>3</sup>.

## NOTE 17. OTHER FINANCIAL CHARGES

(x 1,000 EUR)	2015	2014
Bank fees and other commissions	340	320
Other	320	1,989
<b>TOTAL</b>	<b>660</b>	<b>2,309</b>

<sup>1</sup> The amount of dividends received is nil at 31.12.2015.

<sup>2</sup> These are commissions on unused credit.

<sup>3</sup> In 2015, the interest on borrowings at amortised cost (2015: 19,769 K EUR/2014: 27,012 K EUR) consisted of "Other interest charges", the "Reconstitution of the nominal value of financial debts" as well as "Nominal interest on borrowings" (with the exception of the "Convertible bonds"). Interest on borrowings at fair value through net result (2015: 22,541 K EUR/2014: 27,688 K EUR) consists of "Charges and income resulting from authorised hedging instruments allowed" as well as "Convertible bonds".

## NOTE 18. CHANGES IN THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

(x 1,000 EUR)	2015	2014
<b>Authorised hedging instruments qualifying for hedge accounting</b>	<b>-28,654</b>	<b>-54,796</b>
Changes in fair value of authorised hedging instruments qualifying for hedge accounting	-342 <sup>1</sup>	1,719 <sup>1</sup>
Impact of the recycling on the income statement of hedging instruments which relationship with the hedged risk was terminated	-28,312	-56,515
<b>Authorised hedging instruments not qualifying for hedge accounting</b>	<b>-1,511</b>	<b>-79,927</b>
Changes in fair value of authorised hedging instruments not qualifying for hedge accounting	4,648 <sup>2</sup>	-71,670 <sup>2</sup>
Convertible bonds	-6,159	-8,257
<b>Other</b>	<b>-238</b>	<b>-1,420</b>
<b>TOTAL</b>	<b>-30,403</b>	<b>-136,143</b>

Only the changes in the ineffective part of the fair value of cash flow hedging instruments, as well as the changes in the fair value of trading instruments, are taken into account here. The changes in the effective part of the fair value of cash flow hedging instruments are booked directly in other global result.

When a relationship between a cash flow hedging instrument and the hedged risk is terminated (even partially), the cumulated gain or loss at that date, until then deferred under equity, is recycled on the income statement.

In 2014, the change in the fair value of authorised hedging instruments not eligible for hedge accounting resulted from the effect of the decrease in interest rates on their revaluation.

The impact of income statement recycling of hedging instruments for which the relationship to the hedged risk ended results from the restructuring of 400 million EUR in FLOOR options cancelled in 2015. These options extended until the end of 2017. This transaction will result in a decrease of interest charges in the coming years. The total cost of the restructuring is 32 million EUR. For more details on the hedging policy, see the "Management of Financial Resources" and "Risk Factors" chapters of this Annual Financial Report.

## NOTE 19. CORPORATE TAX AND EXIT TAX

(x 1,000 EUR)	2015	2014
<b>CORPORATE TAX</b>	<b>4,209</b>	<b>2,493</b>
<b>Parent company</b>	<b>1,888</b>	<b>1,425</b>
Pre-tax result	107,597	-52,775
Result exempted from income tax due to the RREC regime	-107,597	52,775
Taxable result from non-deductible costs	4,853	3,813
Tax at rate of 33.99%	1,650	1,296
Other	238	129
<b>Subsidiaries</b>	<b>2,321</b>	<b>1,068</b>
<b>EXIT TAX - SUBSIDIARIES</b>	<b>-248</b>	<b>-926</b>

The non-deductible costs mainly comprise the office tax in the Brussels Capital Region. With the exception of the institutional RRECs, the Belgian subsidiaries are not subject to the RREC regime. The Dutch subsidiary Pubstone Properties BV is not eligible for the FBI regime.

## NOTE 20. GOODWILL

### Pubstone

Cofinimmo's acquisition in two stages (31.10.2007 and 27.11.2008) of 89.90% of the shares of Pubstone Group SA/NV (formerly Express Properties SA/NV) (see page 31 of the 2008 Annual Financial Report) generated a goodwill for Cofinimmo resulting from the positive difference between the acquisition cost and Cofinimmo's share in the fair value of the net asset acquired. More specifically, this goodwill results from:

- the positive difference between the conventional value offered for the property assets at the acquisition (on which the price paid for the shares was based) and the fair value of these property assets (being expressed after deduction of the transfer duties standing at 10.0% or 12.5% in Belgium and at 6.0% in the Netherlands);

- the deferred tax corresponding to the theoretical assumption required under IAS/IFRS of an immediate disposal of all the properties at the closing date. A tax rate of respectively 34% and 25% for the assets located in Belgium and in the Netherlands has been applied to the difference between the tax value and the market value of the assets at the acquisition.

### Cofinimmo Investissements et Services (CIS)

Cofinimmo's acquisition of 100% of the shares of Cofinimmo Investissements et Services (CIS) SA (formerly Cofinimmo France SA) on 20.03.2008 generated a goodwill for Cofinimmo resulting from the positive difference between the acquisition cost and the fair value of the net asset acquired. More specifically, this goodwill results from

<sup>1</sup> The gross amounts are respectively an income of 167 K EUR (2014: 3,715 K EUR) and a charge of 509 K EUR (2014: 1,996 K EUR).

<sup>2</sup> The gross amounts are respectively an income of 26,740 K EUR (2014: 3,130 K EUR) and a charge of 22,092 K EUR (2014: 74,800 K EUR).

the positive difference between the conventional value offered for the property assets at the acquisition (on which the price paid for the shares was based) and the fair value of these property assets (being

expressed after deduction of the transfer duties standing at 1.8% and 6.2% in France).

### Variations du goodwill

(x 1,000 EUR)	Pubstone Belgium	Pubstone Netherlands	CIS France	Total
<b>Cost</b>				
<b>AT 01.01.2015</b>	<b>100,157</b>	<b>39,250</b>	<b>26,929</b>	<b>166,336</b>
<b>AT 31.12.2015</b>	<b>100,157</b>	<b>39,250</b>	<b>26,929</b>	<b>166,336</b>
<b>Writedowns</b>				
<b>AT 01.01.2015</b>	<b>44,380</b>	<b>3,600</b>		<b>47,980</b>
Writedowns recorded during the financial year	4,800	2,300		7,100
<b>AT 31.12.2015</b>	<b>49,180</b>	<b>5,900</b>		<b>55,080</b>
<b>Book value</b>				
<b>AT 01.01.2015</b>	<b>55,777</b>	<b>35,650</b>	<b>26,929</b>	<b>118,356</b>
<b>AT 31.12.2015</b>	<b>50,977</b>	<b>33,350</b>	<b>26,929</b>	<b>111,256</b>

### Impairment test

At the end of the financial year 2015, the goodwill was subject to an impairment test (executed on the groups of properties to which it was allocated per country), by comparing the fair value of the properties plus the goodwill to their value in use.

The fair value of the buildings is the value of the portfolio as established by the independent real estate experts. This fair value is established using three valuation methods: the ERV (Estimated Rental Value) capitalisation approach, the expected cash flow approach and the residual valuation approach. To carry out the calculation, the independent real estate experts take as main assumptions the indexation rate, the discount rate and the buildings' estimated end-of-lease disposal value. These assumptions are based on market observations taking into account investors' expectations, particularly regarding revenue growth and market risk premium. For further information, see the Report of the Real Estate Experts of this Annual Financial Report.

The value in use is established by the Group according to expected future net cash flows based on the rents stipulated in the tenants' leases, the expenses to maintain and manage the property portfolio, and the expected gains from disposals. The main assumptions are the indexation rate, the discount rate, an attrition rate (number of buildings and corresponding volume of revenues for which the tenant will terminate the lease, year after year), as well as the buildings' end-of-lease disposal value. These assumptions are based on the Group's knowledge of its own portfolio. The return required on its shareholders' equity is used as the discount rate.

Given the different methods used to calculate the fair value of the buildings as established by the independent real estate experts and the value in use as established by the Group, as well as the fact that the assumptions used to calculate each of these may differ, the two values may not be the same and the differences can be justified.

For 2015, the result of this test (illustrated in the table below) leads to an impairment of 4,800 K EUR on the goodwill of Pubstone Belgium and 2,300 K EUR on the goodwill of Pubstone Netherlands. For CIS, no impairment was recorded. During the financial year 2015, the fair value of the Pubstone Belgium and Pubstone Netherlands portfolios recorded negative variations of respectively 400 K EUR and 2,783 K EUR, whereas the fair value of CIS recorded a positive variation of 3,306 K EUR.

### Assumptions used in the calculation of the value in use of Pubstone

A projection of future net cash flows was drawn up for the remaining duration of the lease bearing on the rents less the maintenance costs, investments and operating expenses, as well as the proceeds from asset disposals.

During this remaining period, an attrition rate is taken into account based on the terms of the lease signed with AB InBev. The buildings vacated are assumed to have all been sold. At the end of the initial 27-year lease, a residual value is calculated. The sale price of the properties and the residual value are based on the average value of the portfolio per square meter assessed by the expert at 31.12.2015 indexed to 1% (2014: 1%) per year. In 2014, a 15% margin had been increased to the expert's value starting from the fourth year. This margin was based on the realised gains observed on the sale of pubs/restaurants since the acquisition of the Pubstone portfolio. Out of caution, in the cash flow projection, this margin was reduced to nil in 2015.

The indexation considered on these cash flows decreases gradually from 1.70% to 1.50% starting from the second year for Pubstone Belgium. The indexation is progressive for Pubstone Netherlands from 1.20% to 1.50% starting from the second year. In 2014, the indexation was progressive from 0.5% to 1.50% (starting from the fifth year) for the two portfolios Pubstone Belgium and Pubstone Netherlands.

The discount rate used amounts to 5.60% (2014: 5.80%).

### Assumptions used in the calculation of the value in use of CIS

A projection was drawn up of future net cash flows over 27 years. The assumption adopted is the renewal of all the leases during a 27-year period from the acquisition date.

The cash flow comprises the present indexed rent up to the date of the first renewal of the lease. After this date, the cash flow considered is the indexed allowable rent. Cash expenditures foreseen in the buildings' renovation plan are also taken into account. Allowable rents are rents estimated by the expert, stated in his portfolio valuation at 31.12.2015, which are considered sustainable in the long term in terms of the profitability of the activity of the operating tenant.

At the 28<sup>th</sup> year, a residual value is calculated per property.

The indexation considered for these cash flows stands at 2% per year (2014: 2%).

The discount rate used amounts to 5.60% (2014: 5.80%).

**Impairment of goodwill**

(x 1,000 EUR)

Building group	Goodwill	Net book value <sup>1</sup>	Value in use	Impairment
Pubstone Belgium	55,777	330,073	325,273	-4,800
Pubstone Netherlands	35,650	182,767	180,467	-2,300
CIS France	26,929	229,635	229,635 <sup>2</sup>	
<b>TOTAL</b>	<b>118,356</b>	<b>742,475</b>	<b>735,375</b>	<b>-7,100</b>

**Sensitivity analysis of the value in use when the main variables of the impairment test vary**

Change in the value in use (%)

Building group	Change in inflation		Change in the discount rate	
	+0.50%	-0.50%	+0.50%	-0.50%
Pubstone Belgium	5.70%	-5.29%	-5.51%	5.98%
Pubstone Netherlands	5.55%	-5.16%	-5.38%	5.83%
CIS France	7.34%	-6.69%	-6.44%	7.12%

**Sensitivity analysis of the impairment when the main variables of the impairment test vary**Impairment<sup>3</sup> (x 1,000 EUR)

Building group	Impairment loss recognised	Change in inflation		Change in the discount rate	
		+0.50%	-0.50%	+0.50%	-0.50%
Pubstone Belgium	-4,800	0	-22,033	-22,723	0
Pubstone Netherlands	-2,300	0	-11,637	-12,030	0
CIS France	0	0	0	0	0

**NOTE 21. INVESTMENT PROPERTY**

(x 1,000 EUR)

	2015	2014
Properties available for lease	3,061,314	3,097,932
Development projects	61,544	88,966
Assets held for own use	8,625	8,875
<b>TOTAL</b>	<b>3,131,483<sup>4</sup></b>	<b>3,195,773</b>

The fair value of the portfolio, as determined by the independent experts, stands at 3,134,353 K EUR at 31.12.2015. It includes investment properties for 3,131,483 K EUR and assets held for sale for 2,870 K EUR.

**Properties available for lease**

(x 1,000 EUR)

	2015	2014
<b>AT 01.01</b>	<b>3,097,932</b>	<b>3,199,030</b>
Capital expenditures	16,685	15,240
Acquisitions	68,635	66,693
Transfers from/to Development projects	49,381	73,648
Sales/Disposals (fair value of assets sold/disposed of)	-177,878	-272,274
Writeback of lease payments sold and discounted	10,214	15,931
Increase/Decrease in the fair value <sup>5</sup>	-3,655	-336
<b>AT 31.12</b>	<b>3,061,314</b>	<b>3,097,932</b>

<sup>1</sup> Including goodwill.

<sup>2</sup> Given that the value in use is greater than the net book value, we incorporate the net book value here.

<sup>3</sup> The value of 0 was indicated when the value in use is greater than the net book value.

<sup>4</sup> Including the fair value of the investment properties subject to disposal of receivables, which stands at 233,138 K EUR.

<sup>5</sup> Note 22 reconciles the total changes in fair value of the investment properties.

## Development projects

(x 1,000 EUR)	2015	2014
<b>AT 01.01</b>	<b>88,966</b>	<b>130,533</b>
Investments	34,932	47,858
Acquisitions	6,158	4,705
Transfer from/to Properties available for lease	-49,381	-73,648
Sales/Disposals (fair value of assets sold/disposed of)	-19,287	-15,646
Increase/Decrease in the fair value <sup>1</sup>	156	-4,836
<b>AT 31.12</b>	<b>61,544</b>	<b>88,966</b>

## Assets held for own use

(x 1,000 EUR)	2015	2014
<b>AT 01.01</b>	<b>8,875</b>	<b>9,146</b>
Investments	51	14
Increase/Decrease in the fair value <sup>1</sup>	-301	-285
<b>AT 31.12</b>	<b>8,625</b>	<b>8,875</b>

## Fair value of investment properties

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

In the first step, the experts determine the investment value of each property (see methods below).

In a second step, the experts deduct from the investment value an estimated amount for the transaction costs that the buyer or seller must pay in order to carry out a transfer of ownership. The investment value less the estimated transaction costs (transfer duties) is the fair value within the meaning of IAS 40.

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

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

- sale contracts for property assets: 12.5% for properties located in the Brussels Capital Region and in the Walloon Region, 10% for properties located in the Flemish Region;
- sale of property assets under the rules governing estate traders: 4.0% to 8.0%, depending on the Region;
- long lease agreement for property assets (up to 50 years for building leases and up to 99 years for long lease rights): 2.0%;
- sale contracts for property assets where the purchaser is a public body (e.g. an entity of the European Union, the Federal Government, a regional government or a foreign government): tax exemption;
- contribution in kind of property assets against the issue of new shares in favour of the contributing party: tax exemption;
- sale contract for shares of a real estate company: no taxes;
- merger, split and other forms of company restructuring: no taxes, etc.

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

In January 2006, all the independent real estate experts<sup>2</sup> who carry out the periodic valuation of the Belgian Sicafis/Bevaks' assets were asked to compute a weighted average transaction cost percentage to apply on the Sicafis/Bevaks' property portfolios, based on supporting historical data.

For transactions concerning properties with an overall value exceeding 2.5 million EUR, given the range of different methods for property transfers (see above), the experts have calculated, on the basis of a representative sample of 220 transactions which took place in the market between 2003 and 2005 and totalling 6.0 billion EUR, 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 EUR, transaction costs of between 10.0% and 12.5% apply, depending on the Region in which the property is located.

At 01.01.2004 (date of transition to IAS/IFRS), the transaction costs deducted from the investment value of the property portfolio amounted to 45.5 million EUR and were recorded under a separate equity item entitled "Impact on the fair value of estimated transaction costs and transfer duties resulting from the hypothetical disposal of investment properties".

The 2.5% transaction costs have been applied to the subsequent acquisitions of buildings. At 31.12.2015, the difference between the investment value and the fair value of the global portfolio amounted to 127.99 million EUR or 6.10 EUR per share.

It is worth noting that the average gain in relation to the investment value realised on the disposals of assets operated since the change-over to the Sicafi/Bevak regime in 1996 stands at 9.26%. Since that date, Cofinimmo has undertaken 165 asset disposals for a total of 1,542.32 million EUR. This gain would have been 11.25% if the deduction of transaction costs and transfer duties had been recognised as from 1996.

The transfer duties applied to the buildings located in France, the Netherlands and Germany amount to 6.77%, 3.87% and 4.80% respectively.

<sup>1</sup> Note 22 reconciles the total changes in fair value of the investment properties.

<sup>2</sup> Cushman & Wakefield, de Crombrughe & Partners, Winssinger & Associés, Stadim and Troostwijk-Roux.

## Determination of the valuation level of the fair value of the investment properties

The fair value of the investment properties on the balance sheet results exclusively from the portfolio's valuation by independent real estate experts.

To determine the fair value of the investment properties, the nature, characteristics and risks of these properties, as well as available market data, were examined.

Because of the state of market liquidity and the difficulty to find unquestionably comparable transaction data, the level of valuation, within the meaning of IFRS 13, of the fair value of the Cofinimmo buildings is 3, and this for the entire portfolio.

(x 1,000 EUR)	31.12.2015	31.12.2014
<b>Asset category<sup>1</sup></b>	<b>Level 3</b>	<b>Level 3</b>
<b>Healthcare real estate</b>	<b>1,328,287</b>	<b>1,289,103</b>
Belgium	770,420	804,956
France	378,824	375,417
Netherlands	99,242	87,290
Germany	67,081	
Healthcare real estate under development	12,720	21,440
<b>Offices</b>	<b>1,241,149</b>	<b>1,311,976</b>
Antwerp	65,635	64,945
Brussels CBD	364,245	378,917
Decentralised Brussels	511,657	547,432
Brussels Periphery/ Satellites	138,827	141,703
Other regions	115,261	113,278
Offices under development	45,524	65,701
<b>Property of distribution networks</b>	<b>538,124</b>	<b>533,538</b>
Pubstone Belgium	274,299	272,202
Pubstone Netherlands	147,117	149,396
Cofinimur I France	116,708	111,940
<b>Other</b>	<b>26,793</b>	<b>64,566</b>
<b>TOTAL</b>	<b>3,134,353</b>	<b>3,199,183</b>

## Valuation methods used

Based on a multi-criteria approach, the valuation methods used by the real estate experts are the following:

### Discounted estimated rental value method

This method involves capitalising the property's estimated rental value by using a capitalisation rate (yield) in line with the real estate market. The choice of the capitalisation rate used depends essentially on the capitalisation rates applied in the property investment market, taking into consideration the location and the quality of the property and of the tenant at the valuation date. The rate corresponds to the rate anticipated by potential investors at the valuation date. The determination of the estimated rental value takes into account market data, the property's location, its quality, the number of beds for healthcare assets and, if available, the tenant's financial data (EBITDAR).

The resulting value must be adjusted if the current rent generates an operating income above or below the estimated rental value used for the capitalisation. The valuation also takes into account the costs to be incurred in the near future.

### Discounted cash flow method

This method requires an assessment of the net rental income generated by the property on an annual basis during a defined period. This flow is then discounted. The projection period generally varies between 10 and 18 years. At the end of this period, a residual value is calculated using the capitalisation rate on the terminal value, which takes into account the building's expected condition at the end of the projection period, discounted.

## Market comparables method

This method is based on the principle that a potential buyer will not pay more for the acquisition of a property than the price recently paid on the market for the acquisition of a similar property.

### Residual value method

The value of a project is determined by defining what can/will be developed on the site. This means that the purpose of the project is known or foreseeable in terms of quality (planning) and quantity (number of square meters that can be developed, future rents, etc.). The value is obtained by deducting the costs to completion of the project from its anticipated value.

### Other considerations

If the fair value cannot be determined reliably, the properties are valued at the historical cost. In 2015, the fair value of all properties could be determined reliably so that no building was valued at historical cost.

In the event that the future selling price of a property is known at the valuation date, the properties are valued at the selling price.

For the buildings for which several valuation methods were used, the fair value is the average of the results of these methods.

During the year 2015, there was no transfer between level 1, level 2, and level 3 (within the meaning of IFRS 13). In addition, there was no change in valuation methods for the investment properties in 2015.

<sup>1</sup> The basis for the valuations resulting in the fair values can be classified according to IFRS 13 as:

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

## Changes in the fair value of investment properties, based on unobservable data

(x 1,000 EUR)	
<b>FAIR VALUE AT 31.12.2014</b>	<b>3,199,183</b>
Gains/losses recognised on the income statement	-4,026
Acquisitions	74,793
Extensions/Redevelopments	27,552
Investments	24,117
Writeback of lease payments sold	10,214
Disposals	-197,480
<b>FAIR VALUE AT 31.12.2015</b>	<b>3,134,353</b>

## Quantitative information related to the determination of the fair value of investment properties, based on unobservable data (level 3)

The quantitative information in the following tables is taken from the different reports produced by the independent real estate experts. The figures are extreme values and the weighted average of the

assumptions used in the determination of the fair value of investment properties. The lowest discount rates apply to specific situations.

(x 1,000 EUR)

Asset category	Fair value 31.12.2015	Valuation method	Unobservable data <sup>1</sup>	Extreme values (weighted average) at 31.12.2015	Extreme values (weighted average) at 31.12.2014
<b>HEALTHCARE REAL ESTATE</b>	<b>1,328,287</b>				
<b>Belgium</b>	<b>770,420</b>	<b>Discounted cash flow</b>	Estimated Rental Value (ERV)	70 - 199 (129) EUR/m <sup>2</sup>	64 - 187 (121) EUR/m <sup>2</sup>
			Discount rate	6.20% - 6.90% (6.45%)	6.80% - 7.30% (7.00%)
			Capitalisation rate of the final net ERV	7.00% - 9.25% (7.80%)	7.00% - 9.25% (7.82%)
			Inflation rate	1.75%	2.00%
		<b>Discounted Estimated Rental Value</b>	Estimated Rental Value (ERV)	53 - 375 (137) EUR/m <sup>2</sup>	53 - 187 (123) EUR/m <sup>2</sup>
			Capitalisation rate	5.60% - 7.25% (6.06%)	5.60% - 7.25% (6.21%)
<b>France</b>	<b>378,824</b>	<b>Discounted cash flow</b>	Estimated Rental Value (ERV)	53 - 260 (148) EUR/m <sup>2</sup>	53 - 280 (143) EUR/m <sup>2</sup>
			Discount rate	5.50%	5.75% - 7.50% (5.79%)
			Capitalisation rate of the final net ERV	5.35% - 12.31% (6.40%)	5.75% - 12.31% (6.71%)
			Inflation rate	0.65% - 1.92% (1.50%)	1.25% - 2.05% (2.02%)
		<b>Discounted Estimated Rental Value</b>	Estimated Rental Value (ERV)	53 - 260 (147) EUR/m <sup>2</sup>	53 - 280 (141) EUR/m <sup>2</sup>
			Capitalisation rate	3.93% - 30.04% (7.26%)	3.81% - 26.95% (7.11%)
<b>Netherlands and Germany<sup>2</sup></b>	<b>166,323</b>	<b>Discounted cash flow</b>	Estimated Rental Value (ERV)	177 - 231 (209) EUR/m <sup>2</sup>	101 - 180 (148) EUR/m <sup>2</sup>
			Discount rate	7.20% - 8.35% (8.05%)	7.25% - 7.30% (7.27%)
			Capitalisation rate of the final net ERV	6.95% - 7.45% (7.18%)	7.00% - 11.68% (9.72%)
			Inflation rate	1.80%	1.80% - 2.00% (1.92%)
		<b>Discounted Estimated Rental value</b>	Estimated rental value (ERV)	78 - 256 (174) EUR/m <sup>2</sup>	87 - 235 (158) EUR/m <sup>2</sup>
			Capitalisation rate	5.00% - 7.50% (6.61%)	5.30% - 7.50% (6.51%)
<b>Healthcare real estate under development</b>	<b>12,720</b>	<b>Residual value</b>	Estimated Rental Value (ERV)	73 - 160 (117) EUR/m <sup>2</sup>	80 - 202 (170) EUR/m <sup>2</sup>
			Capitalisation rate	6.00% - 12.25% (8.91%)	5.70% - 14.26% (7.65%)
			Costs to completion	<sup>3</sup>	<sup>3</sup>
			Inflation rate	1.50% - 1.92% (1.69%)	1.50% - 1.92% (1.83%)

<sup>1</sup> Net rental income is incorporated in Note 6.

<sup>2</sup> In 2015 and 2014, because of the very small size of the healthcare portfolio in Germany, the assumptions used for Germany were grouped together with the Netherlands.

<sup>3</sup> The costs necessary for the completion of a building are specific to each project and depend on its degree of progress.

Asset category	Fair value 31.12.2015	Valuation method	Unobservable data <sup>1</sup>	Extreme values (weighted average) at 31.12.2015	Extreme values (weighted average) at 31.12.2014
<b>OFFICES</b>	<b>1,241,149</b>				
<b>Antwerp</b>	<b>65,635</b>	<b>Discounted Estimated Rental Value</b>	Estimated Rental Value (ERV)	120 - 165 (146) EUR/m <sup>2</sup>	121 - 165 (146) EUR/m <sup>2</sup>
			Capitalisation rate	7.20% - 8.40% (7.49%)	7.20% - 8.50% (7.53%)
<b>Brussels CBD</b>	<b>364,245</b>	<b>Discounted Estimated Rental Value</b>	Estimated Rental Value (ERV)	171 - 273 (228) EUR/m <sup>2</sup>	160 - 276 (222) EUR/m <sup>2</sup>
			Capitalisation rate	5.00% - 6.60% (5.77%)	5.10% - 6.75% (5.75%)
<b>Decentralised Brussels</b>	<b>511,657</b>	<b>Discounted cash flow</b>	Estimated Rental Value (ERV)	171 - 203 (198) EUR/m <sup>2</sup>	171 - 203 (198) EUR/m <sup>2</sup>
			Discount rate	4.25% - 4.50% (4.47%)	4.25% - 4.50% (4.47%)
			Capitalisation rate of the final net ERV	6.60% - 7.65% (7.51%)	6.00% - 7.10% (6.96%)
			Inflation rate	2.00%	2.00%
		<b>Discounted Estimated Rental Value</b>	Estimated rental value (ERV)	57 - 203 (161) EUR/m <sup>2</sup>	66 - 203 (166) EUR/m <sup>2</sup>
			Capitalisation rate	6.00% - 8.95% (7.33%)	6.00% - 8.80% (7.28%)
<b>Brussels Periphery/ Satellites</b>	<b>138,827</b>	<b>Discounted Estimated Rental Value</b>	Estimated Rental Value (ERV)	60 - 189 (139) EUR/m <sup>2</sup>	60 - 189 (140) EUR/m <sup>2</sup>
			Capitalisation rate	7.30% - 8.55% (7.90%)	7.25% - 8.50% (7.89%)
<b>Other regions</b>	<b>115,261</b>	<b>Discounted Estimated Rental Value</b>	Estimated rental value (ERV)	130 - 186 (140) EUR/m <sup>2</sup>	130 - 179 (139) EUR/m <sup>2</sup>
			Capitalisation rate	5.75% - 7.00% (6.48%)	5.75% - 7.00% (6.49%)
<b>Offices under development</b>	<b>45,524</b>	<b>Residual value</b>	Estimated Rental Value (ERV)	99 - 225 (201) EUR/m <sup>2</sup>	99 - 225 (207) EUR/m <sup>2</sup>
			Capitalisation rate of the final net ERV	5.25% - 9.35% (6.39%)	5.25% - 9.35% (6.50%)
			Costs to completion	<sup>2</sup>	<sup>2</sup>
			Inflation rate	2.00%	2.00%
<b>PROPERTY OF DISTRIBUTION NETWORKS</b>	<b>538,124</b>				
<b>Pubstone Belgium</b>	<b>274,299</b>	<b>Discounted cash flow</b>	Estimated Rental Value (ERV)	13 - 319 (79) EUR/m <sup>2</sup>	13 - 307 (77) EUR/m <sup>2</sup>
			Discount rate	6.70%	6.25%
			Capitalisation rate of the final net ERV	6.95%	6.55%
			Inflation rate	1.80%	2.00%
		<b>Discounted Estimated Rental Value</b>	Estimated Rental Value (ERV)	13 - 319 (79) EUR/m <sup>2</sup>	13 - 307 (77) EUR/m <sup>2</sup>
			Capitalisation rate	3.50% - 11.50% (5.61%)	3.50% - 8.50% (5.63%)
<b>Pubstone Netherlands</b>	<b>147,117</b>	<b>Discounted Estimated Rental Value</b>	Estimated Rental Value (ERV)	41 - 495 (208) EUR/m <sup>2</sup>	47 - 495 (207) EUR/m <sup>2</sup>
			Capitalisation rate	3.65% - 12.00% (6.03%)	4.50% - 7.60% (5.44%)
<b>Cofinimur I France</b>	<b>116,708</b>	<b>Discounted cash flow</b>	Estimated Rental Value (ERV)	85 - 700 (150) EUR/m <sup>2</sup>	85 - 700 (150) EUR/m <sup>2</sup>
			Discount rate	5.50% - 8.00% (5.51%)	6.00% - 8.00% (6.01%)
			Capitalisation rate of the final net ERV	4.28% - 13.53% (7.43%)	4.73% - 14.04% (7.80%)
			Inflation rate	0.90% - 1.79% (1.51%)	1.67% - 2.00% (1.98%)
		<b>Discounted Estimated Rental Value</b>	Estimated Rental Value (ERV)	85 - 700 (150) EUR/m <sup>2</sup>	85 - 700 (150) EUR/m <sup>2</sup>
			Capitalisation rate	4.36% - 36.20% (6.71%)	4.36% - 36.20% (6.98%)
<b>OTHER</b>	<b>26,793</b>				
<b>Other</b>	<b>26,793</b>	<b>Discounted Estimated Rental Value</b>	Estimated Rental Value (ERV)	UR43 - 128 (110) EUR/m <sup>2</sup>	43 - 369 (163) EUR/m <sup>2</sup>
			Capitalisation rate	4.00% - 8.25% (6.75%)	4.00% - 8.50% (6.45%)
<b>TOTAL</b>	<b>3,134,353</b>				

<sup>1</sup> Net rental income is incorporated in Note 6.

<sup>2</sup> The costs necessary for the completion of a building are directly related to each project (amounts and degree of progress).



### Sensitivity of the building's fair value to changes of the unobservable data

A 10% increase in the estimated rental value would give rise to an increase in the portfolio's fair value of 171,539 K EUR.

A 10% decrease in the estimated rental value would give rise to a decrease in the portfolio's fair value of 179,813 K EUR.

A 0.5% increase in the capitalisation rates would give rise to a decrease in the portfolio's fair value of 199,722 K EUR.

A 0.5% decrease in the capitalisation rates would give rise to an increase in the portfolio's fair value of 233,248 K EUR.

A  $\pm 0.5\%$  change in the capitalisation rate and a  $\pm 10\%$  change in the estimated rental values are reasonably foreseeable.

There are interrelations between the various rates and rental values, as they are partly determined by market conditions. As a general rule, a change in the estimated rental value assumptions (per square metre per year) is accompanied by a change in the capitalisation rates in the opposite direction. This interrelation is not incorporated into the sensitivity analysis.

For investment properties under construction, the fair value is influenced by the realisation of the works on budget and on time.

### Valuation process

In accordance with the legal provisions, the valuations of properties are performed on a quarterly basis based on the valuation reports prepared by independent and qualified experts.

The independent external experts are appointed for a period of three years after their approval by the Board of Directors, the Audit Committee and subject to the approval of the FSMA. The selection criteria include market knowledge, reputation, independence and application of professional standards.

The external experts determine:

- whether the fair value of a property can be determined reliably;
- which valuation method must be applied to each investment property;
- the assumptions made for the unobservable data used in the valuation methods.

The assumptions used for the valuation and any significant changes in value are discussed quarterly between management and the experts. Other outside sources are also examined.

### Use of properties

The Executive Committee considers the current use of the investment properties recognised at fair value on the balance sheet to be optimal taking into account the possibilities on the rental market and their technical characteristics.

### Sale of lease receivables

On 22.12.2008, the Cofinimmo Group sold to a subsidiary of the Société Générale Group the usufruct receivables for an initial period of 15 years payable by the European Commission and relating to the Loi 56, Luxembourg 40 and Everegreen buildings owned by Cofinimmo in Brussels. The usufructs from these three buildings end between December 2020 and April 2022. Cofinimmo retains bare ownership and the indexation part of the receivables from the Luxembourg 40 building was not sold.

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

On 23.03.2009, the Cofinimmo Group sold to Fortis Bank 90% of the finance lease receivables payable by the City of Antwerp relating to the new fire station. At the end of the financial lease, the building will automatically be transferred to the City of Antwerp for free. The Cofinimmo Group also sold on the same date and to the same bank lease receivables payable by the Belgian State relating to the Colonel Bourg/Kolonel Bourg 124 building in Brussels and the Maire 19 building in Tournai. Cofinimmo retains ownership of these two buildings.

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

The leases related to the Colonel Bourg 124, Maire 19, Egmont I and Egmont II buildings, as well as the usufructs from the Loi 56, Luxembourg 40, Everegreen and Nerviens 105 buildings do not qualify as financial leases.

At the moment of the sale, the amount levied by the Group, resulting from disposal of future rents, has been recorded as a discount of the property value, as far as the disposal of rents is effective against third parties and, as a consequence, the property market value had to be deducted from the amount of future lease payments sold (see Note 2: Significant accounting methods, I Properties leased for long periods, III Sale of future lease payments under a long lease not qualifying as a finance lease).

Although neither specifically foreseen nor forbidden under IAS 40, the derecognition from the gross value of the properties of the residual value of the future receivables sold allows, in the opinion of the Board of Directors of Cofinimmo, a true and fair presentation of the value of the properties in the consolidated balance sheet, which corresponds to the independent expert's assessment of the properties, as required by Article 47§ 1 of the Law of 12.05.2014 relating to Regulated Real Estate Companies.

In order to benefit from nominal rents, a third party buyer of the property should repurchase the sold receivables not terminated at the moment at their present value from the assignee bank. The actual redemption value of these non-terminated receivables can differ from their present value established at the moment of disposal, due to basic interest rates' evolution, applied margins on these rates, and expected inflation, as such possibly having an impact on the future rents' indexation.

**NOTE 22. BREAKDOWN OF THE CHANGES IN THE FAIR VALUE OF INVESTMENT PROPERTIES**

(x 1,000 EUR)	2015	2014
Properties available for lease	-7,305	-336
Development projects	-788	-4,836
Assets held for own use	-302	-285
Assets held for sale	-225	2
<b>TOTAL</b>	<b>-8,620</b>	<b>-5,455</b>

This section includes the changes in fair value of investment properties and assets held for sale.

**NOTE 23. INTANGIBLE ASSETS AND OTHER TANGIBLE ASSETS**

(x 1,000 EUR)	Intangible assets		Other tangible assets	
	2015	2014	2015	2014
<b>AT 01.01</b>	<b>659</b>	<b>753</b>	<b>411</b>	<b>677</b>
<b>Acquisitions of the financial year</b>	<b>138</b>	<b>94</b>	<b>162</b>	<b>13</b>
IT software	138	94		
Office fixtures and fittings			162	13
<b>Depreciation of the financial year</b>	<b>232</b>	<b>188</b>	<b>209</b>	<b>272</b>
IT software	232	188		
Office fixtures and fittings			209	272
<b>Disposals of the financial year</b>				<b>7</b>
Office fixtures and fittings				7
<b>AT 31.12</b>	<b>565</b>	<b>659</b>	<b>364</b>	<b>411</b>

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

The depreciation rates used depend on the duration of the economic life:

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

## NOTE 24. FINANCIAL INSTRUMENTS

### A. CATEGORIES AND DESIGNATION OF FINANCIAL INSTRUMENTS

(x 1,000 EUR)

					31.12.2015	
	Designated in a hedging relationship	Designated at fair value through the net result	Held for trading	Loans, receivables and financial liabilities at amortised cost	Fair value	Fair value qualifica- tion
<b>Non-current financial assets</b>			<b>20</b>	<b>81,726</b>	<b>130,704</b>	
<b>Hedging instruments</b>			<b>20</b>			
IRS			20		20	Level 2
<b>Credits and receivables</b>				<b>81,726</b>	<b>130,684</b>	
Non-current finance lease receivables				75,652	124,610	Level 2
Trade receivables and other non-current assets				41	41	Level 2
Participations in associated companies and joint ventures				6,033	6,033	Level 2
<b>Current financial assets</b>			<b>14</b>	<b>43,497</b>	<b>44,582</b>	
<b>Hedging instruments</b>			<b>14</b>			
IRS			14		14	Level 2
<b>Credits and receivables</b>				<b>21,457</b>	<b>22,528</b>	
Current finance lease receivables				1,656	2,727	Level 2
Trade receivables				19,801	19,801	Level 2
<b>Cash and cash equivalents</b>				<b>22,040</b>	<b>22,040</b>	Level 2
<b>TOTAL</b>			<b>34</b>	<b>125,223</b>	<b>175,286</b>	
<b>Non-current financial liabilities</b>		<b>216,625</b>	<b>64,559</b>	<b>628,118</b>	<b>909,302</b>	
<b>Non-current financial debts</b>		<b>216,625</b>		<b>628,118</b>	<b>844,743</b>	
Bonds				380,000	380,000	Level 1
(Mandatory) Convertible bonds		216,625			216,625	Level 1
Bank debts				180,229	180,229	Level 2
Commercial papers - fixed rate				26,000	26,000	Level 2
Rental guarantees received				6,603	6,602	Level 2
Deferred taxes				35,286	35,286	Level 2
<b>Other non-current financial liabilities</b>			<b>64,559</b>		<b>64,559</b>	
IRS			64,559		64,559	Level 2
<b>Current financial liabilities</b>			<b>20,572</b>	<b>508,541</b>	<b>529,113</b>	
<b>Current financial debts</b>				<b>445,676</b>	<b>445,676</b>	Level 2
Commercial papers - floating rate				220,500	220,500	Level 2
Convertible bonds				174,771	174,771	Level 1
Bank debts				50,352	50,352	Level 2
Other				53	53	Level 2
<b>Other current financial liabilities</b>			<b>20,572</b>		<b>20,572</b>	
IRS			20,572		20,572	Level 2
<b>Trade debts and other current debts</b>				<b>62,865</b>	<b>62,865</b>	Level 2
<b>TOTAL</b>		<b>216,625</b>	<b>85,131</b>	<b>1,136,659</b>	<b>1,438,415</b>	

(x 1,000 EUR)

					31.12.2014	
	Designated in a hedging relationship	Designated at fair value through the net result	Held for trading	Loans, receivables and financial liabilities at amortised cost	Fair value	Fair value qualifica- tion
<b>Non-current financial assets</b>	<b>1,000</b>		<b>2</b>	<b>93,849</b>	<b>147,153</b>	
<b>Hedging instruments</b>	<b>1,000</b>		<b>2</b>		<b>1,002</b>	
CAPs	1,000		2		1,002	Level 2
FLOORs						
IRS						
<b>Credits and receivables</b>				<b>93,849</b>	<b>146,151</b>	
Non-current finance lease receivables				78,018	130,320	Level 2
Trade receivables and other non-current assets				38	38	Level 2
Participations in associated companies and joint ventures				5,862	5,862	Level 2
Other				9,931	9,931	Level 2
<b>Current financial assets</b>			<b>498</b>	<b>43,516</b>	<b>45,099</b>	
<b>Hedging instruments</b>			<b>498</b>		<b>498</b>	
CAPs						
FLOORs						
IRS			498		498	Level 2
<b>Credits and receivables</b>				<b>26,399</b>	<b>27,484</b>	
Current finance lease receivables				1,618	2,703	Level 2
Trade receivables				24,781	24,781	Level 2
<b>Cash and cash equivalents</b>				<b>17,117</b>	<b>17,117</b>	Level 2
<b>TOTAL</b>	<b>1,000</b>		<b>500</b>	<b>137,365</b>	<b>192,252</b>	
<b>Non-current financial liabilities</b>	<b>35,941</b>	<b>385,454</b>	<b>66,024</b>	<b>762,644</b>	<b>1,250,063</b>	
<b>Non-current financial debts</b>		<b>385,454</b>		<b>762,569</b>	<b>1,148,023</b>	
Bonds				190,000	190,000	Level 2
(Mandatory) convertible bonds		385,454			385,454	Level 1
Bank debts				565,420	565,420	Level 2
Rental guarantees received				5,140	5,140	Level 2
Other				2,009	2,009	Level 2
<b>Other non-current financial liabilities</b>	<b>35,941</b>		<b>66,024</b>		<b>101,965</b>	
CAPs	390				390	Level 2
FLOORs	35,551				35,551	Level 2
IRS			66,024		66,024	Level 2
<b>Other</b>				<b>75</b>	<b>75</b>	Level 2
<b>Current financial liabilities</b>	<b>480</b>		<b>24,218</b>	<b>533,349</b>	<b>558,047</b>	
<b>Current financial debts</b>				<b>473,499</b>	<b>473,499</b>	
Commercial papers - fixed rate				15,000	15,000	Level 2
Commercial papers - floating rate				201,500	201,500	Level 2
Bank debts				256,969	256,969	Level 2
Other				30	30	Level 2
<b>Other current financial liabilities</b>	<b>480</b>		<b>24,218</b>		<b>24,698</b>	
CAPs						
FLOORs	480				480	Level 2
IRS			24,218		24,218	Level 2
<b>Trade debts and other current debts</b>				<b>59,850</b>	<b>59,850</b>	Level 2
<b>TOTAL</b>	<b>36,421</b>	<b>385,454</b>	<b>90,242</b>	<b>1,295,993</b>	<b>1,808,111</b>	

### Fair value of financial assets and liabilities<sup>1</sup>

After initial recognition, financial instruments are measured at fair value on the balance sheet. This fair value can be presented according to three levels (1 to 3). The allocation of the level depends on the degree of observability of the variables used for the measurement of the instrument, i.e.:

- The level 1 fair value measurements are those derived from listed prices (unadjusted) in active markets for similar assets or liabilities;

- The level 2 fair value measurements are those established using observable data for the assets or liabilities concerned. These data may be either "direct" (prices, other than those covered by level 1) or "indirect" (data derived from prices);
- The level 3 fair value measurements are those that are not based on observable market data for the assets or liabilities in question.

#### Level 1

The convertible bonds issued by Cofinimmo are the subject of a level 1 valuation.

#### Changes in the fair value of the convertible bonds

(x 1,000 EUR)

	2015			2014		
	Convertible 1	Convertible 2	Total	Convertible 1	Convertible 2	Total
<b>AT 01.01</b>	<b>178,675</b>	<b>202,716</b>	<b>381,391</b>	<b>178,072</b>	<b>195,063</b>	<b>373,135</b>
Residual change in fair value attributable to changes in credit risk of the instrument recognised during the financial year	-506	9,173	8,667	578	-3,000	-2,422
Change in fair value attributable to changes in market conditions generating a market risk (interest rate, share prices) during the financial year	-3,398	890	-2,508	25	10,653	10,678
<b>AT 31.12</b>	<b>174,771</b>	<b>212,779</b>	<b>387,550</b>	<b>178,675</b>	<b>202,716</b>	<b>381,391</b>

At 31.12.2015, the convertible bonds have a total fair value of 387,550,292 EUR. If the bonds are not converted into shares, the redemption value will amount to 364,147,180 EUR at final maturity.

#### Level 2

All other financial assets and liabilities, namely the financial derivatives stated at fair value, are level 2. The fair value of financial assets and liabilities with standard terms and conditions and negotiated on active and liquid markets is determined based on stock market prices. The fair value of "Trade receivables", "Trade debts", "Loans to associated companies" as well as any other floating-rate debt is close to their book value. Bank debts are primarily in the form of roll-over credit facilities. The calculation of the fair value of "Finance lease receivables" and "Swaps" derivatives is based on the discounted cash flow method, using a yield curve adapted to the duration of the instruments.

More details on the finance lease receivables can be found in Note 25.

#### Level 3

Cofinimmo currently does not hold any financial instrument meeting the definition of level 3.

### B. MANAGEMENT OF FINANCIAL RISK

#### Interest rate risk

Since the Cofinimmo Group owns a (very) long-term property portfolio, it is highly probable that the borrowings financing this portfolio will be refinanced upon maturity by other borrowings. Therefore, the company's total financial debt is regularly renewed for an indefinite future period. For reasons of cost efficiency, the group's financing policy by debt separates the raising of borrowings (liquidity and margins on floating rates) from the management of interest rates risks and charges (fixing and hedging of future floating interest rates). Generally, funds are borrowed at a floating rate. Some borrowings contracted at a fixed rate have been converted into a floating rate through interest rate swaps. The goal of this is to take advantage of low short-term rates.

#### Allocation of borrowings<sup>2</sup> at floating rate and at fixed rate (calculated on their nominal values)

(x 1,000 EUR)

	2015	2014
Floating-rate borrowings (incl. 100,000 EUR of bonds converted into floating rate)	561,000	1,119,200
Fixed-rate borrowings	653,820	464,283
<b>TOTAL</b>	<b>1,214,820</b>	<b>1,583,483</b>

<sup>1</sup> For more details on the changes that occurred during 2015, and on the composition and conditions of our bonds, we also recommend reading the "Management of Financial Resources" chapter of this Annual Financial Report.

<sup>2</sup> Non-current and current.

In accordance with its hedging policy, the Group hedges at least 80% of its portfolio of total debts for at least three years by entering into interest rate derivatives (fixed listed IRS). The hedging period of minimum three years was chosen, on the one hand, to offset the depressive effect this time lag would have on the net income and, on the other hand, to forestall the adverse impact of any rise in European short-term interest rates not accompanied by a simultaneous increase in national inflation. Finally, a rise in real interest rates would probably be accompanied or rapidly followed by a revival of the overall economic activity which would give rise to more robust rental conditions and subsequently benefit the net result.

The banks that sign these contracts are generally different from the ones providing the funds, but the Group makes sure that the

periods of the interest rate derivatives and the dates at which they are contracted correspond to the renewal periods of its borrowing contracts and the dates at which their rates are set.

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

Below are the results of a sensitivity study of the impact of changes in rate; the impact comes mainly from the change in the fair value of derivative financial instruments and the change in floating-rate credits.

**Summary of the potential effects, on equity and on the income statement, of a 1% change in the interest rate resulting from changes in the fair value of the financial instruments (derivatives + convertibles), changes in the floating payments of the financial derivatives and changes in the floating-rate credits.**

Variation	2015		2014	
	Income statement	Equity	Income statement	Equity
+1%	41,141	0	57,442	7,171
-1%	-45,966	0	-37,791	-13,135

Change	Changes in the fair value of the financial derivatives		Changes in the fair value of the convertible bonds		Changes in floating payments of the financial derivatives		Changes in floating-rate credits	
	2015	2014	2015	2014	2015	2014	2015	2014
Fair value at 31.12	-85	-125	388	381	-7	-18	-7	-13
+1%	51	67	5	9	-2	-9	-13	-25
-1%	-27	-44	-5	-9	-13	-20	-1	-11

### Credit risk

By virtue of Cofinimmo's operational business, it deals with two main counterparties: banks and customers. The Group maintains a minimum rating standard for its financial counterparties. All financial counterparties have an external investment grade rating. Customer risk is mitigated by a diversification of customers and an analysis of their solvency before and during the lease contract. Also see pages 36 and 63 of this Annual Financial Report, which contains a table with the top ten customers and their rating as assigned by an external rating agency.

### Price risk

The Group could be exposed to a price risk linked to the Cofinimmo stock options tied to its convertible bonds. However, given that this option is out-of-the-money, the risk is considered unlikely.

### Currency risk

The Group is not currently exposed to any currency risk.

### Liquidity risk

The liquidity risk is limited by the diversification of the financing sources and by the refinancing which is done one year before the maturity date of the financial debt.

**Obligation of liquidity for repayments**

(x 1,000 EUR)	2015	2014
Between one and two years	104,872	300,976
Between two and five years	491,609	711,371
Beyond five years	216,267	142,540
<b>TOTAL</b>	<b>812,748</b>	<b>1,154,887</b>

**Non-current undrawn borrowing facilities**

(x 1,000 EUR)	2015	2014
Expiring within one year	136,500	20,000
Expiring after one year	1,149,000	597,700

**Collateralisation**

The book value of the pledged financial assets stands at 39,792,864 EUR at 31.12.2015 (2014: 39,439,728 EUR). The terms and conditions of the pledged financial assets are detailed in Note 41. During 2015, there were no payment defaults on loan agreements or violations of the terms of these agreements.

**C. HEDGING DERIVATIVE FINANCIAL INSTRUMENTS**

The Group uses derivative financial instruments (Interest Rate Swaps, purchase of CAP options, sale of FLOOR options) to hedge its exposure to interest rate risks arising from its operational, financing and investment activity.

**Type of hedging derivative financial instruments****CAP**

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

**FLOOR**

The seller of a FLOOR sells the right to benefit from a minimum interest rate during a specific period and will thus have to pay this rate to the buyer, even if it is higher than the market rate. By selling a FLOOR, the seller receives a premium from the buyer. Through the combination of the purchase of a CAP and the sale of a FLOOR, Cofinimmo ensures itself of an interest rate that is fixed in a corridor (interest rate collar) between a minimum rate (the rate of the FLOOR) and a maximum rate (the rate of the CAP), while limiting the cost of the premium paid for this insurance.

**Interest Rate Swap (IRS)**

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

The IRS contracts are detailed in the table on page 188.

**Cancellable Interest Rate Swap**

A Cancellable Interest Rate Swap is a classic IRS that also contains a cancellation option for the bank as from a certain date. Cofinimmo has contracted a Cancellable Interest Rate Swap to exchange a floating interest rate against a fixed interest rate. The sale of this cancellation option allowed to reduce the guaranteed fixed rate during the period covering at least the first cancellation date. The Cancellable Interest Rate Swaps are detailed in the table of page 188.

In accordance with its financial policy, the Group does not hold nor issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

**Floating-rate borrowings at 31.12.2015 hedged by derivative financial instruments**

The floating-rate debt (560 million EUR) is obtained by deducting from the total debt (1,255 million EUR) the elements of the debt that remained at fixed rate after taking into account the Interest Rate Swaps, as detailed in the table below:

(x 1,000 EUR)	2015	2014
<b>Financial debts</b>	<b>1,254,989</b>	<b>1,621,522</b>
Convertible bonds	-387,550	-381,391
Bonds - fixed rate	-280,000	-90,000
Mandatory convertible bonds (minimum fixed coupon)	-3,846	-4,063
Fixed-rate borrowings	-9,720	-10,183
Other (accounts receivable, rental guarantees received)	-13,454	-16,685
<b>Floating-rate borrowings hedged by derivative financial instruments</b>	<b>560,419</b>	<b>1,119,200</b>

At 31.12.2015, Cofinimmo had a floating-rate debt for a notional amount of 560 million EUR. This amount was hedged against interest rate risk with IRS swaps for a notional amount of 540 million EUR. During 2015, in addition to the hedging positions cancelled in May 2014, following the decline in debt and given the persistence of low interest rates, Cofinimmo deemed it opportune to cancel the corridor fixed between 3.00% and 4.25%, made up of CAPs purchased and FLOORs sold for 400 million EUR. Consequently, the notional amount at 31.12.2015 is nil (2014: 400 million EUR), as detailed in the table below. Therefore, at the end of 2015, there are no longer derivatives considered cash flow hedging instruments.

The total cost of this restructuring amounted to 32.1 million EUR.

The cancellation of FLOOR options will result in a decrease in interest charges paid in the coming years.

Following this restructuring, a charge of 19.0 million EUR has been booked in 2015 under "Valorisation of financial instruments" of the income statement.

At the end of 2015, a balance of 17.2 million EUR remains open in the other elements of the global result, which will be covered in the years 2016-2018. In accordance with the hedging accounting rule, the conversion of the other elements of the global result in the income statements will only take place at maturity of the hedging instrument.

The cancellation of the FLOOR options will result in a decrease of the disbursed interest charges in future years.

### Cash flow hedge

Period	Option	Exercise price	2015 notional amount (x 1,000 EUR)	2014 notional amount (x 1,000 EUR)
2015	CAP bought	4.25%	0	400,000
2016	CAP bought	4.25%	0	400,000
2017	CAP bought	4.25%	0	400,000
2015	FLOOR sold	3.00%	0	400,000
2016	FLOOR sold	3.00%	0	400,000
2017	FLOOR sold	3.00%	0	400,000

For the years 2016 to 2022, Cofinimmo projects to maintain a property portfolio partially financed through debt. The company will thus owe an interest flow to be paid, which forms the element covered by the derivative financial instruments held for trading described above. At 31.12.2015, Cofinimmo's debt amounted to 1,255 million EUR. Based on future projections, this debt will be 1,420 million EUR as at 31.12.2016, 1,434 million EUR at the end of 2017 and 1,470 million EUR at the end of 2018.

### Financial instruments held for trading

The Group contracted a Cancellable Interest Rate Swap. This instrument, recognised as trading, is made up of a classic IRS (here: fixed payer) and a short position in an option that allows the counterparty to cancel this Swap as from a certain date. The sale of this option allowed to reduce the guaranteed fixed rate during the entire period.

(x 1,000 EUR)

Period covered by the IRS	Active / Forward	Option	Exercise price	Floating Rate	2015 notional	2014 notional	First option
2008-2018	Assets	Cancellable IRS	4.10%	3M	140,000	140,000	15.10.2011
2014-2017	Assets	IRS	0.51%	3M	400,000	400,000	
2018	Forward	IRS	2.11%	1M	660,000	660,000	
2019	Forward	IRS	2.37%	1M	800,000	800,000	
2018-2019	Forward	IRS	2.18%	1M	200,000	200,000	
2020	Forward	IRS	0.86%	1M	350,000		
2021	Forward	IRS	1.00%	1M	150,000		
2022	Forward	IRS	1.31%	1M	150,000		
2020-2022	Forward	IRS	2.73%	1M	500,000	500,000	
2012-2016 (fixed to floating)	Forward	IRS	3.60%	3M+300.5 bps	100,000	100,000	

### Obligation of liquidity for repayments, related to derivative financial instruments

(x 1,000 EUR)

	2015	2014
Between one and two years	-18,098	-37,372
Between two and five years	-56,111	-54,410
Beyond five years	-17,146	-26,114
<b>TOTAL</b>	<b>-91,356</b>	<b>-117,896</b>



These tables represent the net positions of assets and liabilities of derivative financial instruments by counterparty in case of bankruptcy according to the ISDA agreements in place.

### Offsetting financial assets and financial liabilities

(x 1,000 EUR)

	Gross amount of recognised financial assets	Gross amounts of financial liabilities offset in the statement of financial position	Net amount of financial assets presented in the position of the financial assets	Amounts not offset in the statement of financial position		31.12.2015 Net amount
				Financial instruments	Guarantees received in cash	
<b>Financial assets</b>						
IRS	34		34	34		
<b>TOTAL</b>	<b>34</b>		<b>34</b>	<b>34</b>		

(x 1,000 EUR)

	Gross amount of recognised financial liabilities	Gross amounts of financial assets offset in the statement of financial position	Net amount of financial liabilities presented in the position of the financial liabilities	Amounts not offset in the statement of financial position		31.12.2015 Net amount
				Financial instruments	Guarantees received in cash	
<b>Financial liabilities</b>						
IRS	85,131		85,131	34		85,097
<b>TOTAL</b>	<b>85,131</b>		<b>85,131</b>	<b>34</b>		<b>85,097</b>

### Offsetting financial assets and financial liabilities

(x 1,000 EUR)

	Gross amounts of recognised financial assets	Gross amounts of financial liabilities offset in the statement of financial position	Net amount of financial assets presented in the position of the financial liabilities	Amounts not offset in the statement of financial position		31.12.2014 Net amount
				Financial instruments	Guarantees received in cash	
<b>Financial assets</b>						
CAPs, FLOORs	1,002		1,002	1,002		
IRS	498		498	498		
<b>TOTAL</b>	<b>1,500</b>		<b>1,500</b>	<b>1,500</b>		

(x 1,000 EUR)

	Gross amounts of recognised financial liabilities	Gross amounts of financial assets offset in the statement of financial position	Net amount of financial liabilities presented in the position of the financial liabilities	Amounts not offset in the statement of financial position		31.12.2014 Net amount
				Financial instruments	Guarantees received in cash	
<b>Financial liabilities</b>						
CAPs, FLOORs	36,421		36,421	1,002		35,420
IRS	90,242		90,242	498		89,744
<b>TOTAL</b>	<b>126,663</b>		<b>126,663</b>	<b>1,500</b>		<b>125,164</b>

## Summary of derivative financial instruments active at 31.12.2015

(x 1,000 EUR)

Option	Period	Exercise price	Floating rate	2015 notional	2014 notional	First option	Periodicity of the option
<b>Designated in a hedging relationship</b>							
CAP bought	2015	4.25%	3M	0	400,000		
FLOOR sold	2015	3.00%	3M	0	400,000		
<b>Swap from a floating rate to a fixed rate</b>							
Cancellable IRS	2008-2018	4.10%	3M	140,000	140,000	15.10.2011	Annual
<b>Held for trading</b>							
<b>Swap from a floating rate to a fixed rate</b>							
IRS	2014-2017	0.51%	3M	400,000	400,000		
<b>Swap from a fixed rate to a floating rate</b>							
IRS	2012-2016	3.60%	3M+3.005%	100,000	100,000		

### D. MANAGEMENT OF CAPITAL

As a result of Article 13 of the Royal Decree of 13.07.2014 on RRECs, the public RREC must, where the consolidated debt ratio exceeds 50% of the consolidated assets, draw up a financial plan accompanied by an execution schedule, detailing the measures taken to prevent this debt ratio from exceeding 65% of the consolidated assets. This financial plan is subject to a special auditor's report confirming that the latter has verified the method for drawing up the plan, namely with regard to its economic bases, and that the figures it contains are coherent with the public RREC's accounts. The Annual and Half-Yearly Financial Reports must justify the way in which the financial plan has been executed during the period in question and the way in which the RREC intends to execute the plan in the future.

#### 1. Evolution of the debt ratio

At Au 31.03.2015, 30.06.2015 and 30.09.2015, the debt ratio remained below the 50% market at 48.44%, 43.48% and 42.41% respectively. On 31.12.2015, the debt ratio stood at 38.62%. The decrease is explained mainly by the increase in the capital and the decrease in the need for financing through debt following the divestments in 2015.

#### 2. Debt ratio policy

Cofinimmo's policy is to maintain a debt ratio close to 45%. It may repeatedly rise above or fall below the 45% bar without this signalling a

change of policy in one or the other direction.

Every year, at the end of the first six months, Cofinimmo draws up a mid-term financial plan that includes all the financial commitments made by the Group. This plan is updated over the course of the year when a significant new commitment is made. The debt ratio and its future evolution are recalculated on each edition of this plan. In this way, Cofinimmo has a permanent prospective view of this key parameter of the structure of its consolidated balance.

#### 3. Forecast of the debt ratio evolution

Cofinimmo's updated financial plan shows that Cofinimmo's consolidated debt ratio should not deviate significantly from the 45% level on December 31<sup>st</sup> of the next three years. This forecast nevertheless remains subject to the occurrence of unforeseen events. See also the "Risks Factors" chapter of this Financial Annual Report.

#### 4. Decision

Cofinimmo's Board of Directors thus considers that the debt ratio will not exceed 65% and that, for the moment, in view of the economic and real estate trends in the segments in which the Group is present, the investments planned and the expected evolution of its assets, it is not necessary to take additional measures to those contained in the financial plan referred to above.

## NOTE 25. FINANCE LEASE RECEIVABLES

The Group has concluded finance leases for several buildings, namely the Courthouse of Antwerp for 36 years. The Group has also granted financings linked to refitting works to certain tenants. The average implicit yield of these finance lease contracts amounts to 6.34% for

2015 (2014: 5.68%). During the financial year 2015, conditional rents (indexations) were recorded as revenues of the period for 0.01 million EUR (2014: 0.01 million EUR).

(x 1,000 EUR)	2015	2014
Less than one year	4,522	4,334
More than one year but less than five years	17,795	17,403
More than five years	206,495	190,504
<b>Minimum lease payments</b>	<b>228,812</b>	<b>212,240</b>
Deferred financial income	-151,504	-132,605
<b>Discounted value of minimum lease payments</b>	<b>77,308</b>	<b>79,635</b>
Non-current finance lease receivables	75,652	78,018
More than one year but less than five years	23,086	21,467
More than five years	52,566	56,551
Current finance lease receivables	1,656	1,618
Less than one year	1,656	1,618

## NOTE 26. ASSETS HELD FOR SALE

(x 1,000 EUR)	2015	2014
<b>AT 01.01</b>	<b>3,410</b>	<b>8,300</b>
Investments		159
Disposals	-315	-5,050
Increase/Decrease in the fair value	-225	1
<b>AT 31.12</b>	<b>2,870</b>	<b>3,410</b>

All the assets held for sale are investment properties.

## NOTE 27. CURRENT TRADE RECEIVABLES

### Gross trade receivables<sup>1</sup>

(x 1,000 EUR)	2015	2014
Gross trade receivables which are due but not provisioned	7,603	7,607
Gross trade receivables which are not due	12,663	16,490
Bad and doubtful receivables	980	1,001
Provisions for the impairment of receivables (-)	-1,445	-317
<b>TOTAL</b>	<b>19,801</b>	<b>24,781</b>

The Group has recognised a writedown on trade receivables of 1,221 K EUR (2014: 3 K EUR) during the year ended 31.12.2015. The Board of Directors considers that the book value of the trade receivables approximates their fair value.

### Gross trade receivables which are due but not provisioned

(x 1,000 EUR)	2015	2014
Due under 60 days ago	4,854	4,187
Due 60 to 90 days ago	320	16
Due over 90 days ago	2,429	4,088
<b>TOTAL</b>	<b>7,603</b>	<b>8,291</b>

<sup>1</sup> The credit risk is detailed in the "Risk Factors" chapter of this Annual Financial Report.

**Provisions for impairment of receivables**

(x 1,000 EUR)

	2015	2014
<b>AT 01.01</b>	<b>317</b>	<b>353</b>
Use	-92	-39
Provisions charged to the income statement	1,220	44
Provision writebacks credited to income statement		-41
<b>AT 31.12</b>	<b>1,445</b>	<b>317</b>

**NOTE 28. TAX RECEIVABLES AND OTHER CURRENT ASSETS**

(x 1,000 EUR)

	2015	2014
<b>Taxes</b>	<b>11,401</b>	<b>13,556</b>
Taxes	1,983	2,394
Regional taxes	2,149	1,444
Withholding taxes	7,269	9,718
<b>Others</b>	<b>5,962</b>	<b>3,949</b>
<b>TOTAL</b>	<b>17,363</b>	<b>17,505</b>

The other current assets are mainly taxes and withholding taxes to be billed back to the tenants.

**NOTE 29. DEFERRED CHARGES AND ACCRUED INCOME**

(x 1,000 EUR)

	2015	2014
Rent-free periods and incentives granted to tenants to be spread	1,473	1,740
Prepaid property charges	15,951	16,938
Prepaid interests and other financial charges	5,898	5,355
<b>TOTAL</b>	<b>23,322</b>	<b>24,033</b>

**NOTE 30. SHARE CAPITAL AND SHARE PREMIUMS**

(in number)

	Ordinary shares		Convertible preference shares		Total	
	2015	2014	2015	2014	2015	2014
<b>Number of shares (A)</b>						
<b>AT 01.01</b>	<b>17,339,423</b>	<b>16,954,002</b>	<b>686,485</b>	<b>688,682</b>	<b>18,025,908</b>	<b>17,642,684</b>
Issued as a result of the optional dividend		383,224				383,224
Capital increase	3,004,318				3,004,318	
Conversion of preference shares into ordinary shares	637	2,197	-637	-2,197		
<b>AT 31.12</b>	<b>20,344,378</b>	<b>17,339,423</b>	<b>685,848</b>	<b>686,485</b>	<b>21,030,226</b>	<b>18,025,908</b>
<b>Own shares held by the Group (B)</b>						
<b>AT 01.01</b>	<b>54,414</b>	<b>48,917</b>			<b>54,414</b>	<b>48,917</b>
Own shares sold/(purchased) - net	-4,300	5,497			-4,300	5,497
<b>AT 31.12</b>	<b>50,114</b>	<b>54,414</b>			<b>50,114</b>	<b>54,414</b>
<b>Number of outstanding shares (A-B)</b>						
<b>AT 01.01</b>	<b>17,285,009</b>	<b>16,905,085</b>	<b>686,485</b>	<b>688,682</b>	<b>17,971,494</b>	<b>17,593,767</b>
<b>AT 31.12</b>	<b>20,294,264</b>	<b>17,285,009</b>	<b>685,848</b>	<b>686,485</b>	<b>20,980,112</b>	<b>17,971,494</b>

(x 1,000 EUR)	Ordinary shares		Convertible preference shares		Total	
	2015	2014	2015	2014	2015	2014
<b>Capital</b>						
<b>AT 01.01</b>	<b>926,458</b>	<b>906,099</b>	<b>36,609</b>	<b>36,726</b>	<b>963,067</b>	<b>942,825</b>
Own shares (sold/purchased) - net	230	-294			230	-294
Issued as a result of the optional dividend		20,536				20,536
Capital increase	160,997				160,997	
Conversion of preference shares into ordinary shares	34	117	-34	-117		
<b>AT 31.12</b>	<b>1,087,720</b>	<b>926,458</b>	<b>36,575</b>	<b>36,609</b>	<b>1,124,295</b>	<b>963,067</b>
<b>Share premium account</b>						
<b>AT 01.01</b>	<b>347,818</b>	<b>335,799</b>	<b>36,195</b>	<b>36,311</b>	<b>384,013</b>	<b>372,110</b>
Own shares (sold/purchased) - net	168	-326			168	-326
Issued as a result of the optional dividend		12,229				12,229
Capital increase	120,059				120,059	
Conversion of preference shares into ordinary shares	34	116	-34	-116		
<b>AT 31.12</b>	<b>468,079</b>	<b>347,818</b>	<b>36,161</b>	<b>36,195</b>	<b>504,240</b>	<b>384,013</b>

## Categories of shares

The Group issued two categories of shares:

**Ordinary shares:** the holders of ordinary shares are entitled to receive dividends when these are declared and are entitled to one vote per share at the General Shareholders' Meetings of the company. The par value of each ordinary share is 53.59 EUR on 31.12.2015. The ordinary shares are listed on the First Market of Euronext Brussels.

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

- priority right to an annual fixed gross dividend of 6.37 EUR 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 fifth 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 the preference shares that have not yet been converted, from the 15<sup>th</sup> anniversary of their issue date (2019);
- the preference shares are registered, listed on the First Market of Euronext Brussels and carry a voting right identical to that of the ordinary shares.

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

**Shares held by the Group:** at 31.12.2015, the Group held 50,114 ordinary shares (also see page 28) (31.12.2014: 54,414).

In accordance with the Law of 14.12.2005 dealing with the suppression of bearer shares, as modified by the Law of 21.12.2013, the Company proceeded to the sale of physical securities still in circulation and received a report of its Auditor certifying the conformity of the implemented procedure for this sale.

## Authorised capital

The General Shareholders' Meeting authorised the Board of Directors on 29.03.2011 to issue new capital for an amount of 799,000,000 EUR and for a period of five years. At 31.12.2015, the Board of Directors has made use of this authorisation for a total amount of 422,737,729.68 EUR. Hence, the remaining authorised capital amounts to 376,262,270.32 EUR at that date. This authorised capital is based on the par value of 53.33 EUR per ordinary or preference share before 31.12.2007 and 53.59 EUR per ordinary share subsequently.

With this authorisation expected to expire on 28.04.2016, the Extraordinary General Meeting of 06.01.2016 conferred on the Board of Directors a new authorisation for five years from the date of the publication of 03.02.2016 in the annexes of the Belgian Official Gazette/ Moniteur Belge) of the minutes of the Extraordinary General Meeting of 06.01.2016.

The Board of Directors is authorised to increase the company's capital, at one or more times, up to a maximum amount of:

1°) 1,100,000,000.00 EUR, if the capital increase to be performed is a capital increase by subscription in cash with the possibility of exercising the preferential subscription right of the Company's shareholders,

2°) 220,000,000.00 EUR for all other forms of capital increase not referred to in point 1°) above.

It being understood that in any case, the share capital may never be increased as part of the authorised capital beyond 1,100,000,000.00 EUR in total.

**NOTE 31. RESERVES**

(x 1,000 EUR)	2015	2014
Reserve for the balance of changes in the fair value of investment properties	-175,817	-127,851
Reserve for the estimated transaction costs and transfer duties resulting from the hypothetical disposal of investment properties	-71,725	-73,694
Reserve for the balance of changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	-9,673	-32,370
Reserve for the balance of changes in the fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	-85,175	-13,851
Other	469,987	495,328
Non-distributable reserves	5,212	5,053
Distributable reserves	464,775	490,275
<b>TOTAL</b>	<b>127,597</b>	<b>247,562</b>

The reserves are presented before appropriation of the result of the financial year. The drop of reserves in 2015 is mainly explained by the appropriation of the 2014 result and the dividends paid for the financial year 2014.

**NOTE 32. RESULT PER SHARE**

The calculation of the result per share at balance sheet date is based on the net current result/net result attributable to ordinary and preference shareholders of 97,706 K EUR (2014: -115,655 K EUR)/103,967 K EUR (2014: -52,671 K EUR) and a number of ordinary and preference shares outstanding and entitled to share in the result of the period ended 31.12.2015 of 19,888,379 (2014: 17,971,494).

The net current result excluding IAS 39 impact stands at 128,518 K EUR for the financial year 2015. Per share, this result amounts to 6.46 EUR.

The diluted result per share takes into account the impact of a theoretical conversion of the convertible bonds issued by Cofinimmo, of the mandatory convertible bonds issued by Cofinimur I and of the stock options.

**Result attributable to the ordinary and preference shares**

(x 1,000 EUR)	2015	2014
<b>Net current result attributable to ordinary and preference shares</b>	<b>97,706</b>	<b>-15,655</b>
Net current result for the period	102,955	-11,146
Minority interests	-5,248	-4,509
<b>Result on portfolio attributable to ordinary and preference shares</b>	<b>6,261</b>	<b>-37,016</b>
Result on portfolio for the period	5,495	-38,147
Minority interests	766	1,131
<b>Net result attributable to ordinary and preference shares</b>	<b>103,967</b>	<b>-52,671</b>
Net result for the period	108,449	-49,293
Minority interests	-4,482	-3,378

**Diluted result per share**

(in EUR)	2015	2014
Net result - Group share	103,966,729	-52,670,758
Number of ordinary and preference shares entitled to share in the result of the period	19,888,379	17,971,494
<b>Net current result per share - Group share</b>	<b>4.91</b>	<b>-0.87</b>
<b>Result on portfolio per share - Group share</b>	<b>0.32</b>	<b>-2.06</b>
<b>Net result per share - Group share</b>	<b>5.23</b>	<b>-2.93</b>
Diluted current result - Group share	101,109,109	-57,043,668
Number of ordinary and preference shares entitled to share in the result of the period taking into account the theoretical conversion of the Mandatory Convertible Bonds (MCB) and the stock options	20,759,209 <sup>1</sup>	17,285,009 <sup>1</sup>
<b>Diluted net result per share - Group share</b>	<b>4.87<sup>1</sup></b>	<b>-3.30<sup>1</sup></b>

<sup>1</sup> In accordance with IAS 33, the convertible bonds are excluded from the calculation of the diluted net result of 2014, as they would have an accretive impact on the diluted result per share. The 2011 convertible bond is taken into account in the calculation of the diluted net result in 2015.

## NOTE 33. DIVIDEND PER SHARE<sup>1</sup>

(in EUR)	Paid in 2015	Paid in 2014
Gross dividends attributable to the ordinary shareholders	95,067,764.00	101,431,248.00
Gross dividend per ordinary share	5.50	6.00
Net dividend per ordinary share	4.125	4.50
Gross dividends attributable to the preference shareholders	4,372,661.02	4,386,120.83
Gross dividend per preference share	6.37	6.37
Net dividend per preference share	4.7775	4.7775

A gross dividend in respect of the financial year 2015 for ordinary shares of 5.50 EUR<sup>2</sup> per share (net dividend of 4.015 EUR per share), amounting to a total dividend of 105,729,988.72 EUR, will be proposed at the Ordinary General Meeting of 11.05.2016. At the closing date, the number of ordinary shares entitled to the 2015 dividend stands at 20,294,264<sup>3</sup>.

The Board of Directors proposes to suspend the right to dividend for the 40,225 own ordinary shares still held by Cofinimmo under its stock option plan and to cancel the dividend right of the remaining 9,889 own shares.

A gross dividend in respect of the financial year 2015 of 6.37 EUR per preference share (net dividend of 4.6501 EUR per preference share),

amounting to a total dividend of 4,368,851.76 EUR, is to be proposed at the Ordinary General Meeting of 11.05.2016. Indeed, at the closing date, the number of preference shares entitled to the 2015 dividend stands at 685,848.

Since 01.01.2016, the withholding tax rate applicable to distributed dividends stands at 27%. The Belgian Law provides for exemptions that the beneficiaries of the dividends can rely on depending on their status and the conditions that must be met to be eligible for them. Moreover, the agreements to prevent double taxation provide for reductions of withholdings at source on dividends.

## NOTE 34. PROVISIONS

(x 1,000 EUR)	2015	2014
<b>AT 01.01</b>	<b>17,658</b>	<b>18,180</b>
Provisions charged to the income statement	2,765	3,576
Uses	-1,477	-1,327
Provision writebacks credited to the income statement	-1,310	-2,771
<b>AT 31.12</b>	<b>17,636</b>	<b>17,658</b>

The provisions of the Group (17,636 K EUR) can be separated into two categories:

- contractual provisions defined according to IAS 37 as loss-making contracts. Cofinimmo has committed to provide maintenance for several buildings as well as works vis-à-vis tenants, with a total cost of 13,382 K EUR (2014: 13,522 K EUR);

- legal provisions to face its potential commitments vis-à-vis tenants or third parties for 4,254 K EUR (2014: 4,136 K EUR).

These provisions correspond to the discounted future payments considered as likely by the Board of Directors.

## NOTE 35. DEFERRED TAXES

(x 1,000 EUR)	2015	2014
Exit tax		734
Deferred taxes Pubstone Properties	32,083	32,804
Deferred taxes Cofinimmo branch	2,341	1,990
Deferred taxes Aspria Maschsee	323	
Deferred taxes Aspria Uhlenhorst	539	
<b>TOTAL</b>	<b>35,286</b>	<b>35,528</b>

In 2014, the exit tax pertained to two French entities that opted for the SIIC status in 2013. This exit tax is based upon the gains resulting from the valuation of the properties, i.e. the difference between the value of the properties as estimated by the expert at 31.12.2012 and the net book value of these properties at the same date. The taxation rate applied to this figure stands at 19%. The payment of the exit tax is spread over four years. The third payment took place in December 2015 for a total amount of 626 K EUR. The final tranche is incorporated into current debts (see Note 36).

The deferred taxes of the Dutch subsidiary Pubstone Properties BV corresponds to the taxation, at a rate of 25%, of the difference between the investment value of the assets, less registration rights, and their tax value.

Since 2014, the Cofinimmo's French branch is subject to a new tax, the branch tax. A provision for deferred taxes had to be established.

<sup>1</sup> Based on the parent company's result.

<sup>2</sup> The gross dividend for the new ordinary shares created following the capital increase of the 12.05.2015 is calculated on a pro rata basis at 3.54 EUR (net 2.58 EUR), which represents the dividend of the period from 12.05.2015 till 31.12.2015.

<sup>3</sup> 17,289,946 ordinary shares entitled to the full result of financial year 2015 and 3,004,318 new ordinary shares created as part of the capital increase on 12.05.2015, entitled to the result of financial year 2015 as from 12.05.2015.

**NOTE 36. TRADE DEBTS AND OTHER CURRENT DEBTS**

(x 1,000 EUR)	2015	2014
<b>Trade debts</b>	<b>23,692</b>	<b>22,575</b>
<b>Other current debts</b>	<b>39,173</b>	<b>37,275</b>
Exit tax	614	621
<b>Taxes, social charges and salaries debts</b>	<b>23,940</b>	<b>25,343</b>
Taxes	21,985	23,375
Social charges	567	667
Salaries debts	1,388	1,301
<b>Other</b>	<b>14,619</b>	<b>11,311</b>
Dividend coupons	1,367	38
Provisions for withholding taxes and other taxes	7,544	6,867
Pubstone dividend coupons		1,322
Miscellaneous	5,708	3,084
<b>TOTAL</b>	<b>62,865</b>	<b>59,850</b>

**NOTE 37. ACCRUED CHARGES AND DEFERRED INCOME**

(x 1,000 EUR)	2015	2014
Rental income received in advance	13,423	9,922
Interests and other charges accrued and not due	18,404	18,803
Other	34	25
<b>TOTAL</b>	<b>31,861</b>	<b>28,750</b>

**NOTE 38. NON-CASH CHARGES AND INCOME**

(x 1,000 EUR)	2015	2014
<b>Charges and income related to operating activities</b>	<b>11,915</b>	<b>4,870</b>
Changes in the fair value of investment properties	8,620	5,455
Writeback of lease payments sold and discounted	-10,214	-15,931
Movements in provisions and stock options	-22	-522
Depreciation/Writedown (or writeback) on intangible and tangible assets	440	460
Losses (or writeback) on current assets	1,061	3
Exit tax	-248	-926
Deferred taxes	744	1,739
Goodwill impairment	7,100	11,000
Rent-free periods	266	-378
Minority interests	4,482	3,378
Other	-314	592
<b>Charges and income related to financing activities</b>	<b>28,645</b>	<b>133,583</b>
Changes in the fair value of financial assets and liabilities	30,403	136,143
Other	-1,758	-2,560
<b>TOTAL</b>	<b>40,560</b>	<b>138,453</b>



## NOTE 39. CHANGES IN WORKING CAPITAL REQUIREMENTS

(x 1,000 EUR)	2015	2014
<b>Movements in asset items</b>	<b>4,982</b>	<b>4,727</b>
Trade receivables	2,351	-655
Tax receivables	164	-633
Other short-term assets	2,720	6,280
Deferred charges and accrued income	-253	-265
<b>Movements in liability items</b>	<b>5,597</b>	<b>-9,764</b>
Trade debts	4,116	-3,900
Taxes, social charges and salaries debts	-1,546	1,587
Other current debts	296	-2,537
Accrued charges and deferred income	2,731	-4,914
<b>TOTAL</b>	<b>10,579</b>	<b>-5,037</b>

## NOTE 40. EVOLUTION OF THE PORTFOLIO PER SEGMENT DURING THE FINANCIAL YEAR

The tables below show the movements of the portfolio per segment during the financial year 2015 in order to detail the amounts included on the statement of cash flows.

The amounts related to properties and included on the statement of cash flows and in the tables below are shown in investment value.

### Acquisitions of investment properties

Acquisitions made during a financial year can be realised in three ways:

- acquisition of the property directly against cash, shown under the item "Acquisitions of investment properties" of the statement of cash flows;
- acquisition of the property against shares, not shown on the statement of cash flows as it is a non-cash transaction;
- acquisition of the company owning the property against cash, shown under the item "Acquisitions of consolidated subsidiaries" of the statement of cash flows.

(x 1,000 EUR)		Healthcare real estate				Offices	Property of distribution networks	Other	Total
		Belgium	France	Netherlands	Germany				
Properties available for lease	Direct properties			14,067		297	689		15,053
	Properties against shares								
	Companies against cash	3,065			53,570				56,635
	<b>Subtotal</b>	<b>3,065</b>		<b>14,067</b>	<b>53,570</b>	<b>297</b>	<b>689</b>		<b>71,688</b>
Development projects	Direct properties		688	4,305			1,315		6,308
	Properties against shares								
	Companies against cash								
	<b>Subtotal</b>		<b>688</b>	<b>4,305</b>			<b>1,315</b>		<b>6,308</b>
<b>TOTAL</b>		<b>3,065</b>	<b>688</b>	<b>18,372</b>	<b>53,570</b>	<b>297</b>	<b>2,004</b>		<b>77,996</b>

The sum of 21,361 K EUR booked on the statement of cash flows under the heading "Acquisitions of investment properties" comprises the sum of the direct property acquisitions.

## Extensions of investment properties

Extensions of investment properties are financed in cash and are shown under the item "Extensions of investment properties" of the statement of cash flows.

(x 1,000 EUR)	Healthcare real estate				Offices	Property of distribution networks	Other	Total
	Belgium	France	Netherlands	Germany				
Development projects	20,594	20	5,065		10,062	3	2	35,746
<b>TOTAL</b>	<b>20,594</b>	<b>20</b>	<b>5,065</b>		<b>10,062</b>	<b>3</b>	<b>2</b>	<b>35,746</b>
Amount paid in cash	19,535	28	1,806		11,150	3	2	32,524
Change in provisions	1,059	-8	3,259		-1,088			3,222
<b>TOTAL</b>	<b>20,594</b>	<b>20</b>	<b>5,065</b>		<b>10,062</b>	<b>3</b>	<b>2</b>	<b>35,746</b>

## Investments in investment properties

Investments in investment properties are financed in cash and are shown under the item "Investments in investment properties" of the statement of cash flows.

(x 1,000 EUR)	Healthcare real estate				Offices	Property of distribution networks	Other	Total
	Belgium	France	Netherlands	Germany				
Properties available for lease	2,062	53	442	-29	11,245	3,532		17,305
Assets held for own use					52			52
<b>TOTAL</b>	<b>2,062</b>	<b>53</b>	<b>442</b>	<b>-29</b>	<b>11,297</b>	<b>3,532</b>		<b>17,357</b>
Amount paid in cash	6,958	1	1,778	-29	11,469	3,350		23,527
Change in provisions	-4,896	52	-1,336		-172	182		-6,170
<b>TOTAL</b>	<b>2,062</b>	<b>53</b>	<b>442</b>	<b>-29</b>	<b>11,297</b>	<b>3,532</b>		<b>17,357</b>

## Disposals of investment properties

The amounts shown on the statement of cash flows under the item "Disposals of investment properties" represent the net price received in cash from the buyer.

This net price is made up of the net book value of the property at 31.12.2014 and the net gain or loss realised on the disposal after deduction of the transaction costs.

(x 1,000 EUR)	Healthcare real estate				Offices	Property of distribution networks	Other	Total
	Belgium	France	Netherlands	Germany				
<b>Properties available for lease</b>								
Net book value					4,617	2,191		6,808
Result on the disposal of assets					812	-52		760
Net sales price received					5,429	2,139		7,568
<b>Assets held for sale</b>								
Net book value						337		337
Result on the disposal of assets						-69		-69
Net sales price received						268		268
<b>Development projects</b>								
Net book value					10,136			10,136
Result on the disposal of assets					572			572
Net sales price received					10,708			10,708
<b>TOTAL</b>					<b>16,137</b>	<b>2,407</b>		<b>18,544</b>

## NOTE 41. CONTINGENT RIGHTS AND LIABILITIES

- The shares of the company Belliard III-IV Properties SA/NV held by Cofinimmo are subject to a purchase option. The exercise of this option is subject to the fulfilment of certain specific conditions.
- With regard to the assignment of the receivables of the lease with the Buildings Agency (Belgian Federal State) for the Antwerp courthouse, the balance of the receivables not assigned has been pledged in favour of a bank, subject to certain conditions. Cofinimmo furthermore granted a mortgage and a mortgage mandate on the site. With regard to the transfer of the finance lease debt vis-à-vis Justinvest Antwerpen SA/NV to an external trustee (JPA Properties SPRL/BVBA administered by Intertrust Belgium) concerning the construction cost of the Antwerp courthouse, the liquidities transferred to JPA have been pledged in favour of Cofinimmo SA/NV. The benefit of the pledge has been transferred in favour of a bank, subject to certain conditions.
- As part of the assignment of receivables of rents or long lease fees relating to current agreements with the Buildings Agency (Belgian Federal State) or the European Commission on the Egmont I, Egmont II, Maire 19 and Colonel Bourg 124 and Belliard I-II buildings as well as the current lease with the City of Antwerp on the fire station, the shares of Bolivar Properties SA/NV have been pledged in favour of a bank under certain conditions.
- In the context of other assignments of lease receivables, Cofinimmo has taken various commitments and granted certain guarantees, namely with regard to the assignment of the receivables of the prison in Leuze after the execution of the works.
- With regard to the leases signed with the Buildings Agency (Belgian Federal State) relating to, among other properties, the courthouse of Antwerp and the police station of Dendermonde, a purchase option has been granted in favour of the Agency, which, at the end of the lease, can leave the premises, extend the contract or buy the building.
- Cofinimmo has granted a purchase option to the HEKLA Police Zone in Antwerp on the property granted under long lease to this entity, to be taken up on the expiry of the long lease.
- Cofinimmo has agreed to several preferential rights and/or purchase options to the long-lease holder, at market value, on a part of its nursing homes and clinics portfolio.
- Cofinimmo has agreed to several preferential rights for certain companies, at market value, concerning its real estate portfolio in Germany.
- Cofinimmo granted a preferential right to a long lease, at market value, on the residual property rights of an office building in Brussels.
- Cofinimmo has undertaken and benefits on behalf of its subsidiary Pubstone of a pre-emptive right on future developments to be executed in partnership with AB InBev.
- Cofinimmo (and Pubstone Group) has undertaken and has preferential rights on the Pubstone SA/NV and Pubstone Group shares, and InBev Belgium has a right of purchase on the Pubstone SA/NV and Pubstone Group shares.
- Conversely, Leopold Square and InBev Belgium have preferential rights on the Pubstone Properties shares.
- Cofinimmo has an option to purchase shares of companies holding real estate in Germany.
- Within the context of calls for tenders, Cofinimmo regularly issues commitments to obtain bank guarantees.
- As a general rule, Cofinimmo benefits from liability guarantees issued by the sellers of shares in real estate companies it has acquired.
- Cofinimmo has granted various guarantees in connection with the disposal of shares of a company that it held and received guarantees from the buyers for the solidarity commitments that it had made with the sold company.
- Cofinimmo has granted various guarantees in connection with disposals of shares of companies that it held.
- Cofinimmo has granted a sale option to the shareholders of Aspria Roosevelt SA/NV relating to the sale of 100% of the shares of this company which holds the Solvay Sport site in Brussels intended for the construction of a new sports and leisure club to be operated by the Aspria Group.
- With regard to the purchase of 13 healthcare buildings in the Netherlands, Superstone agreed with the seller on a right of sale for Superstone and a right of purchase for the seller concerning a building located in Utrecht. Under the same deal, two of the 13 buildings will only be acquired by Superstone after certain conditions precedent have been met.
- As part of a long lease agreement concerning a parking structure in Breda, Superstone, the long lease holder, agreed with Amphibia, the bare owner, to a right of first offer for the assignment of the long lease right and a right of purchase under certain conditions.
- Superstone granted an option of purchase to the seller concerning a building in Almere and concerning a building in Voorschoten at the end of the lease contract with the tenant.
- With regard to its lease agreements, Cofinimmo receives a rental guarantee (in cash or as a bank guarantee) of an amount generally representing six months of rent.
- Cofinimmo has a call option on the preference shares it issued (Article 8 of the Articles of Association).
- Cofinimmo has undertaken to find a buyer for the Notes maturing in 2027 issued by Cofinimmo Lease Finance (see page 42 of the 2001 Annual Financial Report) in case a withholding tax would be applicable to the interests on these Notes.
- When requested to convert convertible bonds that it issued, Cofinimmo will have the choice, subject to certain conditions, between releasing new and/or existing shares or paying an amount in cash, or a combination of both.
- Cofinimmo will have the option to acquire in 2023, at their intrinsic value, all the Mandatory Convertible Bonds issued by Cofinimur I, either in cash or in exchange of ordinary Cofinimmo shares, subject to approval by two thirds of the holders in the latter case.
- Cofinimmo has undergone various commitments to not undertake certain actions (negative pledge) at the expiry of various financing contracts.

## NOTE 42. INVESTMENT COMMITMENTS

The Group has capital commitments of 69,600 K EUR (31.12.2014: 65,771 K EUR) in respect of capital expenditures contracted for at the balance sheet date but not yet incurred, for new property and extensions construction. Renovation works are not included in this figure.

## NOTE 43. CONSOLIDATION CRITERIA AND SCOPE

### Consolidation criteria

The consolidated financial statements group the financial statements of the parent company and those of the subsidiaries and joint ventures, as drawn up at the closing date.

Consolidation is achieved by applying the following consolidation methods.

### Full consolidation for the subsidiaries

Full consolidation consists of incorporating all the assets and liabilities of the subsidiaries, as well as income and charges.

Minority interests are shown in a separate item of both the balance sheet and the income statement.

### Consolidation scope

#### Subsidiaries held at 100% by the Group

Name and addresses of the registered office Fully consolidated subsidiaries	VAT or national number (NN)	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries held at 100%
		31.12.2015	31.12.2014	
<b>BELLIARD III-IV PROPERTIES SA/NV</b> Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 475 162 121	100.00	100.00	Belliard III-IV Properties SA/NV holds the residual rights of the property Belliard III-IV, charged with a long lease right (emphytéose/erfpacht).
<b>BOLIVAR PROPERTIES SA/NV</b> Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 878 423 981	100.00	100.00	Bolivar Properties SA/NA holds: <ul style="list-style-type: none"> <li>- the residual rights to the property Belliard I-II, charged with a long-lease right (emphytéose/erfpacht);</li> <li>- a long-lease right (emphytéose/erfpacht) on the Egmont I and II buildings;</li> <li>- a long-lease right on the Maire 19 building in Tournai;</li> <li>- temporary full ownership of the Noorderlaan 69 building;</li> <li>- a long-lease right on the Colonel Bourg 124 building.</li> </ul> Bolivar Properties SA/NV also holds an interest in Leopold Square SA/NV.

The full consolidation method is applied when the parent company holds exclusive control.

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

### Consolidation under the equity method for the joint ventures

The equity method consists of replacing the book value of the securities by the equity share of the entity. More details are provided in Note 2, paragraph C.

Name and addresses of the registered office Fully consolidated subsidiaries	VAT or national number (NN)	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries held at 100%
		31.12.2015	31.12.2014	
<b>COFINIMMO INVESTISSEMENTS &amp; SERVICES SA</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 88 487 542 169	100.00	100.00	Cofinimmo Investissements et Services SA owns, directly or indirectly, 38 healthcare assets in France:
<b>SCI AC Napoli</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 71 428 295 695	100.00	100.00	- 15 aftercare and rehabilitation clinics (SSR): Belloy in Belloy, Bezons in Bezons, Brocéliande in Caen, Bruyères in Letra, Canal de l'Ourcq in Paris, Caux Littoral in Neville, Château de Gléteins in Janssans-Riottier, Château de la Vernède in Conques-sur-Orbiel, Hélio Marin in Hyères, La Ravine in Louviers, La Salette in Marseille, Montpribat in Montfort-en-Chalosse, Sainte Baume in Nans-Les-Pins, Estrain in Siouville-Hague and William Harvey in Saint-Martin-d'Aubigny;
<b>SCI Beaulieu</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 50 444 644 553	100.00	100.00	- 5 psychiatric clinics: Champgault in Esvres-sur-Indre, Domaine de Vontes in Esvres-sur-Indre, Haut Cluzeau in Chasseneuil, Horizon 33 in Cambes and Pays de Seine in Bois-le-Roi;
<b>SCI Chamtau</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 11 347 555 203	100.00	100.00	- 18 nursing homes (EHPAD): Automne in Reims, Automne in Sarzeau, Automne in Villars-les-Dombes, Cuxac II in Cuxac-Cabardès, Debussy in Carnoux-en-Provence, Frontenac in Bram, Grand Maison in L'Union, La Jonchère in Reuil-Malmaison, Las Peyrères in Simorre, Le Clos du Mûrier in Fondettes, Le Clos Saint Sébastien in Saint-Sébastien-sur-Loire, Le Jardin des Plantes in Rouen, Le Lac in Moncontour, Les Hauts d'Andilly in Andilly, Les Jardins de l'Andelle in Perriers-sur-Andelle, Les Oliviers in Cannes La Bocca, Villa Saint Gabriel in Gradignan and Villa Napoli in Jurançon.
<b>SCI Cuxac II</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 18 343 262 341	100.00	100.00	
<b>SCI de l'Orbieu</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 14 383 174 380	100.00	100.00	
<b>SCI du Donjon</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 06 377 815 386	100.00	100.00	
<b>SNC du Haut Cluzeau</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 39 319 119 921	100.00	100.00	
<b>SARL Hypocrate de la Salette</b> Avenue de l'Opéra 27, 75001 Paris (France)	not subject to taxation NN 388 117 988	100.00	100.00	
<b>SCI La Nouvelle Pinède</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 78 331 386 748	100.00	100.00	
<b>SCI Privatel Investissement</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 13 333 264 323	100.00	100.00	
<b>SCI Résidence Frontenac</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 80 348 939 901	100.00	100.00	
<b>SCI Sociblanc</b> Avenue de l'Opéra 27, 75001 Paris (France)	not subject to taxation NN 328 781 844	100.00	100.00	
<b>COFINIMMO LUXEMBOURG SA</b> Boulevard Grande-Duchesse Charlotte 65, 1331 Luxembourg (Luxembourg)	not subject to taxation NN 100 044	100.00	100.00	Cofinimmo Luxembourg SA holds a clinic in Baden-Baden in Germany.
<b>COFINIMMO SERVICES SA/NV</b> Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 0437 018 652	100.00	100.00	Cofinimmo Services SA/NV is responsible for the property management of the Cofinimmo properties.
<b>FPR LEUZE SA/NV</b> Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 0839 750 279	100.00	100.00	FPR Leuze SA/NV was created following the assignment by the Buildings Agency (Belgian Federal State) of the public contract drawn up on the Design-Build-Finance-Maintain model for the construction and maintenance of a new prison in Leuze-en-Hainaut, in the Mons region.
<b>KAISERSTONE SA</b> Rue Eugène Ruppert 6, 2453 Luxembourg (Luxembourg)	B 202.584	100.00	NA	KaiserStone holds a clinic in Bonn, Germany.
<b>LEOPOLD SQUARE SA/NV</b> Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 0465 387 588	100.00	100.00	Leopold Square SA/NV partially or totally owns the buildings located at avenue du Bourget/Bourgetlaan 40 in Brussels and Park Hill A and B in Diegem, the subsoil of the Cockx 8-10 building (Omega Court). This subsidiary also holds interests in shares in Cofinimmo Services SA/NV and Pubstone Properties BV.
<b>SUPERSTONE BV</b> Claudius Prinsenlaan 128, 4818 CP Breda (Netherlands)	NL 85 07 32 554 B01	100.00	100.00	Superstone NV holds three private clinics, 14 healthcare buildings and a medical centre located in the Netherlands. It has the status of "tax beleggingsinstelling".

Name and addresses of the registered office Fully consolidated subsidiaries	VAT or national number (NN)	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries held at 100%
		31.12.2015	31.12.2014	
<b>TERRA 13 SPRL/BVBA</b> Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 0535 736 047	100.00	NA	Terra 13 SPRL/BVBA holds the extension of a nursing home owned by Rheastone. This company merged into Rheastone on 22.01.2015.
<b>WELLNESSTONE SA</b> Rue Eugène Ruppert 6, 2453 Luxembourg (Luxembourg)	B 197.443	100.00	NA	WellnesStone SA holds an interest in Aspria Maschsee BV, Aspria Uhlenhorst BV, and KaiserStone SA.

### Subsidiaries held by the Cofinimmo Group and with minority interests (non-controlling interests)

Name and addresses of the registered office Fully consolidated subsidiaries	VAT or national number (NN)	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries which are not held at 100%
		31.12.2015	31.12.2014	
<b>ASPRIA MASCHSEE BV</b> Claudius Prinsenlaan 128, 4818 CP Breda (Netherlands)	NL 818 906 108 B01	94.9	NA	Aspria Maschsee BV holds one sport and well-being centre located in Hanover, Germany.
<b>ASPRIA UHLENHORST BV</b> Claudius Prinsenlaan 128, 4818 CP Breda (Netherlands)	NL 818 906 182 B01	94.9	NA	Aspria Uhlenhorst BV holds one sport and well-being centre located in Hamburg, Germany.
<b>COFINIMUR I SA</b> Avenue Georges V 10, 75008 Paris (France)	FR 74 537 946 824	97.65	97.65	Cofinimur I SA has a portfolio of 279 sites (branches and offices), located in France and used by the MAAF Group.
<b>PUBSTONE GROUP SA/NV</b> Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 0878 010 643	90.00	90.00	Pubstone Group SA/NV holds a controlling interest in the company Pubstone SA/NV.
<b>PUBSTONE SA/NV</b> Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 0405 819 096	99.99	99.99	Pubstone SA/NV owns 791 pubs/restaurants in Belgium.
<b>PUBSTONE PROPERTIES BV</b> Claudius Prinsenlaan 128, 4818 CP Breda (Netherlands)	NL 818 589 723 B01	90.00 <sup>1</sup>	90.00 <sup>1</sup>	Pubstone Properties BV owns 244 pubs/restaurants in the Netherlands.
<b>RHEASTONE SA/NV</b> Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 0893 787 296	97.38	100.00	Rheastone SA/NV owns four nursing homes.

### Joint ventures

Name and addresses of the registered office Subsidiaries consolidated under the equity method	VAT or national number (NN)	Direct and indirect interests and voting rights (in %)		Main activity of the Group subsidiaries which are not held at 100%
		31.12.2015	31.12.2014	
<b>COFINEA I SAS</b> Avenue de l'Opéra 27, 75001 Paris (France)	FR 74 538 144 122	51.00	51.00	The company owns an EHPAD located in Paris. Cofinimmo SA/NV holds 51% of the capital of Cofinéa I SAS, which is therefore consolidated under the equity method in the Group's consolidated financial statements. The ORPEA Group is the other shareholder.

<sup>1</sup> Economic interest.

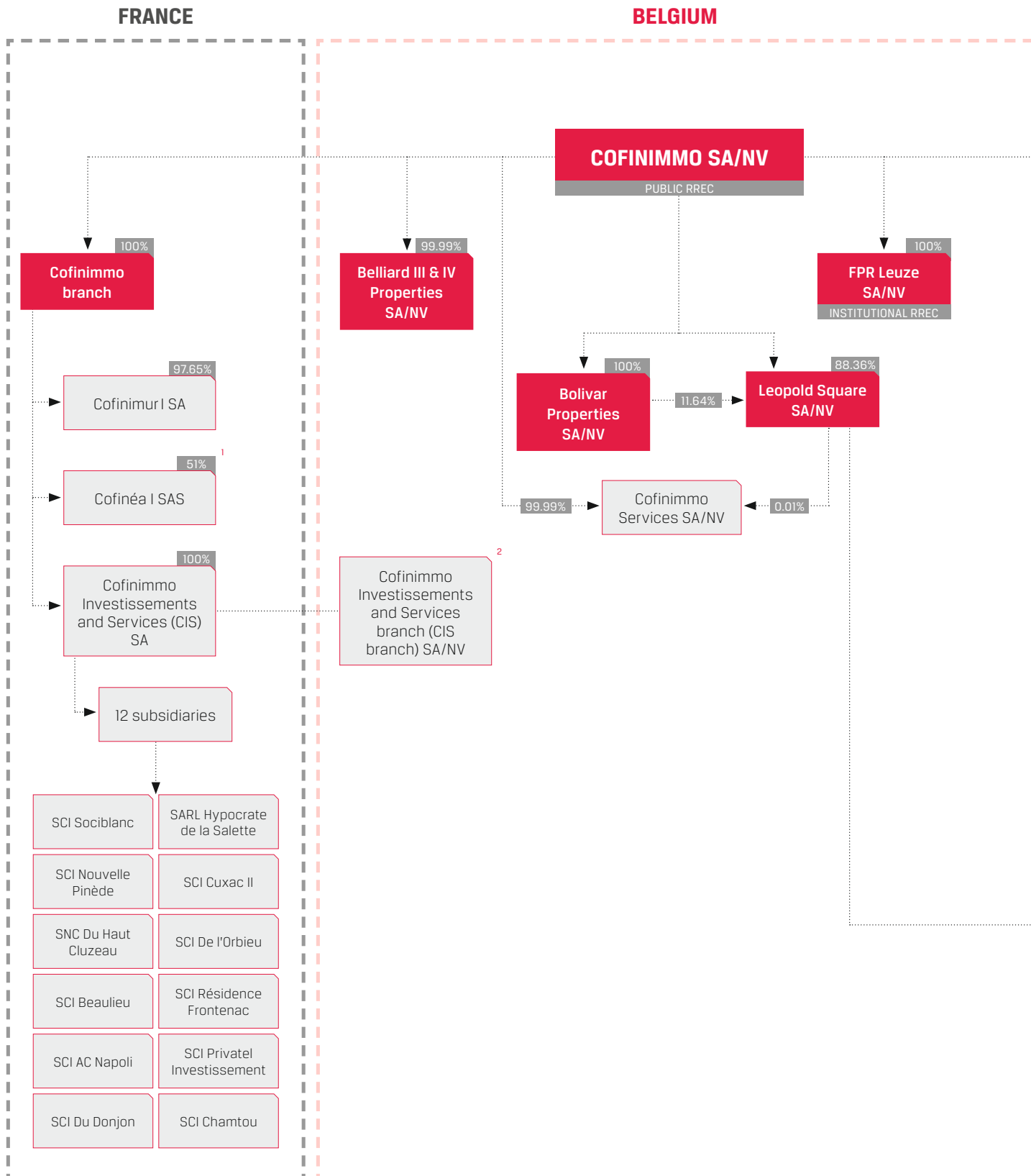
Rehabilitation clinic – Baden-Baden (DE)

Orthopedic care centre - Naarden (NL)



Wommelgeem nursing home – Wommelgem (BE)





<sup>1</sup> Company consolidated under the equity method.

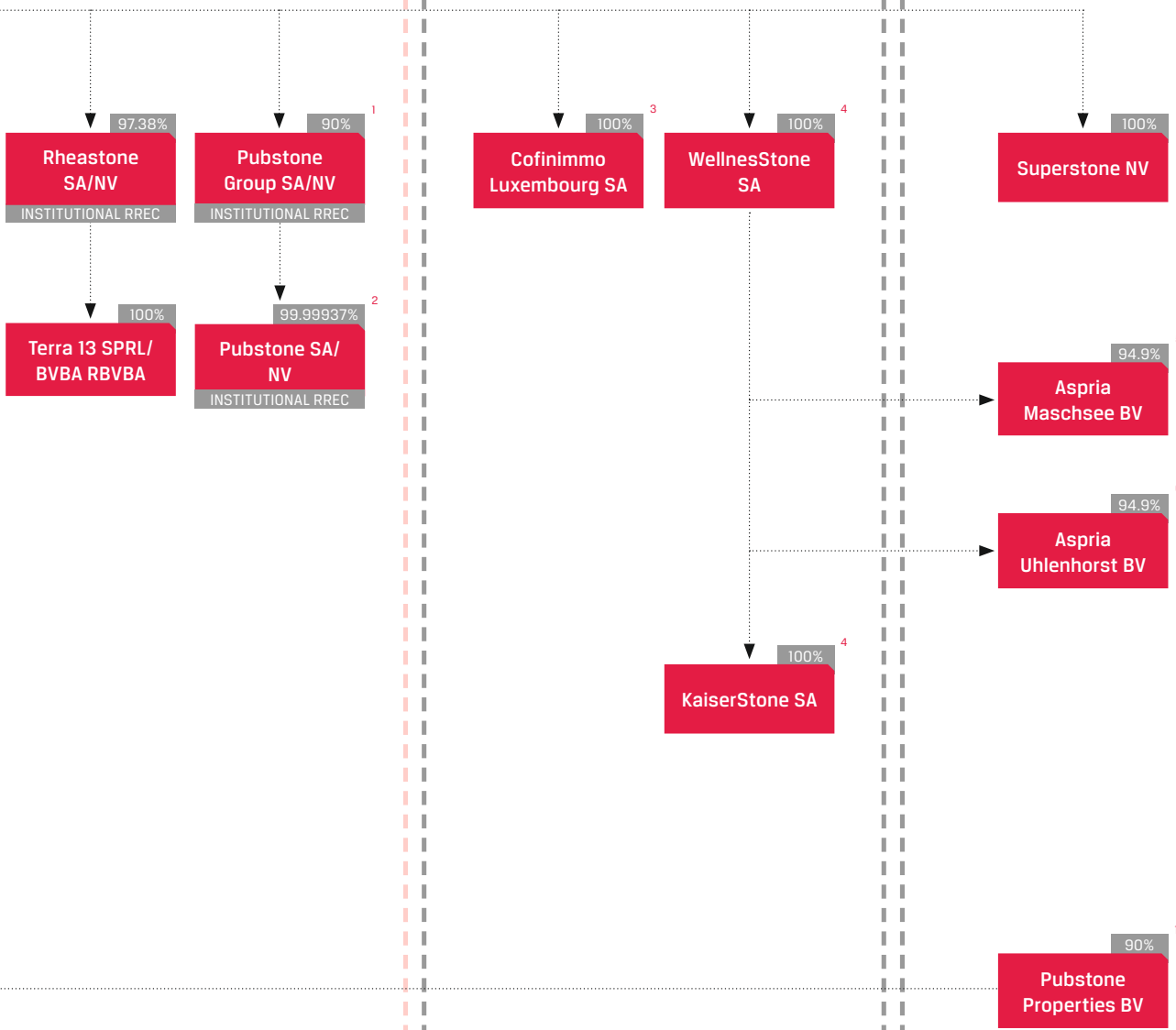
<sup>2</sup> The percentage of the consolidated pre-tax result of CIS Succursale (company housing the asset management activity for third parties) in relation to the Group's consolidated pre-tax result is 1%. The percentage of assets under management in relation to the Group's consolidated assets is 4%.



**BELGIUM**

**LUXEMBOURG**

**NETHERLANDS**



<sup>1</sup> 10% of the shares held by InBev Belgium SA/NV.

<sup>2</sup> 0.00063% of the shares held by InBev Belgium SA/NV and its subsidiaries.

<sup>3</sup> Luxembourg company holding an asset in Germany.

<sup>4</sup> Luxembourg company.

<sup>5</sup> 5.1% of the shares held by Aspria Estates BV.

<sup>6</sup> 5.1% of the shares held by Aspria Properties BV.

## Non-controlling interests<sup>1</sup>

Non-controlling interests represent third-party interests in subsidiaries neither directly nor indirectly held by the Group.

### Cofinimur I

At the end of 2011, Cofinimmo acquired a portfolio of agencies and offices from the MAAF Group through its subsidiary Cofinimur I. Foncière ATLAND owns 2.35% of the shares of the Cofinimur I structure. In addition, at the time of the acquisition, Cofinimur I also issued mandatory convertible bonds (MCB), considered as non-controlling interests.

Foncière ATLAND is a listed French property company with the SIIC status. It specialises in corporate real estate, offices, business premises, warehouses and retail.

For further information: [www.fonciere-atland.fr](http://www.fonciere-atland.fr).

### Pubstone

At the end of 2007, Cofinimmo acquired a portfolio of pubs/restaurants owned until then by ImmoBrew SA/NV, a subsidiary of InBev Belgium and renamed Pubstone SA/NV. At 31.12.2015, InBev Belgium owns an indirect stake of 10% in the Pubstone structure.

In addition, following the restructuring of the Pubstone Group in December 2013, InBev Belgium owns 10% direct minority interests in Pubstone Properties BV.

Anheuser-Busch InBev (AB InBev) is the world's largest brewer by volume of beer brewed.

For further information about the Group: [www.ab-inbev.com](http://www.ab-inbev.com).

### Silverstone

During financial year 2015, Cofinimmo sold its 95% stake in Silverstone SA/NV to a company of the Senior Assist Group.

As a reminder, in 2012, Cofinimmo set up a structure, Silverstone SA/NV, holding a portfolio of nursing homes in Belgium.

### Rheastone

Following the partial demerger of Silverstone during financial year 2015, Senior Assist holds 2.62% in Rheastone SA/NV.

Senior Assist is a family group founded in 2005 that operates in the home care and accommodation of dependent elderly people sectors. It operates 32 nursing homes in Belgium.

For further information: [www.senior-assist.be](http://www.senior-assist.be).

### Aspria

Cofinimmo acquired two sport and well-being centres in Germany. The Aspria Group holds a 5.1% interest in Aspria Maschsee BV and Aspria Uhlenhorst BV.

The Aspria Group, founded in 2000, manages eight luxury sport and well-being centres in prestigious locations in Germany, Belgium and Italy. In Belgium, the company operates three centres, of which one is owned by Cofinimmo.

For further information: [www.aspria.com](http://www.aspria.com).

The holding of these interests by companies outside of the Group, and therefore not controlled by Cofinimmo, is considered immaterial with regard to the Group's total shareholders' equity (at 31.12.2015, the minority interests amount to 65 million EUR vs. Cofinimmo's shareholders' equity of 1,925 million EUR, i.e. 3.4%).

## Change in non-controlling interests

(x 1,000 EUR)	Cofinimur I		Pubstone	Silverstone	Rheastone	Aspria Maschsee	Aspria Uhlenhorst	Total
	ATLAND	MCB holders	InBev	Senior Assist	Senior Assist	Aspria	Aspria	
<b>AT 01.01.2014</b>	<b>1,240</b>	<b>48,276</b>	<b>11,671</b>	<b>5,338</b>				<b>66,525</b>
Interests on the income statement	84	2,927	-132	499				3,378
Reserve for the estimated transaction costs and transfer duties	-1		-8	-9				-18
MCB coupons		-2,703						-2,703
Dividends	-35			-284				-319
Other	1	130						131
<b>AT 31.12.2014</b>	<b>1,289</b>	<b>48,630</b>	<b>11,531</b>	<b>5,544</b>				<b>66,994</b>
Interests on the income statement	79	3,108	613	530	16	43	93	4,482
MCB coupons		-2,904						-2,904
Dividends	-44		-383	-317				-744
Aspria acquisitions						536	227	763
Silverstone sale				-4,387				-4,387
Other		312		-1,370	1,370			312
<b>AT 31.12.2015</b>	<b>1,324</b>	<b>49,146</b>	<b>11,761</b>		<b>1,386</b>	<b>579</b>	<b>320</b>	<b>64,516</b>

<sup>1</sup> The term "non-controlling interests" as defined under IFRS 12 corresponds to minority interests.

## Joint ventures

At 31.12.2015, the Cofinimmo Group has the joint venture Cofinéa I, consolidated under the equity method, as the Group exercises joint control over this company under a partnership agreement with the partner shareholders.

Given its share in the Cofinimmo Group's result, this joint venture is considered immaterial.

### General information

<b>Company</b>	<b>Cofinéa I</b>
Segment	Healthcare real estate
Country	France
% held by the Cofinimmo Group	51%
Partner shareholders	ORPEA Group OPCI (49%)
Date of company creation	2012
Accounting period	Ends on December 31 <sup>st</sup>
	<b>31.12.15</b>
<b>AMOUNT OF THE COFINIMMO SHARE IN THE RESULT (x 1,000 EUR)</b>	
Net current result (at 100%)	902
Other elements of the global result	46
Global result	948
% held by the Cofinimmo Group	51%
<b>Share in the result of associated companies or joint ventures</b>	<b>483</b>
<b>AMOUNT OF THE INTEREST AT COFINIMMO (x 1,000 EUR)</b>	
<b>Participations in associated companies and joint ventures</b>	<b>6,033</b>

### Risks and commitments related to the partner shareholders:

With the framework of Cofinéa I, the goal of the partnership entered into with the ORPEA Group is to bring assets operated by the ORPEA Group under the structure.

Cofinimmo holds 51% of the shares of this structure. However, the partnership agreement stipulates that all decisions, particularly with regard to investments and divestments, are taken in mutual consent, which implies a joint control of the company.

## NOTE 44. PAYMENTS BASED ON SHARES

### Stock option plan

In 2006, Cofinimmo launched a stock option plan whereby 8,000 stock options were granted to the Group's management. This plan was relaunched during each of the following years. In 2015, a total of 7,625 stock options were granted.

When they are exercised, the beneficiaries will pay the exercise price of 95.03 EUR per share for the 2015 plan in exchange for the delivery of the securities. In the event of voluntary or involuntary departure (excluding premature termination for serious reasons) of a beneficiary, the stock options accepted and vested may be exercised after the end of the third calendar year following the year in which the

stock options were granted. Options that have not been vested are cancelled, except when retiring on a pension. In the event of the involuntary departure of a beneficiary for serious reasons, all stock options accepted but not exercised, whether vested or not, are cancelled. These conditions governing the acquisition and the exercise periods in the event of a departure, whether voluntary or involuntary, will apply without prejudice to the powers of the Board of Directors for the members of the Executive Committee or the powers of the Executive Committee for the other participants to authorise waivers to these provisions in favour of the beneficiary, based on objective and relevant criteria.

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

	<b>2015</b>
Valuation model	Black & Scholes
Contractual life of the options	10 years
Estimated duration	8 years
Strike price (in EUR)	95.03
Volatility (average over last three years)	21.81%
Risk-free interest rate	Euro Swap Annual Rate
Fair value of the options at the date of granting, recognised over three years (x 1,000 EUR)	233.94

**Evolution of the number of stock options**

Year of the plan	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>AT 01.01</b>		<b>3,000</b>	<b>3,320</b>	<b>4,095</b>	<b>8,035</b>	<b>5,740</b>	<b>7,215</b>	<b>6,730</b>	<b>7,300</b>	<b>8,000</b>
Granted	7,625									
Cancelled			-500	-1,067	-1,386	-250	-695	-2,125	-2,050	-2,350
Exercised				-533	-2,264	-2,000	-3,665	-350		-1,600
Expired										
<b>AT 31.12</b>	<b>7,625</b>	<b>3,000</b>	<b>2,820</b>	<b>2,495</b>	<b>4,385</b>	<b>3,490</b>	<b>2,855</b>	<b>4,255</b>	<b>5,250</b>	<b>4,050</b>
Exercisable at 31.12				2,495	4,385	3,490	2,855	4,255	5,250	4,050
Strike price (in EUR)	95.03	88.75	88.12	84.85	97.45	93.45	86.06	122.92	143.66	129.27
Last exercise date	16.06.2025	16.06.2024	16.06.2023	18.06.2022		13.06.2020	11.06.2019	12.06.2023 <sup>1</sup>	12.06.2022 <sup>1</sup>	13.06.2021 <sup>1</sup>
Fair value of the options at the date of granting (x 1,000 EUR)	233.94	102.99	164.64	168.18	363.90	255.43	372.44	353.12	261.27	216.36

Cofinimmo applies the IFRS 2 standard by recognising over the vesting period (namely three years) the fair value of the stock options at the date of granting according to the progressive acquisition method. The annual cost of the progressive vesting is recognised under the item "Personnel charges" on the income statement.

**NOTE 45. AVERAGE NUMBER OF PEOPLE LINKED BY AN EMPLOYMENT CONTRACT OR BY A PERMANENT SERVICE CONTRACT**

	2015	2014
Average number of people linked by an employment contract or by a permanent service contract	113	115
Employees	109	111
Executive management personnel	4	4
<b>FULL-TIME EQUIVALENT</b>	<b>106</b>	<b>108</b>

**NOTE 46. RELATED-PARTY TRANSACTIONS**

The emoluments and insurance premiums, borne by Cofinimmo and its subsidiaries, for the benefit of the members of the Board of Directors, charged to the income statement, amount to 2,158,116 EUR of which 586,790 EUR is attributed to post-employment benefits.

The "Corporate Governance Statement" chapter of this Annual Financial Report includes the composition of the various decision-making bodies and the tables on the remuneration of the Non-Executive and Executive Directors. The difference between the amount on the income statement and that stated in the tables is explained by movements in provisions.

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

In 2015, Cofinimmo acquired, through its rheastone SA/NV subsidiary, the SA/NV Terra 13 (see Note 4) which was previously owned by the Senior Assist Group. Before its redemption, it held 5% of the SA/NV Silverstone, and at 31.12.2015, holds 2.62% of the shares of Rheastone SA/NV. For more details, see Note 43.

As a reminder, at the end of 2012, Cofinimmo signed a joint venture with the entity Cofinéa I SAS, a company incorporated under French Law. Cofinimmo owns 51% of its capital and the ORPEA Group 49%. With the exception of its interest in Cofinéa I, Cofinimmo has no other transactions with this joint venture. In addition, there were no transactions in 2015 with the ORPEA Group. For more details, see Note 43. There were no other transactions with other related parties.

**NOTE 47. EVENTS AFTER THE CLOSING**

The terms for terminating the contract of the client of the asset management activity for third party have been decided in March 2016 and will take effect on 01.04.2016. No other major events occurred after the closing date that could have a significant impact on the figures at 31.12.2015.

The amount of the dividend proposed to shareholders at the Ordinary General Meeting of 11.05.2016 is 105,729,988.72 EUR for the ordinary shares and 4,368,851.76 EUR for the preference shares. For more details, see Note 33.

<sup>1</sup> In accordance with the "Loi de relance économique"/"Wet van de Economische Heropleving" of 27.03.2009, the exercise period of the stock option plans of 2006 to 2008 was extended from 10 to 15 years.

# Statutory Auditor's Report

**Deloitte.**

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## Cofinimmo SA/NV

### Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2015

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

#### Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Cofinimmo SA/NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as executed by the Royal Decree of 13 July 2014 with respect to public regulated real estate companies and with the legal and regulatory requirements applicable in Belgium. The consolidated statement of financial position shows total assets of 3.412.480 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 103.967 (000) EUR.

#### *Board of directors' responsibility for the preparation of the consolidated financial statements*

The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as executed by the Royal Decree of 13 July 2014 with respect to public regulated real estate companies and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Statutory auditor's responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's 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, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group's officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises  
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /  
Société civile sous forme d'une société coopérative à responsabilité limitée  
Registered Office: Berkenlaan 8b, B-1831 Diegem  
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

Member of Deloitte Touche Tohmatsu Limited

# Deloitte.

## *Unqualified opinion*

In our opinion, the consolidated financial statements of Cofinimmo SA/NV give a true and fair view of the group's net equity and financial position as of 31 December 2015, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as executed by the Royal Decree of 13 July 2014 with respect to public regulated real estate companies and with the legal and regulatory requirements applicable in Belgium.

## **Report on other legal and regulatory requirements**

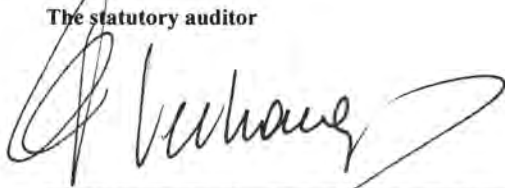
The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Diegem, 24 March 2016

**The statutory auditor**



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

# Company accounts

## GLOBAL RESULT (INCOME STATEMENT) (ABBREVIATED FORMAT)

(x 1,000 EUR)	2015	2014
<b>A. Net result</b>		
Rental income	123,545	125,411
Writeback of lease payments sold and discounted	10,214	15,931
Rental-related expenses	-862	-345
<b>Net rental income</b>	<b>132,897</b>	<b>140,997</b>
Recovery of property charges	329	588
Recovery income of charges and taxes normally payable by the tenant on let properties	16,820	16,029
Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	-1,434	-1,539
Charges and taxes normally payable by the tenant on let properties	-19,253	-17,483
<b>Property result</b>	<b>129,359</b>	<b>138,592</b>
Technical costs	-3,870	-2,786
Commercial costs	-870	-1,033
Taxes and charges on unlet properties	-3,200	-3,829
Property management costs	-12,371	-11,071
Other property charges	-8	-3
<b>Property charges</b>	<b>-20,319</b>	<b>-18,722</b>
<b>Property operating result</b>	<b>109,040</b>	<b>119,870</b>
Corporate management costs	-6,949	-6,670
<b>Operating result before result on the portfolio</b>	<b>102,091</b>	<b>113,200</b>
Gains or losses on disposals of investment properties	1,759	-10,322
Gains or losses on disposal of other non-financial assets	23,880	-13,181
Changes in fair value of investment properties	-18,990	-15,799
Other result on the portfolio	-513	-804
<b>Operating result</b>	<b>109,253</b>	<b>73,094</b>
Financial income	40,963	39,320
Net interest charges	-34,754	-45,454
Other financial charges	-747	-3,021
Changes in the fair value of financial assets and liabilities	-7,118	-116,714
<b>Financial result</b>	<b>-1,656</b>	<b>-125,869</b>
<b>Pre-tax result</b>	<b>107,597</b>	<b>-52,775</b>
Corporate tax	-3,996	-864
<b>Taxes</b>	<b>-3,996</b>	<b>-864</b>
<b>NET RESULT FOR THE PERIOD</b>	<b>103,601</b>	<b>-53,639</b>
<b>B. Other elements of the global result recyclable in the income statement</b>		
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties		2,599
Changes in the effective part of the fair value of authorised cash flow hedge instruments	33,186	52,015
<b>OTHER ELEMENTS OF THE GLOBAL RESULT</b>	<b>33,186</b>	<b>54,614</b>
<b>C. Global result</b>		
<b>GLOBAL RESULT</b>	<b>136,787</b>	<b>975</b>

**APPROPRIATIONS AND DEDUCTIONS**

(x 1 000 EUR)

	<b>2015</b>	2014
<b>A. Net result</b>	<b>103,601</b>	<b>-53,639</b>
<b>B. Transfer from/to reserves</b>	<b>6,895</b>	<b>153,430</b>
<b>Transfer to the reserve of the positive balance of changes in the fair value of investment properties</b>	<b>-9,364</b>	<b>-27,969</b>
financial year	-27,367	-19,508
previous years	18,003	-8,461
<b>Transfer to the reserve of the negative balance of changes in the fair value of investment properties</b>	<b>18,219</b>	<b>46,252</b>
financial year	18,129	15,312
previous years	90	30,940
<b>Transfer to the reserve of the estimated transaction costs and rights resulting from the hypothetical disposal of investment property</b>	<b>861</b>	<b>488</b>
<b>Transfer to the reserve of the balance of the changes in fair value of authorised hedging instruments qualifying for hedge accounting</b>	<b>846</b>	<b>10,512</b>
financial year		-1,719
previous years	846	12,231
<b>Transfer to the reserve of the balance of the changes in fair value of authorised cash flow hedging instruments not qualifying for hedge accounting</b>	<b>-713</b>	<b>71,579</b>
financial year	-565	71,581
previous years	-148	-2
<b>Transfer from/to other reserves</b>	<b>-221</b>	<b>-216</b>
<b>Transfer from the result carried forward of previous years</b>	<b>-2,732</b>	<b>52,784</b>
<b>C. Remuneration of the capital</b>		
Remuneration of the capital provided for in Article 13, § 1, paragraph 1 of the RD of 13.07.2014		
<b>D. Remuneration for financial year other than capital remuneration</b>	<b>-110,496</b>	<b>-99,791</b>
Dividends	-110,099	-99,440
Profit-sharing scheme	-398	-351
<b>E. Result to be carried forward</b>	<b>296,684</b>	<b>294,364</b>



**STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET) (ABBREVIATED FORMAT)**

(x 1,000 EUR)		2015	2014
<b>Non-current assets</b>		<b>3,251,623</b>	<b>3,118,880</b>
Intangible assets		514	553
Investment property		2,099,159	2,080,282
Other tangible assets		363	408
Non-current financial assets		1,086,787	970,732
Finance lease receivables		64,787	66,893
Trade receivables and other non-current assets		13	12
<b>Current assets</b>		<b>47,598</b>	<b>50,275</b>
Current financial assets		14	498
Finance lease receivables		1,394	1,366
Trade receivables		14,026	13,728
Tax receivables and other current assets		10,818	12,385
Cash and cash equivalents		1	
Accrued charges and deferred income		21,345	22,298
<b>TOTAL ASSETS</b>		<b>3,299,221</b>	<b>3,169,155</b>
(x 1,000 EUR)		2015	2014
<b>Shareholders' equity</b>		<b>1,860,118</b>	<b>1,541,935</b>
Capital		1,126,980	965,983
Share premium account		583,961	463,902
Reserves <sup>1</sup>		45,576	165,689
Net result for the financial year		103,601	-53,639
<b>Liabilities</b>		<b>1,439,103</b>	<b>1,627,220</b>
<b>Non-current liabilities</b>		<b>917,127</b>	<b>1,142,722</b>
Provisions		17,561	17,583
Non-current financial debts		832,569	1,021,107
Banks		197,000	415,700
Other		635,569	605,407
Other non-current financial liabilities		66,997	104,032
<b>Current liabilities</b>		<b>521,976</b>	<b>484,498</b>
Current financial debts		444,885	411,014
Banks		444,885	411,014
Other			
Other current financial liabilities		5,388	5,432
Trade debts and other current debts		45,201	43,784
Other		45,201	43,784
Accrued charges and deferred income		26,502	24,268
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>3,299,221</b>	<b>3,169,155</b>
<b>CALCULATION OF DEBT RATIO</b>			
(x 1,000 EUR)		2015	2014
Non-current financial debts		832,569	1,021,107
Other non-current financial liabilities (except for hedging instruments)	+	97	76
Current financial debts	+	444,885	411,014
Trade debts and other current debts	+	45,201	43,784
Uncalled amounts of acquired securities	+	180	180
<b>Total debt</b>	=	<b>1,322,932</b>	<b>1,476,162</b>
Total assets		3,299,221	3,169,155
Hedging instruments	-	34	1,500
<b>Total assets (except hedging instruments)</b>	/	<b>3,299,187</b>	<b>3,167,655</b>
<b>DEBT RATIO</b>	=	<b>40.10%</b>	<b>46.60%</b>

<sup>1</sup> The reserves include the heading "Reserve for own shares" for an amount of -4,546 K EUR at 31.12.2015.

**OBLIGATION TO DISTRIBUTE DIVIDENDS ACCORDING TO THE ROYAL DECREE OF 13.07.2014 CONCERNING RRECS**

(x 1,000 EUR)	2015	2014
<b>Net result</b>	<b>-103,601</b>	<b>-53,639</b>
Depreciation (+)	365	338
Writedowns (+)	671	-10
Writeback of writedowns (-)		
Writeback of lease payments sold and discounted	-10,214	-15,931
Other non-cash elements (+/-)	6,173	79,165
Result on disposal of property assets (+/-)	-25,639	23,503
Changes in fair value of investment properties (+/-)	-7,675	-2,223
<b>Corrected result (A)</b>	<b>67,283</b>	<b>31,203</b>
Capital gains and losses realised <sup>1</sup> on property assets during the financial year (+/-)	25,374	3,925
Realised gains <sup>1</sup> on property assets during the year, exempt from the obligation to distribute if reinvested within four years (-)	-25,729	-30,940
Realised gains on property assets previously exempt from the obligation to distribute and that were not reinvested within four years (+)		
<b>Net gains on realisation of property assets not exempt from the distribution obligation (B)</b>	<b>-355</b>	<b>-27,015</b>
<b>TOTAL (A+B) X 80%</b>	<b>53,543</b>	<b>3,350</b>
Debt decrease (-)	-153,229	-73,756
<b>OBLIGATION TO DISTRIBUTE DIVIDENDS<sup>2</sup></b>	<b>0</b>	<b>0</b>

**NON-DISTRIBUTABLE EQUITY ACCORDING TO ARTICLE 617 OF THE COMPANY CODE**

(x 1,000 EUR)	2015	2014
<b>Net assets</b>	<b>1,860,118</b>	<b>1,541,936</b>
Distribution of dividends and profit-sharing plan	-110,496	-99,791
<b>Net assets after distribution</b>	<b>1,749,622</b>	<b>1,442,145</b>
Paid-up capital or, if greater, subscribed capital	1,126,980	965,983
Share premium account unavailable for distribution according to the Articles of Association	583,961	463,902
Reserve for the positive balance of changes in the fair value of investment properties		
Reserve for the estimated transaction costs and transfer duties resulting from the hypothetical disposal of investment properties	-55,777	-55,225
Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge account	-10,325	-42,665
Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting	-67,123	-67,836
Reserve for own shares		
Other reserves declared non-distributable by the General Meeting	3,520	3,453
Legal reserve		
<b>Non-distributable equity according to Article 617 of the Company Code</b>	<b>1,581,237</b>	<b>1,267,612</b>
Margin remaining after distribution	168,385	174,533

<sup>1</sup> In relation to the acquisition value, increased by the capitalised renovation costs.

<sup>2</sup> Because of the decrease in its debt, Cofinimmo SA/NV has no distribution obligation.

## Statement of changes in shareholders' equity

(x 1,000 EUR)	Capital	Share premium account	Reserves	Net result for the financial year	Shareholders' equity
<b>AT 01.01.2014</b>	<b>945,447</b>	<b>451,673</b>	<b>160,637</b>	<b>57,180</b>	<b>1,614,937</b>
Appropriation of the 2013 net result			57,180	-57,180	
Elements directly recognised in shareholders' equity			52,021	-53,639	<b>-1,618</b>
Cash flow hedge			52,015		<b>52,015</b>
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties			582		<b>582</b>
Exercise on Cofinimmo shares (stock options and own shares)			-576		<b>-576</b>
Result of the period				-53,639	<b>-53,639</b>
Other			2,015		<b>2,015</b>
<b>SUBTOTAL</b>	<b>945,447</b>	<b>451,673</b>	<b>271,853</b>	<b>-53,639</b>	<b>1,615,334</b>
Issue of new shares	20,536	12,229			<b>32,765</b>
Dividends/Coupons			-106,164		<b>-106,164</b>
<b>AT 31.12.2014</b>	<b>965,983</b>	<b>463,902</b>	<b>165,689</b>	<b>-53,639</b>	<b>1,541,935</b>
Deductions/Allocation			-53,639	53,639	
Elements recognised in the global result			33,186	103,601	<b>136,787</b>
Cash flow hedge			3,716		<b>3,716</b>
Impact on fair value of estimated transfer costs and rights at hypothetical disposal if investment properties					
Restructuring of financial instruments			29,470		<b>29,470</b>
Net result of the period				103,601	<b>103,601</b>
Exercise on Cofinimmo shares (stock options, own shares)			-153		<b>-153</b>
Other			284		<b>284</b>
<b>SUBTOTAL</b>	<b>965,983</b>	<b>463,902</b>	<b>145,367</b>	<b>103,601</b>	<b>1,678,853</b>
Capital increase	160,997	120,059			<b>281,056</b>
Dividends/Coupons			-99,791		<b>-99,791</b>
<b>AT 31.12.2015</b>	<b>1,126,980</b>	<b>583,961</b>	<b>45,576</b>	<b>103,601</b>	<b>1,860,118</b>

## Detail of the reserves

(x 1,000 EUR)

	Reserve for the positive/ negative balance of changes in the fair value of real estate	Reserve for the estimated transaction costs resulting from the hypothetical disposal of investment properties	Reserve for the balance of changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS
<b>AT 01.01.2014</b>	<b>-125,235</b>	<b>-59,486</b>	<b>-88,744</b>
Appropriation of the 2013 net result	27,796	-1,146	4,576
Elements directly recognised in shareholders' equity		309	33,186
Cash flow hedge			52,015
Impact on estimated transaction costs and rights resulting from the hypothetical disposal of investment properties		582	
Exercise on Cofinimmo shares (stock options and own shares)			
Other items		5,311	
<b>SUBTOTAL</b>	<b>-97,439</b>	<b>-54,739</b>	<b>-32,153</b>
Dividends and participation plans			
<b>AU 31.12.2014</b>	<b>-97,439</b>	<b>-54,739</b>	<b>-32,153</b>
Appropriation of the 2014 net result	-18,282	-488	-10,512
Elements recognised in the global result		582	52,015
Cash flow hedge			3,716
Impact on estimated transaction costs and rights resulting from the hypothetical disposal of investment properties		309	
Restructuring of financial instruments			29,470
Exercise on Cofinimmo shares (stock options, own shares)			
Other			
<b>SUBTOTAL</b>	<b>-115,721</b>	<b>-54,918</b>	<b>-9,479</b>
Dividends and participation plans			
<b>AT 31.12.2015</b>	<b>-115,721</b>	<b>-54,918</b>	<b>-9,479</b>

Reserve for the balance of changes in the fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	Distributable reserve	Non-distributable reserve	Result carried forward	Total reserves
-14,900	824	-1,361	449,539	160,637
18,643		241	7,070	57,180
			-309	33,186
				52,015
				582
		-575	-1	-576
			-3,296	2,015
3,743	824	-1,695	453,312	271,853
			-106,164	-106,164
3,743	824	-1,695	347,148	165,689
-71,579		216	47,006	-53,639
		-575	-1	52,021
				3,716
			-309	
				29,470
		-153		-153
		387	-103	284
-67,836	824	-1,245	393,742	145,367
			-99,791	-99,791
-67,836	824	-1,245	293,951	45,576

# Standing document

## General information

### COMPANY NAME

Cofinimmo: Public regulated real estate company (RREC) incorporated under Belgian Law.

### REGISTERED AND ADMINISTRATIVE OFFICES

The registered and administrative offices are established at Boulevard de la Woluwe/Woluwedal 58, 1200 Brussels (Tel. +32 2 373 00 00). The registered offices may be transferred to any other place in Belgium by a simple decision of the Board of Directors.

### REGISTER OF LEGAL PERSONS

The company is entered in the Register of Legal Persons (R.L.P.) of Brussels under the 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/Naamloze Vennootschap) on 29.12.1983, by deed enacted before Notary André Nerinx in Brussels, published in the annexes to the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) of 27.01.1984, under the No. 891-11. The company has the legal form of a limited liability company incorporated under Belgian Law.

On 01.04.1996, Cofinimmo was recognised as a Sicafi/Bevak - fixed public capital real estate investment trust incorporated under Belgian Law, registered with the Financial Services and Markets Authority (FSMA).

Since the 06.11.2014, it is subject to the legal regime of regulated real estate companies under the Law of 12.05.2014 relating to regulated real estate companies. The company's exclusive corporate purpose is (a) making real estate available to users directly or through a company in which it holds an interest in accordance with the provisions of the RREC legislation and (b) within the limits fixed by the RREC legislation, holding the real estate as mentioned under article 2, 5°, VI to X of the RREC Act.

The company is also subject to the provisions of the Royal Decree of 13.07.2014, concerning regulated real estate companies.

The Articles of Association have been amended on various occasions, the last of which was on 12.01.2016 by deed enacted before Notary-in-Partnership Louis-Philippe Marcelis in Brussels, published in the annexes to the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) of 03.02.2016 under number 0025656.

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.

## PURPOSE OF THE COMPANY

### ARTICLE 3: PURPOSE

3.1) The company's exclusive purpose is:

(a) making real estate available to users, directly or through a company in which it holds an interest in accordance with the provisions of the RREC legislation and;

(b) within the limits fixed by the RREC legislation, hold the real estate as mentioned under article 2, 5°, VI to X of the RREC Act.

Real estate is understood as follows:

i. real estate property as defined by Articles 517 et seq. of the Civil Code and rights in rem over real estate property, with the exclusion of forestry, agricultural or mining real estate;

ii. shares with voting rights issued by real estate companies that are under exclusive or joint control by the Company;

iii. option rights on real estate;

iv. shares in public regulated real estate companies ("PRREC") or institutional regulated real estate companies ("IRREC"), provided, in the latter case, the IRREC is under joint or exclusive control by the Company;

v. rights arising from contracts giving one or more goods in finance lease to the Company or providing other similar rights of use;

vi. shares in public Sicafis/bevaks (Belgian REITs);

vii. shares in foreign real estate collective investment trusts included in the list referred to in Article 260 of the RREC Act;

viii. shares in real estate collective investment trusts established in another member state of the European Economic Area not included in the list referred to in Article 260 of the RREC Act, to the extent that they are subject to supervision equivalent to the supervision that is applicable to public Sicafis/Bevaks (Belgian REITs);

ix. shares issued by companies (i) with legal personality; (ii) under the law of another member state of the European Economic Area; (iii) which shares are admitted to trading on a regulated market and/or are subject to prudential supervision; (iv) whose main activity consists of acquiring or constructing real estate with a view of making it available to users, or the direct or indirect holding of participations in certain entities with similar main purpose; and (v) that are exempt from income tax on profits from the activity referred to in (iv) above subject to compliance with certain requirements, at least with respect to the legal obligation to distribute part of their income to their shareholders (the "Real Estate Investment Trusts", abbreviated as "REITs");

x. real estate certificates referred to in Article 5, § 4 of the act of 16.06.2006.

In the context of such making real estate available to users, the PRREC can, in particular, carry out all activities related to construction, rebuilding, renovation, development, acquisition, disposal, management and exploitation of real estate.

3.2) On a secondary or temporary basis, the Company can make investments in securities that do not constitute real estate in accordance with the RREC legislation. These investments are made, provided that the risk management policy, as adopted by the Company, is respected, and will be diversified in order to ensure an adequate risk diversification. The Company may also hold unallocated liquid funds in all currencies in the form of on-sight or term deposits or of any easily deployed money market instrument.

It may also carry out operations involving hedging instruments, provided that they aim exclusively at hedging interest rate and currency risks within the framework of financing and management of the real estate held by the Company. They exclude all operations of a speculative nature.

3.3) The Company can confer or take finance-leasing contracts for one or more buildings. The activity of giving a finance-lease with the option to purchase real estate properties may only be exercised on a secondary basis, unless these real estate properties are intended for purposes in the public interest, in which social housing and education are included (in which case they may be exercised on a primary basis).

3.4) The Company may take an interest, by means of a merger or otherwise, in all businesses, enterprises or companies having a similar or complementary purpose, aiming at enhancing the corporate development and, in general, performing all operations directly or indirectly linked to its corporate purpose, as well as all useful or necessary actions to execute its corporate purpose.

The company is bound to carry out all of its activities and operations in compliance with the regulations and within the limits laid down by the RREC legislation and any other applicable legislation.

#### ARTICLE 4: PROHIBITIONS

The Company may not:

- act as property developer in accordance with the RREC legislation, except on an occasional basis;
- participate in an underwriting or guarantee syndicate;
- lend financial instruments, with the exclusion of loans subject to the conditions and provisions of the Royal Decree of 07.03.2006;
- acquire financial instruments issued by a company or association under private law that has been declared bankrupt, that has entered into an amicable settlement with its creditors, that is currently subject to a judicial reorganisation procedure, that has obtained a suspension of payment, or that has been subject to a similar measure abroad.

#### FINANCIAL YEAR

The financial year starts on January 1<sup>st</sup> and ends on December 31<sup>st</sup> 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](http://www.cofinimmo.com).

The company and consolidated accounts of the Cofinimmo Group are filed at the National Bank of Belgium, in accordance with the legal provisions governing the matter. Decisions with regard to the appointment and resignation of members of the Board of Directors are published in the annexes of the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad). Notices convening General Shareholder Meetings are published in the annexes of the Belgian Official Gazette and in two financial daily newspapers. These notices and all documents relating to the General Shareholder Meetings are simultaneously available on the website [www.cofinimmo.com](http://www.cofinimmo.com).

All press releases and other financial information given out by the Cofinimmo Group over the past five years can be consulted on the website [www.cofinimmo.com](http://www.cofinimmo.com). The Annual Reports and the Annual Financial Reports may be obtained from the registered offices or consulted on the website [www.cofinimmo.com](http://www.cofinimmo.com). They are sent each year to the registered shareholders and to any parties expressing a wish to receive them. They include Reports by the real estate expert and the statutory Auditor.

## DECLARATIONS

### RESPONSIBLE PEOPLE

The Board of Directors of Cofinimmo SA/NV assumes the responsibility for the content of this Annual Financial Report, subject to the information supplied by third parties, including the reports of the statutory auditor and the real estate experts. The Board, composed as described on page 113, declares that to the best of its knowledge:

- this Annual Financial Report contains a fair and true statement of the important events and, as the case may be, of major transactions between related parties that have occurred during the year and their impact on the financial statements;
- this Report has no omissions likely to significantly modify the scope of any statements made in it;
- the financial statements, established in conformity with the applicable accounting standards, have been submitted to the statutory auditor for a complete audit review and give a fair and true image of the portfolio, the financial situation and the results of Cofinimmo and its subsidiaries incorporated in the consolidation; moreover, the Management Report includes an outlook for the result of the coming year as well as a comment on the risks and uncertainties confronting the company (see pages 2 to 10).

### FORECAST INFORMATION

This Annual Financial Report contains forecast information based on company plans, estimates and projections, as well as on its reasonable expectations concerning external events and factors. By its nature, this forecast information is subject to risks and uncertainties that may have as consequence that the results, financial situation, performance and actual figures differ from this information. Taking into account these uncertain factors, statements regarding future developments cannot be considered as a guarantee whatsoever.

### DECLARATION CONCERNING THE DIRECTORS

The Board of Directors of Cofinimmo SA/NV 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 incrimination has been expressed or any sanctions ever imposed by a legal or supervisory authority, that no Director has been prohibited by court to act as a member of the Directing body and that in this capacity they have never been implicated in a bankruptcy;
- no employment contract has been entered into with the Directors, with the Executive Committee or with the RREC providing for the payment of compensation upon termination of the employment contract, except for the comment in the section "Contractual terms of the members of the Executive Committee" in the "Corporate Governance Statement" chapter.

### DECLARATION CONCERNING INFORMATION FROM THIRD PARTIES

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

### HISTORICAL FINANCIAL INFORMATION REFERRED TO BY REFERENCE

The Annual Financial Reports of the last five years and particularly those concerning financial year 2013 and 2014 included by reference in this Annual Financial Report comprising the company and consolidated annual accounts and the auditor's reports, as well as the Half-Yearly Financial Reports may be consulted on the website [www.cofinimmo.com](http://www.cofinimmo.com).

## FISCAL REGIMES

### BELGIUM: PUBLIC REGULATED REAL ESTATE COMPANY (PUBLIC RREC)

The public regulated real estate company (RREC) has a status similar to those existing in many countries: Real Estate Investment Trusts (REITs) in the US, Fiscale Beleggingsinstellingen (FBI) in the Netherlands, G-REITs in Germany, Sociétés d'Investissement Immobilier Cotées (SIIC) in France and UK-REITs in the UK.

This status is currently governed by the Law of 12.05.2014 and the Royal Decree of 13.07.2014, both relating to regulated real estate companies.

The main characteristics of the RREC are as follows:

- closed-end company;
- stock exchange listing;
- activity consisting in making buildings available to users; incidentally, the RRECs may invest their assets in securities;
- possibility for the Belgian subsidiaries of the public RREC to be approved as an institutional RREC;
- diversification of risk: maximum 20% of the total consolidated assets invested in properties forming a single real estate development;
- consolidated debt limited to 65% of the market value of the company's assets; the amount of mortgages and other securities is limited to 50% of the total fair value of the properties and to 75% of the value of the mortgaged property;
- very strict rules governing conflicts of interest;
- regular valuation of the asset portfolio by independent real estate experts;
- properties recognised at their fair value;
- no depreciation;
- results (rental income and capital gains on sales less operating expenses and financial charges) are exempt from corporate tax;
- at least 80% of the sum of the corrected result and the net gains on realised disposals of real estate assets not exempted from the compulsory distribution are subject to a compulsory distribution; the decrease in debt during the year can however be subtracted from the amount to be distributed;
- withholding tax of 27% for physical persons residing in Belgium.

Companies applying for the public or institutional RREC status, or which merge with an RREC, 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 contribution of 3%, giving a total of 16.995%). Cofinimmo obtained its RREC status on 26.08.2014. From 01.04.1996 to that date, its status was Sicafi/Bevak (Belgian REIT).

### BELGIUM: INSTITUTIONAL REGULATED REAL ESTATE COMPANY UNDER BELGIAN LAW

The Institutional RREC, governed by the Law of 12.05.2014 and the Royal Decree of 13.07.2014, is a light version of the public RREC. It enables the public SIR to extend the taxation characteristics of its legal form to its subsidiaries and to undertake specific partnerships and projects with third parties. The institutional RREC status is acquired after approval from the FSMA.

The main characteristics of the institutional RREC are as follows:

- non-listed company controlled by a public RREC;
- registered shares held by eligible investors;
- no diversification or debt ratio requirement (consolidation with public RREC);
- dividend distribution obligation;
- owned jointly or exclusively by a public RREC;

- purpose consisting in making buildings available to users;
- no obligation to appoint a real estate expert, the real estate assets being appraised by the public RREC's expert;
- company accounts drawn up in accordance with IFRS regulations (same accounting scheme as the public RREC);
- strict rules on operations and conflicts of interest;
- subject to auditing by the FSMA.

### FRANCE: THE "SOCIÉTÉ D'INVESTISSEMENTS IMMOBILIERS COTÉE" (SIIC)

The "Société d'Investissement Immobilier Cotée" (SIIC) fiscal regime, introduced by the Finance Law for 2003 No. 2002-1575 of 30.12.2002 authorises the creation in France of real estate companies subject to a specific tax regime, similar to the RREC regime in Belgium.

Cofinimmo opted for the SIIC regime on 04.08.2008, Cofinimmo Investissements et Services and its subsidiaries on 23.01.2009. This regime allows Cofinimmo to benefit, for its French branch and for its subsidiaries, from an exemption from corporate tax on its rental income and realised gains in return for an obligation to distribute 95% of the profits from its property lettings.

The main characteristics of the SIIC regime are as follows:

- exemption from corporate tax on the fraction of the profit arising from i) property lettings, ii) capital gains on property disposals, iii) capital gains on disposals of shares in subsidiaries having opted for the SIIC regime or in other companies with a similar activity, iv) proceeds distributed by their subsidiaries having opted for the SIIC regime, and v) shares in profits of companies engaged in a real estate activity;
- profit distribution obligation: 95% of the exempted profits arising from rental income, 60% of the exempted profits arising from the disposal of property, shares in partnerships and subsidiaries subject to the SIIC regime, and 100% of the dividends distributed to them by their subsidiaries subject to corporate tax having opted for the SIIC regime;
- when opting for the SIIC regime, payment over four years of an exit tax at the reduced rate of 19% on unrealised capital gains relating to properties and securities of companies not subject to corporate tax held by the SIIC or its subsidiaries having opted for the SIIC regime.

### NETHERLANDS: FISCAL COLLECTIVE INVESTMENT TRUST (FISCALE BELEGGINGSINSTELLINGEN OR FBI)

The main characteristics of the Fiscale Beleggingsinstelling regime are as follows:

- only public limited companies, limited liability companies and mutual funds can be considered as FBIs;
- the FBI's corporate purpose and actual operations may only involve the investment of assets;
- investments that consist of fixed assets may be financed by external capital up to no more than 60% of the book value of the fixed assets;
- all other investments may be financed by external capital up to no more than 20% of the book value of these investments;
- at least 75% of shares or ownership interests in an unlisted FBI must be held by natural persons, entities not subject to income tax and/or publicly traded investment companies;
- natural persons (or their partner) may not directly or indirectly own 5% or more of the shares or ownership interests in an unlisted FBI;
- entities established in the Netherlands may not own 25% or more of the shares or ownership interests in an unlisted FBI through non-resident companies or funds;
- FBI profits are subject to a 0% corporate tax rate;



- the share of the FBI's profits that can be distributed must be paid to the shareholders and other beneficiaries within eight months following the close of each financial year;
- the distributed profit on shares is subject to a 5% withholding tax on the dividend.

Cofinimmo does not have an FBI status in the Netherlands for Pubstone Properties, but it does for Superstone.

## GERMANY

The investments of Cofinimmo and its subsidiaries in Germany do not benefit from the G-REIT regime, which is not available to them.

# Share capital

## ISSUED CAPITAL

The issued capital of 1,126,980,466.38 EUR<sup>1</sup> is fully paid up.

## SHARE CAPITAL

The shares have no par value.

## CHANGES

The history of the share capital changes prior to 2015 can be consulted in the 2014 Annual Financial Report as well as in Title VIII of the company's Articles of Association.

These documents are available on the website of the company ([www.cofinimmo.com](http://www.cofinimmo.com)).

### Changes in 2015

Date of the transaction	31.03.2015	12.05.2015	30.06.2015	30.09.2015	31.12.2015		
Type of transaction	Position at 31.12.2014	Conversion preference shares first quarter 2015	Cash capital increase	Conversion preference shares second quarter 2015	Conversion preference shares third quarter 2015	Conversion preference shares fourth quarter 2015	Position at 31.12.2015
Issue price (EUR)			95				
Amount (EUR) of share capital			160,997,210.59				
Amount (EUR) of the net contribution to the shareholders' equity <sup>2</sup>			281,055,959.95				
Number of ordinary shares		+39	+3,004,318	+438	+49	+111	
Total number of ordinary shares after the transaction	<b>17,339,423</b>	17,339,462	20,343,780	20,344,218	20,344,267	20,344,378	<b>20,344,378</b>
Number of preference shares COFP1							
Total number of preference shares COFP1 after the transaction	<b>395,048</b>	395,048	395,048	395,048	395,048	395,048	<b>395,048</b>
Number of preference shares COFP2		-39		-438	-49	-111	
Total of preference shares COFP2 after the transaction	<b>291,437</b>	291,398	291,398	290,960	290,911	290,800	<b>290,800</b>
Total of preference shares after the transaction	<b>686,485</b>	686,446	686,446	686,008	685,959	685,848	<b>685,848</b>
Total share capital (EUR) after the transaction	<b>965,983,255.79</b>	965,983,255.79	1,126,980,466.38	1,126,980,466.38	1,126,980,466.38	1,126,980,466.38	<b>1,126,980,466.38</b>

<sup>1</sup> At the time of writing of this Annual Financial Report.

<sup>2</sup> According to the accounting rules specific to the public Regulated Real Estate Companies regime.

## DESCRIPTION OF SHARE TYPES

On 31.12.2015, Cofinimmo had issued 20,344,267 ordinary shares. In order to modify their rights, the procedure referred to in the Articles of Association, as provided by Law, is applicable.

In addition to ordinary shares, Cofinimmo issued two series of preference shares in 2004. The main features of the preference shares are:

- priority right to an annual fixed gross dividend of 6.37 EUR per share, capped at this amount, which represents a gross yield of 5.90% and 6.10% respectively for the COFP1 and COFP2 in relation to the subscription price or a net yield of 4.31% and 4.45% respectively after the deduction of the 27% 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 preference shares into ordinary shares starting from the fifth anniversary of their issue date (01.05.2009) and during the last 10 days of each quarter, at a rate of one new ordinary share for one preference share (see also pages 224 and 225);
- option for a third party designated by Cofinimmo (for example, one of its subsidiaries) to purchase in cash and at their issue price the preference shares that have not yet been converted, starting from the 15<sup>th</sup> anniversary of their issue date (2009);
- the preference shares are registered, listed on the First Market of Euronext Brussels and carry a voting right identical to that of the ordinary shares.

The first series of 702,490 preference shares (on Euronext: COFP1) was issued on 30.04.2004, the second series of 797,276 shares (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 EUR for the COFP1 shares vs. 104.44 EUR for the COFP2 shares), which represents the purchase price.

## EVOLUTION OF THE CONVERSION OF PREFERENCE SHARES INTO ORDINARY SHARES

	Converted COFP1 shares	Converted COFP2 shares
2009	112,885	60,188
2010	27,878	49,505
2011	48,430	133,071
2012	118,099	260,313
2013	50	497
2014	100	2,097
From 22.03.2015 to 31.03.2015		39
From 21.06.2015 to 30.06.2015		438
From 21.09.2015 to 30.09.2015		49
From 22.12.2015 to 31.12.2015		111

## AUTHORISED CAPITAL

At 31.12.2015, the authorised capital amounted to 376,262,270.32 EUR (see Note 30).

On 06.01.2016, the Extraordinary General Assembly decided to authorise the Board of Directors to increase the company's share capital pursuant to Articles 603 et seq. of the Company Code, at one or more times, for a period of five years from the date of the publication of the 03.02.2016 in the annexes of the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) of the minutes of the Extraordinary General Assembly of 06.01.2016, up to a maximum amount of:

1°) 1,100,000,000.00 EUR, if the capital increase to be performed is a capital increase by subscription in cash with the possibility of exercising the preferential subscription right of the Company's shareholders,

2°) 220,000,000.00 EUR for all other forms of capital increase not referred to in point 1°) above;

It being understood that in any case, the share capital may never be increased as part of the authorised capital beyond 1,100,000,000.00 EUR in total.

## CHANGES IN TREASURY SHARES (OWN SHARES)

The number of treasury shares held by the Cofinimmo Group at 01.01.2015 amounted to 54,414. All these shares are entitled to a share in the results of the financial year starting 01.01.2015.

The number of treasury shares held by the Cofinimmo Group on 31.12.2015 came to 50,114 (held by Cofinimmo SA/NV), which represents a level of self-ownership of 0.24%.

<b>POSITION AT 01.01.2015</b>	<b>54,414</b>
Transfers and disposals of shares within the stock option plan reserved for employees during the first half of 2015	- 3,600
Transfers and disposals of shares within the stock option plan reserved for employees during the second half of 2015	- 700
<b>POSITION AT 31.12.2015</b>	<b>50,114</b>

## SHAREHOLDERS' STRUCTURE

The shareholding structure is set out in the "Cofinimmo in the Stock Market" chapter of this Annual Financial Report. It can also be consulted on the company website [www.cofinimmo.com](http://www.cofinimmo.com).

# Extracts from the Articles of Association

## SUMMARY OF CHANGES IN 2015

The Articles of Association were not modified, except article 6 on subscribed and paid-up capital.

On 06.01.2016, the Extraordinary General Assembly renewed the authorisation provided for in article 6.2 concerning authorised capital as well as the article 29 relating to distribution to employees.

## CAPITAL

### Article 6, Point 2 - Authorised capital

The Board of Directors is thus authorised to increase the share capital at one or more times up to a maximum amount of:

1°) 1,100,000,000.00 EUR, if the capital increase to be performed is a capital increase by subscription in cash with the possibility of exercising the preferential subscription right of the Company's shareholders,

2°) 220,000,000.00 EUR for all other forms of capital increase not referred to in point 1°) above;

It being understood that in any case, the share capital may never be increased as part of the authorised capital beyond 1,100,000,000.00 EUR in total.

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 of the minutes of the Extraordinary General Meeting of 06.01.2016.

For any capital increase, the Board of Directors fixes the price, the share premium, where appropriate, and the issue conditions for new shares, unless a decision on these elements is taken by the General Shareholders' Meeting itself.

Share capital increases which are thus decided upon 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. 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.

The Board of Directors is empowered to abolish or limit the shareholders' preference rights, including those in favour of specified persons other than the company's staff members or those of its subsidiaries only (i) within the limits set out in point a) of the first paragraph of the first article, and (ii) provided that a priority allocation right is granted to existing shareholders when new securities are allocated. This irreducible allocation right must meet the conditions laid down by the RREC legislation and Article 6.4 of the Articles of Association. It does not need to be granted in the case of cash contribution under the distribution of an optional dividend, in the circumstances provided for in Article 6.4 of the Articles of Association.

Share capital increases by non-cash contribution are carried out in accordance with the conditions laid down by the RREC legislation and the conditions provided for in Article 6.4 of the Articles of Association. Such contributions may also relate to the dividend right in the context of the distribution of an optional dividend.

Where capital increases decided in accordance with these authorisations involve a share premium, the amount thereof, after charging any expenses, shall be allocated to an account not available for distribution known as a "share premium account" which shall constitute, like the capital, the guarantee of third parties and may not be reduced

or annulled except by decision of the General Meeting deliberating subject to the conditions of quorum and majority required for reducing the capital, under reservation of its incorporation in the capital.

### Article 6, Point 3 - Acquisition, pledge and disposal of own shares

The company may acquire or pledge its own shares subject to the conditions laid down by the Law. It is authorised to dispose of shares, on or off the stock market, under the conditions laid down by the Board of Directors, without prior authorisation of the General Shareholders' Meeting.

During a period of five years following the publication of the General Meeting of 05.12.2013, 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 per cent (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 per cent (115%) of the closing market price on the day preceding the date of the transaction (acquisition, acceptance as security) whereby Cofinimmo may at no time hold more than twenty per cent (10%) of the total issued shares.

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

### Article 6, Point 4 - Capital increases

All capital increases will be carried out in accordance with Articles 581 to 609 of the Company Code as well as the RREC legislation.

The Company may not directly or indirectly subscribe for its own capital increase.

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.

If shares are being issued without nominal value, under the par value of the existing shares, this must be mentioned explicitly in the notice convening the general meeting.

If the General Meeting decides to request the payment of an issue price, the latter must be booked to a non-available reserve account which can only be reduced or abolished by a decision of the General Meeting taken in accordance with the provisions laid down in the amended articles of association. The issue premium, in the same capacity as the capital, will be in the nature of a common pledge in favour of third parties.

The in-kind contributions may also include dividend rights in the context of distributing an optional dividend, with or without additional cash contributions.

In the case of capital increases by way of cash contributions by a decision of the shareholders at a General meeting or in the context of authorised capital, the shareholders' right of preference may only be limited or abolished, to the extent that a priority allocation right has been granted to the existing shareholders in the course of allocating new securities. This priority allocation right meets the following conditions in accordance with the RREC legislation:

1. it must refer to the entirety of the newly issued shares;
2. it must be granted to the shareholders in proportion to the share of the capital represented by their shares at the time of the operation;
3. a maximum price per share must be announced at latest the day before the commencement of the public subscription period, which must run for a minimum term of three stock-exchange days.

The priority allocation right shall apply to the issue of shares, convertible bonds and subscription rights exercisable by way of cash contributions. It need not be granted in the case of a contribution in cash with limitation or abolition of the preference subscription right, in addition to a non-cash contribution in the context of the distribution of an optional dividend, provided that the granting thereof is in fact open to all shareholders.

Capital increases through in-kind contributions are subject to the rules prescribed by Articles 601 and 602 of the Company Code.

In addition, and in accordance with the RREC legislation, the following conditions must be met in the case of in-kind contributions:

1. the identity of the party making the contribution must be mentioned in the Board of Directors' report referred to in Article 602 of the Company Code and also, where applicable, in the notice convening the General Meeting which is to take a decision on the capital increase;
2. the issue price may not be lower than the lower of (a) a net value per share dating from no longer than four months prior to the liquidity provision agreement or, at the Company's choice, prior to the date of the capital increase deed and (b) the average quoted price during the 30 days preceding the contribution. In this connection, it is permissible to deduct from the amount referred to in point 2(b) above an amount corresponding to the portion of the non-distributed gross dividends, which may be omitted from the new shares if applicable, provided that the Board of Directors specifically justifies the amount of accumulated dividends to be deducted in its special report and reveals the financial conditions of the operation in its Annual Financial Report;
3. unless the issue price or, in the case referred to in article 6.6, the exchange rate and their procedures are determined and communicated to the public at latest on the working day following the conclusion of the liquidity provision agreement, indicating the deadline by which the capital increase will actually be executed, the capital increase deed shall enter into effect by a maximum deadline of four months; and
4. the report referred to in point 1<sup>o</sup> above must also indicate the impact of the proposed contribution on the situation of the old shareholders, in particular concerning their portion of the profits, the net asset value and the capital, as well as the impact in terms of voting rights.

These additional conditions are not applicable in the case of a contribution of the dividend right in the context of the distribution of an optional dividend, provided that its granting is in fact open to all shareholders.

## SHARES

### Article 7 - 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 8 of the Articles of Association. The Ordinary Shares are registered 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, request that these shares be converted into registered or dematerialised shares. The Preference Shares are registered. All dematerialised shares are represented by an entry in the Shareholders' account held by an accredited account holder or settlement institution.

A register of registered shares is held at the registered offices of the Company, and where appropriate and permitted by law, this register may take the electronic form. Shareholders may consult the register with respect to their shares.

### Article 8 - Preference Shares

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

### 8.1. Priority Dividends

8.1.1. Each Preference Share carries entitlement to a dividend payable by priority in relation to the dividend payable on Ordinary Shares (hereafter "Priority dividend").

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

The Priority 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 Priority Dividend will be paid to the holders of Preference Shares. Furthermore, in the event that during any given year, the level of distributable profits within the meaning of Article 617 of the Company Code does not permit payment of the full amount of the Preference Dividend, or that the General Meeting were to decide to distribute dividends the amount of which is insufficient to pay the full Preference Dividend, the holders of Preference Shares will only receive the amounts distributed.

8.1.2. The Preference Shares do not confer rights to the distribution of profits other than the Priority Dividend, subject to their priority right in the event that the company is liquidated, as indicated in point 8.5 below. It follows that the dividend to be distributed among the Preference Shares may never exceed the annual gross amount of the Priority dividend, namely six euros thirty-seven cents (6.37 EUR) per Preference Share.

8.1.3. The Preference Dividend is released for payment on the same day as the dividend payable on the Ordinary Shares except in the event of requirements relating to the market or to compliance with legal provisions, provided that the delay does not exceed 10 working days. The distributable profit to be distributed by decision will first be paid to the holders of Preference Shares, for the amount of six euros thirty-seven cents (6.37 EUR) per Preference Share. Any amount remaining from the distributable profit that it has been decided to distribute will then 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 Priority Dividend will be released for payment on June 1<sup>st</sup> of that year.

8.1.4. The Priority 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 EUR) per Preference Share.

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

### 8.2. Conversion

The Preference Shares are convertible into Ordinary Shares, on one or more occasions, at the option of their holders exercised in the following cases:

1<sup>o</sup> from the fifth anniversary of their issue date, that is from May 1<sup>st</sup> to May 10<sup>th</sup> of that year and subsequently during the last 10 days of each quarter of the calendar year;

2<sup>o</sup> at any time during a period of one month following notification of the exercise of the call option referred to below; and

3<sup>o</sup> 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 request for conversion must be sent to the company by the holder of Preference Shares by registered letter, indicating the number of Preference Shares for which the conversion is requested.

### 8.3. 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 (1) at the earliest 45 days after the Company's Board of Directors has given notification of its decision to exercise the call option, and provided that the Preference Shares concerned have not in the meantime been converted into Ordinary Shares by their holders; and (2) only after any Preference Dividends relating to the year preceding notification of the exercise of the call option have been paid to the holders of Preference Shares.

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

Furthermore, should it be the case, in whatever manner, that the unconverted Preference Shares represent no more than two and a half per cent (2.5%) of the total number of Preference Shares originally issued, the third party designated by the Company may purchase the balance of the unconverted Preference Shares, as from the fifth year following their issue date, at the earliest 45 days after the Company's Board of Directors has given notification of its decision to exercise the call option, and provided that the Preference Shares concerned have not in the meantime been converted into Ordinary Shares by their holders.

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

The call option will be exercised by means of notification given by the third party designated by the Company, addressed to each of the holders of Preference Shares concerned, by registered letter, of its decision to purchase Preference Shares. This notification will indicate the number of Preference Shares to be sold by the holder of the Preference Shares concerned. Transfer of title will take place 45 days following this notification, by means of payment of the price by transfer to the bank account to be indicated by the holders of Preference Shares in response to the notification.

The subscription or acquisition, on whatsoever grounds, of Preference Shares implies the obligation by the holder of Preference Shares to sell to the third party designated by the Company, within 45 days of the above-mentioned notification, the Preference Shares, the purchase of which has been duly decided upon by virtue of this provision. This subscription or this acquisition also entails an irrevocable mandate given to the company to enter the required particulars in the shareholders' register as a record of transfer of the Preference Shares.

In the event the holder of Preference Shares fails to present the Preference Shares, the purchase of which has been duly decided, within 45 days of the notification of the exercise of the call option, the shares not presented will automatically be deemed to have been transferred to the third party designated by the Company, subject to the deposit of the price with the Caisse des Dépôts et Consignations/ Deposito- en Consignatiekas.

### 8.4. Voting right

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

### 8.5. Priority in the event of liquidation

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

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

### 8.6. Maximum percentage of Preference Shares

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

### 8.7. Changes of the rights attached to the different categories

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

### 8.8. Form

The Preference Shares are, and will remain, registered.

## OTHER SECURITIES

### Article 9 - Other securities

The Company is entitled to issue the securities referred to in Article 460 of the Company Code, with the exception of profit shares and similar securities and subject to compliance with the specific rules provided for by the SIR legislation and the Articles of Association. These securities may take the forms provided for by the Company Code.

## SHAREHOLDERS' STRUCTURE

### Article 10 - Stock exchange listing and disclosure of major equity interests

The company's shares must be admitted to negotiations on a regulated Belgian market in accordance with the RREC legislation.

All shareholders are required to notify the Company and the Financial Services and Markets Authority (FSMA) of their holding of securities conferring voting rights or other assimilated financial instruments of the Company, in accordance with the legislation on the disclosure of major participations.

The percentages which when exceeded give rise to a notification obligation under the requirements of the legislation on the disclosure of major participations are set at 5 per cent (5%) and multiples of 5 per cent (5%) of the total number of existing voting rights.

Apart from the exceptions provided for by the Company Code, no-one may take part in the voting at the General Meeting of the Company for a number exceeding the number of securities in the holding he has declared at least twenty (20) days before the date of the General Meeting.

## ADMINISTRATION AND SUPERVISION

### Article 11 - Composition of the Board of Directors

The Company is administered by a Board of Directors 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 Board of Directors shall include at least three independent Directors who meet the criteria laid down in Article 526ter 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 offices are not filled, the remaining Directors, at a meeting of the Board, will be empowered provisionally to designate a replacement for the period until the next General Shareholders' Meeting which will hold the final election.

Their remuneration, where applicable, may not be determined on the basis of the operations and transactions carried out by the company or its subsidiaries.

Without prejudice to the transitional arrangements, the Directors shall only be natural persons; they shall fulfil the requirements of good repute and expertise laid down in the RREC legislation and they must not fall under the application of the prohibitions referred to in the RREC legislation.

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

### Article 17 - Representation of the company and signature of deeds

Except where the Board of Directors has delegated special powers of representation, the company is represented in all the deeds, including those involving a public official or a ministerial officer and in legal proceedings, either as applicant or defendant, either by two Directors acting jointly, 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 two persons delegated this management, acting jointly.

The Company is further validly represented by special authorised representatives of the Company within the limits of the term of office granted to them for this purpose by the Executive Committee or within the limits of their powers of day-to-day management, by those persons delegated such powers.

A specific delegation of powers is also organised by the Executive Committee under the notarial act of 18.02.2014, published in the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) of 06.03.2014 under numbers 14056417 and 14056418, for the leases, works, loans, borrowings, credit facilities and collateral, information and communication technologies, human resources, fiscal management, hedging operations, fund transfer operations and insurance operations.

### Article 18 - Audits

The company shall appoint one or more auditors who shall carry out the tasks incumbent on them by virtue of the Company Code and the RREC legislation.

The auditor must be approved by the Financial Services and Markets Authority (FSMA).

## GENERAL SHAREHOLDERS' MEETINGS

### Article 19 - Meetings

The Annual General Shareholders' Meeting will be held on the second Wednesday of the month of May 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 Shareholders' Meeting will be held at the place indicated in the notice convening the General Shareholders' 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 General Meeting, is fixed at five per cent (20%) of all the shares with voting rights.

One or more shareholders together holding at least three per cent (3%) of the capital of the company may, in accordance with the provisions of the Company Code, require the inclusion of items to be dealt with on the agenda for any General Shareholders' Meeting, and submit proposals for decisions concerning items to be dealt with included or to be included on the agenda.

### Article 20 - Attendance at the General Shareholders' Meeting

The right to attend the General Shareholders' Meeting and to exercise voting rights there is subject to the registration in the accounts of the shares in the name of the shareholder on the 14<sup>th</sup> day prior to the General Shareholders' Meeting, at midnight (Belgian time) (hereafter, the registration date), either by their registration in the register of shareholders of the Company, or by their registration in the accounts of an approved account holder or of a clearing house, without account being taken of the number of shares held by the shareholder on the day of the General Shareholders' Meeting.

The shareholders of dematerialised shares who wish to take part in the general meeting must produce a certificate issued by their financial broker or accredited account holder certifying, depending on the case, the number of dematerialised shares registered in the shareholder's name in his or her accounts on the registration date and in respect of which the shareholder has declared his or her intention to participate in the General Shareholders' Meeting. This deposit must be made at the registered office or with establishments designated in the notices convening the meeting, no later than the 6<sup>th</sup> day prior to the date of the Meeting.

Registered shareholders wishing to attend the Meeting must notify the Company of their intention by ordinary letter, fax or e-mail, sent no later than the 6<sup>th</sup> day before the date of the Meeting.

### Article 21 - Voting by proxy

All owners of shares entitling them to attend the Meeting may arrange to be represented by an authorised representative, whether or not this person is a shareholder. The shareholder may appoint only one person as authorised representative for a given General Shareholders' Meeting, save as otherwise provided by the Company Code.

The power of attorney must be signed by the shareholder and reach the company or the place indicated in the notice convening the meeting no later than the sixth day prior to the date of the Meeting.

The Board of Directors may draw up a proxy form.

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

### Article 22 - Bureau

Every General Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in his or her absence, by the Managing Director or, should he or she also be absent, by the person designated by the Directors present. The Chairman designates the secretary. The Shareholders' Meeting will choose two scrutineers. The Directors present complete the bureau.

### Article 23 - Number of votes

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

### Article 25 - Voting by correspondence

By authorisation given by the Board of Directors in its notice convening the Shareholders' Meeting, shareholders will be authorised to vote by correspondence using a form prepared by the company.

This form must include the date and venue of the Meeting, the name or company name of the shareholder and his address or registered office, the number of votes that the shareholder wishes to cast at the General Meeting, the form of the shares held, the items on the agenda for the Meeting (including the proposals for decisions), a space allowing a vote to be made for or against each motion, or to abstain, and the deadline by which the voting form must reach the Meeting. It shall be expressly stipulated that the form must be signed, the signature certified and this form sent by registered letter at least six days before the date of the Meeting.

### Article 27 - General Bondholders' Meetings

The Board of Directors and the auditor(s) of the company can convene the bondholders for a General Bondholders' Meeting. They have to convene also a General Bondholders' Meeting when asked by bondholders representing one fifth of the total amount of bonds in circulation. The notice convening the Bondholders' Meeting must contain an agenda and must be established in accordance with the Company Code. To be admitted to the General Meeting of Bondholders, the Bondholders must conform to the formalities provided in Article 571 of the Company Code and to possible formalities provided by the conditions relating to the issue of bonds or in the notice convening the Meeting.

## ACCOUNTING PROCEDURES - DISTRIBUTION

### Article 29 - Distribution

The Company has an obligation to distribute to its shareholders, within the limits permitted by the Company Code and the RREC legislation, a dividend the minimum amount of which is prescribed by the RREC legislation.

By a decision of the Extraordinary General Meeting held on 29.03.2011, the Board of Directors was authorised to decide on the distribution to the employees of the company and its subsidiaries of a share in the profits in the amount of one per cent (1%) maximum of the profit for the accounting year, over a period of five years from the publication of this decision.

The authorisation granted in the above paragraph is therefore valid in principle until 08.04.2016, and allows or allowed the Board of Directors, on the basis of this authorisation, to validly decide to distribute a portion of the profits for all financial years that were closed, on December 31<sup>st</sup>, 2011, 2012, 2013, 2014 and 2015.

By decision of the Extraordinary General Meeting held on 06.01.2016, the authorisation granted to the Board of Directors on 29.03.2011, including the issue in the previous two paragraphs, was eliminated and replaced with a new authorisation granted to the Board of Directors, according to which it is authorised to decide to distribute to the employees of this Company and its subsidiaries, a share in the profits for a maximum amount of one per cent (1%) of the profit for the financial year, for an additional period of five years, the first distributable profit being that of the financial year two thousand and fifteen (2015).

The authorisation proposed in the paragraph above is granted for a period of five years from 01.01.2016 (it being understood that the Board of Directors may, on the basis of this authorisation, distribute a portion of the profits for the financial year closed at 31.12.2015).

## DISSOLUTION – WINDING UP

### Article 33 - Loss of capital

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

# Glossary

## ADJUSTED VELOCITY

Velocity multiplied by the free float zone.

## BELGIAN CORPORATE GOVERNANCE CODE

Drawn up by the Corporate Governance Commission including the governance practices and provisions to be met by companies subject to Belgian Law which shares are listed on a regulated market (the "2009 Code").

## BREAK

First option to terminate a lease.

## BREEAM (BUILDING RESEARCH ESTABLISHMENT ENVIRONMENTAL ASSESSMENT METHOD)

Method assessing a building's environmental efficiency ([www.breeam.org](http://www.breeam.org)).

## CALL OPTION

A right to purchase a specific financial instrument at a pre-set price and during a determined period.

## CAP

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

## CASH POOLING

Management and transfer of cash resources between subsidiaries.

## CONTRACTUAL RENTS

Rents as defined contractually in leases in force on the closing date, before deducting rental gratuities or other incentives granted to the tenants.

## DBFM (DESIGN-BUILD-FINANCE-MAINTAIN)

Complete real estate project assignment including the design, construction, financing and maintenance of a property.

## DEALING CODE

Code of Conduct stipulating the rules to be followed by the Directors and designated persons who wish to trade financial instruments issued by the Company.

## DEBT RATIO

Legal ratio calculated in accordance with the legislation regarding RREC as financial and other debts divided by total assets.

## DERIVATIVES

As a borrower, Cofinimmo seeks to hedge against any short-term rise in interest rates. It is possible to hedge this interest rate risk to a limited extent by using derivatives (the purchase of a CAP, possibly accompanied by selling a FLOOR; IRS contracts).

## DIVIDEND YIELD

Gross dividend divided by the average stock market price of the share during the year.

## DOUBLE NET

"Double net" rental contracts (leases) or yields imply that the maintenance costs are, to a greater or lesser extent, payable by the owner (lessor). These costs include those for the maintenance of roofs, walls and façades, technical and electrical installations, surroundings, water supply and drainage systems. This mainly concerns office properties. Part or all of these maintenance costs can be charged to the lessee in the special provisions of the lease.

## DUE DILIGENCE

Procedure that provides a full and certified inventory of a company, an asset or a real estate portfolio (accounting, economic, legal, taxation, etc. aspects) before a financing or acquisition operation.

## EBIT (EARNINGS BEFORE INTEREST AND TAXES)

Operating result. Net current result before interest charges and taxes.

## EBITDA (EARNINGS BEFORE INTERESTS, TAXES, DEPRECIATION AND AMORTISATION)

Net result before interest charges and revenues, taxes, depreciation and amortisation. Under the RREC legislation, investment properties are not depreciated.

## EBITDAR (EARNINGS BEFORE INTERESTS, TAXES, DEPRECIATION, AMORTISATION AND RENTS)

Net result before interest charges and revenues, taxes, depreciation, amortisation and rents.

## EHPAD (ÉTABLISSEMENT D'HÉBERGEMENT POUR PERSONNES ÂGÉES DÉPENDANTES)

In France, this is the most widespread form of institution for the elderly.

## E-LEVEL

Maximum primary energy consumption level of a building, according to the European legislation, according to European legislation.

## EPB (ENERGY PERFORMANCE OF THE BUILDING)

This index, issuing from European Directive 2002/91/EC, expresses the quantity of energy required to meet the various needs for a normal use of a building. The latter results from a calculation that takes into account the various factors that influence energy demand (insulation, ventilation, solar and internal contributions, heating system, etc.).

## EPRA (EUROPEAN PUBLIC REAL ESTATE ASSOCIATION)

Organisation grouping the listed European real estate companies with the aim of promoting the sector and making it more attractive compared with direct real estate investments by offering greater liquidity, accessibility and transparency of the companies ([www.epra.com](http://www.epra.com)).

## EPRA EUROPE

European stock exchange index (excluding Great Britain) of the FTSE EPRA/NAREIT Global Real Estate. Index composed of stocks representative of the European listed real estate sector. It was created by EPRA.

## EX-DATE

Date as of which the stock exchange trading takes place without the right to the payment of the dividend to come (due to the "detachment of the coupon" which formerly represented the dividend), i.e. three working days after the Ordinary General Shareholders' Meeting.



## EXIT TAX

Corporate tax at a reduced rate of 16.995% due by a company when applying for the RREC status on their unrealised gains and their tax-exempt reserves, or due by a company merging or demerging with an RREC. The unrealised gains are equal to the difference between the value of the property assets – after deduction of costs, i.e. after deduction of registration rights (of 10% or 12.5% in Belgium) or, if applicable, VAT – and their tax value.

## FAIR VALUE

Disposal value (see this term) of investment properties according to the IAS/IFRS accounting principles, i.e. after deduction of transaction costs, as determined by real estate experts.

## FBI (FISCALE BELEGGINGSINSTELLING)

Dutch fiscal status, comparable to the RREC status.

## FINANCIAL RATING

Ratings are awarded by specialised agencies (Standard & Poor's for Cofinimmo) as an estimate of the short or long term financial soundness of a company. These ratings influence the interest rate at which a company can raise financing.

## FLOOR

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

## FREE FLOAT

Percentage of shares held by the public. According to the Euronext and EPRA definitions, this concerns all shareholders who individually own less than 5% of the total number of shares.

## FREE FLOAT ZONE

The tranche in which the free float is situated according to the Euronext calculation.

## FSMA (FINANCIAL SERVICES AND MARKETS AUTHORITY)

The autonomous regulatory authority governing financial markets in Belgium.

## GPR250 (GLOBAL PROPERTY RESEARCH 250)

Stock exchange index of the 250 largest listed real estate companies worldwide.

## GRI (GLOBAL REPORTING INITIATIVE)

International non-profit organisation whose mission is to make sustainability reporting standard practice for all businesses and organisations. Its framework is a reporting system that provides measures and methods for measuring and reporting impacts and performance related to sustainable development.

## (INITIAL) GROSS RENTAL YIELD

The ratio between the (initial) rent of an acquired asset and its acquisition value, transaction costs not deducted.

## IAS / IFRS (IAS, INTERNATIONAL ACCOUNTING STANDARDS/ IFRS, INTERNATIONAL FINANCIAL REPORTING STANDARDS)

The international accounting standards drawn up by the International Accounting Standards Board (IASB), for the preparation of financial statements.

## IAS 39

IAS 39 is an IAS/IFRS standard that sets out the way in which a company has to classify and evaluate its financial instruments in its balance sheet. It requires that all derivatives be booked on the balance sheet at their fair value, i.e. their market value at closing date.

## IBGE (INSTITUT BRUXELLOIS POUR LA GESTION DE L'ENVIRONNEMENT)/BIM (BRUSSELS INSTITUUT VOOR MILIEUBEHEER)

Brussels Capital Region environment and energy authority ([www.ibgebim.be](http://www.ibgebim.be)).

## INSIDER TRADING

Insider trading refers to the infraction committed by an individual who takes advantage of information obtained through his/her professional occupancy in order to speculate on stock market developments (see Article 25 of the Law of 02.08.2002).

## INVESTMENT GRADE

Investment grades are ratings given by rating agencies from AAA to BBB- based on the Standard & Poor's scale, indicating the company's level of risk.

## INVESTMENT VALUE

Value of the portfolio as established by the independent real estate expert, of which transaction costs are not deducted.

## IRS (INTEREST RATE SWAP)

An IRS is a forward agreement on interest rates, unlike a CAP or a FLOOR, which are options on an interest rate. With an IRS, Cofinimmo exchanges a floating interest rate against a fixed interest rate or vice versa.

## K-LEVEL

Global thermal insulation level of a building, which characterises the thermal quality of the building's shell.

## LAW OF 12.05.2014

Law relating to Regulated Real Estate Companies (RREC).

## LONG LEASE RIGHT

A temporary real right which consists in having full use of a property belonging to another party, in return for making an annual payment to the owner in recognition of his right of ownership. Under Belgian law, a long lease may be concluded for a period of not less than 27 years and not more than 99 years.

## MCB (MANDATORY CONVERTIBLE BONDS)

Mandatory Convertible Bonds (MCB) are debt instruments for which the debtor has the possibility to reimburse his loan at term with shares.

## MSCI (MORGAN STANLEY CAPITAL INTERNATIONAL)

Stock market index launched by Morgan Stanley Capital International gathering listed companies worldwide.

## NET CURRENT CASH FLOW

Net current result (Group share) before the result on the portfolio plus (+) contributions to depreciations, value reductions on commercial loans receivable and constitutions and writebacks of provisions less (-) other non-cash items such as writebacks of lease payments sold and discounted, positive and negative changes in the fair value of financial instruments and the spreading of benefits and concessions granted to tenants.

## NET CURRENT RESULT

Operating result plus (+) financial result (financial income - financial charges), minus (-) income taxes.

**NET RESULT**

Net current result, plus (+) result on the portfolio.

**OCCUPANCY RATE**

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

**OPERATING MARGIN**

Operating result in relation to net rents.

**PAY-OUT RATIO**

Percentage of the net current result distributed in the form of a dividend.

**PPP (PUBLIC-PRIVATE PARTNERSHIP)**

Partnership between the public and private sector regarding projects with a public destination: urban renovation, infrastructure works, public buildings, etc.

**PRIVATE PLACEMENT**

Fund-raising from a limited number of (institutional) investors without approaching public sources.

**REALISABLE VALUE**

Book value of the buildings as used in the IAS/IFRS balance sheet, calculated by deducting from the investment value a portion of transfer taxes set by the real estate valuers at 2.5% for assets located in Belgium. However, for properties with an overall value of less than 2.5 million EUR, the taxes to deduct are the registration taxes (of 10% and 12.5%), depending on the region in which the property is located. For assets located in France, the Netherlands and Germany, the deducted transfer taxes amount to respectively 6.77%, 3.87%, and 4.80%. This disposal value is used as fair value in Cofinimmo's IAS/IFRS financial accounts.

**REIT (REAL ESTATE INVESTMENT TRUST)**

Listed property investment trust as existing in the United States.

**RECORD DATE**

Date on which the positions are closed in order to identify the shareholders who qualify to receive a dividend, i.e. two working days after the ex-date.

**RESULT ON THE PORTFOLIO**

Gains and losses realised and unrealised compared with the last valuation by the real estate expert, including the amounts of exit tax due following the entry into the RREC, SIIC or FBI regimes of any asset.

**REVALUED NET ASSETS**

Net asset value (NAV). Equity estimated at its market value, which is obtained by the difference between the company's assets and liabilities (these both being presented directly in market value on the Cofinimmo balance sheet). This value is calculated at the company on the basis of information relating to property valuations provided by the independent real estate experts.

**ROYAL DECREE OF 13.07.2014**

Royal Decree relating to Regulated Real Estate Companies (RREC).

**SERVICES FLATS**

Small apartments providing accommodation to (semi)-autonomous elderly people combined with domestic and meal services.

**SIIC (SOCIÉTÉ D'INVESTISSEMENT IMMOBILIER COTÉE)**

French fiscal status for property companies, comparable to the RREC status.

**SSR (CLINIQUE DE SOINS DE SUITE ET DE RÉADAPTATION)**

Clinic providing rehabilitation care to patients following a hospital stay for a health condition or surgery.

**STOCK-MARKET CAPITALISATION**

Closing stock market price multiplied by the total number of outstanding shares on that date.

**SWAP RATE**

Interbank interest rate.

**TRIPLE NET**

"Triple net" contracts or returns imply that the insurance, taxes and maintenance are borne by the tenant. This mainly concerns the leases of healthcare establishments.

**TAKE-UP**

Letting of rental spaces.

**VELOCITY**

This parameter indicates the speed of circulation of the share and is obtained by dividing the total value of shares exchanged over the year by the total number of shares.

**WITHHOLDING TAX**

Date on which the positions are closed in order to identify the shareholders who qualify to receive a dividend, i.e. two working days after the ex-date.

**ZBC (ZELFSTANDIG BEHANDELCENTRUM)**

Independent private clinic in the Netherlands.

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This document is printed on X-Per paper (cover and chapters "Risk factors" and "Management report") and on Arco Print paper (chapters "Annual accounts", "Standing document" and "Glossary").

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This English Annual Financial Report is a translation of the French Annual Financial Report. Only the French Report constitutes legal evidence. This Report was translated under the responsibility of Cofinimmo. The French Annual Financial Report is available upon request at the company's registered office.  
This document contains regulated information within the meaning of the Royal Decree of 14.11.2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market.

This Annual Financial Report is a registration document in the sense of Article 28 of the Law of 16.06.2006 on public offerings of investment instruments and the admission of investment instruments authorised to trading on a regulated market.  
It has been approved by the FSMA in accordance with Article 23 of the aforementioned Law, on 29.03.2016.

